

THE WHOLESALE FORMULA

Module 2 – Intro

Hey, welcome to module 2, Product Analysis. In this module, you're going to learn the same techniques we use in our business to evaluate Amazon products to determine if they are the right fit for your business.

By now you should have a solid understanding of both the business model and the structure of the course. In addition, I hope that you have knocked out at least some, if not all, of those mandatory general business tasks we assigned you in module 1 such as legally forming your business and acquiring your resellers permit. Get on those ASAP if you haven't completed them yet.

Also, if you haven't joined the TWF Alumni Facebook group, go ahead and request to join today. Once you have joined, complete your show and tell assignment to introduce yourself to the group. I look forward to meeting you there.

Ok, now that you've had a week to wrap your head around this business and get in the right frame of mind, your next step is going to be learning how to properly evaluate products on Amazon. This is a huge part of our business, and it's an essential skill for you going forward. Our goal by the end of this module is for you to be able to look at a product, fundamentally dissect it, and decide if that product is worth pursuing. We want you to be so good at doing this that you could teach it. Although, you may be looking ahead at this module saying to yourself, "man, this looks like a lot to learn!", just know that we have literally taught children how to do analyze products. What?

That's right, as a way to give back, we collaborated with an awesome organization called "ecommerce kids" where we donated our time teaching young children the same exact strategies and tactics you're about to learn in this module. And not only did they understand these strategies, but they excelled in successfully applying them to analyze products. So, if these awesome little entrepreneurs can do it, I know you can too.

Here's a quick summary of the things you'll be learning in this module:

Reverse Sourcing Wholesale – This is the system we used to build our business into what it is today. Reverse sourcing has allowed us to scale our business because it makes scouting and sourcing so much easier.

The Amazon Buy Box – This component is absolutely critical to your success on Amazon. We will dive deep into the factors that help determine what percentage of the buy box that you will get, as well as key strategies to help you maximize your share of the buy box.

Here are some of the core benefits to having a great understanding of the buy box:

- Gauging cash flow internally – This is an important aspect of any physical product business. We believe liquidity plays a huge role in the growth of our business and provides real protection. We don't believe in creating demand, and instead focus on fulfilling existing demand. Understanding the buy box helps us to understand how much of given products we will sell over a set period and properly map out our cash flow and growth projections.
- Providing our vendors with accurate projections – Accurate projections are a hugely beneficial value that we can provide our vendors. With most people, they believe in simply ordering as needed and hoping their orders are filled. We realized early on that holding inventory costs our vendors money. By understanding the buy box, we are able to provide them accurate estimates and projections of our sell through to help them gauge their own orders and prevent profit loss from over purchasing on the vendor end.

Competition – Much like understanding the buy box, understanding competition can have a huge impact on our scouting and sourcing.

The core concept we will be working on in understanding competition is:

- Learning how to identify competitive sellers – As you will learn, the number of sellers on a listing is NEARLY completely irrelevant. What is relevant is the number of competitive sellers. While a listing may have lots of sellers, it may have very few who actually get sales. Having the ability to determine which sellers are competitive will change the way you view products on Amazon, and will help you to truly find diamonds in the rough.
- Defining Your Product Range – We will go over exactly what you can and should expect with wholesale, as how you can define your product range with key factors to make sure that you are maximizing your income potential.

Your product range effectively acts as your map to guide real purchasing decisions. Learning to do this will not only increase your income potential, but also help you dial into the products that you should be looking for.

Here are a few key factors to understand in context of your product range:

- Your available capital – This will be a critical component to deciding what products to pursue and what products you should be looking for. This will help to define the types of accounts and brands you should be pursuing.
- Your cost of processing – It's funny, most people really want blanket answers as to how they should operate their business. The reality is that you should be looking at how much each unit is costing you to process in conjunction with the other factors to decide what your minimum product prices are.

- Your target profit margin – This goes without saying, but different people will have different expectations. Our goal with the profit margin lesson is to help you understand both what you should expect, and how you can easily discern which products are right for you before you reach out to the brand owner.
- Target inventory turn – This is the last factor that we use to define our product range. Our goal with our business is to keep our cash incredibly liquid, and focusing on products that sell very well. It goes without saying that we believe that it's right for you to follow this similar strategy as well in terms of your product expectations.

Being able to quickly and accurately analyze products is one of the key cornerstones of this business. But, not all products are right for everyone. People have different goals and different limitations such as capital, time, and space. So, in this module, you'll learn how to analyze products with these considerations in mind to find the products that are optimal for you. We'll provide you a recommended baseline, but you should do what's best for your needs.

To recap, this module is all about analyzing products on Amazon. You're going to learn how to efficiently and effectively evaluate products to decide if they are right for your business. This module is filled with a ton of information, so make sure you're taking good notes and practicing the skills taught in this module regularly.

Analyzing products is a core component to the Wholesale Formula, and I hope you're excited to start learning. Mastering the skills taught in this module will be critical to your success. That wraps it up for this video. Thanks for watching and I'll see you soon.

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