

## **Defining Your Product Range**

This video is going to be about defining your product range

In a nutshell your product range is the different types of products you will be able to carry, and the plan for you wholesale business. There are numerous factors involved and we are going to take a look at some of them, and how you can combine them to make the best business decisions and product sourcing decisions as you move forward.

## **Outside Factors That Contribute to Product Range**

Here we have a list of major outside influences that impact your product range.

First is available capital. Obviously the amount of money that you have available to you should directly influence the types of product buying decisions you make. As a general rule of thumb, the tighter your capital and budgets are, the faster you want to be turning products over. So look for the fastest selling items when you have limited capital.

Conversely, when you have more capital to work with, it also influences what you can do differently. You can take more risks, broaden the types of products you are willing to accept, and most importantly of all, you will be able to make larger purchases with vendors and manufacturers that results in very significant price breaks. Those price breaks increase your margins and improve your ability to compete.

Next up is your business overhead. These are all the costs of doing business, from shipping supplies, to Amazon fees, and so on. You need to closely monitor all expenses to determine if those expenses are paying off.

Third we have your business growth goals. The old adage is true, sometimes you have to spend money to make money. You need to be prepared to scale your business and invest in yourself if you want to really succeed at a high level. If you think you need to rent a warehouse or storage unit to keep growing your business, if you need to hire an employee to keep up with product processing, you should strongly consider doing these things when the time comes. We have found that being hesitant when it is time to scale and grow is the same as throwing money away.

You should also be trying to reinvest as much money as possible back into your business for optimal growth. For a long time we paid ourselves the absolute bare minimum we could live off of just so we could continue to exponentially grow our business.

Another way to really scale your business is to apply for credit and business loans as you grow and become more experienced.

## **Primary Factors that Contribute to Product Range**

Now let's take a look at the primary factors that help us determine our product range, and ultimately help us make our decision on what products to carry.

Number one is sales rank analysis. We have talk about this extensively in the other videos, but we need to be finding products with very good sales ranks because that indicates the products does sell at a good rate.

After we find a product with a strong sales rank we take a look at the competition using all the points we highlight in the competition analysis video.

If a products checks out with both sales rank and competition analysis, we make a call to the vendor/manufacturer and find out what our price will be. This is how we determine our margin for the product. If it works out to a profit margin of 15% or better, we usually will carry the product.

Also, remember that we like to do a small test order on a product to ensure that it's viable and that there are no hidden processing costs such as bagging. We aren't worried about being profitable on a test order. Breaking even is just fine. The purpose is to just make sure the product sells at the rate we predicted. If it does, we will make larger order to incur the deeper quantity related discounts to create a real profit margin.

As an aside, sometimes a manufacturer or vendor will not let you carry only a single one of their items. There have been many instances in the past where we carried multiple products with little or no profit just so that we could carry one extremely profitable item. When situations like this arise you need to analyze them thoroughly and play them by ear.

## **Final Slide**

The last thing we want to leave you with is a little word of advice.

In a wholesale based business, you can't be afraid to lose money and take chances. This is the biggest mistake we see others make. When you are dealing with replenishable wholesale products, there is typically very little risk. Sometimes you might take a 10 or 15 percent loss on a SKU, but never anything that will break you.

You also need to recognize when it is time for your business to scale. Doing simple things like hiring part time help when you are ready is enough to grow your business to another level. Ther