

THE SIDE HUSTLE SHOW

with Nick Loper



Episode 263

The Top 3 Amazon FBA Private Label Product Research Strategies for 2018

(w/ Greg Mercer)

<http://www.sidehustlenation.com/263>

Greg Mercer from JungleScout.com has launched over 100 successful products on Amazon, including a few public examples like bamboo marshmallow sticks and hooded baby towels.

Just those two products are earning \$12k a month in profit, and he's formed some cool partnerships with Doctors without Borders and Pencils of Promise to put the proceeds to good use.

Greg was a guest in early 2016 on the [How to Find Your First Amazon FBA Private Label Product](#) episode. At that time, we talked about private label research and strategies for starting an FBA business.

A lot has changed in the Amazon ecosystem since 2016, there are more tools, more competition, some rule changes, and you need to approach starting an FBA business a little differently.

That's why I invited Greg back to talk through what's working for him and his FBA business today, and what he sees working going into 2018 and beyond.

Some of the Biggest Changes in the Last Two Years

A couple of the biggest changes are that Amazon no longer allows incentivized reviews, and the marketplace is perhaps competitive as the number of Amazon sellers continues to grow, though Greg added that the number of buyers is increasing as well.

The biggest shift in product research has been seeking out more niche/obscure items than you would have two years ago.

How to Find Profitable Products

Greg shared his criteria he uses when finding a new product to start selling on Amazon:

Existing Demand – He looks for products that people are already searching for and buying on Amazon.

He uses sales rank as an indication of how well an item is selling. You can also use the free [JungleScout Estimator tool](#) for this.

Low Competition – Products in high demand with low competition is the goal. One way to gauge the competitiveness of a product is if it has a low number of reviews.

Quality of Listing – Listings with few or low-quality images, short descriptions, and no comparative charts are always nice to find. This means you can put up a better-quality listing and index for more keywords.

Higher Priced Products – Greg only looks for products that will sell for \$18 and above. This is because a lot of the fees on Amazon are flat fees. For example, selling an item for \$9 will typically leave you with just \$1-2 profit per item. Higher priced items make those flat fees easier to absorb and maintain profitability.

No Legal Issues – Before selling a similar product check for any potential legal issues. Namely any patents or pending patents. A Google search will usually suffice, or you can check with the U.S Patent and Trademark Office ([uspto.gov](#)).

Some other nice features that aren't make-or-break include being low seasonality, and seeing some room to make improvements to the product.

You can use [Google Trends](#) to check for the seasonality of a product.

3 Strategies for Researching Profitable Products

Strategy #1 - Big Demand / Bad Reviews

Greg said this is his favorite strategy right now. "It's what I use when I launch most of my products," he said.

Greg looks for products that are selling well but have a bunch of crappy reviews and its overall rating is 3.5 stars or less.

"If people are willing to purchase on Amazon with poor reviews it shows it's an item people really want," Greg said.

He reads the negative comments and looks for things to improve on with the product. If he can launch a better product it'll have better reviews than the existing item and will capture a lot of the sales.

As a rule of thumb Greg looks for at least 2000 units sold across the entire niche for a product he's interested in. Again this is something you can estimate with the free Jungle Scout estimator tool, or much faster with the paid Jungle Scout web app and Chrome extension.

(Use my affiliate link [JungleScout.com/SHN](https://www.junglescout.com/SHN) for a special discount.)

He recommended staying away from gated-categories, such as health and beauty, jewelry, watches, etc., as well as complex categories like electronics.

Strategy #2 - Big Sales / Poor Marketing and Listings

This strategy revolves around finding a product or niche selling 1000 units and upwards a month with a poor-quality listing.

This means not having many images, poor-quality images, short descriptions, not using all the bullet points available, and generally not providing all the information a buyer would need.

Greg said you can bring a similar product to market, and by putting up a high-quality listing you can capture a slice of the sales.

Amazon allows 8 images, and Greg says you should use all of them, showing "lifestyle" shots of the product to give people an idea of its actual size and dimensions. Also, use all the bullet points available and write detailed product descriptions. The more written content you add the more keywords you will rank for within Amazon's search engine.

Greg also said, “They weigh the keywords in the title the heaviest.” Make sure you take advantage of all 150 character spaces in the title.

If you need help with producing quality images there are companies that specialize in product images. Greg recommended ProductPhotography.com.

Strategy #3 - New Markets and “Immature” Listings

This is a strategy where you try and find, “up-and-coming or hot products” and jump on and sell something similar before the competition increases or the demand drops.

You can spot “Hot” products by looking at the bestsellers in certain categories and looking for listings with few reviews.

Greg used fidget spinners as an example. There were listings selling 5k or more a month with very few reviews as fidget spinners took off very quickly, but demand also dropped off fairly quickly.

It’s the riskiest of the three strategies and yields more of a high-risk, high-reward opportunity.

Contacting Manufacturers and Ordering Product

After doing your due diligence as covered above you need to find a manufacturer to make your product.

Alibaba is the largest marketplace to find manufacturers and is where Greg finds and orders his products.

Greg shared some tips when dealing with manufacturers and ordering products:

- Set up a separate email when contacting manufacturers and expect some spam.
- In your first email ask about order quantities, outline the improvements you want to make, and ask about timeframe and cost.
- Only make changes to products that can be easily and clearly communicated through email.
- Always get a sample to check the quality of the product, and use this as an opportunity to test the working relationship with your manufacturer.
- Expect to contact 20 or so manufacturers before finding one that meets your requirements.

Costing Your Product

Amazon provides an FBA Fee Calculator if you want to do some accurate math. As a rule of thumb however, Greg said that Amazon fees account for about a third of a sales item price and he likes to make an ROI of 100%.

So, an item selling for \$20 would have fees of around \$7. To make a 100% ROI you would be looking to pay around \$6 from the manufacturer.

Launch Strategy

With incentivized reviews no longer allowed Greg has some tips on how to launch a product and give your listing some visibility on Amazon.

Greg said it comes down to three main points:

Keywords – Which you will have covered if you've put together a quality listing as described above.

Sales Velocity – Greg spends a lot on PPC for the first few weeks to boost his sales velocity. He also gives out 50 or so coupons in the first two weeks. You can't give out coupons explicitly in exchange for reviews, but between the coupon sales and the PPC sales, the reviews will begin to come in naturally.

Conversion Rate – Start out with a discounted price to increase conversions and boost your listing.

Using these strategies to boost sales in the first few weeks of a product launch will help push your listing up in Amazon's internal algorithm so you're not lost dozens of pages deep in the search results.

How Much Do You Need to Invest to Get Started?

"If I didn't have \$2k to spend I'd be looking at other ways to make money," Greg said.

There are some success stories of people investing \$500 in a product that takes off, but Greg says you need at least \$2k to do everything properly and put up a product on Amazon that people are going to be satisfied with.

Greg's #1 Tip for Side Hustle Nation:

"Use other people's money to help grow your business."

More Info:

- <https://www.junglescout.com/>
- <https://www.junglescout.com/SHN>
- <http://www.sidehustlenation.com/263>

Until next time!

-Nick