

# Make Big Money With Your Own Personal Shopping Service

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## Make Big Money With Your Own Personal Shopping Service

With the fast-paced, high pressure professional lifestyles of today, more and more people have limited time to do their personal shopping. Holding down a full-time job, raising children, and maintaining a household doesn't seem to leave enough hours in the day to get everything done. That's why many people are now opting for a "service" to do much of their personal shopping for them -- everything from buying groceries to planning and purchasing an entire wardrobe.

Within the past decade personal shopping services have emerged as a rapidly growing cottage industry with the potential for highly profitable large-scale operations. It's a service that appeals to a busy, above average income clientele, as well as to corporate clients. And an enterprising person providing this kind of service can make substantial profits.

Shopping for other people is not necessarily a difficult task. As part of the service, the personal shopper usually meets with clients to determine their needs and compile a list of items to be purchased within the client's specified price range. Then, the shopping begins. After the client's items have been purchased, the shopper and client meet again. The client looks over the purchases, and once satisfied with the shopper's selections, pays the bill. Most of the "work" involved with a personal shopping service, is in the shopping itself.

Start-up costs for a personal shopping service can be relatively minimal. There's little need for expensive equipment and hardly any initial investment in inventory. The biggest expense a home-based shopping service encounters is usually the method of transportation used by the shopper. Since most of a personal shoppers time is spent shopping, an efficient running, low-mileage car or van is essential to get to the many shopping locations.

Most of these services begin as part time, home-based operations. Beginning the service at home allows the novice entrepreneur to maintain a full time job while devoting ten to twenty hours a week to being a personal shopper. Once a profitable client list has been established, and depending on the market size, the service can expand to a full time, multi-employee business with yearly earnings of \$50,000 or more.

### BUSINESS OVERVIEW

Before starting up any new business venture it is essential to determine if the business is right for you. You must have the right temperament as well as the facilities and an adequate

market for your service. Understanding these and other factors involved in operating a personal shopping service before you "take the plunge" will enable you to be prepared for any eventuality. It's also a good way to insure success and profit. Shopping can be a tiresome, demanding and frustrating undertaking. Obviously if you want to be a personal shopper, you must enjoy shopping. Most of the people who utilize a personal shopping service simply don't have time to shop for themselves. And some just don't like to shop. If you are not fond of shopping for yourself, you won't like doing it for others either, even if they pay you. You can draw from previous personal experience to help you determine if you would enjoy shopping for others.

Once you've determined that you have the ability, and would be happy shopping for other people, you'll need to focus on the "business" side of operating a personal shopping service. And that means you will have to be certain that there is a market for your service.

Generally, a personal shopping service cannot rely on clientele with average or below average income. You'll need a "pool" of clients who can afford to pay for someone to shop for them. Many personal shoppers have found that people with incomes of \$40,000 or more are their best sources of clients. You'll need to do some research before you start up to determine if your market can support a personal shopping service.

The success of a personal shopping service depends largely on the quality of the service. You must offer professional service and quality merchandise. This type of service requires that you know the best places to shop, be familiar with brand names, and that you work within the client's price range. The most successful personal shoppers have established good connections with retailers and wholesalers and know where to get the best merchandise and the best prices.

You'll also need to be creative. Many times a client will need a gift for someone. The client give you a description of the person, and then it's up to you, the personal shopper, to find the gift to fit that person. This requires not only creativity, but an understanding of people as well.

Another important factor to consider is how you will advertise and promote your service. This is especially important when you are starting up. You'll need to make your service known to your market area. You should investigate all the available avenues of advertising and determine what's best for you. Establishing a realistic advertising budget and implementing an effective advertising campaign will mean more business and bigger profits.

## EQUIPMENT

Starting a personal shopping service at home is the ideal way to begin. No large facility is needed for storage or equipment. One room can serve as office space for administrative purposes, such as bookkeeping and record keeping. You should also have an answering machine for your telephone, a typewriter or computer and printer if affordable, and various office supplies.

Furnishing a home office can be relatively inexpensive. A desk, chair, filing cabinet and bookshelf are the only basic items needed to begin. Purchased new, these items will cost from \$500 to \$700. You may be able to find good quality used items for much less. Many yard and garage sales have adequate furniture for a home office, and at good prices.

If you don't already have an electric typewriter, you can get a good one for \$200 to \$300. You shouldn't go overboard here -- a typewriter that produces professional looking documents is all that is needed. A computer is an optional expense that can wait until the business has expanded. Once the business is "booming" investing in a computer can bring a high degree of organization and efficiency to bookkeeping and record keeping.

The most important piece of "equipment" a personal shopper will need is a car. Transportation is also the biggest expense this type of service will likely incur. Since well over 50 percent of a personal shopper's working time is spent on the road, to and from shopping excursions and consulting with clients, an economical and dependable method of transportation is a must.

Most people operating home-based services use their own cars. This alleviates the necessity of buying a new car, or leasing a vehicle. If your car is in good working order and gets good gas mileage it makes sense to use it for your business. The government will reimburse you, via tax deductions, for the driving and other expenses incurred as part of the business.

Many personal shoppers also invest in a small camera. This is a relatively modest investment that adds an extra service to your business. A camera will allow you to take pictures of items you think particular clients may be interested in. Your clients will appreciate this extra service because it allows them the opportunity to see, and approve an item before it is purchased. It's a good way to build an on-going and trusting relationship with clients, increasing the chances for repeat business.

A good instant camera is sufficient for a personal shopping service. You can get one for about \$50 and it's well worth the investment.

When starting your service, it is important to remember to "live within your means." There's no need to get several pieces of expensive office furniture, or buy a new car. Be sensible and get only the basics. Your total investment in equipment and office furnishings and supplies need not exceed \$1,000.

## INVENTORY AND PRICING

Since a personal shopping business is service oriented, you won't be selling a specific product. That means there's not a lot of initial inventory as there would be if you were starting a retail business. However, you may on occasion find it necessary to deal with suppliers of wholesale merchandise, because some clients may demand such merchandise.

If you purchase wholesale merchandise for your clients, it is important that you maintain a good relationship with dependable suppliers of inventory. The better your connections with reliable suppliers, the better your chances of getting those special items for your clients at a good price.

Even though you usually won't be selling a product, you will be selling a service. And you'll need to take just as much care in pricing your service as you would a line of products. Most personal shoppers use one of two common methods for pricing their service:

- 1) Set a fee based on the total price of the merchandise.
- 2) Charge an hourly rate.

Whichever pricing method you choose must bring in enough income to cover any overhead you have, your time and labor, and leave you with a reasonable profit. This requires knowing what the market will bear, as well as how much you desire to make your service personally profitable.

Most home-based shopping services initially institute a fee based on the total cost of the merchandise purchased. This fee should be a percentage of the purchase price. The percentage will vary depending on the market area, the type of clientele and the total price of merchandise purchased. It's up to the personal shopper to determine an appropriate percentage.

Generally, the larger the total price of merchandise purchased, the smaller the service charge. For example, if you charge a service fee of 20% on a purchase of \$500 or more, your minimum fee will be \$100. For a smaller total purchase of merchandise -- say, from \$200 to \$500, your service charge could be 25%. That would leave you with a minimum fee of \$50 and a

maximum of \$125.

This type of pricing makes good business sense if you do a lot of pre-shopping from newspapers, catalogs and by phone. That way, you've located your merchandise before you actually go shopping. This will save you time and result in a higher degree of profit on your labor.

Hourly billing for this type service usually works best if your service offers a good deal of consultation as well as shopping. In most cases, personal shoppers who also feature wardrobe consulting as part of their service, charge an hourly fee. If your service is in a market that has the potential to support a wardrobe consultant as well as a personal shopper, you may consider billing clients by the hour.

Many personal shoppers who also offer consulting as part of their service charge as much as \$45 an hour. The rate you set depends on how much you feel your time and efforts are worth, and how much the market can afford. You'll need to make a profit, but you'll also need to be affordable.

If you limit your service to shopping -- no consultations -- then an hourly rate isn't realistic. Sometimes you may only be shopping for \$50 worth of merchandise and charging an hourly rate of \$30 to \$40 will not be appreciated by the client. Your rate should be such that every client feels it's worth the time saved to pay you to do their shopping. For shopping services only, a service fee based on the total price of the merchandise is more practical, and ultimately more profitable than an hourly rate.

## GETTING CLIENTS

Any personal shopping service's client list depends, in large measure, on the variety of shopping and consultation offered. As pointed out earlier in this booklet, some personal shoppers also serve as wardrobe consultants, giving advice as well as selecting clothing items to show the client. Wardrobe consulting could be a profitable feature for a personal shopping service if the market has the potential clientele.

Generally, if you are located in a market of less than 100,000 people, there will not be much demand for wardrobe consulting. That's why most personal shopping services are located in, or near a relatively large population base with an abundance of working people, and a variety of stores. The services offered in such a market can be varied to cater to specific client needs.

If shopping for personal clothing is your forte, your client list will most likely be comprised of women. Many of these women will be making a transition into professional life and are in

need of a business wardrobe. Your ability to consult with these clients -- to advise them and select an appropriate wardrobe will go a long way in determining your success as a personal shopper and consultant. If you do the job well, the chances of adding men to this particular client list will increase. In many cases, men are becoming more open to the idea of getting help in selecting their "professional" attire.

Some of your personal clothing shopping will be done for parents who need help getting their children ready to go back to school. You may also get women who are soon to be married and need assistance in selecting gowns for the wedding. Some people, planning exotic vacations, may require your help in choosing a special "vacation" ensemble.

In most cases, the previously mentioned clients are limited to large markets. If your market area is moderate to small, depending on "wardrobe" clients as a major source of your income is probably a mistake. You should rely on more generalized shopping. Personal gift-shopping is a good way to realize profits in any market.

When you are shopping for gifts, most of your clients will be men. Many of these will be husbands who know what they want to get their wives but don't have the time to shop for themselves or have little, if any, idea where to shop. It'll be up to you to track down these items, usually in a limited amount of time.

Other clients on your gift shopping client list will include executives who need to get gifts for their clients and employees.

In most cases, these clients will also be men. As a rule, it seems that men prefer to have someone else shop for gifts rather than spend the time themselves going from store to store. So a personal shopper can usually count on men as a good source of clientele for this type of service.

Your client list will also include some elderly people, or physically disabled people who aren't able to do their own shopping. These people are most generally interested in a grocery shopping service. This type of client, while not a major source of your income, will be a steady source.

One major source of income for many personal shopping services is the corporate client. This type of client may take a great deal of time and effort to land, but the results will make it worthwhile. That's because corporate clients normally make large volume purchases, and if they are pleased with your service will be a source of repeat business.

There's no doubt you'll have to work hard to get corporate clients. It requires a rather comprehensive study of your market

in order to be familiar with all the potential clients, followed up by an impressive and convincing sales presentation. But if you can convince many of the businesses in your market that you can save them money, time and hassle by doing their necessary gift shopping for them, you'll have a valuable client list with a high profit potential. So you should be determined and persistent when pursuing these clients.

In the most basic of terms, a personal shopping service's clientele depends on the types of services offered as well as the market's need. The client list will include busy professionals -- both women and men, corporate clients with business gift needs, and senior citizens who are unable to do much shopping for themselves.

Your market will dictate which segment of potential clients you should rely on. You'll need to know the kinds of people in your market area and what they need in a personal shopping service. Your service should cater to those needs.

## ADVERTISING YOUR SERVICE

Even though your talents as a shopper may be formidable, you won't get much business if you don't let people know your service is available. That's why it is essential to develop an effective advertising and promotion strategy.

Since personal shopping services are a relatively recent innovation, many people aren't familiar with them. These people need to know what a personal shopping service is and how it can be of benefit to them. It's up to you to let them know what you offer and how you can save them time and get better merchandise. The success of your service depends on how effectively you "spread the word" about what you are doing.

Determining the best advertising campaign for your service will require some research of your market to understand the best way to reach the widest segment of potential clients. First of all, you'll need to have a good idea as to who your potential clients are, and how many of them there are. You'll also need to offer them something that isn't already available and then convince them to take advantage of your service.

This "pre-marketing" research doesn't necessarily have to involve a great deal of expense. One good and inexpensive method of obtaining information about your potential market is to conduct your own survey. Discuss your personal shopping idea with all of your contacts -- business and personal. You can also get a sampling of opinion by going through the phone directory and calling as many businesses and people as time will allow. Be prepared to ask specific questions that will allow you to obtain usable information. Some questions worth asking include:



- 1) Would the person or business pay a service to do their shopping? If the answer is yes, you should then find out if they would use the service on a regular or repeat basis.
- 2) What kinds of shopping would these potential clients pay a service to do? Try to get them to be as specific as possible about wardrobe consulting, gift shopping, grocery shopping and so on.
- 3) What's the potential client's idea of a reasonable service fee? You may have to do some prompting here. That is, you may have to suggest something like 20 to 25 percent of the retail price. You should soon get an idea as to what the market would be willing to pay.

This isn't a scientific survey, but it should enable you to better plan and instigate your advertising campaign. You'll have a good idea as to who your potential clients are and what they would expect from a personal shopping service. The next step is to come up with an advertising budget you can afford and then find out where your advertising dollars can best be spent.

You'll have to use your own judgment as to how much you allocate as an advertising budget. However, you should keep in mind the importance of advertising to the success of your service. Many businesses, both small and large, budget anywhere from 1 to 5 percent of their projected gross sales for advertising and promotion. You should have at least some idea of projected gross sales from your pre-start-up research.

The important thing to remember is to be reasonable. Don't spend more than you can realistically afford. You'll need to be as financially sound as possible until your business is bringing in a healthy profit. At the same time, you don't want to undermine what an effective advertising campaign can do to help your business.

Once you have decided how much you can afford to spend on your initial advertising campaign you'll then have to select the media which will bring you the best results. Generally, for a personal shopping service, advertising in newspapers, the yellow pages, and by direct mail gets the best results.

A less expensive, but more time consuming, means of advertising is through personal contacts. This form of advertising usually works better in small markets, but can be effective in larger markets as well. You'll need several hundred professional business cards to pass around. Impressive business cards are not at all expensive and are a good way to get your name and service known. You'll also need to set aside a good bit of time making personal calls on prospective clients. This is an

excellent way to let people know that your service is available.

When calling on a prospective client you must be well prepared. This means being able to explain your service in a clear and professional manner. Let your prospective clients know exactly what your shopping service offers and how it can be of benefit to them. And before you leave, make sure they have your business card as well as any brochures or flyers you may have detailing your service. Ask them to consider your shopping service, then follow up your presentation with a phone call a couple of weeks later. Don't let them forget about you and the service you are offering.

Newspaper advertising can be effective for a personal shopping service that gets most of its clients from the immediate community. Again, this type of advertising may work better in smaller to moderate markets. Most newspapers charge reasonable rates for display and classified ads and reach a high concentration of potential clients.

Another effective means of advertising your personal shopping service is in the yellow pages. Make sure you choose the most appropriate category for your listing or advertisement. You can have an illustrated quarter page spread or simply a one line listing with the name of your business, address and phone number.

The yellow pages can be one of the most effective methods of advertising at your disposal, so it is a good investment, especially when your service is just getting started. You'll have to be careful and get your ad in before the stated deadline, otherwise you will most likely be waiting an entire year before you can advertise in the yellow pages.

Other forms of advertising you should consider include; direct mail, which allows you to distribute information about your service to a selected group of potential clients, newsletters, flyers and brochures. All of these methods of advertising can be effective and are relatively inexpensive.

Knowing your market is the determining factor, along with your budget, as to the type and amount of advertising you do. It should be obvious however, that the more advertising you do, the better your chances of reaching the greatest number of potential clients. And that is, along with convincing those potential clients that your personal shopping service is the best in the market, what your advertising campaign should strive for.

## SUCCESS ANALYSIS

Eight contributing factors are measured on a 1 to 10 basis (with 10 being excellent) based on analysis of this opportunity.

1. Time Investment	7	
2. Start-up Costs	10	
3. Gross Income Potential	8	
4. Net Income Potential	8	
5. Income in Relation to Investment		10
6. Stability	7	
7. Overall Risk	8	
8. Potential for Growth	9	
Overall Potential for Success		8.38

## POTENTIAL EARNINGS

To some degree, a personal shopper's business will be seasonal. The biggest profits are usually made from October through December, but there is still plenty of business for a highly motivated shopper throughout the year. The amount of profits depends on several factors including time devoted to the business, proper marketing and setting fees that bring the best return for services rendered.

Many home-based personal shopping services, operating part-time, have reported extra earnings of as much as \$1,000 per month. This type of profit is usually realized by shoppers who take advantage of the service's low start-up costs. In the beginning, these services are equipped with little more than a telephone and an answering machine. Advertising is done through some personal contacts, fliers posted on company bulletin boards, and business cards.

These part-time services use their own cars for shopping excursions, which average about twice a month. Some of these shoppers get as many as five individual clients in a month's time. The result could be a handsome profit that more than covers the initial investment which does not need to be more than \$1,000.

If you are planning to get into the business on a full-time basis, you'll need to make a larger initial investment. If, instead of a home-based service, you plan to utilize a commercial office and at least one helper, your start-up costs will be substantially greater than a home-based, part-time operation. You'll likely need more than one vehicle for shopping trips, and your advertising campaign will need to be more extensive.

This type of operation could mean an initial investment of \$7,000 to \$10,000. No doubt that's a sizable investment, but once the service has become established, you can realize earnings of \$50,000 and more per year. If an investment of several thousand dollars is beyond your immediate means, beginning a personal shopping service part-time, at home, will allow you to get into the business with a good chance to expand to full-time in a year,

or so.

## CONCLUSION

Because of the low start-up costs and high profit potential, a home-based personal shopping service can be the ideal business for many people. But, in order to be successful there are several key factors prospective shoppers should understand.

(1) Shopping can be a tiresome and frustrating experience.

If you don't like to shop for yourself, you won't like shopping for other people and your business will not succeed.

(2) If you are not located in, or do not have reasonable access to a fairly large market, a personal shopping service may have a tough time surviving. Before you start up, analyze your market -- know who your potential clients are and how many of them you can realistically count on to pay for your service.

(3) Knowing the best places to shop for the finest quality merchandise at the most reasonable prices, is essential. You'll need this expertise to convince clients that you are, indeed, the

best person for the job. It's something you'll have to demonstrate in order to get new, as well as repeat business.

(4) This is a personal service. You will be shopping for other people's personal needs -- everything from groceries to apparel. In order to do this properly, you'll need to get as much information from your clients as possible. Let your clients know you understand what they want, and that they will be well taken care of. You'll need to be a good listener as well as a good communicator.

(5) Your service fee should be realistic -- both for you and your clients. You will, of course, need to make a profit. But you'll also have to work within your client's means. If your fee is too high for your market, potential clients will usually find the time to do their own shopping.

(6) A well planned advertising campaign can mean the difference between breaking even and making substantial profits. Develop an advertising budget that will allow you to make your service known to the majority of potential clients in your market.

(7) Adjusting your service to fit the needs of your market will mean greater profits. If you specialize in gift shopping, you may be overlooking other potential avenues of income, such as wardrobe consulting. You should be as versatile as your time, resources, and the market will allow.

A personal shopping service can be a personally rewarding and highly profitable venture. It is not, however, a means to "overnight" wealth. It will take a good deal of time and work to make your service known and understood, and to build a client list substantial enough to return big profits. But, if you like to shop, and you are good at shopping for other people, a personal shopping service could be the ideal business for you.

## SOURCES

### Business Guides:

AEA Business Manual No. X1310, Personal Shopping Service, from American Entrepreneur's Association, 2392 Morse Ave., Irvine, CA 92714

### Magazines:

Working Woman, February, 1991

Vogue, November, 1990