

# ANTHROPOLOGY OF CONSUMERISM AND PRODUCT RESEARCH METHODOLOGY

Author

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# Introduction

I designed the following study to understand consumer behavior from an anthropological perspective, tailored specifically to the Western consumer, while also discovering the necessary tools, criteria, and methodologies used to find products that appeal to the customer. These products are commonly known in the eCommerce space as *winning products*.

The information I present here is based on my personal implementation and research. Keep in mind: this document is designed to supplement your eCommerce business, and you should continue developing your product research skills independently. Product research is the most foundational element in building a successful eCommerce business that is why mastering it will elevate your chances of success.

If you find this document to be helpful and worthwhile, please share it on your Instagram stories and tag me at:  lukebelmar

\*Most images are clickable and hyperlinked for your convenience.



## HOW CUSTOMERS OPERATE

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To successfully research products, we first need to understand how and why people make decisions. After finding and selling dozens of products with six- and seven-figure sales, I noticed my consumer base showed certain behavioral patterns that led me to believe I could increase my odds of finding a “winning product” if I took the time to understand consumer behavior.

Successful products are those that customers hire to accomplish a task or solve a problem. People hire products to take care of a specific job in their lives and to facilitate the ability to reach the desired outcome. Take this document, for example. You needed to shorten the learning curve and reduce tension to reach the desired outcome: mastering the process of product research. To meet this need, I created this document you are reading. As a seller, my job is not to figure out how to get you to buy. Instead, my job is to create a product that satisfies the task you need done.

For simplicity's sake, I like to place consumer behaviors into one of four groups: primal, emotional, efficient, and social. Within these four groups are the reasons why people make decisions to buy certain things.

When we unpack these four groups in Chapter Two, you will understand what products you should be looking for and how to present these products to the consumer in your creative offer.

To successfully sell to consumers, you need to find a product, curate a message, and deliver an experience that solves their problem. In doing so, you won't be seen as a seller, but as a solution or a helper -which results in virality, higher conversions, and increased customer loyalty.

Have you ever wondered why you buy what you buy? Why did you choose an iPhone over an Android? Why did you choose the newest model over a previous one? Was your screen cracked? Or did you want the prestige that comes with a new device? Or maybe, you just wanted it without exactly knowing why?

Answering questions like these is what separates a good marketer from a great marketer. Dissecting the deepest elements of how people operate guarantees your ability to select winning products time and time again. As marketers, our objective is to understand how consumers think so that we can influence what they buy

## CHAPTER I HOW CUSTOMERS OPERATE

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and where they buy it - ideally, from you.

When consumers see a product at the grocery store, they don't just add it to their cart by chance. Within microseconds, consumers decided whether or not the product would fulfill their needs for one of the four groups I outlined above. It is your job to sell products that provide a solution to the customer's problem.

In Freudian theory, we all have a conscious and unconscious mind. The conscious mind oversees all of your present conditions and things you need to be aware of. The unconscious mind manages everything outside of our physical awareness — this is what I call our *primal instincts* or our *innate nature*.

Freud compared our minds to an iceberg. Above the water, the fraction of ice we can see is the conscious mind. What determines our behavior is under the water: the unconscious. In addition to breaking the mind into two categories, the Freudian theory also divides the human personality into three subcategories: the id, ego, and superego. One of these segments of personality is always behind the decisions you make.

The id is the primitive and instinctive component of personality. It consists of all the inherited components of personality present at birth. The id is the impulsive and unconscious part of our psyche which responds directly, immediately, and instinctually.

The ego develops in order to mediate between the unrealistic id and the external real world and is the decision-making component of personality. Ideally, the ego works through reason, whereas the id is chaotic and totally unreasonable. The ego operates according to the reality principle, working out realistic ways of satisfying the id's demands, often compromising or postponing satisfaction to avoid negative consequences. The ego considers social realities and norms, etiquette, and rules when deciding how to behave. Like the id, the ego seeks pleasure (i.e. tension reduction) and avoids pain. Unlike the id, the ego is concerned with devising a realistic strategy to obtain pleasure. The ego has no concept of right or wrong; something is good simply if it achieves its end of satisfying without causing harm to itself or to the id.

The superego incorporates the learned values and morals of society. The superego consists of two systems: the conscience and the ideal self.

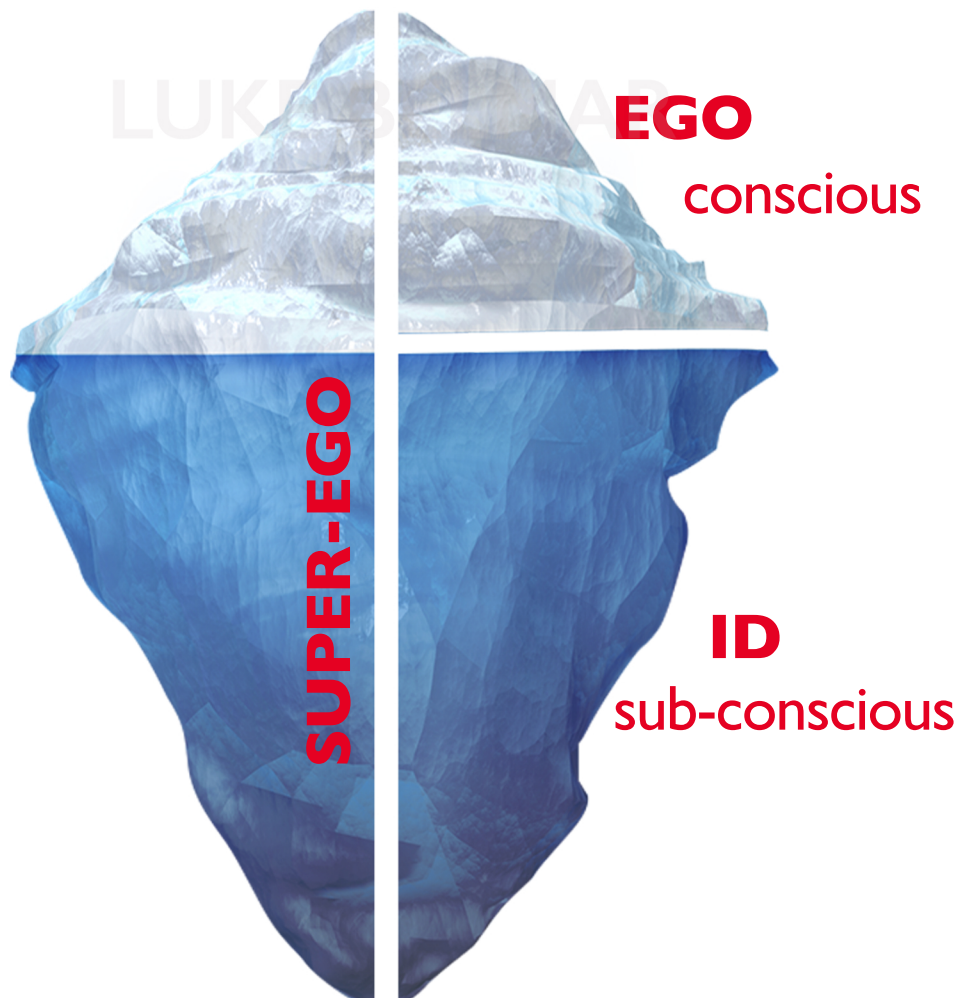
## CHAPTER I HOW CUSTOMERS OPERATE

The conscience can punish the ego with feelings of guilt. For example, if the ego gives in to the id's demands, the superego may make the person feel bad through guilt. The ideal self (or ego-ideal) is an imaginary picture of how you ought to be and represents career aspirations, how to treat other people, and how to behave as a member of society.

2/3 Behavior that falls short of the ideal self may be punished by the superego through guilt.

The super-ego can also reward us through the ideal self when we behave 'properly' by making us feel proud.<sup>1</sup>

In chapters two through six we will be focusing on the four behavioral groups (primal, emotional, efficient, and social), the most important values within each group, and how they should influence your product research.





## PRIMAL VALUES

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Social media is just the newest channel we can use to leverage consumer sales. With Freudian theory as the theoretical framework, our goal is to objectively understand why people buy new products.

I have categorized six values that are commonly found in the products that we offer and have placed them in the first of the four groups. These values focus on both conscious and subconscious behaviors that are prompted by external influences.

### *Six Primal Values:*

**1. Survival** - People buy things to help them survive the physical world, such as food, water, weapons, and shelter. These primordial tendencies are instinctual and tend to be with us from the time we are born. The fundamental need for survival is always a driving force in our decision-making process. Our primal behaviors mean we will always do things like maintain adequate body temperatures, sleep, and stay alive. If you can provide a product that can keep someone warm when they are cold, facilitate their next meal, or help them sleep you are providing value to one of the most basic human inclinations.

**2. Lifespan Longevity** - The desire for a long life is driven by things that give us intrinsic meaning. Apart from survival, humans seek lifespan longevity to fulfill their desires for happiness, such as traveling the world, raising kids, or having hobbies.

As long as we have these things, we are very open to anything that will increase the possibility for us to fulfill those desires. Products such as vitamins, cancer preventatives, or radiation neutralization are just a few extremely good sellers. However, this space is often full of fraudsters and requires a brand with extensive customer trust and loyalty.

**3. Reciprocity** - This basic instinct of cooperation is commonly found in the animal kingdom. Someone does something nice for you, which means you reward them with a similar or positive action. Based on Robert Cialdini's ideas in his book *Influence: The Psychology of Persuasion*, we are intrinsically wired to return favors or show mutual kindness. Creating or finding products that let individuals show benevolence and affection to their counterparts will always be in demand.



## CHAPTER 2 PRIMAL VALUES

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I have found that products focusing on altruistic values do very well when delivered with clever offers. You see products push this value point during Valentine's Day, Christmas, or when someone has a birthday.

**4. *Pleasure*** - Have you ever noticed how indulgence-based products advertise to their audience? They rarely focus on the product feature. Instead, they focus on showing people enjoying themselves, smiling, and having a good time. These types of products speak directly to our id, which is driven by the pleasure principle. It is in our nature to seek pleasure, but overextended pleasure can lead to guilt. Consumers associate a particular feeling with a specific product. Once this product/feeling connection occurs, the psychological phenomenon known as repetition compulsion takes place. This is when a person repeats an action or event with the goal of re-experiencing a certain feeling. That is why you want to buy a new car before your old one wears out, or why people want the newest smartphone every year. Selling products that trigger this repetitive, positive feeling is a great way to build audience longevity and a base of repeat customers. I would highly recommend this value point for brands with extensive product lines. The objective is to make sure a first-time buyer has the ability to become a repeat customer because

you have a list of similar products that allows them to continue indulging.

**5. *Pain Avoidance*** - People will do anything to avoid pain. Products focusing on self-preservation and physical pain prevention are usually an easy sell. **The goal of this value is to prevent pain by providing something that will balance the odds in the customer's favor.** Popular products in this niche might help prevent theft, help contact emergency authorities, and help prevent or alleviate ailments such as back pains or arthritis. Some of the best dropshipping products of all time work to alleviate and avoid physical pain.

**6. *Fear*** - Fear is a natural reaction that encourages self-preservation or survival. In the course of human existence, those who responded to the right fear in the right way usually survived. Guns can be purchased out of fear for safety. Wearing facemasks during COVID-19, or even buying out all the toilet paper in the grocery store, are done out of fear. We experience fear when we are about to encounter pain or when something threatens our lifespan longevity. Alleviating fear isn't so much about FOMO, but rather providing a product whose value calms someone's fear.



## EMOTIONAL VALUES

70% of buyers purchase a product out of emotion, which means your product has a better chance of selling if you can appeal to the customer's heart. To make this happen, your offer needs to enhance the value of the product and appeal to the customer's emotional needs.

If you can appeal to someone's need for emotional fulfillment, you can build insane loyalty and extremely high AOVs. If your product delivers on the emotional gratification the customer is looking for, then you are sure to increase the lifetime value of that customer.

There are four emotional values that products can fulfill in order to increase conversion.

### *Four Emotional Values:*

**1. Personal Wellness** - This value can be broken down into physical, spiritual, or emotional well being. For dropshippers, physical well being is the easiest to tackle. According to GWI, the global health and wellness industry is now worth \$4.2 trillion. People's desire to feel good can also be exploited by selling fat burners, steroids, or products with sketchy guarantees and no scientific backing. When selling feel-good products, ensure the post-feeling or long-term effects of the product are also beneficial to the customer. Selling alcohol or drugs is usually a mega-hit as they make the customer feel good, but they reduce wellness in the long run. You can find a massive market in products like essential oils, hemp, anti-aging creams, at-home fitness, and even CBD.

**2. Empathy** - Showcasing empathy towards the suffering of others usually involves emotions like compassion, sympathy, tenderness, championing, and the feeling of being moved.

Mirror neurons activate when we observe an emotional reaction in another person, and so provide the neuronal basis of empathy. Mirror neurons thus help to create the contagious behavior that is so integral to social life—the shared grief at a funeral, the shared joy at a birthday.<sup>2</sup>

Regardless of the price/value, humans are wired to choose a product that allows them to feel empathy towards another being or situation. That is why we say “yes” to products that give a percentage of earnings to causes and charities we might not be able to help directly.



## CHAPTER 3 EMOTIONAL VALUES

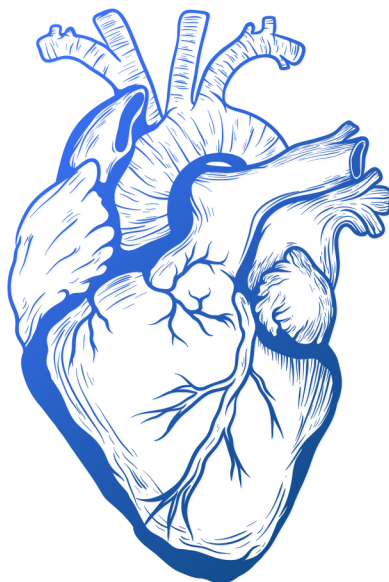
We assume direct responsibility for something that is indirectly taking place, such as Australian wildfires. So we purchase Koala pendants from companies who promise to give a percentage of their earnings to help the cause of wildlife preservation and restoration.

Human survival is dependent on coexistence, which is why we join forces and rally for causes or products that showcase empathy.

**3. Reward** - Incentive theory suggests that people gravitate towards behaviors that result in rewards while staying away from actions that have a negative outcome. **People like to be rewarded, period.** Products that grant a sense of “you earned it” consistently sell. After a long workout, reward yourself with a chocolate bar. When you exceed your income goals, buy a new watch as a reward for your hard work.

I find that products that offer reward-based value have a continuous stream of customers who are constantly chasing gratification.

**4. Nostalgia** - People buy products that help them re-live past experiences. Companies that have mastered and refurbished old products to focus on nostalgia continue to attract customers. Consider the Pokemon franchise: Nintendo refurbishes the same game year after year because they know people want to relive the experience. Nostalgia is driven by things or events that impacted who we once were. When experiencing nostalgia, customers are connecting with past emotions they associate with the product. I have found that dropshipping products focusing on nostalgia have a high virality factor, as people are eager to relive moments that they cherish.





## EFFICIENCY VALUES

In a western society infected with high expectations and a desire for instant gratification, consumers seek products that will make them more efficient. Ever since the industrial revolution of the late 1800s, companies have strived to make products to help consumers to streamline every aspect of their lives.

As human beings, our nature to sustain life has driven us to become more efficient, effective, and adaptive. As societies continue to develop, the consumer will demand products that provide more efficiencies. I have broken down the third group of behavioral tendencies into five values we constantly seek in the products that we buy.

### *Five Efficiency Values:*

**1. Friction Reduction** - We want to find products that help reduce any hassle or inconvenience. Taxis are too expensive, and you don't want to wait for one in the rain? Get an Uber. Sweeping is too tedious and time-consuming? Adopt vacuuming robots. The examples are endless. Operational efficiency is a constant product selling point. New and innovative products that help people save time, money, and energy are harder to sell in the beginning due to the adoption phase. However, when accepted as a mainstream value provider, they become a widely accepted, **must-have alternative** to the current options.

**2. Simple Access** - Products that lower the barrier to entry or acquisition are highly valuable. These are products or services that counter the current status quo and allow customers to

partake, Stripe for payment processing, Apple with a cheap iPhone alternative, or even Corvette with the first-ever 'exotic car' priced under \$60k are just a few examples. Products that give customers easy access can appeal to a massive group of people and are often the go-to option for the masses.

**3. Targeted Information** - People want easy access to accurate information. Products that provide this value tend to monetize through small fees, minimal subscriptions, or transaction fees. Most of the companies that have mastered targeted information include the likes of Google, Yelp, and Expedia. Whether the product is online or off, it usually requires a foundation in tech, and requires proficiency to properly navigate the space. I have seen too many projects turn sour when they are outsourced to companies that exploit your lack of understanding,

## CHAPTER 4 EFFICIENCY VALUES

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resulting in nightmares such as slow delivery times, hidden fees, or even code theft. Physical products that offer this value are usually accompanied by other values that help sustain it, such as personal wellness for a product like P90X, or friction reduction for a product like this document.

**4. Financial Savings** - People will spend money to save money. Whether they instantly use the product or not, customers are willing to buy a product that saves them money. The provision of this value is a MUST for people in the dropshipping space, as it helps entice consumers into making a quick decision. If you are a brand who does not want to condition customers into feeling like your brand is all about discounts, make sure this value is expressed in other areas such as “Spend X and get free shipping” or by using Holiday sales.



## SOCIAL VALUES

We buy products every day to help us look a certain way to others. We are constantly in need of validation. Even the most mature people still struggle with the inclination for acceptance. In some way, shape, or form everyone cares about how others perceive them. In a society influenced and exposed to public opinions, social values are highly effective to sell against, if channeled the right way.

I have broken down the three social values that I find most important to consider when searching for a product and crafting a message for said product.

### *Three Social Values:*

**1. Social Hierarchy** - Consumers buy a product to win the “prestige badge.” They want others to believe that they are doing well and appear successful and accomplished. If you have a good year, you buy a Rolex. You don’t care whether or not it tells time, you care about the perception of those who are around you. The Rolex screams “I MADE IT!” and that is the only thing you want people to know. No one needs \$300 Gucci slides, the only reason they buy them is to show they have money to drop \$300 on some uncomfortable plastic slides. People buy prestige, elitism, and high social standing. Social hierarchy completely neglects the quality/value relationship, people are willing to overpay just to be perceived in a certain way.

**2. Trends** - People will buy trending products simply because they are the new thing. How many trends and fads have you seen come and go?

Thousands! Look at the white FILA shoes, the fidget spinner, or even face masks. They pass like a shooting star, but extremely profitable if you catch them at the right time. Creating a trend is complicated, riding a trend is a lot easier. This is one of the most important values to provide or consider when dropshipping: trends result in virality and that attention translates into sales. When looking for products to sell, take the time to see if there is a trend you can associate with to help you elevate your conversions. On the other hand, do not become the kind of entrepreneur who builds a real brand only to ride the wave of a trend. I have seen countless businesses suffer unsold inventory, high volatility, and even bankruptcy for trying to build something sustainable on the shaky foundation of trends.

## CHAPTER 5 SOCIAL VALUES

**3. Clan Incorporation** - Also known as mob mentality, this value is ingrained in our DNA. Whether logical or not, we want to be part of something bigger than ourselves, even if it means buying something that we don't necessarily need.

If you can create the perception of clan incorporation you can build a massive base of customers who will back you on anything.

Sports teams, for example, sell merchandise to let fans feel like they are a part of the team. You don't buy the jersey out of need, but because you want to identify with and show support for the team. You want to feel like you belong, and you want others to know as well.

In his book *Influence*, Cialdini shows how advertisers inform us that a product is the "fastest-growing" or "best-selling." Advertisers don't have to persuade us that a product is good, they only need to say others think so. Cialdini notes that consumers often use a simple heuristic: Popular is good. Following the crowd allows us to function in a complicated environment.

Most of us do not have time to develop our knowledge of the stuff we buy and research every advertised item to determine its usefulness, so we rely on signals like popularity instead.

If everyone else is buying something, the reasoning goes, there is a good chance the item is worth our attention.<sup>3</sup>

There are hundreds of other values that can convince a customer that a certain product is the solution to their needs. However, I strongly believe what I have just outlined is the most fundamental and important to consider as an eCommerce entrepreneur. Below is a breakdown chart you can use to cross-examine every product you want to test or release and see how many values it provides. The more values you can check off, the higher the likelihood customers will buy your product or service.

# PRODUCT VALUE POINTS

## Primal Values

- ☐ Survival
- ☐ Lifespan Longevity
- ☐ Reciprocity
- ☐ Pleasure
- ☐ Pain Avoidance
- ☐ Fear



## Emotional Values

- ☐ Personal Wellness
- ☐ Empathy
- ☐ Reward
- ☐ Nostalgia



## Efficiency Values

- ☐ Friction Reduction
- ☐ Simple Access
- ☐ Targeted Information
- ☐ Financial Savings



## Social Values

- ☐ Social Hierarchy
- ☐ Trends
- ☐ Clan Incorporation







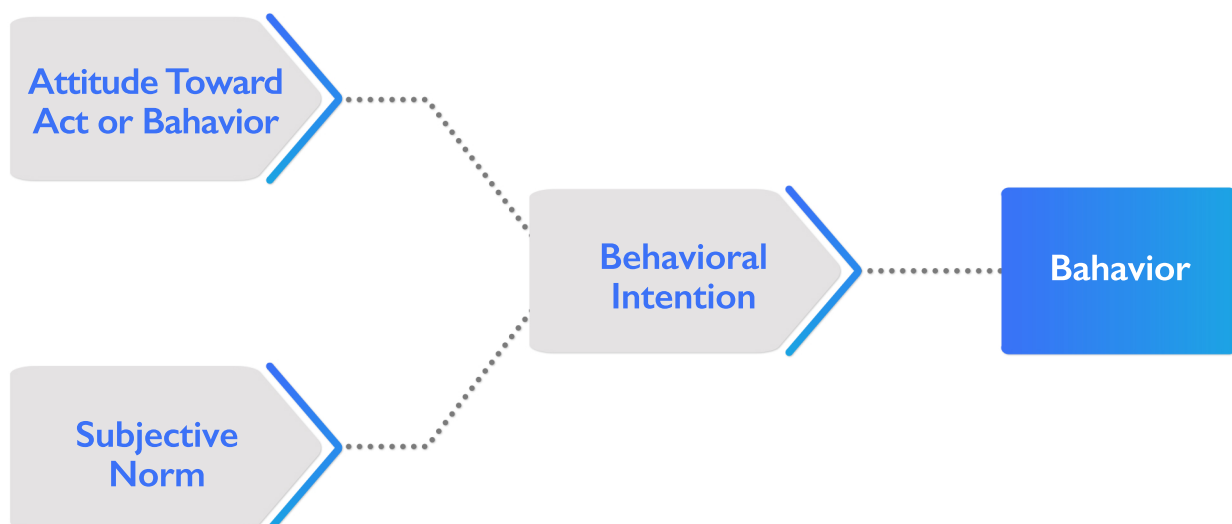
## IMPULSIVE BUYING

Impulsive purchasing has often been equated to unplanned purchases. However, we cannot neglect that ‘impulsivity’ is driven by a psychological process that is easily influenced by external circumstances.

While some claim an importance to finding products and curating offers that drive consumers into making impulsive purchases, other marketers argue how there is no such thing as an impulse buy. Whereas homo economicus (the economic man) leans towards making rational purchases based on cost vs value, most individuals rely on their primitive behaviors and tend to be guided by the subconscious decision-making process driven by the id. Because less thought goes into the behavior, it may be perceived as

impulsive, but in reality, the decision is rooted in primal instincts seeking physical and emotional ease, also known as the pleasure principle. These less-analytical decisions we make tend to be labeled as “impulsive” because they appear to be sudden and not predetermined.

These purchases are usually accompanied by a rush of emotions people often describe as a dopamine hit of excitement, only to have them frequently followed by a sense of regret for having acted in an “impulsive” manner. We often describe this feeling as “buyers remorse.” This remorse is the super-ego kicking in to establish the boundaries that are usually influenced by societal standards and one’s past experiences.





## CHAPTER 6 IMPULSIVE BUYING

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When looking for a winning product, I follow a formula that considers the theory of planned behavior outlined in the chart above. My objective is to make sure tendencies are aligned with subjective norms to reduce friction for the buyer. I want to ensure my product appeals to primal instincts, but provides enough value so they can justify the purchase from a logical stance.

I believe that the more value your product provides the easier it is for someone to make a quick decision to purchase.

\*\* On a side note, establish follow up campaigns with customer happiness reviews and quick customer service response times to reassure the consumer's decision. Working quickly to reinforce the good feeling they had in buying your product will guarantee a reduction in returns and disputes.



## THE SEVEN-FIGURE LIE

I believe every dropshipper is one product away from changing their life. This doesn't mean the one product will last forever, or that selling one product will make you tens of millions in sales. However, one good product can give you the necessary momentum, capital, and confidence to continue building your eCommerce business. The big lie most dropshippers buy into is how they need to find the "next big thing" to be successful. In reality, very few people have found groundbreaking products that sell for years. Instead, I like to focus on one winner per store with the objective of scaling in a linear fashion. I classify a "winner" as a product that shows an uptrend in its advertising campaign, clear customer satisfaction, and sees a margin of at least a 20% net profit. I have killed off many products that were producing seven-figure sales because these criteria were not met.

I like the advertising campaign to be on an uptrend so I can leverage organic shares and get an ideal ROAS, so I can ease off the gas and focus on testing new products on new stores. I hate selling products that don't work and I want to make sure customers have a good experience with dropshipping as they can easily stop buying from us if the trust is breached.

In the past, I've stopped selling products simply because they don't work well, even though they proved profitable. Finally, the net margins are something specific to my own business. I want to make sure I have enough wiggle room to deal with for payment processor holds, chargebacks or refunds.

Most people will find a winning product if they have the proper strategies and focus on consistency. As soon as you have a product that is doing well, I advise building a small team to sustain its growth while focusing on launching another store that lets you direct your attention towards finding the next winning product.

In the past, I have made the mistake of focusing on one specific product. Eventually the winning product stopped converting and I found myself back at square one. This is what I like to call the seven-figure lie. Regaining momentum is difficult, so make sure you are always working towards a linear build. Focus on consistency, linear scalability, and testing religiously to prevent having a short run.

## CHAPTER 7 THE SEVEN-FIGURE LIE

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If you are focusing on building a brand, make sure you are working on the next quarter's product line while enjoying the fruits of this season's labor. Your next product line should complement the previous one, customers should feel refreshed when they see it. The seven-figure lie for brands is in believing that if they focus extremely hard on a product line it will convert. Facts don't care about feelings, make sure you have done your due diligence before committing to a certain line. Run polls and ask your customers what they might like to buy. Leverage social media to see what your audience wants from you and then execute.

LUKE BELMAR

For the fanatics of white-labeling general products, don't overdo the branding aspect until you can guarantee that your product has legs, the quality is reliable, and that your offer is unique compared to other dropshippers selling the same thing.

Not every product will sell seven figures, and that is okay. However, make sure your focus is on linear growth and not just the vertical scaling of one store.



## ABIDE BY THE LAW

Unless you are spending millions per month on paid traffic or generating tremendous amounts of volume, platforms do not care about you. The first criteria for product research is compliance. If you are not completely confident that your product is compliant with the platform's policy, do not run it.

**NEVER** sell products that go against platform policy. Whether it's Facebook's advertising policy, Shopify's terms or the rules your payment processor has, make sure you play within the boundaries. If you find yourself having to finesse these platforms, chances are high that you are selling something sketchy.

Abide by the rules. Shortcutting the wrong way to success will result in a lot of headaches. If Facebook says "Don't sell face masks," do not sell face masks. Making a quick dollar on products that platforms do not allow is not worth the headache, risk, or potential ban.

I have attached policy links to the most popular platforms. Review them on a regular basis to ensure your products are compliant.

Big platforms do not care if they lose you as a customer. They prefer losing you over putting themselves in a compromising situation. Do not try and circumvent policy or attempt to sell anything that can get you blacklisted.



\*\* Please note these hyperlinks are active as of June 1st, 2020, and may be changed or disabled at any moment. These policies are applicable to the United States and may vary for other regions of the world.



## STUDYING TRENDS

Understanding the importance of trends and how to easily spot them will allow you to select products, craft offers, and tailor your ad delivery so you can scale more effectively.

Most of our winning products have done well because they were launched when the product's value was congruent with relevant or up and coming trends. In this chapter, we will cover the platforms my team uses to search for trends.

### Google Trends

Google Trends is one of the popular choices for finding potential product niches. In my eCommerce business, we use Google Trends to identify seasonal trends that emerge consistently every year.

If you focus on seasonal offers, I recommend testing and perfecting your creative four weeks prior to the expected uptrend to ensure your operations are stable and your campaigns are optimized for delivery. You can also use Google Trends to keep a close eye on your competitors and what their customers are taking interest in.



Pinterest is one of the hottest platforms to find emerging trends and tracking internet chatter. Pinterest thrives on people sharing stuff they love, which is why I enjoy using this

application to see what gets people talking.

Pinterest boasts over 330 million active monthly users and has been consistently growing for the past two years. This app is popular among women ages 25 - 44. For eCommerce entrepreneurs who understand the importance of this audience, Pinterest should be at the forefront of your trend research.

### socialmention\*

One of my favorite trend searching tools is Social Mention. This search engine allows you to quickly see trends on specific keywords, recent mentions, public sentiment, similar keywords, and more. This search engine is largely focused on Reddit and Flickr activity.

## CHAPTER 9 STUDYING TRENDS

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This tool is highly recommended when looking for current events that are very hot. However, note that this tool is not https secure so make sure that you use it at your own risk.



This website focuses more on the gossip side of trends and can give you a proper sentiment for what people are focused on right now. I like to quickly glance at this website once per day to see what, if anything, catches my attention.

My objective with What's Trending is to watch the trending videos of the day to gain an understanding of what people will be talking about online in the days to come. Think of this website as intentionally finding what you will eventually come across by scrolling the explore page on Instagram.

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Our objective as dropshippers is to incorporate trends and current events into our product selection, advertising creative, and landing page offers. If we can curate an experience and sell a product that has organic momentum behind it, then there is a strong possibility for conversion.

During Greta Thunberg's international walkout strike, we capitalized on people's need to take action by

focusing on environmentally-friendly products targeted to audiences in cities where the strikes had just taken place. We curated an organic message on people's news feeds while providing a solution (with our product) to their desperate desire to act on climate change.

Including trends in your product research will greatly improve your chances of success. On the other hand, some of these trends have short life spans, so you need to be well structured to quickly get your cost of goods (COGs), creatives, and offers in place before that trend becomes old news.

## SOURCING WEBSITES

Newbies to the dropshipping space often find themselves sourcing from Aliexpress. We are usually left in the dark about the websites top-level eCommerce experts use to find potential winners. In this chapter, I'll share the websites my team and I use to find products and what I like most about each of them.

Most of these websites are lackluster as they have very complicated user interfaces, and some of them are entirely in Chinese. However, many times these are the websites that have winners listed before anyone else. If you can get around the complicated UI and use the robust Google translate option, you will find yourself finding a lot of untapped products that have a great potential to be good sellers.



This website was built for the merchants from the city of Yiwu and Dongyang, south of the popular manufacturing city of Hangzhou.

Even though it may not be popular with most US ecom entrepreneurs, you can find almost anything on Yiwugo. With over 70,000 merchants on the platform, you are sure to find new and innovative products.

If you are looking at working with a merchant who can withstand high volumes of orders, then this website is a good place to start scouting for good wholesale prices.



This may be one of the more complicated websites to maneuver if you do not speak Chinese. 1688 is the B2B domestic online market of Alibaba. Even though this website was designed for wholesalers, you can usually find a lot of the suppliers on both Alibaba and 1688.

I like this platform because I can often find better pricing on it. Yes, Alibaba inflates their prices for European and Western customers, so consider using this website to negotiate your COGs rates. The low prices were so worthwhile, I hired an employee who spoke Chinese, and his only job is to find products for me and put them in direct contact with my Chinese supplier to get the best price possible.



## CHAPTER 10 SOURCING WEBSITES

This is a great way to get competitive rates from day one.



This is a great place to search for manufacturers that specialize in custom products. What I like about this market place is that different manufacturers have the ability to bid and compete for your job.

MFG is one of the biggest custom manufacturing marketplaces and the platform is very user friendly. I have submitted some projects in the past and realized that since you are dealing with a lot of international manufacturers you are also looking at a potentially higher cost of product development. Unless you have prior custom manufacturing knowledge, I recommend skipping this site until you know all of the necessary elements to successfully developing a product.



For entrepreneurs focused on building strong relationships with their supply chain, I highly recommend visiting Made-In-China. This website is exclusive to Chinese manufacturers and has over 10,000 different factories across 25+ niches.

What I like about this website is they have secure payment methods and you can usually find verified sellers with representatives who speak good English. I have made several trips to China to visit manufacturers that I found through this website.

I would highly advise starting here if you are ever interested in making a custom product. Once you establish a relationship, make it a priority to go to one of their tradeshow to check the legitimacy of the manufacturers and their factories.



We've always feared wondering what happens if we pay the supplier and the product never arrives or having what we ordered arrive in complete shambles. DHgate offers a solution to that problem, which is why they are worth considering while researching products or when you want to test out a new supplier or manufacturer.

## CHAPTER 10 SOURCING WEBSITES

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DHGate keeps the payment you make to the merchant in escrow until you confirm the receipt of the purchase. When testing suppliers with bulk orders, protecting your payments is a massive risk management tactic you need to implement.

Apart from that, they are global, they accept multiple payment methods, and their UI is very similar to that of Aliexpress. You may overpay for safety and reliability (just like Aliexpress or Alibaba), but it is a good tool to have at your disposal while you find a reliable supplier.

### global sources

I like this platform for their hassle-free payment protection. Global Sources is based out of Hong Kong, so be cautious of any up and coming changes in their Terms and Conditions because of China's desire to take back the city-state.

My team does a lot of product research on this platform, and we have noticed many products listed here were nearly impossible to find on other sites. They are very user-friendly and probably the most Western-friendly site from the entire list.

Regarding payments to merchants try and stay away from Telegraphic Transfers in advance (advanced payments) and make sure you are only buying from verified sellers who accept small orders as test batches.

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When hunting for your next winner, it is important to cross-reference multiple sites for the best possible price, shipping times, and quality. Once you have found something that you are satisfied with, make sure your supplier is informed about where you are getting your COGs and never accept the first price they offer you. The more volume your store produces, the greater negotiating power you have.

If you see it on Aliexpress, there is a good chance you can find it on another B2B Chinese marketplace for cheaper. A 5% difference in COGs will make an impressive dent in your bottom line at the end of the year, so be sure to fight for every percent while maintaining good risk-mitigation and product integrity.



## PRODUCT PRINCIPLES

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All of the products we test need to abide by our set principles. In this chapter, we will be discussing the “must-have” principles, why they are important, and why we refuse to scale any products that do not pass these highly critical standards.

The seven principles apply to general dropshipping as it is where I have found most of my success. Not every single principle needs to be met in order to determine if the product has potential. We do not like playing guessing games, instead, we prefer stacking the odds in our favor so that we can have a higher success rate.

Once we set these principles as the standard for our products we saw a massive increase in our winning product ratios. Do not be the entrepreneur who tries to justify why a product could work, instead, do everything in your power to find out why it can fail. Do not be an ally of the product, be a cautious skeptic and make sure that you intricately probe each product before choosing to run it.

**Virality** - Can your product go viral? Is it the type of product that people want to share because they are in awe of how many values the product meets?

Before we discuss how we determine a product's virality, let's get the smoke and mirrors out of the way. Not every post with high engagement equates to a winning product. You need to look at the quality of the engagement and realize that a lot of dropshippers run price per engagement (PPE) campaigns to boost social credibility before going into a conversion campaign.

It is acceptable to run a PPE campaign along with a conversion campaign, but stay away from PPE ad spend unless you have determined the product to be a winner.

We determine virality by analyzing competitor ads where we consider a few factors. We look at the engagement-to-share ratio, if your product has equal or higher shares than engagements, you have a strong sign that people are liking what they see. Then, we look at the recent engagement on their post to see if people are actively commenting about the product. Finally, we look at the main country they are advertising too and find out if the comment section language matches that of their main source of traffic or if they are getting cheap engagement campaigns coming from third world countries.

## CHAPTER 11 PRODUCT PRINCIPLES

If there are no competitors running the same product, we focus on gaining traction and engagement from conversion campaigns alone. At the end of the testing phase, if the ROAS is sustainable, we will introduce a small PPE campaign to boost social proof.

**Large Audience** - Why settle for a highly-niched product when you can sell products that have a mass-market appeal?

We like to direct our attention to products that have a generic appeal. Ask yourself, who is my audience? Will this product be appealing to a high percentage of that audience? Is this segmented group big enough to scale profitably?

The main resource we use to determine the size of an audience for a product is the Facebook ads platform. Once we have selected the product, we create a bogus campaign in Facebook's ad manager to find all the potential relevant interests in this niche. We only select products that have a potential reach of more than 50 million people.

**Low COGs** - Make sure you know your break-even return on ad spend (ROAS) for the product you want to test. The way to find out your breakeven ROAS is to know how much you will be paying for your

product so that you can determine if you have room for substantial net margins and volatile cost per acquisitions (CPAs).

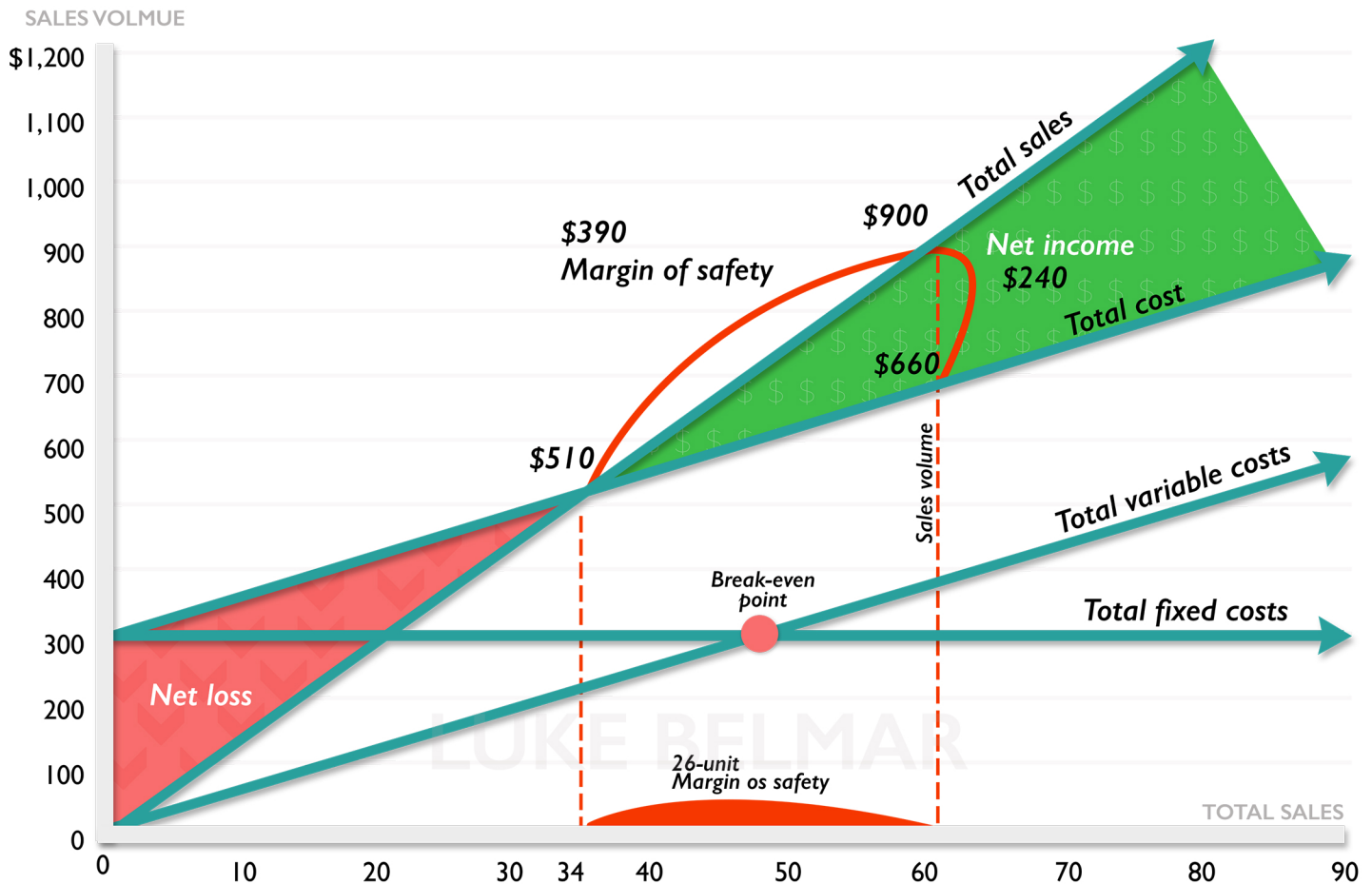
The formula we use on our Excel spreadsheets is extracted from the equation:

$$\text{Price X Quantity} = \text{Total Fixed Costs} + (\text{Variable costs per unit X Quantity})$$

We measure our break-even ROAS in units, not in dollars. The lower the breakeven ROAS, the more wiggle room we have for volatile ad performance.

Your cost of goods should not account for more than 25% of your total retail price. Make sure you constantly test your retail price, as you may find that increasing it will not affect your conversion rate.

## CHAPTER 11 PRODUCT PRINCIPLES



In order to ensure a low break-even point (BEP), you need to work on reducing your total fixed cost (TFC) which is a number that you can somewhat predict and control. On the other hand, your total variable cost (TVC) is somewhat volatile as it has variables that are hard to calculate (such as paid traffic or disputes). Allow for a higher margin of expenditure which can be accomplished by reducing your COGs.

If your cost of goods accounts for 25% of your sales price, you have mitigated substantial risks while trying to scale. If we cannot negotiate a price point with our supply chain that meets this principle, we do not test the product.

I have attached a link to a ROAS calculator Google Sheet that you can duplicate and begin using. Be sure that when you duplicate it you set it on private for safety reasons and do not edit or adjust anything on the *original* sheet.



## CHAPTER 11 PRODUCT PRINCIPLES

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**Limited Competition** - We try to stay away from products if they are mass run by multiple dropshippers. There are enough products to go around, and I don't think chasing behind competitors is the best strategy to maximize your profitability.

I recommend checking the Facebook Ads library to see who is running the same product, how long it has been running, and whether their campaign is on an uptrend or downtrend. Focus on products that have space for a new seller to come in and claim a piece of the prize. You do not want to be the dropshipper that is always picking up the crumbs.

Many customers will use Amazon as a price-checking platform. Many times a client will land on your store, add the product to cart, and then price-check with Amazon to see who has the better deal. If Amazon is loaded with listings for the same product, you may find your informed buyers dropping off to buy from someone else.

**Product History** - Know the history of the product before you start running it. Find out how customers reacted to the product by reading your competitor's comment sections. You want to know the quality of the product and if the customers were satisfied with their purchase.

As mentioned above, you can check the Facebook ads library to find prior product ads run by a competitor and analyze them for clues to how it performed.

If you see a product that is doing well and think you are too late to jump on it, revisit it and test it in a few months. We found that many people who saw the competitor's ads and did not buy eventually bought from us. A lot of things can get in the way of a potential customer who wants to buy the product, all they may need is a friendly reminder to buy later.

**Compliance** - As mentioned in the compliance chapter, ensure your product will not land you in trouble with the platforms you are using. Many of these companies give you the benefit of the doubt when starting off. However, if they sense that you are pushing their boundaries, they will ban you without hesitation. If the products we think about running might not be compliant we automatically cross them off our list.

**Customer Feedback** - We want to know how customers felt about the product in the past, so we analyze competitor feedback. But we also want to give the product a fair shot for the next run, and for that, we will need people to tell us what they think about the product.

## CHAPTER 11 PRODUCT PRINCIPLES

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If we come to a unanimous conclusion that the product does not meet the customer's expectations, we stop running the product on principle, regardless of how profitable it may be.

If you damage the dropshipping experience for a customer, they might stop buying from any dropshipping websites. Do not be the entrepreneur who makes a front end dollar at the expense of longevity, integrity, and consistency.

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On many occasions, you will be confident in a product's potential. The product meets your standards, maybe it had a good run, but it fizzles out for some reason. There are so many variables in play for a product to become a winner that not allowing it to have a second run may be a foolish decision. If you've had a winning campaign that has dried up, make sure to revisit it again in the near future.

We keep an intricate log of past products and creatives that we revisit after they cool down from possible market saturation. I have seen several instances of a product that was run years ago, was ruled "burnt out," but now yields seven-figure returns.

If a product did well in the past, it is possible that it may perform again in the future. You may have to test a new offer, creative, or demographic, but do

not rule it out simply because you saw it "fizzle out."

Remember, you never know why a competitor stopped running a certain product. If you believe that it was saturated in the past, let a few months pass and revisit the product to see if it can be rekindled.





## SPY TOOLS

Many eCommerce “experts” speak negatively about using spy tools. They ask: “why would you settle for a piece of the pie when you can have the whole pie to yourself?” The fallacy in this belief is that many dropshippers lack the resources, infrastructure, supply chain, or experience to outright catch fresh winning products all the time.

Leveraging spy tools is important, but it should only supplement, not substitute your product research process. If you are new, I recommend leveraging spy tool software as frequently as possible, as they can give you insight into competitor products, pricing, creatives, and their landing page structure.

There are hierarchies and ranks in the world of eCommerce. If you are at the bottom of the food chain, you need to use every tool at your disposal to understand how the sharks behave, hunt, and grow. If you need capital and can’t afford the luxury of testing hundreds of products, make sure you leverage spy tools.

There is no shame in only getting a piece of the pie. If you have the proper structure set in place and your focus is on a linear scale, you will quickly

realize how several small slices of pie amount to a beautiful bottom line at the end of your fiscal year.

I have selected a free and paid spy tools that my team uses on a regular basis to supplement our product research process:

### Turbo Ad Finder

For people who lack financial resources, this is a great Chrome extension to start with. It allows you to filter out all the posts on Facebook except for your ads. The only caveat is that you may need to create an alias profile that focuses on reproducing online purchase behavior so you are fed relevant sponsored posts filled with competitor dropshipping products. With all free tools, you get what you pay for so please be mindful that this tool may get buggy from time to time.

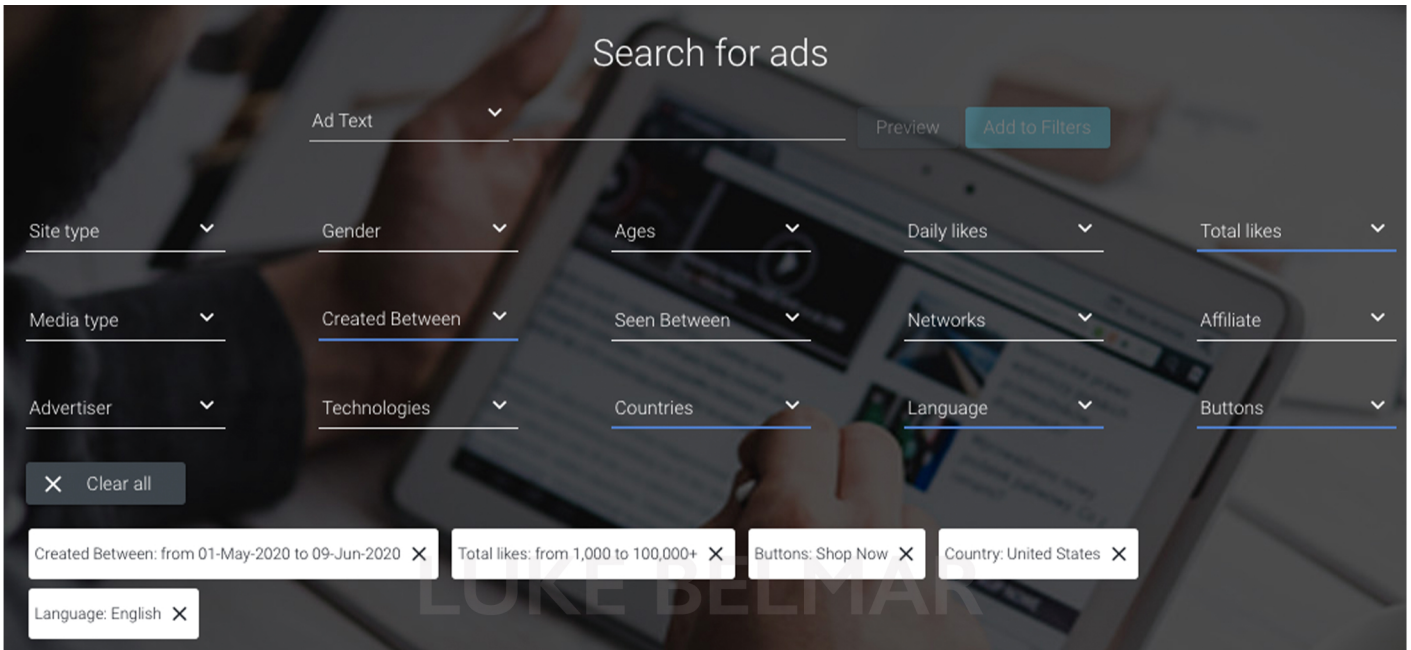


While this tool scans ads more effectively than other free options, it is not on the cheap side of monthly subscriptions. The image below is the specific filter system we use when trying to find products on Ad Spy.

## CHAPTER 12 SPY TOOLS

Some dropshippers give Ad Spy extremely specific filtration criteria, but, we have seen a lot of great

products pop up when using a more lenient set of requirements.



The screenshot displays the 'Search for ads' interface. At the top, there is a search bar labeled 'Ad Text' with a dropdown arrow, a 'Preview' button, and an 'Add to Filters' button. Below this, there are several filter categories, each with a dropdown arrow: Site type, Gender, Ages, Daily likes, Total likes, Media type, Created Between, Seen Between, Networks, Affiliate, Advertiser, Technologies, Countries, Language, and Buttons. At the bottom, there is a 'Clear all' button and a list of active filters: 'Created Between: from 01-May-2020 to 09-Jun-2020', 'Total likes: from 1,000 to 100,000+', 'Buttons: Shop Now', 'Country: United States', and 'Language: English'. Each filter has a close button (X).

- 1 - Focus on products created over the last 30 days.
- 2 - The Ad should have at least 1,000 likes, but make sure you check the quality of the traffic as well.
- 3 - Select the US, Canada, Australia, and top European countries. (If it sells in the United States, it has potential to sell anywhere).
- 4 - Select Shopify as your platform of choice and make sure it is set to English and Spanish.



## ESTABLISHING A PROCESS

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One of the foundational elements that allowed me to effectively find and sell winning products was documenting my actions and establishing standard operating procedures that could be replicated at scale.

Your business decisions should be supported by facts and evidence. The objective is to reduce what you believe to be true of a product and what the customer really wants and feels.

If you are building a brand, knowing your audience is pivotal to the development process of your product line. If you wait until the last minute to know what your key demographic is looking for, you are increasing your risk of failing.

Quick surveys can allow you to know how your customer is feeling, what they want, and what expectations they have. Data collection will allow you to research and develop products tailored to what the consumer wants and not what you as a seller “feel” is best.

If you do not have an internal team that focuses on the market research you can always outsource it to a third party company that specializes in

qualitative and quantitative data collection.

Consistency is a big issue for any dropshipper. Being able to establish standard operating procedures (SOPs) to duplicate your success is a tedious process but once established will streamline how your business is run.

The negative impact of not knowing what factors played a role in you finding a winning product can be very high. If you did something right, why wouldn't you record the flow of those actions to then duplicate them at scale?

Building your product research systems is crucial to saving training costs, maintaining quality and consistency throughout your process, increasing productivity, and upping your odds of replicating the same outcome.

As you grow in your eCommerce business it is of utmost importance that you document the whole process if you intend to scale.

## CHAPTER 13 ESTABLISHING A PROCESS

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Building your product research systems is crucial to saving training costs, maintaining quality and consistency throughout your process, increasing productivity, and upping your odds of replicating the same outcome.

As you grow in your eCommerce business it is of utmost importance that you document the whole process if you intend to scale. Document your product research process, perfect it, and create detailed steps on how to follow it.

LUKE BELMAR



## FIND YOUR NEXT WINNER

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Information is only valuable if you use it. The common pain point I notice amongst dropshippers is how they cannot find a product that converts. All the evidence points to the lack of dedication, minimal product research effort, or misguided tactics.

I truly believe if you apply the information I presented, you are well on your way to having success in the eCommerce space. My hope for you is that you understand that this process is long, tedious, and only those who persevere will see the fruits of their labor.

No single piece of information is ever useful unless it is internalized, personalized, and applied. As you begin to search for your next winner, use what you have learned, and revisit this document regularly. You will not make it very far if you run your eCommerce business like a side hustle. Focus on building a sustainable, long-term business and I guarantee you will meet your goals.

I believe product research is the cornerstone of any successful eCommerce business, and you may as well throw in the towel now if you overlook its importance.

You must always be a student of product research, consumer behavior, ongoing trends, and the marketplace if you want a chance of making this business model work for you. I hope that this was as much of a joy for you to read as it was for me to write it.

Thank you for trusting me in this process; I hope your expectations were met. If you have any ongoing questions regarding product research I am in the process of launching a Facebook group where you will be able to join and continue growing and learning as an eCommerce entrepreneur.

For more details about this private group, message me on Instagram and I'll make it a priority to respond.

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