



How to Choose a Million Dollar Product & Niche

Choosing the perfect product to sell online is one of the most time-consuming challenges that nearly every entrepreneur faces when starting their own ecommerce business. Products are the center point of every business and they can be held responsible for the business' future success or failure.

The following questions will help you evaluate your product ideas so you can determine in advance whether they have the potential to be successful before you start investing a significant amount of time, energy and capital into them.

Ready to find the perfect product to sell online? Evaluate your product ideas with the following questions.



Market Based Criteria



Product Based Criteria

Market Type

Ask Yourself: Is my product part of a trend, fad, stable or growing market?

To build a long-term, sustainable business you don't want to get caught up in selling trendy or fad products. Trends and fads come and go quickly, meaning that your business won't last long as consumers' tastes change from one trending product to the next.

Long-term business stability online relies on you to sell products that exist within a stable market or a market that's on a growth trajectory.



Profit Margin Potential

Ask Yourself: What is the potential profit margin for my product?

Your profit margin dictates the kind of cash flow you'll have to maintain and grow your business over time so make sure you earn a healthy profit from each sale to keep your business afloat.

Factors that impact profit margin earning potential include the cost of product units, shipping, overhead expenses, employee wages, etc. Think through all potential factors in advance to reduce surprise costs that cut into your profit margins.



Subscription Business Model

Ask Yourself: Can my customers subscribe to receive my product on a regular basis?

If you can give your customers the option to subscribe to receive your products on a regular basis, then do it. Subscription business models are extremely lucrative because you're guaranteed revenue (and thus, profit) on a consistent basis and selling to the same customer over and over is easier, quicker and cheaper than always finding ways to sell to new customers.



Product Durability

Ask Yourself: How durable is my product?

A fragile product increases the number of returns and packaging costs. If you plan on selling a fragile product, don't forget to plan for damaged units in your budget.

If you have low-priced or low-margin products, product durability can mean the difference between a successful and unsuccessful business, so take this into serious consideration and conduct durability tests.



Product Turnover

Ask Yourself: How often will I have to redesign products or bring out new versions?

Selling a product where the design frequently changes can be risky. For example, smartphone designs change frequently, so smartphone cases need to be updated often to match what's being sold on the market.

Find a product that doesn't face fast turnover, or find a way for your products to maintain relevance while updates and changes happen so you're never left with outdated inventory you can't sell.



Perishability

Ask Yourself: Does my product perish, break down or degrade over time?

Perishable products run the risk of not being sold before they're out of date which creates waste and lost revenue.

If your product is easily perishable, understand the window of time you have to sell your product. Remember that customers need to have your product before it perishes, so consider how that factors into your sales process. It's also important to factor in the cost of lost revenue due to wastage into your business model.



Seasonality

Ask Yourself: Does my product face seasonal purchasing swings?

Some products are only purchased at certain times of the year, like swimsuits in summer or snowboards in winter, so consider whether your product may suffer from spikes in seasonal shopping.

Check out Google Trends to look for seasonality swings by searching your product's keyword. Considering your product's seasonality swings can help you understand what your cash flow, inventory ordering and sales schedule might look like throughout the year.



Competition

Ask Yourself: What competition already exists for my product & niche?

No matter what kind of products you're selling, you'll always have some kind of competition.

Survival against your competition comes down to standing out from other sellers on the market. Ensure that you thoroughly analyze your competition's strengths and weaknesses and find some way to differentiate yourself from other brands. Offer better prices, availability, quality or anything else that makes customers choose your brand over others.

Local Availability

Ask Yourself: Is my product available locally?

A product that's available locally gives consumers one fewer reason to buy online. If your product is available locally, how do you plan to compete against immediate availability?

Your options include offering a better price than what's available locally, better quality, a wider selection or new options. Think about what would work best for your product and market.

Selling Price

Ask Yourself: What is the potential selling price of my product?

Ideally, choose a product with a selling price between \$75-\$150: Any less, and the profit per unit becomes low and any more, consumers may become skeptical to purchase online.

Remember that low-priced products require more units to be sold to maintain a decent profit margin while high-priced products require more proof, testimonials and support to sell successfully.

Restrictions or Regulations

Ask Yourself: Does my product have any potential restrictions or regulations that might impact importation, sales or shipping?

Restrictions and regulations on products can be time-consuming and costly. Make sure you do your research and check with someone knowledgeable about importing products from overseas — like a customs broker, freight forwarder or shipping agent — before ordering or shipping inventory.

Consumability

Ask Yourself: Is my product meant to be consumed or disposed of after a certain period of time?

If your product is consumable or disposable, it gives you the chance to build longer relationships with your customers and earn repeat buyers.

Products that are consumable or disposable are more likely to be purchased again, so consider how you can make your product re-purchasable.

Passion or Pain Point

Ask Yourself: Does my product solve a pain point or does it serve a passion?

Painkillers are an easy sell when someone has a headache and a carbon fiber bike frame is an easy sell when someone is trying to shave seconds off his or her race time.

If your product idea solves a pain point or serves a passion for your customers it's more likely to be an easy sell.

Product Size

Ask Yourself: What is the size of my product? What is the weight of my product?

Heavy and/or large products are difficult and expensive to store and ship. Shipping costs are one of the top reasons customers abandon their shopping carts, so think about how the size of your products will impact your shipping costs.

Use online shipping calculators or talk to your preferred shipping carrier to determine how much it will cost to ship your product at the size and weight that it is.

Scalability

Ask Yourself: Can I scale my product & business if demand increases significantly?

You should always begin with the end in mind. Consider right from the start how you can scale your business if things begin to take off. What are your supplier/manufacture limits? Does your selected shipping carrier offer room to grow? If you're using a fulfillment warehouse, are there any restrictions the facility might have?