THE 5 THINGS YOU MUST DO FIRST TO BE SUCCESSFUL WITH AMAZON FBA

1. Find an opportunity that allows you to start easily capturing sales on Amazon.

This is the first crucial step in creating a successful Amazon business. You must identify a market that you can start making sales in easily. *Easily* is the key word in that sentence. This means that, without pouring a ton of money into launches, your Amazon listing should start getting sales. We want to be early enough in a market where we are the smartest Amazon marketers to enter that particular niche. We don’t want to chase ultra-competitive niches, where our competitors already have a massive advantage. (e.g. markets with dozens of products having over 1,000 reviews… that is one signal of strong competition). Instead, what we do is actively seek markets where we can make a lot of money easily. You can find these opportunities by testing with small quantities. For instance, instead of buying 1000 units of a new product, we recommend that you buy 10 “samples”. This low quantity test allows you to get your products to FBA to see if sales start coming in WITHOUT a launch. If they do, that’s a great sign that you have a winning market that you should pursue the opportunity further! Software can help with this decision-making process, but until you actually get some inventory at FBA, you will not know. Small quantity testing keeps your risks low and your rewards high!

2. Understand Amazon marketing and what it takes to show up in high volume search results.

The days where you could send inventory to FBA, turn on Amazon PPC, and be successful, are long gone! You must approach this business much more intelligently than what was required 5 years ago, but that’s okay. There is still a ton of opportunity to be had building a business using the Amazon platform. Getting the Amazon marketing right so you start showing up organically in high volume search results are the fastest, and most profitable, way to grow your sales. Most people want to spend their entire marketing budget on Amazon Sponsored ads or give away products using high discount coupon codes…don’t do this! If you do, you’ll make some sales but you’ll be wondering why there isn’t any profit leftover at the end of the day. You need to take an alternative approach. You need to have a dialed in listing. Yes, that means having world class photos and copywriting. You need to be smart with your keyword research and do so in a way that is relevant to your niche. You need to get all of the little details right, such as MSRP, instructions, etc. Above all else, you absolutely MUST send high converting traffic to your Amazon listing that drives your keyword ranking for the keywords that will generate sales for your product.

3. You must understand how to maximize your profitability.

I’ve talked with hundreds of Amazon sellers and the successful ones know that it doesn’t matter how many sales you bring in, it’s all about profit. There are many different aspects to consider when managing for profit. You have to manage FBA fees, COGS, freight, storage, advertising, and the list goes on. You have to understand Amazon’s fees. You have to know how to properly position your product’s packaging to avoid higher fulfillment fees. You have to have your inventory management dialed in to avoid long term storage fees. You have to know how to make sure Amazon refunds you when they lose your inventory, (they definitely will at some point). You must work with your supplier to give you better terms, pricing, and quality. All of these factors dramatically influence your profitability. Imagine that you negotiated with your supplier to produce a higher quality product for the same price, and you then lowered your refund rate from 7% to 2%. You just increased your net profit by 5%! For every $1,000,000 in sales that’s an additional $50,000 that you get to keep. Did you know that the average successful Amazon business has a net profit margin of about 31%? Yes, this means after all of your advertising and marketing, office expenses, etc. This should be your minimum target for profitability. You have to start focusing on the bottom line.

4. Set up an accounting system that will grow with you.

Many new business owners don’t understand the importance of accounting and bookkeeping. Knowing where your money is being made, and lost, is critical to your success. We have launched over 500 unique private label products on Amazon and knowing which products to cut and which to keep, is what allowed us to scale so quickly.

At bare minimum, you need to have a software tracking your individual ASIN gross profitability. We recommend getting a more robust accounting system setup as soon as is feasible for you. We use QuickBooks to calculate our financials so we can stay on top of our total financial health.

Make sure you fully understand your profit and loss statement, balance sheet, and cash flow statements and then review them monthly. Having up to date financials allows you to make real time adjustments in your business. You don’t want to ignore the financial health of your business all year long and figure out later that you didn’t make any money. Getting proper bookkeeping and accounting systems in place now will allow you to grow your business much more easily in the future. It will also make your business a sellable asset, so when you decide it’s time to cash out, you can!

5. Find a mentor who has done what you want to accomplish and model after them.

The last thing you must do to be successful in this business is to find someone who has already accomplished what you want to accomplish, and do whatever it takes to gain their mentorship. Having a mentor allows you to skip years’ worth of trial and error and literally jump straight to the head of the pack. The right mentor can give you the strategy, the tactics, and the courage to achieve your goals. This mentorship strategy is the fastest way at becoming successful at anything. Find someone who is having success that you want, and simply copy them. A mentor goes WAY beyond just that though. They will show you not only what to do, but HOW to do it. This is where all the breakthroughs happen! A mentor is like having a guide that has been there before, because they have!