## Creating Your "Music Money Machine"

How to Create Your Own Music Money Machine by Utilizing the Principle of Arbitrage when Buying \& Selling Music CD's

TOP Money Making Strategies that can create any income you desire!


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Create Your Music
Money Machine


## Introduction to the Music Money Machine

## The Basic Concept.

Ok, let's get straight to it. ebay is one of the most recognizable names on the planet and for those that understand how to use its power, it presents an amazing opportunity to make some serious money.
I have studied the tools and techniques required to ensure success and these ideas and concepts are described in this report, together with a step by step walk through showing the tools and techniques in action - AND MAKING MONEY!
In starting to study the way ebay works and trying to work out what strategies would make money, I wanted to satisfy certain criteria:-

1. I wanted to create a business in which I was interested, with products that meant something to me personally since any business takes time and effort and I did not want to spend time and effort on something I did not find interesting and enjoyable.
2. I wanted the products to be universally attractive to people of all ages and interests to maximize the potential market in which to sell.
3. I wanted the products to be readily available at relatively low cost to maximize the number of people who could afford to purchase them.
4. I wanted the package and postage costs to be low, and ideally the product should be capable of being posted without requiring to visit the post office.
5. I wanted the product to be relatively robust and not require special packaging.
6. The business would need to be scaleable, meaning that to increase the amount of profit, it would be simply necessary to increase the volume of products sold.

Once I had set out the basic requirements, the answer was immediately obvious - MUSIC CD's!

I have always loved music of all types, there is a massive market for CD's (despite the increasing popularity of downloadable media) and it's easy and cheap to ship with minimal postage and packing costs.

Ok - so that's the product - but is it possible to make money by buying and selling music CD's?

## Buying and Selling Price

It's easy to see that to make money I would need to source music CD's at a price that would meet the basic equation:

Selling Price must be greater than 120\% of (buying price + selling costs $+\mathrm{p} \& \mathrm{p}$ costs)

I set the margin to $120 \%$ as the minimum required to make the whole venture worthwhile. What this means is that if a CD could be sold for 15 units ( $£, \$$ or whatever your local currency happens to be) and the selling costs are approximately $5 \%$ of the selling price then I would need to be able to buy that particular CD for approximately 10 units taking into account typical postage and packing costs. I will use \$USD for simplicity but this business model works for any currency. The calculation can be simplified by assuming that you need to be able to buy an item on Ebay for around $2 / 3$ of the planned selling price to make it profitable.
We will see later that this is easily possible and profit rates exceeding $50 \%$ are can be obtained.

So, could I buy a product for $\$ 10$ and sell it for $\$ 15$ ? The simple answer is "yes" and later I will show you just how easy this can be.

## Postage \& Packing

Single CD's weigh around 120 grams when in a normal jewelled case and the typical postage cost, for example in the US is significantly less than \$1. It's also possible to pay the postage and print out the label directly from Paypal which saves both time and effort. Postage costs are very similar in other parts of the world.

## Making a Profit

Ok, we have seen the typical prices we will have to buy our CD's and also what price we will need to obtain in the ebay marketplace to make the required profit. It's now time to put the idea into practice. There are only 2 key steps:

## Step 1: See what's selling

The first step is to see what types of CD are selling. We are looking for CD's that have attracted a significant number of bids and have reached a minimum price of $\$ 15$ to make it worthwhile. I personally require the minimum number of bids to be 5 and so we will need to search ebay for CD's that satisfy both these criteria.
I personally use a tool called Hot Item Finder from Dave Guindon. This great tool can be used to search for products on ebay which satisfy virtually any criteria you set. For example, you can find out:

What items at Hot Item Finder are getting the most bids!
What items are getting the highest number of hits?
How do I find my niche?
What are the most popular selling items in each ebay category?
Where do I list my item?
What words should I put in my auction title?
What are the best words or phrases to put in my auction description to make people buy now?

What categories have the most listings?

Hot Item Finder is a great product and it really makes it easy to find CD's that are profitable.

Ok, so let's use the product to find some CD's that we may be able to make a profit from by searching ebay.

I have opened the product and asked it to search ebay.com for any CD in the music category which successfully sold and which attracted more than 5 bids. I have then ordered the resulting list in order of number of bids by clicking on the "bids" column, and you can see a screen capture from Hot Item Finder showing the results below.

We can now look down the list to see if there is anything of interest on which we might be able to make a decent profit. The first item to catch my eye is the tenth one on the list, attracting 11 bids, called "For Our Children - Disney, (CD, 1991).


I chose this item because it sold for $\$ 17.25$, with 11 bids and Disney is always a popular item. We now need to carry out some further checks. I now search for this specific item using the Hot Item Finder by entering "For Our Children" in the keywords box on the left hand side and ensuring that the "only show completed items that sold" tickbox is checked. The result is shown below:

Now this is starting to look interesting. We can see that 4 of these CD's sold in the last 15 days for $\$ 17.25, \$ 3.95, \$ 23.82$, and $\$ 26$ respectively. You can see each items actual ebay listing simply by clicking on the item name in the item title field and doing this for each item in turn shows that the one that sold for $\$ 3.95$ is a different CD and a German import so we can discount it for our research purposes. The others are all the same item, all used but in perfect condition and therefore the prices are indicative of what price can be achieved. So, taking the minimum price of $\$ 17.25$ and calculating $2 / 3$ of $\$ 17.25$ gives a maximum buying price of $\$ 11.56$.

Ok, so we have a potential CD Title, we know it sells well on ebay and we know what we need to buy it for to turn a decent profit.

Time for step 2.

## Step 2: Use Arbitrage to make a profit - here's how

## Example 1

We now use the Arbitrage principle to see if we can turn a potential profit. In this case the title is "For Our Children" released by Disney in 1991 on 606162. This number is the catalogue item number and it presents a useful check to see if we are purchasing exactly the same item when we find it.

Ok, we now need to see if we can find the item from a reputable supplier who can supply the item easily and regularly. The first place to check is Amazon.com. Amazing though it sounds its perfectly possible to find a preused item for sale on Amazon.com which is far cheaper than Ebay.com!

Checking Amazon.com shows that the CD is not available new (hardly surprising since it was published in 1991) and that used examples which have a minimum condition of "very good" are for sale at $\$ 37.50+\$ 2.98$ shipping from Amazon seller SHINER5042. You can see a screenshot of this below.


Now you may think that this therefore means that it is not possible to make a profit but think about this for a moment. We know we can buy it on ebay.com for around $\$ 17$ and it sells on Amazon for $\$ 37.50$ so why not do just that? Items for sale on Amazon tend to sell more slowly than on ebay but I have utilized this technique to make hundreds of dollars per month if there is enough margin between the buying price and the selling price. To make this worthwhile I tend to set the selling price on Amazon to twice the buying price

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