

eBay Program

Chris Malta

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Tape 1

T. J. ROHLER – Now Alan Bechtold is going to introduce our next very special guest who has exciting things to tell you about making the maximum money on eBay, in the minimum amount of time. Take it away, Alan!

ALAN BECHTOLD – Thank you, T. J. I am really excited to introduce everyone listening to Chris Malta, eBay Radio's Product Sourcing editor. And also, I'm not entirely clear on this, Chris, a partner or a founder of Worldwide Brands.

CHRIS MALTA – Yes, CEO of Worldwide Brands.

ALAN BECHTOLD – CEO...there you go! The head guy.

CHRIS MALTA – The head guy.

ALAN BECHTOLD – The buck stops with Chris.

CHRIS MALTA – Too often, unfortunately.

ALAN BECHTOLD – Now Chris's position in the Internet world and on eBay is as one of... And correct me if I'm wrong, here...one of the leading providers of wholesale product sourcing services for Internet marketers and eBay marketers.

CHRIS MALTA – Yes, exactly.

ALAN BECHTOLD – Okay. And what I wanted to do, Chris, was... I think what we ought to start out with is just, I'd like to hear a little bit of your background...like before there was a Worldwide Brands...kind of what brought you up to that point.

CHRIS MALTA – Well sure. I was the Systems guy for a long time – heavily into computers and the Internet in the early 90's. I've been working with computers off and on since the very early days of the desktop PC, and in the 90's I became a Microsoft Certified Systems Engineer. Then I was working at what we all call “the big yellow box” which is known to most people as Kodak in Rochester, New York, where I was born and raised, which is where George Eastman started Kodak – so that's where their world headquarters is located. I worked there for a long time in Systems Engineering and Networking. But the important thing, I think, is that I've always had some kind of business going on the side – and I get that from my parents. They were both successful businesspeople. My dad, for example, went to work for a construction company as a salesman back in the 70's and ended up owning that company in the 80's. They built thousands of new homes in seven states across the Northeast and did really well. My mother was really successful in the popular home party plan businesses of the time. You know, Rubbermaid, Tupperware, Park Lane Jewelry, and all that kind of thing.

ALAN BECHTOLD – Oh yeah.

CHRIS MALTA – Oh yeah. And they're still out there.

I remember us kids – me and my brother and sister – all used to help her sort products and pack orders in the basement of our house. So I was really working in the predecessor of home-based eCommerce before I was ten years old, which is cool.

ALAN BECHTOLD – Wow!

CHRIS MALTA – My mother had a whole production line set up down there and, believe it or not, in that business my mother actually brought home sometimes more money in a

month than my dad did – even at the height of his career. So, it wasn't often...but it happened and it shocked him. A home-based Internet business is a powerful thing!

Overall, though, I think that the thing that had the most influence on me – where I am now – is that my mother started me out in the wholesale business when I was 10 years old, in the winter of 1970 when I was looking for extra Christmas money. She had a number of good wholesale contacts because she used to buy things that she could use as prizes and incentives for her party plan people. That year I was complaining that I didn't know how to earn any real money for the holidays, so she took me down to Beansie Altman's Wholesale Outlet in Rochester and we bought a bunch of Christmas candles with little wreaths around the bases, you know?

ALAN BECHTOLD – Okay.

CHRIS MALTA – I went door-to-door all throughout our neighborhood that December selling those candles at a reasonable mark-up to all the nice neighbor ladies, and they just couldn't resist buying Christmas candles from a shivering 10-year old kid. So, I think that's when I caught the business bug from my parents and I kept doing that same thing for years. You know, buying seasonal products and selling them around the neighborhood. After that, I guess, throughout my whole career working for other people when I got older, I was never satisfied. I always wanted to work for myself and it just drove me nuts to have to work for other people. So I've always kept something going in wholesale or retail or the service industry on the side.

ALAN BECHTOLD – That's amazing.

Now, what actually led up to...led to your formation of Worldwide Brands? How did that come about?

CHRIS MALTA – Well, I think Worldwide Brands really came out of an incredible amount of frustration with the really poor quality of product sourcing information on the

Internet. Back in the late 90's I was trying to start an Internet Store business and, of course, I needed to find wholesalers to work with if I wanted to sell products online. I was familiar with the concept of drop shipping and I knew that my best bet to get into selling brand name products online, for the least start-up cost, was to find drop shippers of the stuff I wanted to sell. So I started searching the Net for drop shippers and, of course, right away I ran into all the multi-level marketing and uplines and downlines and sidetracks and little-known middlemen scam artists that are still out there with that information today.

ALAN BECHTOLD – 32X Matrixes and...

CHRIS MALTA – Yes.

ALAN BECHTOLD – Exciting stuff...

CHRIS MALTA – I know. It's terrible... Thousands of people are out there claiming to be wholesalers on the Internet, who really are just middlemen for some other company that's getting their stuff from somewhere else, that's getting their stuff from somewhere else, and so on. Everything I found was just terrible. I researched everything.

ALAN BECHTOLD – Well, and tell me if I'm wrong here, Chris, it's really important when you're selling on a Web Store to have the lowest possible price because so many Internet shoppers today are so savvy and do their comparison shopping.

CHRIS MALTA – You know, especially in eBay because it is a price-driven market.

ALAN BECHTOLD – Yes.

CHRIS MALTA – You need to work with the direct wholesaler. You can not afford to go through middlemen. If you want to get the best wholesale price on something, you've got to go right to them. You can't go to someone two or three more links down the food chain, because

every link in that food chain takes its own profit from the products you're buying. By the time the product gets to you, the prices are too high and you can't make it work on eBay.

ALAN BECHTOLD – Uh huh.

CHRIS MALTA – So back then I spent a few months spinning my wheels with the junk wholesale contact lists that have been out there for years, and the new ones that are still seeming to come out every month or so. I was looking for real wholesalers who would drop ship a single item directly to my customers for me. I was really getting nowhere, so I decided to put my experience in real wholesale to work for me. I had spent years, as I grew up, dealing with wholesale suppliers. You know, through getting started with my mother I knew how to talk to them, I knew what they wanted from me, so I tossed out all the stuff I'd bought and started researching wholesalers on my own from scratch. And after a few months I tracked down about 10 or 11 real wholesalers who did drop ship. My experience with all the junk lists that flood the Internet, it was still irritating to me because those people were still out there lying to people (in my opinion) and claiming to be the ultimate or the century's or the world's best in directories or drop shippers – and I knew they weren't. So I wrote an article about it, detailing my own search for real drop shippers and I submitted that to a few of the bigger ezines and it got picked up by Web Pro News.

ALAN BECHTOLD – That's a big one!

CHRIS MALTA – It is. Real, real great people over there.

And they liked it so much they asked me to write a follow-up for it, detailing how I actually did the research. When I did that it was amazing, because they had actually published my email address along with the article and Web Pro and myself just got an avalanche of email. Everybody wanted my sources! There was a lot of frustrated people out there!

ALAN BECHTOLD – You hit a chord.

CHRIS MALTA – Of course, I couldn't just give that information away. I mean, I'd worked really hard for it for months, and if I gave it to everybody, my own online store was going to suffer for it. So decided to go on a little one man crusade to clean up product sourcing information on the Internet. You know, back then it was a David & Goliath thing, but we're getting better at it now. So I created what I called the Drop Ship Source Directory and I started researching new wholesale drop shippers on a regular basis. I began selling the directory online. Worldwide Brands was formed a few months later when I partnered up with an old friend of mine named Jim Ritzel, and he is now the Chief Operations Officer of the company and he works with our accountants and handles our marketing partners and attorneys and intellectual property and all that stuff – trademarks. A few years later we brought in Robin Cowey as a partner and Business Development Director. Rob, (this is interesting) is one of the producers of the movie The Blair Witch Project.

ALAN BECHTOLD – Oh wow!

CHRIS MALTA – Yeah, and he's a great guy. He's been in television and film for a very long time. He was the guy who created that amazing groundswell of Internet awareness for that movie.

ALAN BECHTOLD – Uh huh.

CHRIS MALTA – The thing was a cult classic before it even came out!

ALAN BECHTOLD – Exactly.

CHRIS MALTA – Because of his work on the Net. And it ended up being the highest grossing independent film of all time. And, if you're going to have a Biz Development Director...that's the kind of guy you want, let me tell you.

ALAN BECHTOLD – I think it was a good choice.

CHRIS MALTA – It turned out to be an excellent choice!

So Worldwide Brands started as a small directory of less than 20 wholesale suppliers that carried a few thousand products. Today we have our Drop Ship Source Directory, Light Bulk Wholesale Directory. I represent more than two million products from genuine wholesalers and every one of those wholesales has been pre-qualified by us and we guarantee that they're be willing to work with a small home-based Internet business. None of these companies know they're in our directories. They want to be there. And our research team stays in contact with them so that we can update their information as we need to.

We've moved into software development now, creating what we call the Market Research Wizard and we have several more software products in development. Now, as we talked about earlier, we are involved in Internet radio as well. I do the eBay radio products sourcing segment and I host the Entrepreneur Magazine eBiz Radio Show, so we're just working out of our offices in Orlando, Florida. I'm getting ready to speak on a couple of panels at eBay Live this year. It's been a long hard road, but we've been recognized now as the best source for product sourcing information available. That's great. It's a real pay-off for all those years of hard work.

ALAN BECHTOLD – That's for all that... Yeah, hard work is right! Checking out all those sources, following up, making sure they're certifiable, and...

CHRIS MALTA – You know, most people don't realize how much work goes into that, Alan. I mean, really, we are actually on the phone with these companies. We don't just look somebody up on the Internet and say, "That's looks good. Let's throw them in." You know?

ALAN BECHTOLD – Uh huh.

CHRIS MALTA – It's actually a lot of work, but it's worth it.

ALAN BECHTOLD – Hard to come by information.

CHRIS MALTA – Yes.

ALAN BECHTOLD – Yeah, people will realize that once they work with them. But everybody says it's that way when they sell it.

CHRIS MALTA – Absolutely.

ALAN BECHTOLD – So what I'm gathering from this is one of your major functions is a publisher of these directories, not actually...

CHRIS MALTA – Yes, that's correct.

ALAN BECHTOLD – You don't actually do consulting, or do you?

CHRIS MALTA – No, we're not a consulting company. We don't do fulfillment things like that. We are jam-packed...I mean, actually paying overtime right now, researching companies for products. One of the things we do... My partner, Rob, right now is in Las Vegas. He's out hitting trade shows all over the country. So far he's done... This trip he's done Atlanta, Los Angeles, Las Vegas. He's on his way to Seattle, back to Orlando, up to D.C....hitting trade shows and gathering information and meeting wholesalers. So this is a full-time thing. It's all product sourcing information.

ALAN BECHTOLD – That's valuable, though, if you're going to sell on eBay or online on the Internet. Like you said, you've got to have a source and it's got to be as close to the original as possible – the originator of the product.

CHRIS MALTA – Yeah, and that’s the thing...it’s verifying the genuine nature of the company.

ALAN BECHTOLD – It sounds to me like this is something that an individual could do on their own.

CHRIS MALTA – You can do it on your own, yes.

ALAN BECHTOLD – But it’s so enormously time consuming.

CHRIS MALTA – Exactly right.

ALAN BECHTOLD – What they’re getting from you is...it’s all been done for you, here’s the source.

CHRIS MALTA – Right.

ALAN BECHTOLD – Go to them, they’ll work with ya. That’s amazing! What an invaluable product. I can see why you’re getting the clamor of attention you’ve been earning.

CHRIS MALTA – It’s been great and it’s a lot of fun.

ALAN BECHTOLD – What have you found are some of the most popular...I said “hottest” selling items on eBay. But I come to realize, talking to you more in the background before we got on this recording, that you provide this information to all kinds of Internet marketers and not just eBay marketers.

CHRIS MALTA – That’s correct.

ALAN BECHTOLD – What’s the hottest-selling categories you’re seeing on the Internet today?

CHRIS MALTA – You know, Alan, we don’t actually look at product sourcing that way.

ALAN BECHTOLD – Okay.

CHRIS MALTA – And a lot of people do. And a lot of people have success with that. But the way we look at it is, for me personally, show me a list of the supposed hottest sellers in any product market...or any Internet market...and just watch me run the other way as fast as I can.

ALAN BECHTOLD – Really?

CHRIS MALTA – I’m not so fast anymore because I’m getting a little older! I know from spending years in product sourcing research that any list of best-selling items...once it’s published on the Net...is probably going to cause those markets to start to flood within a few weeks at most. Then you start to lose your profit margins. What happens is this... If it’s a widely enough published list, tens of thousands of people see it and thousands of people are going to try to jump into that market. That increased competition causes people to start to undercut each other’s pricing in order to stay on top or get to the top. And you know, it just turns into a feeding frenzy that can bottom-out the profits of a good market pretty quickly.

We used to see this happen with Yahoo Store’s 100 Top Searches List. They had a tool for Yahoo Store owners that allowed them to see what the hundred top product searches were in Yahoo Stores at any given time.

ALAN BECHTOLD – Right.

CHRIS MALTA – And back when we were dealing with Yahoo Store owners a lot, I used to tell them to look at that list and then go exactly in the opposite direction if they really wanted to make the list work for them.

ALAN BECHTOLD – Ahh

CHRIS MALTA – So it's my personal opinion...it's just what I've seen, you know?

ALAN BECHTOLD – In other words... Yeah, okay. So the list... A list of what's hot right now is still useful, but just consider that it's no longer hot once you've seen it on a list.

CHRIS MALTA – Exactly. Once it's widely enough published so that everyone sees it, it becomes a list of markets that are going to be flooded in a couple of weeks so don't go there.

ALAN BECHTOLD – Ahh. That's a lot of work and pain and woe that could be saved...

CHRIS MALTA – That's true.

ALAN BECHTOLD - ...by avoiding an overcrowded category. And you certainly do see them happen all the time on eBay.

CHRIS MALTA – Right. So that kind of thing is useful, in my mind, to point you away from overcrowded categories or future overcrowded categories.

ALAN BECHTOLD – Okay.

Now, you mentioned that Worldwide Brands has...is it a regular segment on eBay Radio? What exactly is eBay Radio and how did you land a regular guest spot on that?

CHRIS MALTA – Well, yes, I am the official contributing editor for product sourcing on eBay Radio. That's not a prize that comes in a Cracker Jack box, man!

ALAN BECHTOLD – No, they don't hand that out to just everybody, I'm sure.

CHRIS MALTA – No, I worked long and hard for that. eBay put both me and my company through a very intensive screening process before I was contracted for that. From what I understand, there was more than one meeting at eBay Corporate where my name and my qualifications were on the agenda, you know? You kind of get the feeling that you've arrived when you find out that your name is being bandied about at management level meetings at eBay Corporate, so that was really cool. You know?

eBay Radio is Internet based radio that's serving 182 countries around the world. The eBay Radio Show is produced by wsradio.com. They're a really great bunch of people out in San Diego. They produce more than 60 Internet radio shows, including all the entrepreneur shows. And of course, as I said, my partner and I... Rob and I host the Entrepreneur Magazine eBiz Radio Show. We do that show every week with W. S. Radio, as well as the regular product sourcing segment. So eBay was looking for a product sourcing expert for the show and they searched far and wide across the land and they ended up asking me to do it, saying that I was the most qualified person they could find. Again, that was just a great validation for all the hard work we've done over the years. You know, it's a lot of fun to do the show. I write the segment each time and bring in my own guests, really with a goal of teaching people something different about product sourcing each time. The show is hosted by Jim Griffin, who is a really great guy. We call him "Griff". He's the Dean of eBay University and he was, in fact, eBay's very first Customer Service Representative. So, it's a lot of fun and it's informative and it's a great show!

ALAN BECHTOLD – Did you say that was weekly?

CHRIS MALTA – No, I do the segment monthly.

ALAN BECHTOLD – Okay. Okay.

CHRIS MALTA – The show is on once a week and it's a two hour show. I do the segment once a month. We generally have a lot of different segments in a lot of different areas that they bring on like that.

ALAN BECHTOLD – Well, and I was going to say, when you outlined what you do for each show I was going, “Man, that's a full-time job for somebody...weekly.”

CHRIS MALTA – Oh boy, you know, the Entrepreneur Show is almost a full-time job weekly, because we do four guests on each show and we do call-ins and things like that. So that keeps us busy, but it's great. It's a lot of fun.

ALAN BECHTOLD – And that's also produced by...you were saying, by W. S. Radio.

CHRIS MALTA – By W. S. Radio, yes.

ALAN BECHTOLD – Okay. And it's for Entrepreneur Magazine?

CHRIS MALTA – Right, and Entrepreneur owns the show.

ALAN BECHTOLD – Okay. That right there is great news for people because they can find out more from you constantly by tying into that. We'll be able to provide them with some information on how to reach you on that...how to listen...before we get done.

CHRIS MALTA – Yes, you know, besides the Entrepreneur Show that we do... What we actually do is have text transcripts made of the show every week, as well. And we have an RSS feed that sends that out.

ALAN BECHTOLD – Oh, that’s great! People can just tap in and find out what’s happening.

CHRIS MALTA – Absolutely.

ALAN BECHTOLD – And never miss a beat, even if they’re busy.

CHRIS MALTA – They can listen or read 24-7.

ALAN BECHTOLD – That’s great.

You know, we mentioned this... I don’t know if you mentioned this or not, but we hear it all the time... What is exactly... And this is for the newcomer listening. Sometimes I like to step back and really present that down-to-earth brass tacks kind of beginners information, because a lot of times it’s real easy for us to forget that many people are hearing certain terms for the first time. What exactly is a drop ship source?

CHRIS MALTA – Well, drop shipping is a product delivery method. It’s been around for a very long time. You know, it’s used by retail chains and bulk wholesalers, as well as for small home-based business. For example, in the big retail chain world, let’s say you’ve got a regional purchasing office for K-Mart located in Orlando and they buy big bulk loads of products for all the stores in the surrounding area. Now a K-Mart purchasing agent wants to buy 5,000 purple widgets for a nearby store in Leesburg that ran out of them and needs them right away. So the agent says to the wholesaler, “Okay. I’m buying 5,000 purple widgets, but don’t send them to our distribution center in Orlando. The store needs them quickly, so I want you to drop ship them right to the store in Leesburg.” Okay? So the wholesaler will sell the bulk load to the distribution center in Orlando, but they’ll put a different address on it and send it right to the store. Okay?

So that's really the... That's where drop shipping comes from. It's an older concept. Actually, you can think of like the old Montgomery Ward catalogs and things like that as a similar kind of thing.

Now it's the same thing in eBiz but on a much smaller scale. A drop shipper is a genuine... again, very important...genuine wholesale supplier who's willing to send one product at a time directly to your eBay customer for you. You don't have to buy a bunch of the products upfront and you don't have to have them sent to your house and then repackage and reship them. And you also don't have to worry about laying out money ahead of time for inventory that you might not sell. The best part of that is that you only pay for the product after your customer pays you for it.

Here's how that works. The eBay buyer is going to win your auction. They're going to pay you for it. Then you're going to send a quick order email to your drop shipper. They'll send the product to your customer and you never touch it and you've already been paid.

ALAN BECHTOLD – That's probably harder to find sources like that, who are true wholesale because I know exactly what you mentioned...a lot of true wholesalers will have a minimum order of 50 items or...

CHRIS MALTA – Minimum orders... Yes. Yes, absolutely. Minimum orders can range... I spoke to Mattel one time. You know, early on in my business I wanted to... Actually, some of the Barbie products were doing really well back then, you know, and I wanted to see what it would cost to get into that kind of thing. You know, my daughter was three or four years old and she loved them, so I spoke to Mattel and their minimum order was \$100,000.00. You know?

ALAN BECHTOLD – Oh, my goodness!

CHRIS MALTA – Yeah!

ALAN BECHTOLD – They obviously didn't plan or want to deal with the small retailer.

CHRIS MALTA – Not at that time, and a lot of them don't.

ALAN BECHTOLD – Yeah.

CHRIS MALTA – But, you know, there is a down side to drop shipping too, Alan, just like there's a down side to everything. Drop shipping is no different. The down side is that because the wholesaler is going to go to all the extra trouble of packing and shipping those products one at a time for you, the wholesale cost is going to be a little bit higher.

ALAN BECHTOLD – Uh huh.

CHRIS MALTA – And the wholesaler will charge a slightly higher price for the product. They'll also charge you what is called a "drop ship fee" and that's a per order fee. Like for each order you send to them, they're going to charge you a drop ship fee. That can range like from a dollar to four or five dollars, depending on the product. But what you do with that is, you'll include the drop ship fee in the shipping and handling that you charge your customer. It's the "handling" part of shipping and handling.

ALAN BECHTOLD – Exactly.

CHRIS MALTA – So you don't really have to worry about the drop ship fee. You've just got to deal with the slightly higher wholesale price. When you're with real wholesalers, though, the slight price difference usually isn't very noticeable in your profit margin. And, considering the fact that you're saving yourself a great deal of upfront inventory expense and time in repackaging and reshipping...drop shipping works really well for eBay, even with the slightly higher price. You just have to take a little care. When you're in a price-driven market

like eBay, you've got to take a little extra care in your initial market research to find products that you can use that you get a comfortable margin on.

ALAN BECHTOLD – That's great advice.

Now, tell me more how...if you can...some more details about your Drop Ship Source Directory, because now that people understand drop ship sourcing, I'm certain they're going to want to understand what they can get from your directory.

CHRIS MALTA – Sure! I said a little bit about how we researched the directory. I mean, some of the research that we do is pretty involved. We buy raw data lists from Dunn & Bradstreet and from Info USA. I told you that we go out to the trade shows. We're getting well enough known now that we actually have a lot of wholesalers coming to us and asking to be in the directory, so they have to go through a qualification process. I believe we have like 22 questions on the qualification process and they have to provide us with business license information and so forth.

And we do get a lot of people... You'd be amazed, a lot of people who apply to us who are obviously resellers. One guy just last week wanted us to put his eBay Store on our directory as a wholesale supply company.

ALAN BECHTOLD – Oh!

CHRIS MALTA – And we knew...just looking at the products, we knew that it was coming from a multi-level marketing program. You know? I had some guy a couple of years ago; I didn't believe that he was a wholesaler and I asked him, "Okay, let me see some verification. Have you got a picture of your building front, have you got some paperwork for your company?" He emailed me a picture of this big ware house with trucks and cars in front of it and people on the loading docks and everything, and his business name was right on the side of

the building. But when I blew it up in Paint Shop Pro you could tell that the name had been superimposed on a stock picture of a building.

ALAN BECHTOLD – Oh, good research!

CHRIS MALTA – I'm telling you, the research is extremely important to us!

ALAN BECHTOLD – This is closer to detective work, Chris.

CHRIS MALTA – It is! You know? Our research team loves it. They have so much fun doing this. It's fun to watch them sitting in the office and say, "Hey, check this guy out! Look at these people trying to fool us!" But, it's also rewarding to find the real wholesalers because they also get a great benefit from being in the directory. We get email all the time from wholesalers to say, "You know, we had a medium sized warehouse out here in Palo Alto," or something and, "we've just moved into a new warehouse and hired new people. We're putting out new lines because of the people that came to us through your directory." We hear that all the time. So it's great for the wholesalers, it's great for the retailers, and as long as we do our research right and we stick with the ethics and don't take any shortcuts (which we will never do), things are good.

Now, the directory itself is a live database on the Internet. You log into it with a user name and a password after you buy it. The membership is lifetime. It's just seventy bucks – and that's like putting our whole research team to work for your business forever, for \$70.00.

ALAN BECHTOLD – My gosh!

CHRIS MALTA – And the new wholesale drop shippers are added to it, literally, every business day of the week so it's constantly a renewing source of products. We also sometimes remove companies from the directory – if they change their policies to something that don't fit our criteria, or if they become unresponsive to our members for any reason. It's rare, but it does happen. Inside the directory itself, everything is cross-referenced and searchable by brand name

and by product type. The people on our research team actually spend a good deal of time thinking up key words that people might use in the directory to search for the different products.

For example, if you're looking for a wholesaler of dinnerware sets you could enter "plate" or "dinner" or "cup" or "fork" and you'd get search results for suppliers of dinnerware. And then, cross-referencing is very important to us.

ALAN BECHTOLD – You could also type in "Oneida" or...

CHRIS MALTA – Yes.

ALAN BECHTOLD - ...a brand of flatware and up would pop all the wholesalers that offer that particular line.

CHRIS MALTA – Exactly.

ALAN BECHTOLD – Oh, that's valuable!

CHRIS MALTA – Exactly.

And once you find the wholesaler that you want to look at, you click on it and you're taken to the Supplier Information page for that company. That page contains the company name, the address, the phone and fax numbers, the Web-Site, the email address, the ordering and shipping terms, the shipping regions, drop ship fees, shipping methods, and actually the name of the correct person to talk to if you want to call and open an account with them. You really won't find this anywhere else. We're very careful to make sure all that information is updated all the time. Now, below that info you'll see a few sample images of the products that they supply. And under that is a list of all the brand names they carry. And under that is a list of the product types they carry.

ALAN BECHTOLD – Wow!

CHRIS MALTA – And finally, at the bottom of the listing, you'll see instructions on how to set up an account with them. And we do have a system in our directory that most suppliers use. We can turn it off or turn it on for different suppliers, whether they want to use it or not. But it's a system where you can enter your business information right there in the directory's Supplier page and click "submit" and the directory sends your retail account request right to the supplier for you. So that's a very popular feature, also, that people really love.

ALAN BECHTOLD – Wow!

CHRIS MALTA – So, you know, you can see we've spent a great deal of time and money developing this directory and it is the most highly rated one out there.

ALAN BECHTOLD – Not to mention, I envisioned... Chris, you've blown me away! I envisioned...for seventy bucks you were going to send me some kind of a printed directory and it would be well worth that. But...

CHRIS MALTA – You know what? I know most people think that. It's a very common assumption, because that's what is out there.

ALAN BECHTOLD – Right.

CHRIS MALTA – You know, that's what everyone does. But the problem with a printed list is that it's outdated the minute it's printed!

ALAN BECHTOLD – Exactly.

CHRIS MALTA – You know?

And most of the stuff on those printed lists is actually just recycled information from somebody else's printed list!

ALAN BECHTOLD – Sure! They go out and buy five lists, combine them, and I've got a bigger list!

CHRIS MALTA – We buy them all the time. We do. Whenever we see a new wholesale product list or drop ship list or wholesales or whatever...we buy them and we go through them and look at them. Not because we want to take their information, because we don't. We know we're going to get mostly junk. But we want to see what everyone else is doing out there. It's just part of our...you know, analyzing our competition. And we've never ever found anybody that has a 100 percent genuine wholesalers. Usually they're 80... Sixty to eighty percent middlemen, which is just terrible!

ALAN BECHTOLD – It's not what you're buying.

CHRIS MALTA – Well, people try to start a business based on this and it hurts them. You know? They spin their wheels for days, hours, weeks...thinking they've got good suppliers.

ALAN BECHTOLD – Yeah.

CHRIS MALTA – And then they find out they've wasted that time, effort, and money. People sometimes just drop out of business altogether because of that.

ALAN BECHTOLD – Or even worse, I've heard horror stories of people on eBay that would... trusting a new supplier...will go ahead and place the item, thinking they'll drop ship, send them the money and the order, and find out the guy doesn't even ship afterwards.

CHRIS MALTA – Oh, you know, I was just talking to someone who had done that with a supplier that he lost \$5,000.00.

ALAN BECHTOLD – It hurts!

CHRIS MALTA – Yes.

ALAN BECHTOLD – Especially when someone is starting out. That may be all you've got. That's your inventory money and that's the end.

CHRIS MALTA – Exactly! It's just a nest egg and it's your savings. You know?

ALAN BECHTOLD – Exactly.

What kind of criteria do most of the wholesalers require of someone who contacts them through your directory to set them up?

CHRIS MALTA – It is extremely important that the person have a business license.

ALAN BECHTOLD – Okay.

CHRIS MALTA – And a business name. Okay? If you don't have a business name and a sales tax I.D....forget it.

ALAN BECHTOLD – Okay.

CHRIS MALTA – That's a very good sign... a very good way, Alan, to find out or to identify supplies out there that aren't for real. If they don't ask you for a tax I.D. – turn around and go the other way, because a wholesaler legally is obliged to ask you for that information because they are not supposed to sell directly to retail and they're not going to charge you tax when they sell you wholesale products. Someone has to collect that sales tax, you know?

ALAN BECHTOLD – Um hmm.

CHRIS MALTA – So if a wholesaler... Now, I know in Georgia...in Sydney Johnston's home state of Georgia...a wholesaler can actually be put out of business by the state if they don't collect the information on a person's sales tax I.D.

So you have to have a business name. You have to have a sales tax I.D. They're not hard to get!

ALAN BECHTOLD – No, they're actually – most states, as far as I know – they're free. It's just going to the agencies and filling out an information form.

CHRIS MALTA – In Florida... It's \$5.00 in Florida.

ALAN BECHTOLD – Okay.

CHRIS MALTA – In California it's \$250.00. But, you know...

ALAN BECHTOLD – It's still not going to kill ya!

CHRIS MALTA – No, it's not.

ALAN BECHTOLD – No.

Now that's good to know. I was wondering, you know, what steps the listener would want to take to be able to get going as a business – and that's minimal. That's almost nothing.

CHRIS MALTA – It is. There's actually a free eBook on our Web-Site that we put out. It's an 80-page eBook that I wrote a few years ago, that we update all the time, and it has all this

at the end of it as to what you need to do to get your business started up. You know...business-wise, as far as tax I.D., corporation versus DVA, and that kind of thing.

ALAN BECHTOLD – Great! And you can do this without incorporating or any of that.

CHRIS MALTA – Yes.

ALAN BECHTOLD – It's just form yourself as a business if you need to.

CHRIS MALTA – Absolutely.

And, you know, you can't collect money from people's credit cards anyway, unless you have a business name. I mean, for the most part...unless you want to go through one of those services that charge you too much money. Like MasterCard and VISA won't deposit a customer's credit card money to a personal bank account.

ALAN BECHTOLD – No.

CHRIS MALTA – You know, you need a business name.

ALAN BECHTOLD – Yeah. If you're serious, it's a small step to take.

CHRIS MALTA – That's right.

ALAN BECHTOLD – You also offer a Light Bulk Wholesale Directory. I wondered if you could tell me kind of what buyers find in that versus the Drop Ship Source Directory?

CHRIS MALTA – Sure.

Light Bulk Wholesale is actually a term that we invented here about a year ago at Worldwide Brands. We were looking for a descriptive term that was unique and that's what we ended up with. We still have to explain it a lot, because it's not really intuitive. But we're confident that people will catch on to it after a while after our marketing efforts with eBay and so forth.

A light bulk wholesaler simply means a genuine wholesaler that is 1) willing to work with online business owners. That's a pre-qualification. And 2) has a bulk minimum order of no more than \$500.00. And so we developed this directory, actually, with eBay in mind. So many people want to take advantage of the price breaks you get when you buy in bulk, but don't have the money to pay those minimums we were talking about – 5, 10, 20, 50,000 dollars, a hundred thousand. So we've gone out to thousands of wholesale suppliers in our normal course of research who are what we call light bulk wholesalers. We've explained the concept to them and found those who will give you a real wholesale price break at a \$500.00 minimum or less. This directory is really coming into its own. It's gaining a lot of popularity. And just like the Drop Ship Source Directory, the Light Bulk Directory is researched by our team every day and it is constantly updated with new info. You'll find exactly... It's the same set up as the Drop Ship Directory.

ALAN BECHTOLD – Okay.

CHRIS MALTA – It's fully cross-referenced to search for all the information you could possibly want on the suppliers. With this directory you buy from these suppliers in bulk and they ship bulk products to you and then you repackage and send them out to your customers yourself.

ALAN BECHTOLD – This is for the eBay seller, for example, who is taking that next step and selling more than onesie-twosie.

CHRIS MALTA – Yes, exactly. Some people don't like to use drop shippers because the product markets they're in do have very narrow profit margins, and the slightly higher drop

shipping prices don't work well for them. So they might want to spend... We have wholesalers in that directory that will take as low as a \$50.00 minimum.

ALAN BECHTOLD – Wow.

CHRIS MALTA – And that's great because you can take a supplier like that and just buy a few items from them and test the market. You know?

ALAN BECHTOLD – Right!

CHRIS MALTA – You don't have to spend ten grand to fill your garage.

ALAN BECHTOLD – And then, I assume, if it works well for you, you can buy a larger quantity out from many of them like that and save even more on the wholesale price.

CHRIS MALTA – Exactly. That's how you work it. This is an entry-level... It's an entry point to bulk wholesale buying. Okay? That you can get into affordably and as you put more money away from selling products, you can buy more and more and more and get bigger and bigger and bigger price breaks.

ALAN BECHTOLD – I'm sure you know him. We just interviewed recently, as part of this program, Todd Taylor.

CHRIS MALTA – Oh sure, Tiger Todd!

ALAN BECHTOLD – Yes, exactly! That's what his Web-Site is. He sent us to his blog.

CHRIS MALTA – Right. Right.

ALAN BECHTOLD – But he was saying how he’s kicking it up from pallets to train car loads, so he’s obviously... He’s followed those same steps. And it’s cool because the way he outlined it, anybody could do this.

CHRIS MALTA – Right.

ALAN BECHTOLD – You just slowly build it and escalate it.

CHRIS MALTA – Exactly! Exactly!

ALAN BECHTOLD – Have you got a standard... You’ve got a standard stair step thing here where they could start with the drop ship and move right to the light bulk. Keep with the drop ship to keep finding new hot products.

CHRIS MALTA – Yes.

ALAN BECHTOLD – That’s wonderful.

CHRIS MALTA – Right.

ALAN BECHTOLD – Is there a similar price? But you said it was the same as the drop ship in that it’s, I assume, it’s online and constantly updated and a lifetime fee?

CHRIS MALTA – Absolutely. It’s all the same thing. That directory is also seventy - \$70.00 and it’s lifetime. It’s researched just as hard as the drop ship directory is. Those are the two things that our research team does. They research those two directories.

We also have price breaks, Alan. We have a couple of products. We have the Market Research Wizard also and you can actually get a 25 percent price break on our whole package. That’s on our Web-Site, but...

ALAN BECHTOLD – That provides everything.

CHRIS MALTA – Yes.

ALAN BECHTOLD – And that’s where we were leading next is my one question to you...since you brought it up already and led us there. I’m going to combine these two questions and let you answer them together. How important is market research to the eBay or, in this case, online Internet seller too? And, what exactly is the Market Research Wizard, which is what you sell and how does that apply to help that situation?

CHRIS MALTA – Well sit back and relax, Alan, because I’ve got a lot to tell you about this.

ALAN BECHTOLD – Oh, good...good! I’ll be taking notes!

CHRIS MALTA – I absolutely can not say enough about the critical nature of market research. I mean, I really believe that market research is one of the most pivotal potential failure points for an online business or for any retail business.

Here’s an example of what market research really is. I use this example once in a while when I write or talk about this thing. Let’s say I’m a food vendor and I go to different sports arenas to sell different kinds of foods and drinks on the weekends. So what happens if I get a permit to sell salted peanuts at a baseball game and I show up there and I find out that there’s already ten other vendors of salted peanuts there? I’m going to be one of the crowd and probably not going to sell a whole lot of salted peanuts that day. But if I bothered to call the event office at the stadium and ask how many vendors were selling what that day, I’m going to find out that there’s only one lemonade vendor. You know? I could have made a killing quenching the thirst of all those people who are eating salted peanuts! Instead, I assumed that there wouldn’t be that many vendors with the same product and I lost my shirt.

We see this all the time at Worldwide Brands. We constantly get emails from people and they ask things like, “Do you have a supplier for digital cameras? I work at a photo shop and I know digital cameras and that’s what I’m going to sell online. I heard it’s one of the hottest sellers on the Internet and if you don’t have a supplier for digital cameras, I don’t need your directory.” You know, sometimes you just want to take somebody by the shoulders and say, “What in the Sam hill are you thinking, man? Do you know how many people are trying to sell digital cameras online? You could fill the Houston Astrodome with the number of people who are trying to sell digital cameras online. There’s too much competition in that market. And the profit margins are almost non-existent because of the price cutting that comes from competition. So you’re never going to make any money entering an overcrowded, under-priced market.” People who ask that question, many times, are just unaware of how important market research is. And when we explain it to them, most of them say, “Oh, that makes sense,” and then they’re willing to look at other product markets. Sometimes, though, they just refuse to listen and those are the people that I believe will absolutely fail in an online business. If you’re not willing to learn, don’t bother coming to school.

ALAN BECHTOLD – I use that all the time, too.

CHRIS MALTA – eCommerce is a constant learning process and I think market research is one of the most important classes that you’ll ever take.

Now the Market Research Wizard is... Basically, it’s all the market research techniques that we here at Worldwide Brands learned over the years and we’ve boiled them down into a software program. You know, being a former systems guy myself, I tend to believe that just about any kind of informational process can be programmed. So that’s what market research is. It’s just a process of gathering information. And the information is gathered from the search engines and from eBay. We used to spend, literally, hours or days – depending on the product – analyzing a new product that we might think about selling, because we do have online retail stores. And now that we’ve rolled our entire market research processing to software, we simply

type three key words about a product into the Wizard. If we were doing like Nike shoes...Nike running shoes for example...

ALAN BECHTOLD – Okay.

CHRIS MALTA - ...we'd type one word under "Brand Name," which would be "Nike". There are three boxes in the Wizard. Under "Brand Name" would be "Nike". One word for "Product Type" – which would be "running" and one word for "Category" – which would be "shoes". And then we hit the "Go" button and the Wizard just does all that research process that we used to do manually, in literally minutes. I'll explain that in a minute, but here's some of the information that it gathers. This is what...if you're doing product research on your own, manually, which is great...fine. I'm not saying you've got to come running over and buy this thing from us. Here's what you need to look for in market research.

First, you need to know the demand. There's not much point in trying to sell a product on the Internet if nobody's interested in buying it. So, one of the things that the Wizard does is find out how many people have recently used the same search terms on the Internet while they're looking for information about products to buy. That's called "Demand." If there's no demand for the product, it's not a good idea to try to sell it. But if the demand is high, it might be a good idea to sell it – depending on how much competition there is.

So next, of course, you want to find out what your competition in that market is. Now, many times...and we talked about this...even though a product is a hot seller on the Internet, it might not be a good idea to try to sell it yourself because there may already be too many people trying to do the same thing. So when you do a search on the Wizard, one of the things it finds out is how many other people are trying to sell the same product on the Internet that you're thinking about selling. And that's competition. If there's a great deal of competition, then you end up with a smaller piece of the market and you sell fewer products and make less money. A bigger problem with competition, again, is something we said earlier. It's the cut-throat aspect of it. When you get a lot of people flooding a market, they under-cut each other's prices by

pennies here and pennies there. They just keep going back and forth until the market just bottoms out. It doesn't take long for a market price to get so close to the wholesale seller cost, that there's just no profit margin left.

ALAN BECHTOLD – Right.

CHRIS MALTA – The best possible situation, of course, is to have more demand than competition.

Another thing you need to research is advertising – and that's what the Wizard does next. The people on the Internet who are probably the most serious about selling products are those people who pay for advertising. They're the ones who are either the most serious or most desperate. I don't know which it is sometimes. But the most common way to do that, of course, is a Pay Per Click advertising system. And in PPC advertising, you know that you create your advertisement and you bid for the top spots on the search engines.

ALAN BECHTOLD – Right.

CHRIS MALTA – So Overture, for example, is one that the Market Research Wizard hits. It looks at that and finds out who's advertising under those key words that you punched in. And it actually brings the information back into the Wizard so you can click on those ads and look at them and see what your competition is doing with the ads.

ALAN BECHTOLD – Okay.

CHRIS MALTA – That's another thing that you need to know. I mean...what your competition is doing as far as advertising.

Now another important factor is UA auctions, of course. We are... Our company is an eBay certified software developer, so this is an eBay certified product. It gets us eBay

information directly from eBay's database. It goes through their application program interface and it pulls information right from eBay's servers. And it does a detailed search for information on the auctions for the products that your' researching. It finds out how many there are out there, how close they are to closing, how much people are bidding on them.

And really, the last major thing that we gather when we do market research, is general product awareness. You want to know... Since more people are aware that products exist, the more likely you are to find a market for it.

I could go on forever about the Wizard but, really, the key to it is it's algorithm. We take all that information that we just talked about and we apply it and algorithm to it. Algorithm is simply a series of logical steps. Okay? When we used to do product research by hand, we had a series of steps that we'd go through. First we'd gather all this info. Then we applied our own set of rules to it that we invented over the years. We spent years refining those rules. What they basically do...how we did it was, we basically add or subtract points to a product – depending on the ranges of results we got in those categories. You know, the ranges of numbers in the categories. So when we were done researching a product we'd look at the total number of points we assigned to it. If the number was above a certain level...it's a good idea. If it's not above a certain level...it's not a good idea. So when we built the Wizard, we built an algorithm that works on that same point system automatically – depending on the results it gets back from its searches. So when you do market research with the Wizard, you actually get back a graphic display from zero percent to 100 percent that tells you how good a chance the Wizard thinks you have of that product being a good seller. People love that.

ALAN BECHTOLD – That is a time-saver and a half!

CHRIS MALTA – It really is. We've gotten really great reviews about it. We beta tested this for months, Alan, because we wanted to be sure before we released it that the algorithm was correct. When you're building something that's going to tell people whether a product is going to sell or not, you'd better be right!

ALAN BECHTOLD – Right.

CHRIS MALTA – So we worked with several eBay power sellers. Sydney Johnston, for example, was a Beta Tester – and a lot of other successful Internet people we know. What they did was, they actually tested the Market Research Wizard results against the results that they noticed in their own sales...independently.

ALAN BECHTOLD – That’s good research.

CHRIS MALTA – It worked well. It took us about three months refining the algorithm until we got the same kinds of results. But once we released it, people loved it. We get emails even from people who tell us they’re using it for things that we never even thought of! People are using it for key word relevancy searches, you know, and we didn’t think of that.

ALAN BECHTOLD – It would certainly be helpful for that, though.

CHRIS MALTA – It is. You can export the data from it. You gather your searches and it saves all your searches. You’ve got a whole history of all your searches in there by date and time and everything...and product names or whatever. You can export to Excel Spreadsheets or other Microsoft Programs. It’s a really good tool. And that, like our other products, sells for a one-time fee and it’s \$97.00. You download that and install it on your computer. We constantly release upgrades. I mean, literally, sometimes a couple of times a week because the search engines are always changing their pages. When the Wizard goes out and investigates the search engines, things may have changed. So our programmer is constantly on top of that and he releases constant upgrades. Every time you open the program, you may see it and just do a quick automatic upgrade.

ALAN BECHTOLD – Oh, wow! The true meaning of the word “dynamic!”

CHRIS MALTA – Yes. Yes.

We do that with all our stuff. I think it's the best way to go, Alan. I mean, the directories have to be dynamic. We've got to be in there every day updating information and making sure it's correct. A product research tool has got to be... A market research tool has got to be dynamic, because everything changes day by day in this market. You know?

ALAN BECHTOLD – Yeah. Every minute. In fact, every hour anyway!

CHRIS MALTA – Yeah, there you go. Yeah.