Introduction

I have been selling online through an Amazon FBA business since 2016 and I have a YouTube channel dedicated to the subject. I decided to write this eBook from real life experience as a reference to getting started selling on Amazon without all the hype and nonsense commonly found on the internet.

People like you are becoming financially independent by selling "private label" products using Fulfillment by Amazon, also known as FBA. Amazon FBA automates the process of selling your product and allows you to concentrate on your business on the way to financial freedom.

There is a lot of information on the internet about Amazon FBA and a lot of "Amazon Gurus" making it sound easy so you will buy their course. It is also very hard to filter out the noise from the useful and actionable information with all the "Amazon Gurus" hawking their courses. Many of their sales pitches for their courses often sound just like a scammy get-rich-quick scheme. Most often that is exactly what they are!

But it is possible to build a successful Amazon business that will reward you with financial independence and stability. The process is pretty straightforward and the business can be very profitable, but it does take time and work to get going. It is definitely worth it, but you have to treat your Amazon FBA business just like any other business - you have to put in the time and work!

What is an Amazon FBA Business?

I am sure you have heard of Amazon. It is the largest online retailer in the USA, UK and much of Europe. It is pretty much a household name. But what you might not know is that when you purchase something from Amazon, there is a very good chance that you are buying from a third party seller using a service called Amazon FBA. FBA stands for 'Fulfilment By Amazon'. What this means is that Amazon warehouses the third party seller's stock of product.

When a customer places an order, the order goes straight to the FBA warehouse. Amazon then picks and packages the order and ships it directly to the customer. Amazon also handles the customer service and they process all customer returns - only the most specific queries get forwarded to the seller. To the customer, there is almost no difference between purchasing from Amazon directly and from a person selling their items on Amazon through Amazon FBA. They get the same delivery options, the same returns policy and the same customer service.

As an Amazon FBA seller, you don't have to stock your product inventory at home. You also do not have to package and ship your product to customers or deal with customer service. Amazon takes care of all of that for you. It takes the same amount of work to sell 1,000 items as it does to sell 10. But to the customer, they get quality of service that is on par with the biggest brands in the word. As a seller, you can run a one-man/woman business that sells thousands of items each month, all remotely from anywhere in the world.

A foreign citizen can even sell on Amazon when living in another country. A foreign citizen can sell in their own Amazon marketplace and/or the US marketplace. For example, besides selling in the USA, Mexico, and Canada, I also sell my products from the US with Amazon FBA businesses in Europe and the UK.

You source your products from your supplier or manufacturer and arrange for the products to be shipped and delivered to an Amazon FBA warehouse. Once your inventory arrives at Amazon, then you need to do is focus on getting sales.

You can open an Amazon Seller account as a sole proprietor or as a Limited Liability Company (LLC). While it is not a requirement to set up an LLC, doing so makes taxes, accounting, and personal liability assessment much more straightforward. Most states in the USA have now made it very easy to form an LLC.

In this eBook, I will talk about the Amazon FBA private label business model. I will not discuss selling retail or wholesale items on Amazon, nor will I discuss models such as retail arbitrage or selling used books. Besides the private label business model, the other models have pretty much run their course and there is not much opportunity in the space despite what some of the Amazon Gurus would have you believe. These models are way too work intensive for the return

you get on your investment. The profit margins are very low and there is a lot of competition. These other models are not scalable into a long term Amazon business nor are they sustainable. The private label Amazon FBA model is the only remaining business model that is viable today and into the future.

How To Do Market Research On Amazon

To get started, you will have to research your first product to sell on Amazon. While you can sell unbranded generic items on Amazon, it is much more profitable to sell what are called "private label" items. Private label means that you locate a supplier or manufacturer who makes the type of product you are interested in and get them to label the product as your brand, with your logo.

Because of the current competition landscape on Amazon, one of the most important factors in choosing a successful product to sell on Amazon is differentiation. Differentiation is using various methods and techniques to make your version of the product stand out above the rest. It may include creating better product listing, more professional product photography, improving the packaging or improving the product in some way. It also can include adding a secondary and complementary product to sell with your main product to give the potential customer a reason to buy your product over others.

There are many tools available to research Amazon products. Jungle Scout pretty much dominates the space. They are continually improving their algorithms to increase accuracy in product research. They also have a product tracking tool which allows you to track the sales of a potential product over time to better make a decision on whether to pursue that product or not.

Another suite of tools for the Amazon FBA seller is Helium 10. This suite of tools include product research, keyword research, product launches, competitor spying, listing optimization, keyword tracking, refunds, hijack monitoring, inventory protection, and the list goes on and on...

Helium 10 offers a limited free account so that you can try them out. The free account does not expire, but you are limited in the number of times you can use a particular feature per day or per

month. A paid Helium 10 plan is not inexpensive, but the tools are first class. I highly recommend Helium 10 if you are serious about an Amazon business.

How to Source Your Products

At this point, you've analyzed the market and you have found your first product to sell. The next step is locating a manufacturer that makes the exact or similar product.

For the majority of products that you will private label, the lowest cost suppliers and manufacturer are usually located in China. When we talk about sourcing your product from China there is one name that dominates everyone else: Alibaba. Alibaba is a Chinese online wholesale market where factories and distributors from all around the world display their items. Most of these companies will work with you to create, manufacture, and source your branded product. Since Alibaba came to the table it has gotten much easier to create an Amazon FBA business.

There are some important guidelines when contacting these suppliers and manufacturers on Alibaba:

- You should set up a company profile with Alibaba with your business information as well as your company logo (don't have one yet? Search on Fiverr.com)
- Contact as many suppliers as possible to get quotes and compare prices.
- You also want to determine how well the supplier communicates with you and how responsive they are
- When you contact one of these suppliers, represent yourself as a sourcing agent for your company, not as the boss of the company.
- Ask for pricing at or above their minimum order quantity (MOQ). Once you have gotten a quote from them, inform them that you will want to first place a smaller test order.
- Select the supplier that is the most responsive and easy to work with, while having the lowest price that includes shipping the USA.

Following these steps dramatically increases the number of suppliers that will respond and want to work with you. The more suppliers that you have to pick from the better.

Creating Your Amazon Seller Account

Once your shipment has landed in the destination country you need to get it to the Amazon warehouses. But first, you will need to create an Amazon account.

I strongly suggest creating the account before you start manufacturing.

It is free to sign-up as an 'Individual' Amazon seller in most countries and anyone from most countries can do it. India is the only exception that I know of, there you need to have an India-based business to register. I suggest starting with just one country, the one you are most local to:

- Amazon USA (includes Mexico & Canada).
- Amazon UK (includes Germany, Italy, France & Italy).
- Amazon India (you need to have an Indian based business to sign up)

There are two types of Amazon accounts. Individual and Professional.

- Individual is free but you pay an extra fee per item sold, you also have access to less analytics.
- Professional charges a monthly fee.

Both can be used with Amazon FBA, so I simply suggest signing up for an individual account and upgrading once your sales hit the threshold where the professional account is cheaper.

Preparing Your Amazon Product Listing

This one tip can save you thousands of dollars so read carefully!

Once you have created your Amazon Seller Account, you have researched a product, and you have found a supplier or manufacturer, I highly recommend that you create an initial product listing. This will keep you from running into trouble with certain products that you are not allowed or not approved to sell on Amazon. One huge mistake new Amazon sellers make is to ship their product into Amazon from their supplier only to find out that Amazon will not allow then to sell their type of product!

The categories of products that you are no allowed to sell in are what is commonly referred to as "gated" categories. While it is possible (and desirable) to become un-gated for these product categories, it is an advanced subject that will not be covered here.

When creating your initial product listing you do not have to be completely accurate with all the required information - just use your best guesses for now. Later you will come back to the product listing and refine it with actual numbers and data from your manufacturer or supplier.

Refer to the section "Refining Your Product Listing on Amazon" later in this eBook for instructions on how to create your product listing..

Ordering Samples

Once you've narrowed it down to just a few suppliers, it is a good idea to order some samples from those suppliers. Once you receive your samples, compare the quality between suppliers and decide a winner based on sample quality, price, and how well they communicate with you. If they're taking days to respond to messages or they misunderstand everything you say, you may want to think twice about doing business with them.

Rarely do Chinese manufacturers give away samples for free. There is usually a cost involved which reflects the shipping cost of shipping one or two products to you in your country. Expect to pay between \$50 and \$150 for samples of a product.

Packaging and Labeling

You will want to inquire about packaging with your supplier. While great product packaging isn't mandatory, it's a great way to add perceived value with very little effort. You'll have to add an Amazon FNSKU barcode to your packaging anyway, so you may as well design custom packaging with the barcode already on it.

The Amazon FNSKU ba code is supplied to you from Amazon when you create your shipping plan in Amazon Seller Central. Amazon will require a UPC barcode for your product. You can purchase a UPC code from various services online. You will use the UPC when creating your product listing on Amazon, but you will not have the UPC barcode put on your product. Instead you will have the Amazon FNSKU barcode that Amazon supplies you put on your product by your supplier or manufacturer.

If you're trying to keep your costs down and want to start with attaching the barcode only to the suppliers existing packaging, ask your supplier to do it in China for only a few cents per sticker, rather than having Amazon do it for 20 cents per item. You will have to email your supplier the Amazon supplied bar code and ask them to put it on the outside of every package. Most suppliers have connections with packaging and print shops so they can easily facilitate this for you.

If you want to design custom packaging for your product to differentiate your product, post a job on Fiverr or Upwork for package design. These sites have overseas designers that can do this work for a very small price. The trick is to pick the designers with good portfolios who also speak good English. Don't necessarily go for the least expensive designer, make sure they are responsive and easy to work with.

Once you have the finished design for the package, you then send it to your supplier and you're done! In the rare case your supplier can't do this or you need some special package, you can always find a packaging manufacturer in China and have the packaging shipped to your supplier's warehouse.

Getting Your Stock From Alibaba to Amazon FBA

Getting your product shipped from your supplier or manufacturer in China to an Amazon warehouse in the USA is the last hurdle. It is one of the most complex parts of the process but don't worry, there are some easy solutions.

The first is to request that your Chinese supplier quote you the total cost for your product quantity including door-to-door shipping. If your product is not bulky, this is the easiest method in shipping your product to the USA. Your supplier will handle all the costs and customs charges for the products to be shipped directly to an Amazon warehouse.

However, there are times when your product is too heavy or too bulky to be shipped via door-to-door shipping economically. Or, you supplier insists on EXW shipping terms. The easiest way to deal with this is to hire a freight forwarder to take your product from whatever port will be shipped from, and handle the transportation and customs paperwork to get your product into an Amazon warehouse in the USA. This is much easier and less error prone than trying to get this done yourself.

This is an extreme example, FOB shipping terms eliminate half of this difficult process and air shipping even more so, but a freight forwarder can be your best friend. I recommend that you find a reliable freight forwarder based on referrals from other Amazon sellers in Facebook groups.

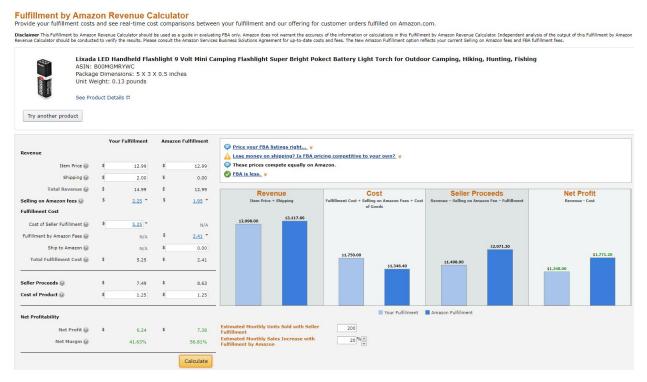
Freight Forwarding & Customs

If not shipping your product DDP or door-to-door, expect to consider other shipping options. I've already mentioned getting a freight forwarder who will do most of the work of shipping and customs for you. You have the choice of sending your stock by ship or by plane. A shipment from China to the US or UK will take 6-8 weeks. By plane, it will take less than a week. But plane will be about five times more expensive. If you find yourself running low on inventory you could fly in some emergency stock via air, and have the balance shipped by boat. On your initial

order you could always send a small amount, say 60, by plane and the rest by boat. That way you can be up and selling much quicker.

Pricing

If you have done some browsing on Alibaba, you may be a bit shocked at how cheap the factories are selling wholesale quantities of their goods for. Unfortunately, it's not quite as simple as taking the price you sell it for and subtracting the price you paid. There are a lot of costs to include. I am talking about pricing and margin early on because it is so important. You can't start talking to manufacturers until you know how much margin you need. Luckily Amazon has a handy calculator that you can use for most of the costs. It is called the Fulfillment By Amazon Revenue Calculator:



Just find an item similar to yours, or enter in your product's dimensions. On top of these costs, there are a few other ones you need to add in manually.

- The price of the item.
- Shipping to the country.
- Tax and customs charges.

• Delivery to the Amazon FBA warehouses.

You can talk to your supplier or manufacturer to get all these costs.

A typical example might be:

- You expect to be able to sell the item for \$12.99
- It costs \$1.25 per item to buy.
- Shipping is \$2 per item.
- Tax and import duties are \$0.75 per item.
- Delivery to the FBA warehouse is \$0.2 per item.
- FBA fulfilment fees are \$2.41 per item.
- Amazon closing fee is 15% of sale price, so \$2.41.
- Your profit is \$7.38 per item.

That is still a good margin and provided we can get sales is a good Amazon FBA business. Because of the way the Amazon fees work, your ideal product will be:

- Selling for between \$15 and \$50.
- Small and lightweight.
- Simple and with not too many moving parts.

And of course, an item that people want to buy. In short, there are a few great tools that can help you research the ideal product. JungleScout is probably the best and most popular.

Preparing Your Amazon Product Listing

So now that your product is en-route from China to an Amazon warehouse in the USA, you will probably be impatiently counting the days until your product launches on Amazon. Now is the time to refine and optimize your initial Amazon product listing so that you are sure to convert browsing customers into buying customers.

This is what needs to be done to create your product listing:

- You need professional and amazing product photos
- A professional and eye catching graphic designer
- A carefully crafted product listing and description

Photography is one of the most important items and it can take the longest so get that done first. Many Amazon customers make buying decisions just from the photos of your product - the photos are what catches the customer's eye and causes them to stop scrolling. This is why your product photos must be the best you can get. Just search for a product photographer to do the job. It is an investment well spent.

Once you have your professional product photos, consider hiring a graphic designer on Fiverr or Upwork to spice them up. Have you ever seen those photos with zoom in bubbles that show off a products features in a very cool way? It is a good idea to have some of those. You can also get your designer to do FAQ photos, size charts, or whatever it takes to show off your product. These things can really set you apart from your competition.

Make sure that each photo is resized to 1500 x 1500 pixels. This will make the best use of the space you are given for your listing and it is optimized for the zoom feature of Amazon. Too low of resolution makes it impossible to zoom in enough.

Finally, you need to write the listing's title, bullet points, description, and backend keywords. Since Amazon is a search engine, the keywords provide information so customers can search for and find your product. Using keyword tools and customer research, you'll discover the most popular search phrases for your product, then place them in your listing to be search engine optimized.

Put your most important keywords in the title and the rest throughout your listing and in the back-end keyword fields. Write your listings in a readable way that shows off your product's benefits, but doesn't sound like an infomercial salesman. If you'd rather leave it to the pros, you can always hire a copywriter on Fiverr or Upwork.

Refining Your Product Listing on Amazon

From the Amazon Seller Central homepage navigate to the inventory tab and select "Add a Product" if you have not already created your initial product listing as recommended earlier.

Select "Create a new product listing". Then select the most relevant category.

You will then be taken to the details page of your new product. There are hundreds of fields, but most of them you can safely ignore as they don't really add anything. Make sure to fill out:

Under 'Vital Info'

- Item Name. I like to include the brand name here as well as it it is what the customer sees when searching through Amazon. e.g. "Awesomo Fly Swatter Mk2"
- Brand Name. This is your Amazon FBA business brand. e.g. "Awesomo"
- Recommended Browse Node.
- Product ID. This is the UPC number that you purchased when designing the product. It is the unique barcode.

Under 'Offer'

- Your Price.
- Condition.
- Fulfilment Channel = 'I want Amazon to dispatch and provide customer service for my items if they sell.'

The fulfilment channel is important. This is where you tell Amazon that you want to create an Amazon FBA business and have Amazon handle your stock and customer service for you.

Under 'Images' Images are very important.

Make sure you have someone take some professional looking photographs of your item.

Under 'Description'

Make full use of this page and make your product sound as appealing as possible.

Keywords

Enter a few alternative words that people might search for your item. For instance, if you are selling a pest repeller they might also search for 'bug repeller' or 'mosquito repeller'.

And that's all you need. Now click 'Save and Finish'.

Marketing

In my experience, I have found the best way to get decent sales for a new product on a new Amazon FBA business is to do a short sharp burst and try get as high up as possible on the best-seller rankings. Once there the Amazon algorithm will start showing the item to people searching on the website. Let me explain:

When you start a new Amazon FBA business. You have zero reviews and zero sales. You don't even have an Amazon seller ranking. There is no reason for the customer or Amazon to trust your product is any good. Amazon has a formula that determines what shows up when people search for something. It's secret but we can take a guess at how logically it could work. It is known as the Amazon Search algorithm. Let's pretend that I am the Amazon algorithm, and it's my job to choose what we show people who are using the site. Imagine someone searches for a yoga mat.

How do I choose from the hundreds of yoga mats as to which ones to show the customer?

I think my first instinct would be just to rank all the yoga mats on Amazon by how well they're selling. Put the best selling one at the top and the worst selling one at the bottom. But that's a bit too simple.

What happens if the best selling yoga mat is just a big brand name that is of low quality but the seller is spending a lot on advertising?

People are still buying it but they are giving it bad reviews. So ratings are important too, let's take that into account. Perhaps I show a better-reviewed yoga mat higher than a yoga mat that has slightly more sales. But that is also too simple.

What about a yoga mat that only has one review?

Even if it's a 5-star review I can't show that higher than a yoga mate with one hundred 4.9 star reviews. So I weight the rating in some way by the number of reviews.

But what if there is some new yoga mat technology out and the best-selling yoga mat is behind the times? It still has all those good reviews. And it is still the best-seller. But it is unfair because it has been around so long that it would take a new and better yoga mat years to get the same number of reviews.

We have to take into account momentum.

An item that has only been around a few weeks but is getting a lot of sales and good reviews will be shown before other item that has less reviews and less sales. We have no idea how exactly the Amazon algorithm balances these factors, but we can be pretty sure that it favors:

- Sales
- Good reviews
- Many reviews
- Momentum

A brand new Amazon FBA business with no reviews and sales is not going to be shown to anyone. A brand new product that has a lot of sales in the first week and a lot of good reviews is going to be shown to customers. It is our job as a new seller to get as many new sales and reviews as possible in a short period of time. We need that momentum to start showing up organically on customer's Amazon searches. You need to convince your real customers to write reviews of your product.

Amazon is very strict on how you can interact with your customers but one thing you are allowed to do is to email them asking for a review.

There are a lot of rules about what you can include in your emails.

You cannot:

- Incentivise a customer to leave a good review. That means no "get 20% off your next order if you leave a good review"
- You cannot include a decision tree to filter different types of reviews. That means you
 are not allowed to say "if you loved the product click here to leave a good review, or if
 you were in any way unsatisfied please click here to message me directly and I will do
 everything I can to fix it
- You are also not allowed to include a link to your own website in the email

You may not get caught if you break these rules. But if you are serious about your Amazon FBA business I strongly recommend you follow them. Amazon has been known to ban people from selling on their platform for inappropriate emailing. If that happens that is the end of your Amazon FBA business.

So if you can't include any of that, what can you include to encourage them to leave a good review? My personal preference is a two email chain.

The first email simply includes useful information about their purchase and asks that if they are unhappy to email me. Here is an example template - change the wording slightly depending on the product and the audience:

Hi [[first-name]],

My name is Phil and I'm one of the creators of the xxxx. Thank you so much for your order!

I wanted to reassure you that we've got you covered. If you aren't completely satisfied with something when your order arrives, then let me know and we'll get it straightened out for you ASAP. Additionally, if you have any questions about your order or our products we'd be happy to help you out. If you'd like to get in touch, you can just reply to this message and we'll respond promptly. No question is ever too small or unimportant.

I'm going to provide some usage tips for your xxxx:

- [Usage tip 1]
- [Usage tip 2]
- [Usage tip 3]
- [Usage tip 4]
- *Etc...*

All the best, Phil

This email sets the tone for the level of customer service I want my Amazon FBA business to offer as well as heading off bad reviews before they happen. My second email asks for a review:

Hello [[first-name]],

First off, I wanted to say thank you once again for your support. Our small business wouldn't be able to grow and continue to produce top quality xxxx without your help.

I noticed your order was delivered a couple days ago, so I hope that you've had the chance to try it out and make sure you are happy with everything. We are always aiming to improve our products and service, and we would really appreciate if you could take a few seconds to provide us with some feedback: [[product-review-link:Leave a review]] Thank you again for your trust and support. As always, if you have any questions, suggestions or comments, or even just want to have a chat, send us a message by replying to this email and we'll get back to you as soon as possible.

All the best, Phil

Another method of getting review is **product inserts**.

Many sellers include product inserts in their product packaging, where they push limits of Amazon terms of service involving inserts. Common tactics include directing customers to your third party website, or incentivizing customers to leave reviews.

You cannot offer a discount or any kind of incentive for a review. This is strictly against Amazon's rules as we have mentioned in previous chapters. And you have to encourage honest reviews – not strictly positive reviews.

You also cannot ask happy customers to leave a review and unhappy customers to contact your company to fix any problems. This is strictly prohibited by Amazon.

So what can you do with inserts? The insert should be simple. What should you include?

Thank you & Benefits

First, show your appreciation and thank the customer for their business.

Then list your product's main benefits – what makes your product unique from the competition? This is reminding them why your product is awesome, to get them in a positive mindset. This may reduce the chances that they return the product, and increase the chances of them leaving a positive review.

The more perceived value they get out of your product, they more likely they will be to leave a good review. Including some tips on how to get the most value out of the product can be very effective.

Ask For a Review

Asking for an honest product review is fine. For example this is within Amazons rules for inserts:

'Could you please leave us a product review? It helps our small business immensely, and also helps other customers make more informed decisions. Thank you!

Sign into Amazon.com Hover over Account & Lists Under Your Account, click Your Orders Orders Find this order and click Write a Product Review Be honest! You can reach us at anytime at XXX-XXX-XXXX or example@email.com'

Product inserts are usually about the size of business cards. Or a bit larger. Make your product cards easy to read. Don't jam too much information on a small card. Put your brand logo on the card. And infuse your brand voice into it (and all communications).

There are also some advanced strategies that I use when launching a product which would require their own eBook and are not discussed. Product inserts and follow up emails will get you far though.

Amazon Sponsored Ads

Once you have a few reviews, it is time to start an automatic PPC campaign. This is where you basically pay Amazon to find relevant search terms that customers use to find your product and convert to sales. You should run your automatic PPC campaign for at least 2 weeks to get enough data on good converting search terms.

After you collect search terms from your automatic campaign for a few weeks, you should create a manual PPC campaign. This is where you bid on search terms for your product. You set a daily budget and Amazon will not spend over that budget.

You should always let automatic or manual PPC campaigns run for at least 2 weeks before making changes to them. The number one mistake that new sellers make on PPC is adjusting and changing their campaigns every other day when they don't see the results they are hoping for.

Managing your automatic and manual PPC campaigns is a complicated subject that would require an eBook of its own to describe, so it is beyond the scope of this eBook.

Is it possible to run a PPC campaign before you have reviews? Yes. It is better to have a few review before starting PPC, but if you are unable to get those initial reviews, then starting an automation campaign is better than nothing. A way to make it more successful is use one of the many search term services out there to find good keywords for your product.

The combination of sales, reviews, and PPC will move your product up in rank where the target is to be at the top of page one!

Expand to Different Countries

Once you have started to rank in one country it's time to expand and do the same in others. The great thing is that with the central accounts of the USA and UK you can expand your selling to a bunch of other countries with just a few clicks. For instance, with Amazon UK you can cross-list your items on Amazon Germany. When a customer buys your item in Germany it will be shipped to them from the UK FBA warehouse. Amazon even provides a translation service so that your listings will be spelt correctly in the target language.

Congratulations! You now have a multi-national global Amazon FBA business.

Expand to Different Products

Now you are selling strongly everywhere. Time to move on to a new product and start the whole process again. Except this time it should go much smoother and easier.

Where Do I Go From Here?

I hope that this article has given you a good 10,000 foot view of the process of selling on Amazon. If this seems right for you, and you are willing to invest some time, money, and elbow grease, you can continue to expand your Amazon business to any scale and any income level that you would like.

Do you want to continue to learn about selling on Amazon?

I have a YouTube channel on the subject of Amazon FBA that goes much more in depth than what I can cover in this eBook. Please make sure that you subscribe to my YouTube channel so that you will be notified when I post a new video about Amazon FBA.

My YouTube Channel: https://www.youtube.com/philipacovington

You can always contact me by email at: p.covington@gmail.com

I also have a website that is devoted to the subject of Amazon FBA and building a highly successful Amazon business of your own: <u>https://www.philcovington.com</u>

Thank you for downloading this eBook and for your interest in my content! I greatly appreciate it!

Sincerely,

Philip Conington

Philip A Covington