

# THE WHOLESALE FORMULA

## Module 3 – Leaf Sourcing

Hey guys, welcome back. In this video, you will learn the proprietary scouting technique that we developed through our years of experience selling wholesale products on Amazon. We call that technique Leaf Sourcing and it's one of the biggest contributors to our success. Let's jump right in.

When we first started, we didn't have any kind of strategy to efficiently look for potential leads. There are just so many millions upon millions of products that we were simply overwhelmed, and we knew we had to come up with some sort of system for scouting that was easy to follow. After weeks and weeks of trial and error, we developed leaf sourcing.

One important thing to mention is that our leaf sourcing method has improved immensely over time. We continue to build on the strategy and find new improvements that allows it to remain an integral part of our business.

Now, I know what you're thinking, "if it's a scouting technique, why is it called leaf sourcing and not leaf scouting?" Well, we initially lumped scouting and sourcing together, but we have learned that for teaching purposes it has been much easier to separate the two. But, we kept the name "leaf sourcing" because that's what we named it in the beginning. But make no mistake, leaf sourcing is a scouting technique. Ok, moving on.

So, what is leaf sourcing?

In leaf sourcing, we start with a single product. This is our "tree." From there, we can find associated products. These are our branches. We can keep branching off from each one of those as well. This can repeat several times over. So, you can see that from just one leaf search, you can find hundreds if not thousands of related products.

So, what am I looking for when I leaf Source?

When we started doing this originally, we used this solely as a method for finding new products. Like any process, it has evolved well beyond that point. We look for the following things when we leaf source:

- 1) **Products** – This is still a great method for locating new products and lines.
- 2) **Competitors** – This has become, perhaps, the most important aspect of our Leaf Sourcing for our company now. We are always looking for new competitors for which to use Super Targeting.
- 3) **New Niches** – This is important as well as this where we discover new niches that we plan to move

into and start setting up accounts.

The bottom line is that there is a LOT of information that can be gleaned from Leaf Sourcing. That information generally turns into more awesome leads. So, now you're probably saying "ok, so how do I start leaf sourcing and how do I branch out?"

There are several ways to start a leaf search. Here are some examples of the ways we start leaf sourcing:

- 1) **Products you already carry** – If you have found a product and it's doing well for you, then this can be an excellent place to start. The majority of our Leaf Sourcing starts out with products that we already carry and already meet our guidelines or expectations.
- 2) **Keyword searches** – We keep lists of new search terms, and search these types of products out pretty often to discover new niches. We get these lists of terms from reading articles, listening to podcasts, conversations with friends, posts on Facebook, etc.

For example, we had heard of things like: cloth baby diapers, organic tampons, vegan dog treats. All of these look like non-mass market products.

Additionally, you can search non-specialized search terms like: diaper, cookware, barbecue or really anything and scroll through products until you find something unique and not carried by Amazon that meets the initial qualifications.

- 3) **Other sellers inventory** – We tend to look at sellers with 200-800 feedback in the past 30 days. These sellers are generally doing fairly significant amounts of sales but aren't in the mega-seller range, which will usually mean that they are still niche focused or possibly focused a few different niches. We will cover this strategy much more in-depth in the Super Targeting video.
- 4) **Manufacturer name search** – We search for various manufacturer names, possibly products that have denied you in the past from carrying their products. Search their products and leaf source similar style products and competitive brands.
- 5) **Sub rank top 100 lists** – these are an excellent place to start leaf sourcing from. You can go through the various top 100 lists of sub-categories on Amazon and extend your BSR out from there. You can do this by clicking on a sub-rank on any product page. This can be done in conjunction with the next way to start, which is Amazon filtering.
- 6) **Amazon filtering** is a great way to start leaf sourcing. It involves niching down into the lowest sub-categories to find very specific products and branching out from them. You'll learn more about this method in this module.

These are just some of the ways you can start leaf sourcing.

Let's move on to an example and we'll just pretend like we've used Amazon Filtering to find a product. The first thing we would do is make sure it passes our 4-point check before we branch

out. The selling price is over \$20, so check one. Next, let's check the Keepa graph for Amazon. The graph is currently displaying a range of the last 3 months. Let's change our range to look at the lifetime of the product on Amazon to see if Amazon was ever a seller.

What we are looking for is to see if Amazon has consistently carried this product. And we're also looking for a pattern. If it looks like Amazon has consistently sold the product, but recently stopped, they may simply be out of stock. But if it looks like they carried it a long time ago, but haven't in quite a few months then they probably no longer carry it. We usually feel comfortable when Amazon hasn't sold the product in 3+ months.

Obviously, if Amazon currently sold the product, we would move on. So, for this product it looks like Amazon has never sold the product, so that's good. Third, the TWF Scope shows us that there are multiple competitive offers; check. If the scope only showed 1 competitive seller, we would need to make sure there were other sellers to make sure it's not private label before continuing. Finally, let's now use Jungle Scout Pro to estimate sales.

We can see here that JS estimates this product will sell 170 times per month. We see the sales rank is currently 27,000, and we can look at the Keepa graph to make sure that sales rank has been consistent. Just click sales rank here and now we see the green line that represents sales rank. As you can see, the sales rank for this product is rather steady, so that's good. Now, let's calculate our sales equity. The buy box scope tells us there are 3 competitive offers, so we divide 170 sales by 4 sellers and see that we can estimate to sell around 43 units every month. That passes the fourth check of 40+ sales per month. That means we can add this product to our contact sheet...

Ok, I've added the product to my contact sheet. Now comes the fun part. It's now time to start our leaf sourcing. To do that, we'll need to scroll down until we reach the section titled "customers who bought this item also bought." The concept is rather simple, and asserts that people purchase in patterns. Effectively, if a person likes a niche brand with one type of product, they will likely carry that same taste into other products that they purchase. We saw this in our early research on Amazon and developed a way to take advantage and gain sourcing knowledge from it.

You will note when you attempt this, there are several suggested sections here, such as "Sponsored Products Related to this item" and "Customers who viewed this also viewed." We do not use either of those sections. If you see the customers who viewed this section, it is likely that the product does not have the necessary sales volume. Likewise, the Sponsored Products tab will also deliver *far* too many Private Label products, which we want to avoid as well.

Moving on, what we're going to do now is start opening up items that pass the greater than \$20 test and the not sold by Amazon test in new tabs. We can see the price and when we place our cursor over the product, the Keepa graph will show us if Amazon is a seller. If the Keepa graph does not show up, you will need to select that option in the widget like this. You'll then have to refresh the page. For the ones that pass the two tests, we'll simply hold control and then left-click to open them in a new tab. What this does is start new branches. So, let's continue through some of these. This means we can keep repeating this process with each one of these products. I'm going to skip products that are the same

brand of ones I've already opened as we already are aware of that brand. I'm also going to skip big name brands like this Rogaine product. So, you can see how fast you can find tons of awesome products from just one lead.

Ok, now that I've clicked on the ones that pass the \$20 and Amazon tests, I would then run them through the remaining 2 points. Looking at this first one, we see a suppressed buy box. This means that Amazon doesn't consider any of the offers to be competitive, so there's no buy box. Customers can still purchase the product from a seller, but they have to take extra steps do so. It's just not convenient. Pulling up Jungle Scout, this product is estimated to sell 52 times per month. Suppressed buy boxes are rare and it's very important to note that when Amazon deems an offer competitive enough to un-suppress the buy box, the sales usually increase significantly.

So, let's continue analyzing this product. Note that the brand is Health-Aid. Now, let's take a look at the offers. We see that there are 3 total offers with 2 of them being FBA. So, it's still unclear if this is something like a private label product or semi-exclusive. So, let's do a little more digging. I'm going to go back and click on the brand to look at their products. Ok, I see that there are 450 products, which tells me they are a real brand with tons of different lines. Scrolling down I can see that there are plenty of products with multiple FBA sellers. So, they aren't private label and I'm not seeing Amazon as a seller. This brand would definitely go on my contact sheet.

Let's move on to the next product. Scrolling down, I see that there are almost 30 sellers. Let's see what jungle scout says. Four hundred sixty-five sales and we see there's just one competitive sellers, so around 230 sales per month if we come on, all things being equal. That's another I would add. Let's do one more. Here's one that doesn't pass. You can see that the brand is "Youth If I Embrace Life" and that's also the seller. Notice we can't see any other sellers? They are the only seller. If we scroll to the Keepa graph, we can click here where it says "More Historical Data" and this let's see the number of offers. It shows only one, which is indicative of a private label product.

After doing this for each one, I've found multiple products that passed the 4-point check, and I would add them all to my contact sheet. After that, I would then branch off and scout using the same technique for each one of these good leads. This is leaf sourcing. You're looking through the related items in the "customers who bought this item also bought" section scanning for possible leads. We then open the ones that pass those two tests to see if they pass the remaining two. Then, we can leaf source off of those awesome leads to find even more possibilities.

Another way to leaf source is by scouting brands too. After all, that's who we will be contacting. So, to do that let's look back at this [product](#). This looked like it was a great lead, so let's now see what other products this brand carries to further evaluate the brand. To do that, we'll simply click the brand name here which will take us to this page where we can find more of their products. Here is where you'll see the power of the DS Amazon Quick View extension.

As you can see, the extension will display how many FBA sellers there are on the product along with telling us if Amazon is a current seller. This lets us perform 3 checks of the 4-point checklist. We know that if Amazon is a seller, we can skip it. We also know that if there is only 1 FBA seller, we can also skip

it as it is likely a private label product. And, we can obviously see the price. So, we open some of the products that pass those three tests. The value of doing this is you'll be able to see how many opportunities that one brand represents. The more awesome products they have, the more valuable an account with them would be. Another value of doing this is being able to leaf source from each one of the products that pass the 4-point check.

By using leaf sourcing for your scouting, you'll be filling up your contact sheet in no time. I was moving fairly slow for teaching purposes, but the more practice and experience you get from leaf sourcing, the faster you'll be. In fact, as you continue through this module, you learn how to scout more efficiently through Amazon Filtering, Jungle Scout Filtering, and Competitor Tracking. That wraps it up for this video. Thanks for watching and I'll see you soon.

