

RESELLING - BIGHABITAT

West Coast Do

November, 2014

What is Reselling for Miles & Points?

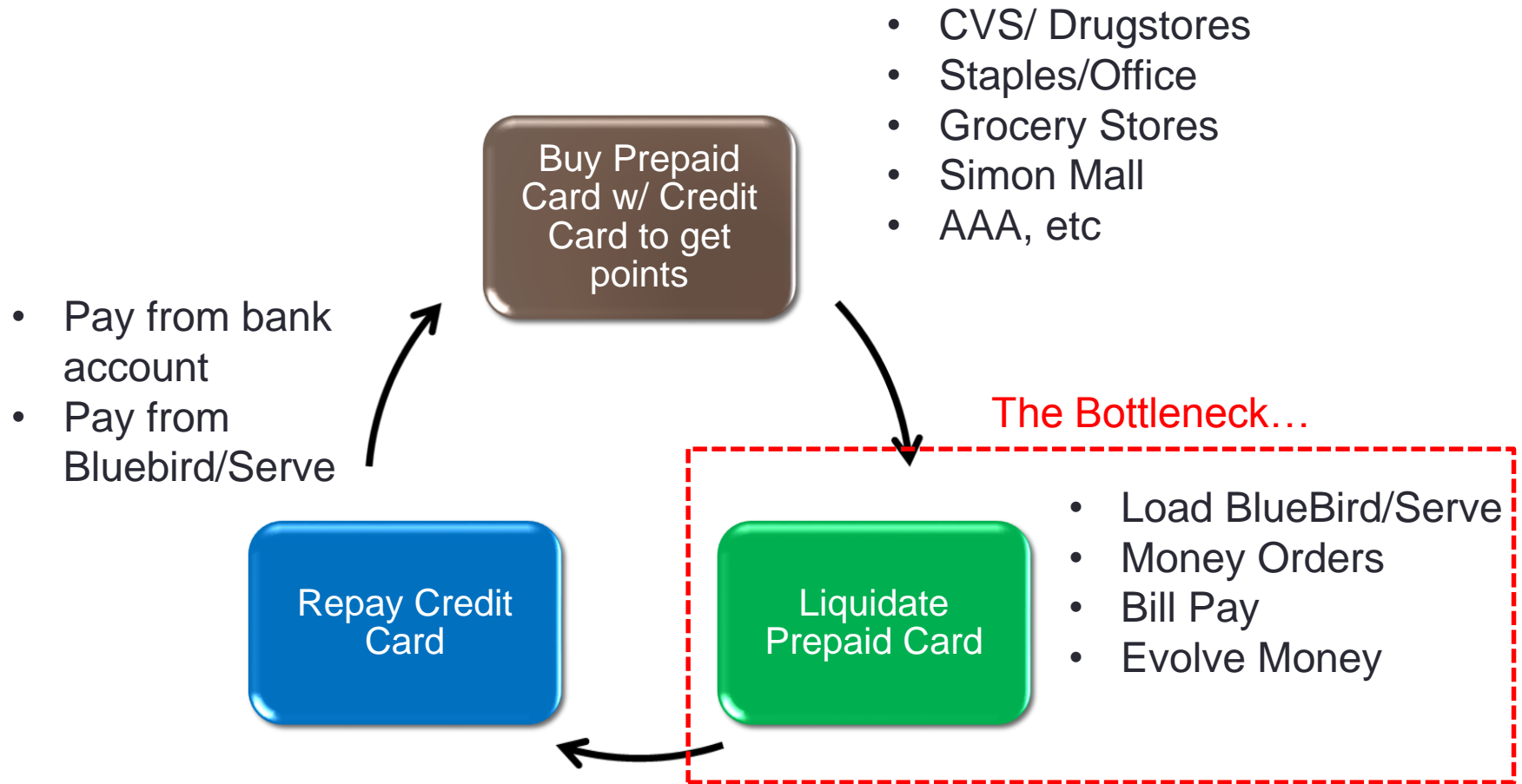
What it is:

- Another avenue for manufactured spend
- A complement towards other MS activities
- An activity that may be easier for some people with limitations on other forms of MS
- Potentially very lucrative for miles (SW Challenge, Frequent Miler's Million Mile Madness ~500k in reselling points)

What it is not:

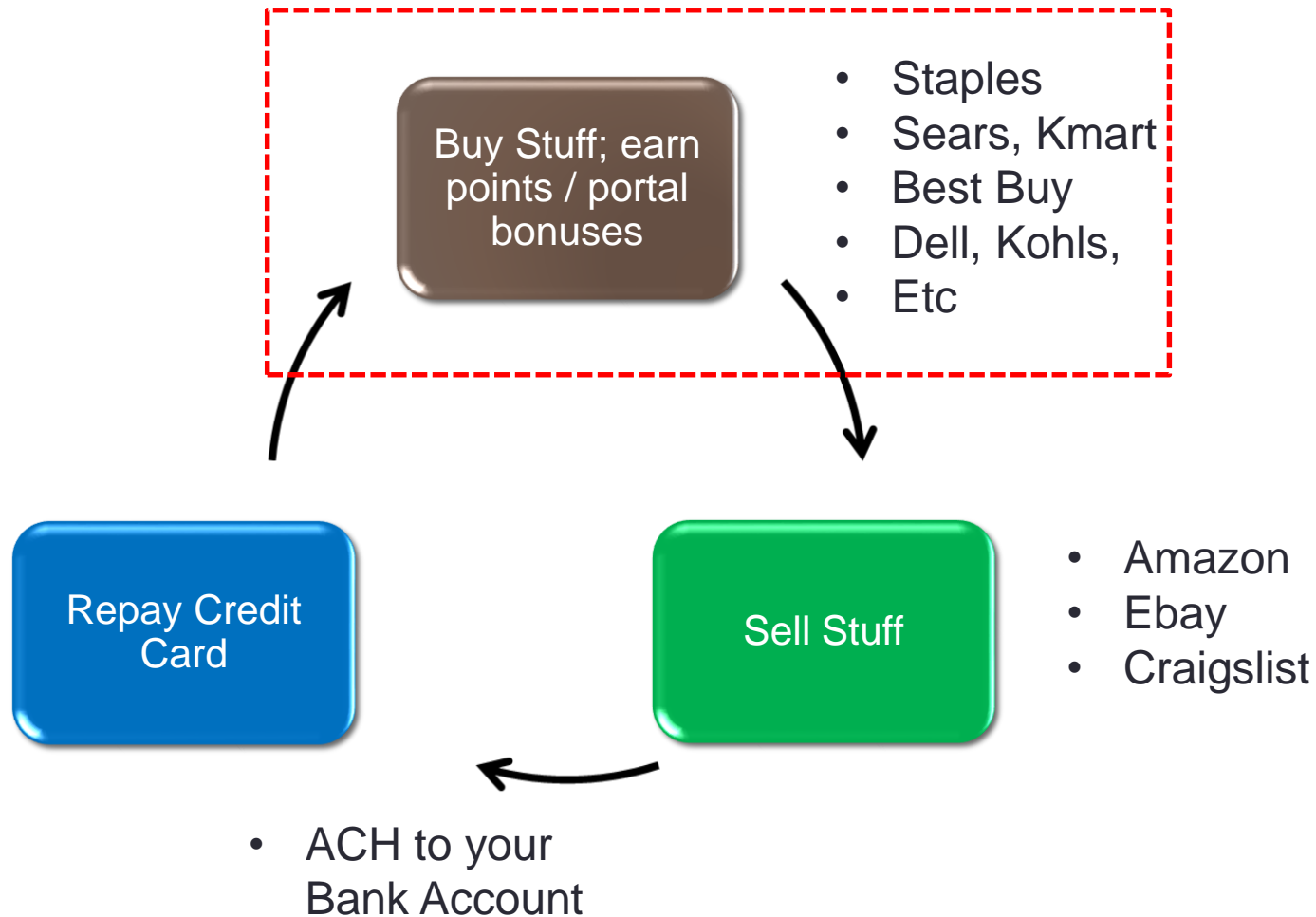
- Not intended to focus on earning a cash profit on every deal
- Not intended to be a means of supporting oneself
- A replacement for other forms of MS

Traditional Manufactured Spending Cycle



Resale Manufactured Spend Cycle

The Bottleneck...



Frequent Miler Perpetual Point Cycle



Why Reselling?

- Leveraged spending (5x, 10x, etc)
- Diversified spending (e.g., something other than CVS, 7-11s coded as gas stations, and Safeway)
- Potential to end up with a profit instead of only paying for points
- Another way to hit minimum spend targets / elite status
 - Often times the card doesn't matter; going through portals or buying discounted gift cards
- Much can be done online

Leverage – Southwest Double Down Challenge

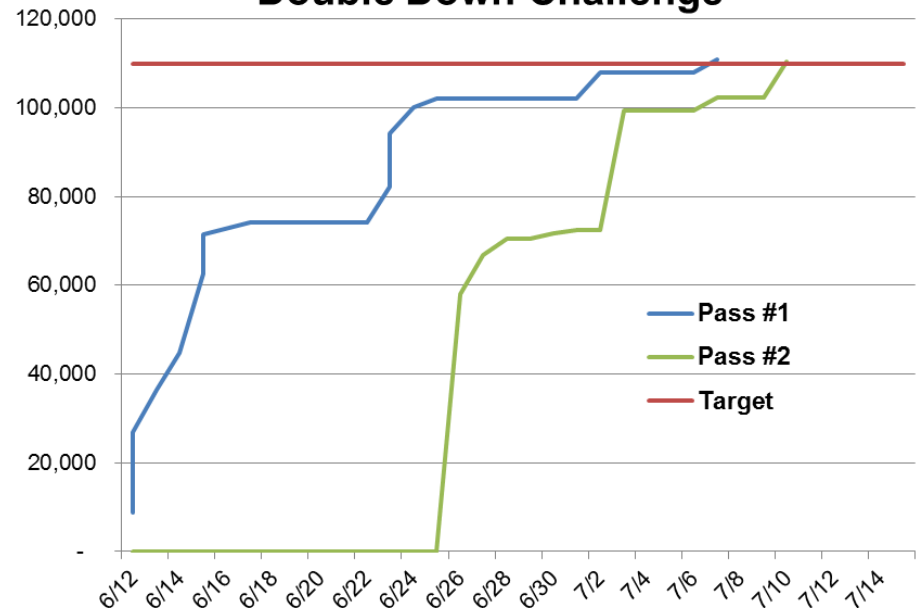
- Original goal: Southwest Companion Pass earned solely through reselling
- Target: 110,000 miles
- Time: 30 days

- Midway through – Doubled down to target 2 companion passes

Southwest Double Down Challenge Results

- Hit 220k target in 28 days
- Heavy use of Sears gift cards for double dip
- Average multiplier of 13x
- Bought tablets, \$499 Galaxy Tab S, Wii Us, Chromebooks, GPS units
- Others also successful

Big Habitat SW Companion Pass Double Down Challenge



	Pass 1	Pass 2	Total
Gift Cards Bought	\$ 6,000	\$ 7,300	\$ 13,300
Purchases	\$ 6,891	\$ 9,808	\$ 16,699
Memo: Orders - Points	\$ 2,000		
Average Multiplier			13.2

Duplicating w/ a 5% cash back card

- Requires 182 cards
- \$92k spend (\$75k more than reselling)
- Now double those if additional benefit of companion pass is used...

Average points per \$	13.2
Southwest Points Earned	220,000
Spend	\$ 16,667
Value per mile	0.016
Value realized	\$ 3,520
Card cost	505.95
Cash back %	5%
Net Profit / Card	\$ 19.35
\$500 Cards required	182
Spending Required	92,050
Additional Spend Required	\$ 75,384

Duplicating w/ a 3% cash back card

- Requires 381 cards
- \$192k spend (\$176k more than reselling)
- Now double those if additional benefit of companion pass is used...

Average points per \$	13.2
Southwest Points Earned	220,000
Spend	\$ 16,667
Value per mile	0.016
Value realized	\$ 3,520
Card cost	505.95
Cash back %	3%
Net Profit / Card	\$ 9.23
\$500 Cards required	381
Spending Required	192,983
Additional Spend Required	\$ 176,316

Getting Started

Choose what to sell:

- Sell what you know – learning curve on new items
- Choose popular items with low referral fees

Spotting deals:

- Slickdeals, Fatwallet
- BigHabitat
- Other deal sites
- Your email (targeted offers)

Fulfillment By Amazon

Easiest way to sell

- Easy to sign up as a seller
- Easy to add products (no data entry)
- Amazon handles customer service
- Amazon handles payment
- Amazon ships it to the customer
- Ship it and forget it

Amazon free account vs. Pro Seller account

- Pro seller account is \$39.99 per month
- Pro sellers get preferential treatment in the “Buy Box”
- Start free, upgrade if needed

Amazon Pricing and Buy Box

The Buy Box is the lead offer on the page, plus the 3 offers presented at the bottom right on Amazon

Try not to compete with Amazon directly

- Look for opportunities where Amazon doesn't sell directly (Google Nexus, Apple products)
- Don't get into price war with other 3rd party sellers

Amazon Buy Box = Faster sales

- Buy Box placement based on price, being a pro seller, and seller performance
- Also likely based on geography (where buyer is vs. nearest warehouses)
- Huge buy box penalty if not using FBA! (5% or more in price)

Amazon Referral Fees

6%	8%	12%	15%	20%	25%
Personal Computers	Camera and Photo	Tools & Home Improvement	Amazon Kindle	Jewelry	Amazon Device Accessories
	Cell Phone Devices*	Industrial & Scientific	Beauty		
	Consumer Electronics	Automotive & Powersports	Books		
	Video Game Consoles		Everything Else ⁶		
			Health & Personal Care		
			Home & Garden		
			Kitchen		
			Luggage & Travel Accessories		
			Music		
			Office Products		
			Outdoors		
			Shoes, Handbags and Sunglasses		
			Software & Video Games		
			Sports		
			Toys & Games		
			Video & DVD		
			Video Games		
			Watches		
			Baby Products		
			Clothing & Accessories		
			Electronics Accessories		

- FBA adds a number of per-item handling fees (waived on items >\$300)
- Not cost effective for small items

Ebay Referral Fees

With a Store (\$19.95+ per month)

No Store

4%

6%

7-9%

10%

Personal Computers	Camera and Photo	Everything Else
Video Game Consoles	Cell Phone Devices*	
	Consumer Electronics	

Everything

- Plus Paypal fees for payment (~3%)
- Plus your shipping costs

Using Ebay

Ebay requires more effort:

- You handle customer service, payment (through Paypal), shipping, returns
- Email buyers can be a pain
- Tip: Often best to use Amazon's Multi-Channel Fulfillment to ship to customers

Best for:

- Small items
- Unique items
- Items you don't want returns for
- Items you are restricted from selling as new on Amazon (Samsung, Nikon, Canon, Beats, Kindles, etc)

Get your cost basis down And make deals

Starting Credit Card	~2-5%	<ul style="list-style-type: none">• Category bonus (Ink), use any card for min spend, or high spend bonus, 2% card, SPG, Visa SE, Amex Sync, etc
Discount Gift Cards	~5 to 15%	<ul style="list-style-type: none">• Ebay, giftcardgranny, Lifetime fitness, Citi Easy Deals, Supermarkets, Office Supply Stores (5x)• Double dip if possible (Sears)
Portal Bonuses	1-24x miles	<ul style="list-style-type: none">• Timing mega portal bonuses• Few stores consistently higher than 3-4x• Look for double dip opportunities
Coupons	????	<ul style="list-style-type: none">• Sears email coupons• Staples coupon page; buy coupons cn-usa.com
Sale Items	????	<ul style="list-style-type: none">• Discount vs. scalability (e.g., item limits)• Price matching
Store Rewards	~0 to 5%	<ul style="list-style-type: none">• Staples 5x rewards on Everything• Sears 2%, but lots of points coupons

General Selling Costs

Amazon Referral Fee	~6-25%	<ul style="list-style-type: none">• Depends on item category
Sales Tax	~0-7.5%	<ul style="list-style-type: none">• 0% - Move here to save: Alaska, Montana, Delaware, New Hampshire, Oregon• Haven't pursued resellers exemption
Packaging	~1-5%	<ul style="list-style-type: none">• Order online = reuse• Choose "Case quantities" when shipping to Amazon to force all units of one item to one shipment site
Returns	????	<ul style="list-style-type: none">• ~5% of units get refunded• Actual return cost is less• Receive unit, ship back, market as "Used-Like New"

Thus, typically need 15% discount to break even assuming 6%-8% referral + 6% Sales tax + packaging/returns

Drawbacks / Risks

- Longer cycle time repayment cycle
 - Amazon payments every two weeks
 - Typical cycle: 2 days ship to me, 5 days ship to Amazon, 3-4 days time to sell
- Pricing Risk
 - Watch for long-in-the-tooth electronics, quick price drops, Amazon matching competitors
 - Don't have to be lowest price on Amazon (considers seller performance, item location, etc)
- Hostile OEMs (Netgear, Foscam)
- Refunds / returns
- Taxes
- Portal tracking


Refund Experience

Product Line	Number of Orders	Order Defect Count	Orders Cancelled	Orders Shipped Late	Orders Refunded	Refund Rate
Industrial & Scientific Supplies	2	0	0	0	0	
Office Products	41	0	0	0	1	2%
Tools & Hardware	4	0	0	0	0	
Computers & PC Hardware	283	1	0	0	18	6%
Mobile Electronics	44	0	0	0	3	7%
Camera	2	0	0	0	0	
Electronics	22	0	0	0	0	
Toys & Games	27	0	0	0	1	4%
Video Games	78	0	0	0	3	4%
Total	504	1	0	0	26	5%

- Averaging about 5% refunds
- Not all refunds are actual returns

Sample Deal - Staples

[READ MORE +](#)



iPad **Save 15%** on select iPad models.

List View Grid View Compare Items Sort By ▾

Previous 1 2 3 4 Next

1 - 24 of 89 items



Apple iPad Air with Retina display with WiFi 32GB, Space Gray

★★★★★ (29 reviews)

- 9.7-inch Retina display
- A7 chip with M7 motion coprocessor
- Built-in Wi-Fi (802.11a/b/g/n) with MIMO support

Reg. ~~\$449.00~~

Final Price:

\$379.00

Each

Total Savings:

\$70.00

[See Details](#)

Qty.

ADD TO CART

[Add to Favorites](#)

Item 310343
Model MD786LL/B

 Special Buy

Compare

- 15% off + 5% Staples rewards + 5x Chase Ink points portal bonus
- \$379.99 price

Check Amazon Price

Apple iPad Air MD786LL/A (32GB, Wi-Fi, Black with Space Gray) OLD VERSION

by Apple

★★★★★ 1,793 customer reviews | 145 answered questions

List Price: \$599.00

Price: \$458.93 

You Save: \$140.07 (23%)

Note: Available at a lower price without free Prime shipping from other sellers.

Only 18 left in stock.

Sold by [dealsforyour](#) and Fulfilled by Amazon. Gift-wrap available.

Want it tomorrow, Nov. 5? Order within 2 hrs 18 mins and choose One-Day Ship at checkout. [Details](#)

Size: 32 GB

16 GB

32 GB

64 GB

128 GB

- \$459 Price (Good)
- Sold by 3rd party (Good)
- #187 in Computers (Great)

Additional Information

ASIN	B00G2X1VIY
Customer Reviews	★★★★★ <input checked="" type="checkbox"/> 1,793 reviews 4.6 out of 5 stars
Best Sellers Rank	#187 in Computers & Accessories (See top 100)
Shipping Weight	4 pounds (view shipping rates and policies)
Shipping	This item is also available for shipping to select countries outside the U.S.
Date First Available	November 1, 2013

Check Amazon Fulfillment Cost



Apple iPad Air MD786LL/A (32GB, Wi-Fi, Black)
ASIN: B00G2X1VIY
Product Dimensions: 9.9 x 7.1 x 1.7 inches
Shipping Weight: 2.02 pounds

[See Product Details](#)

Try another product

Revenue	Your Fulfillment	Amazon Fulfillment
Item Price	\$ 455.00	\$ 455.00
Shipping	\$ 0.00	\$ 0.00
Revenue Subtotal	\$ 455.00	\$ 455.00
Cost		
Amazon referral fee	\$ 27.30	\$ 27.30
Variable Closing Fee	\$ 0.00	\$ 0.00
Fulfillment Cost		
Order Handling	\$ 0.00	\$ 0.00
Pick & Pack	\$ 0.00	\$ 0.00
Outbound Shipping	\$ 0.00	N/A
Weight Handling	N/A	\$ 0.00
30 Day Storage	\$ 0.00	\$ 0.04
Inbound Shipping	\$ 0.00	\$ 0.00
Customer Service	\$ 0.00	Amazon Provided
Prep Service	\$ 0.00	\$ 0.00
Fulfillment Cost Subtotal	\$ 0.00	\$ 0.04
Cost Subtotal	\$ - 27.30	\$ - 27.34
Margin Impact	\$ 427.70	\$ 427.66

- Use [FBA Revenue Calculator](#) (google it)
- Calculator gives you total Amazon fees - \$27.34
- Hey, it's exactly 6%
- Amazon charges only the referral fee on items >\$300

Sample Deal Economics

Name:	Ipad Air 32gb
Amazon Rank	#156 Computers
Price:	379.99
Tax (@6%)	22.80
Net Cash Cost	<hr/> 402.79

Amazon price:	455.00
Amazon FBA Commission	(27.34)
Shipping (to Amazon)	(2.00)
Net Sales Price	425.66

Net Profit before points 22.87

Staples Rewards	19.00
Credit Card Points (@\$.01 / point)	19.00
Portal Points	7.60

Total Profit with Points Earned 49.47

Total Points Earned (@7x)	2,660
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- \$23 profit + \$19 Staples rewards per tablet
- 2,660 points

VS. Buying 3 Giftcards

- 3000 points
- (~\$24) cost with money orders at Walmart

Net: \$47 improvement plus \$19 rewards per tablet when compared to buying GC

BONUS SLIDES

My Biggest Hits

- Free Stuff from Sears VIP
 - Patio set, Seiko watch, track saw, tons of Alphaline cables, Nakamichi headphones, all for 100% points back. And with portal bonuses too!
- Samsung Galaxy Tab red
 - The one model that Amazon let you sell as new, which sold at a premium, and you could buy basically as many as you like at OfficeMax or Costco
- Google Nexus
 - Fixed price of \$229 and ability to sell as new made this easy to get rid off, while also easy to stack discounts at Staples
- Square Stand
 - Once had \$300 price at Staples with a \$200 easy rebate and 20% off coupons worked, and sold close to list price. Then the knife started falling

My Biggest Misses

- Acer refurbished computers on Liquidation.com
 - Can you say too many SKUs, and hello returns!
- Leapfrog Leap pad
 - 3 of 6 came back. I kept one. It sucked
- Microsoft Surface
 - Was making a nice tidy profit until MS dropped the price \$150 from \$499 to \$349. Why hello returns...
- Samsung Galaxy Tab S 10.5”
 - Was great until Apple iPad 2 came out at the same price with the original Ipad Air \$100 less. A
- Quill “Price Mistake”
 - When a model number of a laptop priced like a tablet really is a tablet... But hey, got free popcorn and \$12 portal cash

Stores to try

Staples:

- 5x Ink Bold, 5% Staples rewards, good pricing, deals of the day

Sears:

- Great portal bonuses (up to 10x); double dip w/ gift cards allowed, lots of coupons, 100% point back offers

Kohls:

- Need Kohls charge to get best coupon deals, 20% back in “Kohls Cash”, occasional portal bonus (4 card limit per order on gift cards)

Groupon:

- Occasional portal bonuses up to 10x; plus buy gift cards at Staples to get another 5x (Ink bold) + portal bonus on the gift card (5% / 3x)

Dell:

- 3-5x portal bonus, plus many good deals returning promo egift certificates (1-2 gift cards per order limit)

Other Tips

Price matching:

- Price match to stores where you have gift cards, get category bonuses, etc. E.g., use Microcenter price to have Staples price match to get 5x points + 5% rewards

Staples Coupons:

- Buy at cn-usa.com; usually \$25 off \$75 coupons are around \$5; won't work on computers

Stockpile gift cards:

- Buy when on sale, since portal bonuses may be very short-lived. E.g., see a 10x sale on Sears GC, stock up now and spend down

Leverage Grocery Store rewards:

- A good source for gift cards, often can get up to 4x fuel points, plus 5%-6% category bonus

Look for general portal-wide bonuses:

- Alaska Air 2100 miles on \$300 spend + store-specific bonus