

# Buying Offline, Selling Online



## Overview

There are a significant number of people who are quietly getting rich via business systems that utilize the **differences in price between online and offline markets** (aka. “arbitrage”).

While there are many types of arbitrage, the “low tech” way to do this is to find items that are **underpriced** locally and sell / advertise them online at the “normal” market rate.

There are all kinds of opportunities here. You would be amazed at the sheer number of ways there are to leverage the differences in offline and online markets.

Note of course that there is typically a fair amount of “running around” involved in this method and depending on the size of the items you are buying and selling you will need appropriate transportation.

Here are some insights I learned through exploring this venture. I hope that with these "starter" ideas to get you going, you will gain a sharp eye for opportunities that you might have walked right past before *and which countless people walk right past every single day.....*

## Price Checks

A simple way to get started is to explore places where items may be obtained low cost, and simply get into the habit of doing a quick price check by the use of a smartphone to check eBay while you are right there in the store or at the sale location, and see what the current going price is.

The “[completed listings](#)” feature in eBay search is a great way to see actual sale prices that have been achieved.

## Places To Get Underpriced Items:

- 1. Flea markets, thrift stores, boutique outlets, liquidation sales, yard sales.**
- 2. “Free stuff” listings** of all kinds – such as <https://freecycle.org>
- 3. Facebook Marketplace.**
- 4. Buying items wholesale / bulk** (online or offline) and selling them in smaller lots to take advantage of the economy of scale.
- 5. Buying a “loss leader”, clearance or heavily discounted product** from a local store and selling it online. Giant stores such as Home Depot often have loss leaders inside the door. These items are priced super low because typically

people will buy other stuff while they are there and it encourages more of a shopping spree.

**6. Purchasing items at auction** (notably government auctions, repossessed property or police “seized item” auctions) and selling them online.

**7. Sourcing old books either for *nothing* or *next-to-nothing*** (plenty of opportunities here) and selling them on half.com or other sites. Sometimes people are willing to give away books to those who offer to haul them away for free.

**8. Craigslist.** Here’s an example of someone making 5 figures a month “couch flipping”: [https://www.youtube.com/watch?v=cpqo63ojg\\_Q](https://www.youtube.com/watch?v=cpqo63ojg_Q) There are even a number of books on the subject – for example “[The Complete Idiot's Guide to Making Money with Craigslist](#)” from Skip Press (no affiliation). Although this is from 2009 there is probably some useful info in here.

**9. Advertise:** Why not advertise the price you are willing to pay for certain items and have them “come to you”? Combine with the offline marketing techniques of method #3 for best effect. You see, there are countless ways to get the work done for you, provide a valuable service and still make money!

**10. Online to online (small source to big outlet.)** Because such a high proportion of online shoppers simply head for either eBay or Amazon, there is **great** opportunity in buying from other sites that most people do not know about (or are too lazy to research) and then selling it on one of the major portals. I did this many years ago with silver bullion (Old USA 90% silver coins), buying bulk from [www.providentmetals.com](http://www.providentmetals.com) and [www.goldmart.com](http://www.goldmart.com) and selling on eBay in smaller quantities at profit. I was amazed at first that people would buy things on eBay without even knowing that the same product could be obtained far more cheaply via smaller outlets – but it makes sense: **Visibility is King**. Simply by putting something **where everyone can see it** you can often realize a higher price than the outlet nobody knows about.

## Where The Money Is Made

There is a well-known saying "**The money is made on the buy, not the sell**" - and this applies here. Very often the maximum selling price of an item will be **dictated by the market** and the arbitrageur must obey the market or fail to sell: The buying price is where the money is made and it's therefore essential to have a strong grasp of **what the market will tolerate**.

Seek items which are priced considerably below market value or which have a greater value in another market, that have high demand and can be sold rapidly. Learn to develop a keen eye for things that are underpriced.

Knowing what sells easily and for how much, simply comes through experience. So it might be good to focus on one category of products, one in which you develop intimate knowledge of the items, the playing field, the likely obstacles, etc.

The other thing to bear in mind is that business is competitive and someone else out there may want to undercut you. Be careful not to buy a huge stock of something only to be undercut by a competitor and not be able to sell it at a profit. It's a fluid business, one where profitable niches and products are often in flux. Windows of opportunity may be fleeting.

## “Knowing Your Numbers”

“Knowing your numbers” means not only having a realistic idea of how much an item could sell for, but also knowing and factoring in all your operational costs. One **key** factor I learned is that very often, it is in the “devilish details” that the money is made.

So you could say as well as **the money being made on the buy**, that **the money is made in the logistics**.

The real profit often comes in **running a tight ship**. This is critical to understand. All the little expenses - shipping, packing materials, transportation, seller fees and other overheads... these are truly the things that can make or break your bottom line. So **efficiency** and the art of shaving the overheads down, is what will often make you competitive. How else will you be able to maintain a better price than the competition?

Very often, others will have access to the same suppliers and the same market. To be able to undercut the competition and still be profitable, your *competitive advantage* often needs to be in the area of logistics. *Shipping costs. Labour costs. Transportation costs. Storage costs. Time management.*

A really sharp player will have a “complete picture” of every detail of the operation. They will create a spreadsheet or other document which lists all the logistics of the enterprise, perhaps doing a “test” buy-and-sell of a small amount in order to apprehend fully the actual specifics of the deal. Ask yourself the following questions:

How great is the demand?

How reliable is the demand?

How great is the supply?

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How much competition is there?

Does the competition have advantages that I cannot compete with? (i.e. better distribution deals, lower operating overheads, more efficient logistics, location, bulk purchasing power.)

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What are my shipping costs?

What are my transport costs?

What are my storage costs?

What are my advertising / listing costs?

What are the economies of scale?

How often are products returned and how much does this cost me?

Can I streamline my logistics so as to save money on each buy/sell, thus being able to offer a price that my competition *truly* cannot beat?

What is the profit margin?

How long will this opportunity last?

What is the shelf life of the product? Is there a risk I will not be able to sell it all in time? Are there other “problems” associated with the product (fragility, perishability, high rate of failure or customer complaint)?

How will the competition react when they see that I am trying to outdo them... will they outgun me?

You can quickly see that while the greatest advantage of this method is the potential to find a “golden product” that provides an easy revenue stream for a while, the greatest challenge is that the marketplace is very fluid – and that the revenue is typically fairly short-lived before another profitable venture will be required.

## “Geo Arbitrage”

Instead of simply examining differences in *price* between goods in different markets, investigates the whole notion from a different angle: That certain items are very common or easily acquired in some locations and rare / expensive in others. This investigates and takes advantage of the natural flow of *supply and demand*.

This concept can be spun in a million different ways – and while many may think that all the best of such opportunities will already have been exploited in the modern world, there are surprising and even colossal untapped avenues! All you have to do is think of them first, or perhaps have a way to **obtain, transport of deliver** the items which improves in some way on the existing model. Can you think of anything which is extremely common and easy to



obtain where you are – and which might be rare and highly desirable in another place?

## Discovering New Arbitrage Opportunities

It is possible to “think out of the box” and discover new arbitrage opportunities for yourself. This is a very good thing to do – as you can find yourself in a strong position if you come up with ideas that no-one else has thought of. Here are some tips on how to think of such ideas.

In any marketplace that is busy with people buying and selling things – whatever they are - there is opportunity to make money from disparity of prices. Think of ANY place where a lot of things are being bought and sold, and then think of another venue (physical location, online location etc) where those same items are also bought and sold. Examine closely the pricing structures of those venues. Ideally you want to find one venue where things are expensive, and another where those same things are generally cheaper, and to join the dots between the two – preferably in a better or more efficient way than others have done, or before anyone else has thought of it. Some examples:

Cheap country – expensive country

Online - offline

Offline – online

Two different web sites

Two different physical locations

Common in one place – rare in another

**Final note:** If you are selling items online, you will likely need to collect and pay sales tax (i.e. USA) or value added tax (UK), depending on your location and local laws. Also, depending on location you may need business licensing.