



Creating an Optimized SKU

This video is going to be about setting up an optimized Amazon SKU. Creating SKUs in this manner will help you with all sorts of facets with your business. It's going to help you track your cost of goods. It's going to help you know who your manufacturers are or the distributors you're purchasing product from. It's going to help you remember any type of map pricing, as well as what you paid for the product. Setting up your SKUs like this can be very, very beneficial to your business and save you tons of time at the end of the year when you're doing your taxes or whenever you're spending some time analyzing your current sales of the product. This is exactly how we do it in our business. Hopefully this is something new and fresh for you and something you can apply to your own business.

For our example, we're going to use a product that we used on a previous video. We're going to say that we've contacted this manufacturer and they contacted us back with their pricing. We're going to use this example, and hopefully set this product up like we would set it up in our own inventory. The example we're going to use is the Microban Antimicrobial Cutting Board. What we're going to need to do first is ... Well we're going to have the email to look at but we're purchasing this product from Uniware. We're going to go down here, we're going to copy the ASIN, and put it in right here. This is how you traditionally add a product through Seller Central, although you can add it from the Amazon page, here, with the 'Sell on Amazon. We're going to run through it this way. You can do it however you want to. If you're using third party software, it's important to remember that this is also applicable. Just take time to optimize your SKU to give you as much good information as possible.

Whenever we put the ASIN in, this is what Amazon is going to return is the Microban Antimicrobial Cutting Board, which is the product we were looking for. We're going to sell ours. The first thing we're going to do in our seller SKU is we're going to put our source of purchase, which is Uniware in this instance. The second thing we're going to put in is Uniware's product code. This is going to help us optimize our array orders because in terms of the products that Uniware carries, they may not call this a Microban Antimicrobial Cutting Board- Orange. Whatever the product code that Uniware gave us for this item is the number we're going to put here. We're going to pretend that the product code was UN733. That's our product code for whenever we're placing reorders.

The next thing we're going to put is MAP. If there's a MAP pricing policy with this. If there's no MAP pricing, you obviously wouldn't put it. A lot of the products that you're going to see are going to have map pricing and we advise to stay at the MAP pricing if possible. We're

going to put 'MAP.' If you're really familiar with SKUing like this, you may not want to put MAP and just recognize that the dollar value here is going to be your MAP price. A lot of our early SKUs actually had this in this exact fashion. MAP price, let's say would be \$14.99. We're going to put MAP, \$14.99.

Then we're going to want to put the price that we paid for this product. Let's say that if your order was \$500 more, you were able to get free shipping. That's common. The thresholds vary from time to time. Let's say that we chose to do over a \$500 order on this particular item and we're able to get free shipping. The cost for the item was \$7.50. Now if you didn't get free shipping, what you're going to need to do whenever you're going to ring this item, is if your shipping was \$42, and you ordered 80 units or 50 units or something like that, then you're going to want to divide the \$42 by 50 and simply attach that cost to it.

To give you an idea, just to make sure we're clear on how we would do that, we're going to say that ... \$42 is actually absurdly high. Let's say it was around \$30. We received 50 units so it would be the amount of shipping we paid divided by the amount of units we received, which was 60. So our new product cost would be \$8.10. Like we said in earlier videos and will continue to preach is, try to take advantage of any discounts you can get. We're going to pretend that we went ahead and paid the \$7.50 as opposed to the fee with shipping.

This is how we set up our Amazon SKUs to optimize them. Our goal is to be able to reorder these as quickly as possible, as well as whenever we make a sale, we want to be able to use our calculator to be able to see was the item profitable. When you start getting a high number of SKUs in your inventory, it's going to be more difficult to remember your costs and things like that. Putting as much information in your SKU as possible will definitely help you out. If you choose not to enter this type of SKU, what's going to happen is Amazon may give you an auto generated SKU which is a random assortment of letters and numbers, but there's not reason to not SKU your products like this because any information you get or the time you save is information and time that you can spend on growing your business.