

Operating Cosmetics Business From Home

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Operating Cosmetics Business From Home

This manual answers the question: "How would you go about starting a mail order cosmetic (or similar) business." It covers but a few of literally thousand of possible approaches, some of which you will no doubt be able to visualize as you review this plan.

To take advantage of the advice presented here for many other similar products, just substitute jewelry, stockings or fabrics for our eye shadow box example. The procedures described here have all been "tried and tested," but that doesn't mean that they can't be improved or better adapted to fit your particular situation.

There are three basic objectives in the mail order cosmetics business:

find a product that you can sell, at a profit,

sell additional products to the same buyers,

and build a mailing list.

It is imperative to strive to achieve all three simultaneously.

You first and perhaps most critical initial consideration is to find a product "leader" that you can sell at a bargain price (preferably \$2 or less) and still make a reasonable profit.

It should be something that can be adequately described in a small inexpensive ad and serve as a "door opener" to allow you to offer a additional products to customers who have demonstrated an interest and willingness to buy that type of product.

To illustrate this point, we will use a 15 section eye shadow case to sell for \$2.00 plus 50 cents Postage and Handling (P & H). These were advertised recently for \$12 per dozen wholesale (GEM International - see Business Sources) or about \$1.05 each with postage. Although you will "gross" 95 cents apiece on these items, your overall profit will not be significant on this sale alone, when you consider the cost of advertising, your time and effort to obtain, process and sell them.

Your real profit will come from subsequent sales to the same customers -- your "captive audience"!

The 'smart' way to proceed would be to purchase an initial supply of say, 500 units from a company that can ship up to 5,000 more on short notice if necessary (don't make the mistake of buying the last 500 they have). With an investment of \$500 in stock, place your ads and wait for orders to come in.

It is also possible to have the items drop-shipped and avoid the investment in stock. Under this system, you fill out a shipping label for each individual order (with your return address) and mail it along with the wholesale price and all the P & H charge to the supplier, who mails the product direct to your customer as your "warehouse."

The advantages of drop-shipping are that you don't need to invest in merchandise until it is sold and that you don't run out.

The disadvantages are that the merchandise costs much more (no volume price breaks), it takes extra time and postage to forward the orders to the supplier, and that the supplier gets all the postage and handling fee (usually part is profit).

Most mail order dealers stock their good sellers and use drop-shipments for slow movers and new, untested items.

It would not be wise to attempt a mass mailing at this stage because of the cost, your inexperience and the fact that there is a better way.

Place a test ad in local, then national publications that are read by potential buyers of your product. For cosmetics, candidates might include National Enquirer, Grit, Seventeen and True Romance. A small ad in one of these will run \$75 to \$200, but will reach up to a million readers.

Normally, test ads are run in three consecutive issues. If you receive a thousand orders (or queries), your cost per reply could be about 2 cents each. Compare this to \$50 for a thousand name mailing list, \$100 for stationery and printing, plus \$250 for postage for a mass mailing. Mailing list responses can easily cost \$2 to \$4.00 each.

Many mail order companies use small ads as an effective and inexpensive means to find prospects for their line of products.

Part of the reason is that so many mailing lists on the market today are pretty well used (especially those available from some small companies).

The industry thinking is to use small, direct sale ads for items up to about \$2.50; inset (one or two inch ads) with a

little more sales information (pitch) for items up to about \$5, and quarter to full page ads for things over that amount.

The larger ads are needed for the additional "sell" that is needed to encourage people to part with larger sums of money.

A realistic alternative is to use small ads that offer "free details" or send \$1 (refundable) for catalog," and mail out detailed information (advertisements) only to those who display an interest by responding.

This way, you aren't spending thousands of dollars to "shotgun" expensive advertising materials to many people who throw them away without even looking at them. You save the "full treatment" for those who at least show an interest.

the suggested system combines the best of two worlds; responders to ads offering the eye shadow box for \$2 not only contribute a dollar profit each; they also become valuable prospects for future sale of similar merchandise!

It would be shortsighted (even foolish) to be satisfied with a \$2 sale here. In fact, the mail order sales door has just been open with that first sale! remember when you made the deal for 500 eye shadow boxes, you considered many other possible products from the same as well as other suppliers?

Before proceeding with your \$2 eye shadow box, do your homework: have several other products ready to go -- that is, select those you can profitably (and honestly) merchandise.

Prepare advertising sheets (flyers) with descriptions, prices and order forms and include them with each eye shadow box order: NEVER WASTE A MAILING!

Wouldn't a customer who paid \$2.50 for an eye shadow box also be a good prospect for bargain priced lipstick, nail polish or costume jewelry. The answer is YES!

In fact these particular customers would be considered by any MAIL ORDER BROKER to be the "hottest" in the industry for your products right now.

You simply could not buy a mailing list anywhere near as valuable to you as these names who have just bought a \$2 eye shadow box from you! It is very important to keep careful records of each name, along with what and when they buy anything.

Their name and addresses are your own private mailing list. If you use that list wisely, it can be the key to your success in mail order.

A good way to help insure full utilization of your customer names (short of a computer record) is to write each one on a separate card and record all transactions involving that name (i.e., when you mail them flyers, when and what they buy, and other pertinent correspondence).

Although your master file should be alphabetically by last name (or ZIP, name), you can place some of the cards into temporary "suspense" files -- like those that you want to send reminders or repeat offers in a couple of weeks.

Your customer list will eventually become a valuable product itself -- some mail order brokers pay up to a dollar each for customers who have purchased specific products recently. But, first be sure to take full advantage of what you have yourself.

Looking ahead to a possible next stage in your business, note that the same company (GEM) is one of many that will imprint their products with your name or brand.

This opens the door to marketing your own line of products -- not from a huge initial investment (and risk) situation but as a natural, relatively inexpensive continuation of your current successful venture (you already have the customers and all the facilities in place).

Simply add your line of items to your flyers when ready for this step.

As order come in for your \$2 eye shadow box, include a flyer for additional products (including more eye shadow boxes) in every package you mail.

The flyers should describe each product, list their advantages and possibly, testimonials taken from customer letters (you can use their state and initials, but not their name unless they give you permission).

Don't forget to include an order form:

Make it EASY for customers to order your products!

When there is no response, wait a couple of weeks and send out another batch of flyers, and again at six weeks.

When there are responses, start the same cycle over again, until run out of products (you don't have to, you know).

After 6 months or so (depending on how long the products last), contact them again to see if they need replacements.

When there are lulls -- periods of no response, you can occasionally send out another offer, something that mentions you haven't heard from them for a while and are making a special offer to regain them as customers.

Each step is dutifully recorded on that customer's card, so you always know exactly what the situation is with each one by glancing at their record.

Some companies use color suspense systems -- like yellow tags for those who get reminders in two weeks, green for non-responders, etc.

Periodically you have the option of gathering these names into groups of 1,000 and selling them to a broker, or offering to rent them yourself -- to non-competitive operations of course.

Many mail order oriented companies routinely exchange names with non-competing businesses.

In preceding paragraph, we used the words "sell" and "rent" with mailing lists. Names on a rented mailing list are to be used for one mailing only by the renter.

The only exception is that any who answer the one mailing also becomes the "property" of the mailer (because they corresponded to him).

Selling a mailing list means that the buyer can contact the names as many times as he wishes -- or that he can rent them out. Included in every rented mailing list are "plants" names of people who report back to the list owner who contacts them and when. The penalty for reusing names illegally can be severe -- the large mailing list brokers make sure they keep this "crime" in check by full prosecution whenever it is discovered.

After you get started, take an hour or so every few weeks to look over your system carefully. Check your supplies and prices; your forwarding procedures, packaging and systems for telling when to mail out what.

Also check your financial records to see how you are doing; learn which particular products are the most profitable and which are not -- then try to figure out why. It is advertising, marketing or is it the product quality or appeal.

These little "think sessions," held **BEFORE SERIOUS PROBLEMS DEVELOP** can keep you from continuing inefficient procedures and often help develop profitable ones; this is where many highly successful business people make some of their "secret"

discoveries that make them rich.

When corresponding with potential suppliers and other business people, it is always best to use your "company" letterhead. You can design it yourself (rub-on letters and clip art), have it designed by a printer or desktop publisher, or have letterhead paper and envelopes printed.

When writing to customers, letterhead gives the impression that you are a reliable company and not a "kitchen table" operation that may go tomorrow.

When writing to suppliers, you may not even get an answer unless you use letterhead (they figure all legitimate businesses have their own letterhead), and within your state you will have to give your tax number (if applicable).

And easy way to make a logo (if you have art talent) is to make it double or more desired size and have it reduced by a copy service to the desired size: it will look much more professional.

Flyers can be produced by copy services, printers or desktop publishers. They need several different styles and sizes of print, underlines, borders and other embellishments. You can also design your own with rub-on letters (from any stationery store) and perhaps a paste on logo.

One way to save on flyers in color is to have them printed on colored paper, which is almost as effective as two colors of ink, but a lot cheaper!

And, don't overlook clip-art for your flyers and advertisements -- these are copyright free illustrations that are used to "dress up" your copy. Just cut them out, glue them on and have them copied (you might have to erase the paper edge lines on the first copy to get a clear "master").

As you can see, it does not take a fortune or any special training to get into the mail order cosmetics business. With a little study and planning, you can minimize your risk and have a real chance at a very rewarding business. Good luck!

BUSINESS SOURCES

RICH ON, INC., 1305 S. Figueroa, Los Angeles, CA 90015, 800/826-2670. Wholesale imported cosmetics and hairbrushes. Importer.

PANDORA'S COSMETIC LAB, 104 Bellerose Ave., East Northport, NY 11731. Wholesale cosmetics --with your label.

APPLE COSMETICS, 135 Canal St.,Staten Island, NY 800/USA-PPLLE.
Wholesale cosmetics - full line; close outs;free price lists.

GEM INTERNATIONAL SALES, 1916 McDonald Ave.,Brooklyn, NY 11223,
800/228-5683. Wholesaler of Eve's Cosmetic Make-Up kits (wants
representatives); will print your labels.

AMERICAN COSMETICS, 422 West Alondra Blvd.,Gardena, CA 90248.
Manufacturers cosmetics for your label.

STEVEN DANTE COSMETICS, 3719 College Point Blvd.,Flushing,
NY 11354. Wholesale private label (yours) cosmetics.

JANCO DISTRIBUTING, 410 Motor Parkway, Hauppauge,
NY 11788, 516/273-7100. Wholesale cosmetics and perfumes.

COSMETIC WORLD, INC., 48 E. 43rd St.,New York, NY 10017,
212/687-6190. Publishes COSMETIC WORLD, trade magazine for
cosmetologist and beauty trade.

CHARISMA J & A MFG, LTD.,3747B Victory Blvd.,Staten Island,
NY 10314, 718/494-9186. Wholesale "sexy nail products" of
all kinds, pres-on-nails - 50 cents each.

NATIONAL MAIL ORDER ASSOCIATION 5818 Venice Blvd.,Los
Angeles, CA 90019. Association for mail order sellers.

BUSINESS ENVELOPE MFG, INC., Pearl River, NY 10965. Printers
of mail order materials and envelopes.

MAIL AD SUPPLY CO. INC.,Box 363, Waukesha, WI 53187.
Mailing labels.

ENTERPRISE LISTS, 725 Market St, Wilmington, DE 19801.
Mailing list brooker.

AMERICAN DIRECT MARKETING, 2636 Walnut Hill Lane, #337,
Dallas, TX 75229. Mailing list broker.

CIFA PUBLICATIONS, Box 753, Waldorf, MD 20601. Directory
of Cosmetic, Toiletry & Fragrance Assn. membership directory
- \$125; technical manufacturing guidelines - \$250.

MAIL ORDER TODAY, 606 Merrick Rd.,Lynbrook, NY 11563.
Magazine for mail order dealers with hints, new products,
closeouts, etc.

DOVER PUBLICATIONS, INC.,31 East 2nd St.,Mineola,
NY 11051. Discount books, clip art, stencils, etc.

QUILL CORPORATION, 100 Schelster Rd.,Lincolnshire, IL
60917-4700, 312/634-4800. Office supplies.

IVEY PRINTING, Box 761, Meridan, TX 7665. Letterhead:
400 sheets plus 200 envelopes - \$18.

SWEDCO, Box 29, Mooresville, NC 28115. 3 line rubber
stamps - \$3; business cards - \$13 per thousand.

ZPS, Box 581, Libertyville, IL 60048-2556. Business
cards (raised print - \$11.50 per K) and letterhead stationery.
Will print your copy ready logo or design, even whole card.

WALTER DRAKE, 4119 Drake Bldg., Colorado Springs, CO 80940.
Short run business cards (250 - \$3), stationery, etc. Good
quality, but no choice of style or color.