10 Steps

To
Finding The
Perfect
Private
Label
Product
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Introduction

Hey there, glad that you signed up! This is the first step towards building a business that can be profitable, scalable, and allow for time outside of work to do more of the things that you love to do, whatever that is.

Getting started with private labeling is hard for most people to do. I would estimate 90% of people who never end up starting is due to the fact that they cannot pick the “perfect” product. They will find a product that they think they like, contact some suppliers, find one they like, get pricing, and then never order samples because they’re not sure if the product is right. They see another product that they think might be better, or saw in a Facebook group that such and such is the best category to sell in right now.

The truth is, if you have put any time into product research, there is a good chance that one or more of the items you have chosen could be successful private label products. The only difference between you and that guy you hear about making $10k/month off one product is the fact he or she pulled the trigger and followed through with getting the items into Amazon to sell. So let’s be the successful person that has a bias towards action and moves the needle with constant forward progress.

I know this because I get emails from people all the time asking for help, they will have identified multiple products that would be successful, they’re just scared to pull the trigger. It’s understandable why this happens, you’re thinking “What if it doesn’t sell?”, “Am I sure I want to part with $2,000 of my hard earned money?”, “Is there any way I am really going to be able to sell 500 of these?”

To help account for any natural fear and uncertainty in this process, I have written out the following 10 steps to lay the foundation for a successful private label business. These are not guarantees to success, but it is the blueprint that I have used for myself. If you get through with all the steps and don’t have any items that make the cut, simply start over. Successfully private labeling 1 product can bring in an incredible amount of money over the life of the product so don’t be afraid to put in a little time during the product selection part.

Why should you trust this process? In the past 25 months, I have built an Amazon business that averages over $11k/ day in revenue. In the beginning, I was selling all sorts of products, some were selling really well while others I would spend a bunch of money promoting and still get mediocre results. I quickly realized the importance of product selection. The 80/20 rule of successful Amazon selling is proper product selection, quality listings, reviews and PPC advertising. These 4 things are the 20% that produce 80% of the results. Everything else (facebook pages, external web sites, messaging customers, etc.) are the 80% of tasks that return 20% of the results.

I will follow up with you in the next few days as well to check in with your progress and offer a few more helpful guidelines and tools. Let’s start this process and take the first step towards building a sustainable, life-changing business!

Onward,

Greg
Choose the right category

Step 1:

Do yourself a favor and for your first product, only look at categories that are well-suited for private label products. Yes, of course you could sell in lots of different categories but don’t make it hard on yourself, just choose one of these beginner-friendly categories. These categories are:

- Sports and Outdoors
- Home & Kitchen
- Patio, Lawn & Garden
- Pet Supplies

Categories that I would not recommend for any private label beginner (or at all, for that matter):

- Appliances (have you tried shipping a refrigerator?)
- Camera & Photo (too complicated and big brands own the category)
- Electronics (more on this in later)
- Jewelry (quality control issues)
- Music (maybe OK for retail arbitrage, not good for private labels)
- Watches (brands are big here)

There are literally thousands upon thousands of possible products in the remaining categories, it is upon you to now go digging through to find the opportunities. We have nine more steps to help you in the process first.....
Step 2: Choose a small and lightweight product.

For our first product, we do not want to mess with anything classified by Amazon as oversized. That means nothing that weighs over 20lbs (ideally less than 5lbs), or is longer than 18”.

I like to call this the “shoebox test”. We don’t want anything that won’t fit in a shoebox and can’t be easily carried with 1 hand.

There are multiple reasons for this: the most important is that Amazon charges higher fees for oversized items. Additionally, Amazon will only allow new sellers a limited amount of oversized items to be stored in their warehouse. Lastly, oversized items are more expensive to get from China via Air shipping. Large items are a hassle and expensive for your first product. Simply put, don’t do it.
Step 3: Choose a simple product, not easily breakable.

Chinese factories are not known for being able to manufacture items to fine tolerances. Chances are, the more complex and the more moving parts your product has, the more problems you will come across.

Think of a yoga block vs a coo-coo clock. Which is more likely to have problem? I’ve never seen a broken yoga block. The simpler the item the better. We also want to stay away from anything that has complex electronics or glass.

What is a complex electronic? I wouldn’t want anything that needs to be more complex than an electric thermometer and would even shy away from something that like for your first product. This product is going to be produced in China, taken in a truck to a sorting terminal, transported in a plane, probably get off at another terminal and onto another plane, arrive at the sorting terminal in the US, go through customs, get loaded onto a truck, go to another sorting terminal where it will get loaded onto your local delivery truck, to your house, back in the box to amazon, sorted in their facilities, shipped to the customer... You get the idea. Through all this, the chance of something glass getting broken is HIGH. Don’t do it.
Step 4: Find a product that sells at a “moderate” price range.

We want our product to sell to the customer for a retail price between $15 and $50. Less than $15 and we’re not left with enough profit after Amazon takes their cut. Greater than $50 poses a few different inconveniences. First, the sales volume of these items are often lower because there is less impulse purchases. Second, in general, people want to know more about a brand which they are spending more money on. Not exactly helpful for a private label product, especially your first product. Would you buy a TV from a company you have never heard of? I wouldn’t. Would I buy a $20 massage ball from a brand name I am not familiar with? Sure, it doesn’t bother me.
Step 5:

Avoid patented products.

The reason for this doesn’t need too much explanation. I would highly recommend building this business with a long term outlook. Knowing that, you need to do things by the books: don’t infringe on patents!

How do you know if a product is patented? Usually it is listed in the Amazon product description or the product description on the website. Always use your common sense. Is it a very unique design that does not have any direct competitor? Then more than likely it is patented. I also recommend doing a google search for the product name with “Patent” on the end, or just the US Patent and Trademark Office website (http://www.uspto.gov/) Sometimes I don’t think a product is patented until I perform this search. And I am always glad when I do!
Step 6: Create a long list of ideas.

From the first 5 tips, you know what type of item you would be willing to sell. Now, let’s start brainstorming some possible ideas.

HELPFUL TIP: Since the advent of Jungle Scout’s Web App, this step is now super easy. I would highly recommend checking it out at junglescout.com if you’re having any trouble with this step.

Try to create a list of 30–50 products. Need to get the creative juices flowing? My favorite two sources are directly on Amazon:
• Amazon best sellers – http://www.amazon.com/Best-Sellers/zgbs
  o Drill down into the categories by clicking the sub categories on the left. Keep clicking sub categories to drill deeper and deeper.
• Spying on other Amazon Sellers
  o Find a seller you think is selling a private label. Go to their storefront by clicking on the seller name, shown below by the red arrow. Now search through their products for ideas. (Jungle Scout Owner Hint: Extract all their products then sort by sales to find their best sellers)

If I still want more ideas, sometimes I’ll check these two websites, however, it’s easy to waste time by getting off track on really cool products, innovative products that would be awful (and not available) to private label.
• Trend Hunter – http://www.trendhunter.com/
  o Fashion, tech and life are the 3 best places to look. However, remember to stick in the categories discussed above.
• Pinterest – https://www.pinterest.com/
  o You can start here by simply searching for the category you want to sell in.

Use these 4 methods to think of 30–50 product ideas. Remember, shoebox test, lightweight, simple, durable. List them all on an Excel sheet.
Step 7: Sell what’s already selling!

Go straight to the source, Amazon, and check how well this item is selling. For instance, if I was thinking about selling Grill Gloves, simply search “grill gloves” in the search bar and see which results pull up. If you have Jungle Scout, great, this part is really easy for you, just click the JS button and you’re done.

We would like to see the top 10 results having a cumulative number of monthly sales of 3,000 or more. How do you know this? The free (and more time consuming) option is to get the BSR (best sellers rank) from each of the top 10 products, then plug them in our free sales estimator at www.junglescout.com/estimator. How do you find the BSR without Jungle Scout? Click on the product page and scroll down to the area labeled “Product Details”. We want to look at the rank in the parent category, which is listed on the top line. Don’t worry about all the product ranks in the sub categories below it.

If you have one of the Jungle Scout extensions, you can just click the “JS” icon and you’ll see something like this.

If the item does not pass this test. Delete it from your excel sheet. Trying to sell something that is not already selling well is risky. This step will probably cut your list in half.

After clicking the “JS” logo on an Amazon page, you will see this pop up. We’re looking for a sum of 3000 sales here.
Step 8: Assess the competition.

Is this market completely saturated or is there room for you to enter? Here, we want to look at the overall number of sellers, the number of reviews and the quality of their listings.

If you have Jungle Scout the first two steps are super quick. This area leaves a little open to interpretation. We would like to see someone in the top 5 with less than 50-100 reviews and/or poor quality listings. The way we’re going to organically get sales is by climbing to the top of the rankings by creating a superb listing and getting reviews. If the entire first page of Amazon is saturated with competition that all have 100+ reviews and high quality listings, it’s going to be tough competition.

What makes a high quality BSR listing? As a quick check I look for numerous high quality pictures, good descriptions on all 5 bullet points and a well written product description. As a rule of thumb, I figure I can jump anyone in ranking that has a poorer quality listing than me and less than 50-100 reviews.

If you use this rule of thumb, can you get into the top 3 listings? What about top 5? In your excel sheet, write the number you think you would rank if you had 100 reviews and a very high quality listing. Congratulations, you just ranked your products from best to worst, obviously, with 1 as the highest.

Bonus: Find something that needs simple improvements.
While making small changes to an item is certainly not necessary for your first product, it’s icing on the cake if you can find a product that needs a simple tweak to make it perfect. How do you know what an item needs to be perfected? Read the existing reviews on Amazon. If the item has a bunch of two star reviews saying that they love the item, the straps just aren’t thick enough, you’ve hit the jackpot. Ask the factory for thicker straps.
Step 9: Get Factory Pricing.

Only now are you going to go to Alibaba.com and get estimated pricing for your products. It is a waste of time to do it any earlier. What does your excel sheet look like now?

Don’t worry about the MOQ (minimum order quantity). What prices do they show? Use conservative numbers and figure out which products you can source for about a third of the sales price on Amazon. This will probably cut your list down to just a couple products. At this point, I imagine your gut is telling you which product you like better. If not, contacting the factories on Alibaba will. You’ll find most of them don’t reply or aren’t easy to work with. Throw them out.
Step 10 is where 90% or more of people won’t follow through. The ones of you that do, congratulations! Proper product selection will likely make or break your business so it is worth investing a serious amount of effort here. If you find it overwhelming, Jungle Scout can be a huge help!

Now get out there and start finding that perfect product!

I will be following up with you in the next few days to see how it is going.

Questions about the next steps?
Ask them on Amazon Competitive Edge Facebook Group (https://www.facebook.com/groups/673668379421814/)
This is where I answer questions for free about how to start your Amazon private label business.