

# AMAZON

THE MODERN-DAY

GOLD  
RUSH

B R I A N S E M L I N G

*Brian Semling started his business, Brian's Toys, selling Star Wars toys and collectibles while he was a 16-year old junior in high school in 1994. During October of 1996, Brian transferred out of college at his dream school of MIT (Massachusetts Institute of Technology) to focus on his business full-time. By 1999, Brian's Toys reached \$2.5MM in sales and had earned the reputation as the worldwide leader in collectible Star Wars toy.*

*From less than \$500k in Star Wars toy sales on Amazon in 2007, Brian's Toys grew to over \$7MM in toy sales (all sorts of toys from Star Wars to Play-Doah to Barbie) on Amazon by 2014. In late 2014, Brian decided to launch 3 new brands of his own, Strictly Briks, Clever Creations, and Clever Chef. These Amazon First brands grew from less than \$1MM in combined annual sales in 2015 to \$10MM+ by 2019, and total Amazon First brand sales of \$30MM+ in less than 5 years!*

*He and his high performing team have vast experience selling on Amazon, by wholesale, private label, and contract manufacturing. You are about to hear the story from Brian about how his team have achieved \$65MM+ (and climbing rapidly) in lifetime sales on Amazon. He'll share the story with you and the insights his team has gained from the Amazon trenches. He'll explain how to stake your claim and succeed in an Amazon First business!*

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# Preface

We first began to sell toys on Amazon as a 3rd party seller in 2005 to supplement our own website (brianstoys.com) and eBay sales of Star Wars toys and collectibles. By 2009, as our company was dealing with the Great Recession head on, we became an “Amazon First” company, meaning the primary focus of our business was selling on Amazon. By 2014, we had diversified from Star Wars to toys of all kinds including Play-Doh, Barbie, Marvel, and had grown our Amazon sales to \$7MM. During late 2014, we determined to create and build our own brands. We had heard a lot about “private labeling” the previous 1-2 years and understood this could be a tremendous opportunity. We wanted to build something that could truly scale without limits, have more control over our supply chain, and utilize our talents for creativity and innovation to build something new. It was against this backdrop that we created three successful brands which generated over \$30MM in sales in less than five years utilizing two very different brand building approaches. We’ve adopted the Amazon First mindset and we’ll explain how we built brands ready to capitalize in less than five years and **How You Can Too!**

# Starting Your Journey

For professionals, investors, and national brands that want to truly succeed on Amazon, you will learn how to “Win” on Amazon, by growing a successful brand on Amazon.

Whether you are an investor entering the arena, an executive of a national brand, or a brand currently focused on Amazon, we will cover the universe of what is necessary to win at the biggest Gold Rush of our time.

Established brands are losing market share to the upstarts. Customers are benefitting from limitless options in the marketplace that arrive at their door in a matter of hours. Consumer behavior has evolved and the Amazon “model” is here to stay. It’s time to stake your claim! It starts with an “Amazon First” mindset!

# Brand Building Approach #1

*We launched 40 different coffee items and only sell one of them today!*

We initially decided to launch a home goods brand and a toy brand in late 2014. For the home good brand, we took a trial and error approach (we'll cover the toy brands in the next chapter). Over time, we determined kitchen items would become a separate brand, Clever Chef, from the main home goods brand which became Clever Creations. Clever Creations, from the start, was essentially a lot of “throwing mud against the wall to see what sticks” approach. The brand was pretty broadly defined as any item for use or décor in the home, except for kitchen items. We began working with an agent with experience working with importing from Asia and ordered a number of samples of various items from kitchen tools to foot massagers. Several of these samples converted to Purchase Orders and eventually over \$100k in sales. The agent strongly suggested we visit trade shows in Hong Kong and China. We attended a trade show in Hong Kong in April and the Canton Fair in China in October. Between these two fairs we viewed thousands of exhibitors and turned in purchase orders with a few dozen companies, for items ranging from kitchen utensils, glass cutting boards, and organizers to Christmas décor. Products started going live on Amazon in the 2nd quarter 2015, though most products in our first year didn't launch until just before the 4th quarter. We reached \$400k in sales for 2015, with a number of products not performing well for us, other products doing well enough for reorders, and some products that were real winners. We continued to test (trial and error) products in 2016, and by the end of the year had tested

## Part I—Selecting Your Brand Adventure!

roughly 500 different home goods products. By 2017, we were ready to focus on what was working and discontinued testing new products unless they related to our winners.

Over the next 3 years, Clever Creations grew to over \$4MM in sales with over 80% coming from Christmas/seasonal décor, which had emerged as the “winner” of our “throwing mud against the wall” experiment. We focused most of our energy and dollars into Christmas décor once that category had emerged as the strong winner, though we also held onto to a few other smaller niches that performed well.

Clever Chef was also the result of our trial and error approach to building a brand. We found the home and kitchen category to be extremely saturated and it was very difficult to create winners, though we did find a few. One of them was a Coffee French Press in black color. We had tested the Amazon market with about 40 different coffee items. Only one of them was reordered after the first few years, though this one item became our best-selling single SKU for all of our brands, reaching 15,000+ unit sales within a 12-month period. We eventually added a few variant colors, but we put in a ton of effort and investment to find this one diamond in the rough!

In summary, for Brand Building Approach #1, we cast a very wide net. We tested around 500 different SKUs within 2 years. Many of them failed, but we quickly scaled the ones that were very successful to reach over \$4MM in annual sales by 2019.

Below—An assortment of our Clever Creations Nutcrackers



# Brand Building Approach #2

*Take your “Aha” moment and run with it!  
Passionately pursue a vision and make it happen.*

When we launched Strictly Briks, our innovative brick construction toy brand that emphasizes creative play, we started with market insight, passion, and a fairly clear vision from the start. We had sold LEGO® products as a reseller on Amazon for several years leading up to this. In particular, we had purchased a pallet of 5,000 green LEGO® baseplates in 2013 as a closeout opportunity. We saw first-hand the incredible demand for LEGO® baseplates during the Christmas season that year. While driving one day, my wife Carina and I were brainstorming ideas about our new brands. During the conversation, she brought up the idea that we should create our own baseplates and offer them in a variety of colors. BAM! I knew instantly that one of our brands (to be named Strictly Briks at a later date) would be a brick construction toy brand to complement LEGO® and offer creative play options. I was instantly passionate about this new toy brand and excited to get started. I quickly started dreaming up ways to offer more value to customers. Of course, we would offer lots new colors of baseplates (all would be compatible with LEGO® or LEGO® DUPLO® and all leading brands), but we wanted more ways to differentiate ourselves. A few days later, I awoke from a dream around 2am with the idea of a Brik Tower, which was the idea to make our baseplates stackable and to utilize 2” tall vertical bricks (which we now call Stackers) for quick and easy construction of a tower. By December of 2014, it was clear we would offer in a wide assortment of colors, make them stackable to add functionality, and introduce the Stacker Brik to

include with some of our packs of baseplates to allow for the construction of towers. Beyond this, we would offer various shapes and sizes of baseplates to offer children a dizzying array of options from which to unleash their creativity.

We set out to find suppliers who could help turn my vision into reality. From various trade shows in the US and China, we found the suppliers we would work with. By the 4th quarter of 2015, we had about 100 SKUs (combinations of various colors, quantities, sizes of creative play baseplates) in stock and ready to sell on Amazon. Our sales during 2015 were \$500,000. We knew we had an instant hit!

At the time we had decided to launch Strictly Briks, there was almost zero competition on Amazon other than the leading brands. However, by the time Strictly Briks launched there were already a few other Amazon First competitors playing in the space. The difference between us and the competition was that we weren't simply private labeling a few of the most popular combos of baseplates or bricks. At this point, we decided to invest 5x our initial investment for 2016 to grow our inventory and grow a much larger number of SKUs. Our goal was to quickly establish ourselves as the premier Amazon First brick construction toy brand. We were going to build a strong brand by "flooding the zone" with hundreds of new SKUs and do the heavy lifting to innovate and become known for our quality creative play products at affordable prices. We needed to determine the new products we would launch, invest in lots of new molds, and we needed to move very quickly (blitz-scale)!

We created quality products at an affordable value, put tremendous efforts into generating great listings on Amazon, grew the review count of our products well into the tens of thousands, marketed our products via Amazon Sponsored Product Ads, and expanded aggressively into international Amazon markets. We filed for trademarks, design patents, and utility patents to protect the IP that we developed. Our investment of time, energy, and money over the next several years paid off, with a dramatic increase in sales from \$500k in 2015 to over \$6MM in annual sales by 2019!

To summarize this approach for Strictly Briks, we had an idea that we knew would be a winner (thanks Carina) after an Aha Moment!



Above—A marketing image demonstrating some of our Strictly Briks products. The cute models are my children Sonja and Erik!

We started with passion, a fairly clear vision (STEM/Creative Play with brick construction toys), and invested to test the concept and launched most of our products during the 4th quarter of 2015. It took about 10 months from concept to market. We then scaled up quickly based on the initial success to create a successful contract manufacturing brand through marketing, innovation, and passion.

Another example of this approach, to pursue a passion and make it happen, was when I started my original Brian's Toys collectible toy business. It all began when I was a little boy growing up in the early 80's. I loved Star Wars and I loved Star Wars toys. I still remember opening my Empire Strikes Back AT-AT for Christmas when I was 4 years old in 1981 and lighting up the chin guns for the first time! At the age of 10 years old I excitedly sold off all of my Star Wars toys for the sum of \$20! Several years went by and I didn't think much about my toys or Star Wars until one fortuitous day, at age 15, Return of the Jedi happened to be on tv at a friend's house. I couldn't pull myself away until it was over; it reminded me of how much I loved Star Wars growing up! It just so happened that my friend had a bunch of old He-Man and the Masters of the Universe toys in his basement that we looked at that day, and I recalled all of my childhood Star Wars toys.

## Part I—Selecting Your Brand Adventure!

A spark was lit, and I began collecting Star Wars toys. A year and a half later (by now I figured I was an expert), while a 16-year old junior in high school, I decided to launch my business to sell Star Wars toys and collectibles to help pay my way through college. Within five years we were the market leader in Star Wars toys and collectibles.

# Brand Building Approach #3

*Just buy one!*

You're an investor looking to stake your claim in the Amazon gold rush, you're a serial entrepreneur looking to jump start your next venture, or perhaps you're an established brand that wants to move quickly to increase market share on Amazon, and you are considering investing in an Amazon First brand. Where do you start? You need to select a category that you will focus on. You'll have to decide which category to target and the price range, and then evaluate various growth rates, profitability, # of reviews, number of SKUs, number of Amazon markets, and most importantly the growth potential of the brand. Maximizing synergies between you and your background or existing business(es) and a new prospective acquisition could tip the balance and make the choice easier and less risky.

Once you have given this some thought, the next step is to begin reviewing Amazon First businesses for sale on the various brokers sites. You review prospectuses and eventually get on some phone calls with the sellers. Once you've agreed to terms, you'll proceed with an LOI (Letter of Intent) and then due diligence.

For an investor or acquirer new to the Amazon ecosystem, it can be helpful to have guidance through the selection and due diligence process from someone that fully understands it and represents your interests.

*If you'd like a Free 20 Minute Consultation to learn how we help investors buy an Amazon brand, visit:*

**<https://blitzinnovation.com/contact-us>**.

# Brand Building Summary

If your plan is to launch a successful brand on Amazon, you may already know your passion and niche. That is how we launched Strictly Briks. You have your idea, your expertise, and a general idea of what you would like to do. Now you need to make it happen. Or perhaps you are intrigued and ready to move forward, but you lack a specific vision. You want to proceed, and you'll find your niche as you progress along the way. This approach is how we developed Clever Creations and Clever Chef. Either route can work. Don't get hung up if you don't have a clear vision. If you have a clear vision, be prepared to adapt along the way to results and feedback to improve your chances of success.

You may already have an established brand, or may be acquiring a brand, and you are looking for ways to grow the brand on Amazon. You may know the basics of selling on Amazon, but could use some real-world advice. We have been building our brands Strictly Briks, Clever Creations, and Clever Chef for over five years. We look back over the last five years of Amazon brand building to boil down the essence of what it took to succeed to create and build a brand.

The retail landscape is changing rapidly. Brands are being launched quickly on Amazon everyday at the expense of brick and mortar retail and established brands. This is the information we would want to know if we were in your position, getting ready to launch or grow an Amazon First brand. This book will provide you with an essential roadmap as you prepare to "make your trip West" to join the Gold Rush!

PART II

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# **The 101's to Survive...**

# Four Models of Selling on Amazon

*Which one is for you?*

Why start with Brand Building Approaches before explaining how to get started on Amazon? Because that's the exciting part! You wouldn't be reading this book if you didn't already have interest in starting, acquiring, managing, or working at a business that sells on Amazon. Where do you start if you aren't already in the game? If you are an aspiring entrepreneur or investor, you need to decide which Amazon business model makes the most sense for you. The four main models of selling on Amazon are Retail Arbitrage, Wholesale, Private Labeling, and Contract Manufacturing.

For an executive at a national brand, you already have a well-established brand. Your sales on or to Amazon have grown over the years, but you don't yet have an Amazon First mindset when it comes to managing your brand on Amazon. You simply need help taking control of Amazon as a sales channel and developing your brand's potential on Amazon.

For an experienced Amazon First seller, you already know a lot of the ins and outs of selling on Amazon. You likely have great sales and could use improved profitability. You may have considered selling your Amazon First brand but aren't sure what steps to take to maximize your valuation and your exit price.

**Retail Arbitrage** is finding “deals” on items at retail and selling them on Amazon with the goal of making a profit. This can be a great hobby for some extra income and even a full time successful business. You give it a try with little risk, and can start with very little investment of cash, though it will take an investment of time “hunting” as

well. The value you are adding to this business model is when you buy the items at lower prices than you can achieve on Amazon. We have always stayed away from this model due to the inability to scale and generate the returns we require.

The **Wholesale** model is buying from manufacturers or distributors at wholesale pricing to then sell on Amazon at retail pricing. The Wholesale model is much more scalable than Retail Arbitrage. You can purchase items by the carton, pallet, or even truckload at a time. This model takes significantly more capital invested than Retail Arbitrage. It can be difficult to find brands that will sell to you for which there is a substantial profit to be made, as brands over the last decade have worked hard to manage their Amazon business to avoid price wars for their products. When you are able to buy products, it generally means they are available to everyone (at least if you are a new player), and so typically there is limited opportunity to make a profit. You are the middle-man between the brand and the customer. You tie up your capital, pay storage and freight costs, and set pricing to achieve your sales and profitability goals. Once you have purchased inventory. Your main job is to manage pricing and reorder as items sell. Since the brands you are purchasing from are typically established and have many reviews already, you typically don't have to do advertising for products on Amazon. You generally will be a small player compared to the brand selling to you, so typically don't have a lot of leverage. This model can work if there is a niche where you have insights, relationships, and advantages. Without any clear built in advantage based on your experience and network, this can be a difficult model.

**Private Labeling** is the third route. The definition of Private Labeling is that the packaging of an item has the retailers' brand name on it rather than the manufacturers' name. In the case of Clever Creations and Clever Chef, we utilized the Private Label model, affixing our brands to the packaging of existing products from overseas manufacturers. At times we would design packaging, but in this model, we did not need to purchase molds or have any significant investments of time or money involved with the set up process of items. Private Labeling requires you to source products, typically from a manufacturer, that you think will sell well on Amazon. This model is much

more time consuming and generally requires higher order minimums than the Wholesale model. It is also much more time consuming and risky than the Wholesale model. It is riskier because in the Wholesale model, you are buying products from an existing brand with an established track record, usually with lots of reviews, good sales ranks, and historical prices. When you create a brand, while there certainly is a market for similar types of products, there are not built in reviews or traffic for your new items. It's your job to create a great listing on Amazon, set pricing appropriately, usually import the goods from overseas, and advertise it on Amazon (which requires effort and money). It is much more difficult to manage your inventory levels (especially for new items with no track record of demand) than using the Wholesale model since manufacturers typically have lead times of 14-60 days and when importing from overseas you will often have another 3-4 weeks in transit. Once your brand is established, and you benefit from large numbers of high quality reviews and sales momentum, this can be a great model. However, it is a long term investment that could result in significant losses if your new products do not sell.

In ***Contract Manufacturing*** you, as the brand owner, will typically design and create the products as well as the packaging then have them manufactured per your specifications. In the example of Strictly Briks, the Contract Manufacturing model is utilized. We worked with factories to develop dozens of molds, we determined the components for each set, we took photos and created copy for the graphic design of the packaging, and then worked with the factory to communicate our specifications. We then worked through typically multiple rounds of samples to approve the quality of each item. Once the order is produced, this model is very similar to the Private Label model where you will have to import the items (unless manufactured in your home country), you need to create great listings on Amazon, set pricing, and advertise on Amazon. In contrast to the Private Label model, Contract Manufacturing is much more challenging, and takes more time, energy, and more money. You are responsible for creating your own products, investing in engineering and molds, and designing products and packaging. Your MOQ's (Minimum Order Quantities) may be higher since the products are just for your company whereas

in Private Labeling, a factory may make one production run of an item and combine multiple customers' orders together. The advantage of Contract Manufacturing is that you are creating your own unique products. You may have the opportunity to file utility or design patents for them to provide protection from competition. Your brand will likely have more value to consumers and down the road if you look to sell your brand. While you will always have competition, you likely have less competition than in Private Labeling.

Given your life and business experience, the amount of time and money you have to invest, your family, your lifestyle, and lots of other factors, you will need to decide which of these business models is the right fit for you. Of course, you could choose to move from one level to another or use a hybrid or combination of these models as well.

While we have significant awareness of the Retail Arbitrage model and many years of experience successfully implementing the Wholesale model, the purpose of this book is to provide a roadmap to build or grow your own brand on Amazon.

*No matter your approach, aside from Retail Arbitrage, if you'd like a Free 20 Minute Consultation to see how we can help, visit:*

**<https://blitzinnovation.com/contact-us>.**

# FBA vs. FBM

## *Fulfillment by Amazon vs. Fulfillment by Merchant*

Now let's get into some of the details of selling on Amazon, and we'll start with an easy one which almost all of you are already familiar with, FBA (Fulfillment by Amazon) vs. FBM (Fulfillment by Merchant). Almost all successful sellers utilize Amazon FBA. Items that are at Amazon's FBA network qualify for free Prime shipping and often 1 or 2 delivery. Items that are FBA generally have a higher conversion rate, which according to Amazon can be in the range of a 30% lift. The Amazon fulfillment fees are generally less than 3PL's due to Amazon's economies of scale and gigantic bargaining power to negotiate low shipping rates. Also, you don't have to worry about maintaining customer service in relation to tracking numbers, shipping times, damage in transit, etc. You also do not need to worry about warnings or suspensions relating to issues in transit since Amazon is fully responsible for this.

A drawback to FBA are that the storage fees are higher than you will pay at a 3PL or your own warehouse. Also, FBA is not particularly cost effective for very small shipments, like items that could be shipped in a small padded envelope. For example, if you are shipping a small piece of jewelry or another flat item, you may be able to ship via USPS (United States Post Office) for \$1-\$2, and there could be savings through a 3PL in this case. Other situations where FBA may not be best are in cases where you can drop ship or where the item is extremely large, like large Oversize items or perhaps items requiring an LTL carrier.

Over the last several years, Amazon has implemented Seller Fulfilled Prime which allows sellers to qualify for "Prime" status via the FBM model and the results that come with it in terms of the boost

in sales that regular FBA items realize. In the case where it makes sense for a seller to fulfill outside of FBA, this can be important. Standards are high and Amazon requires quicker delivery for Seller Fulfilled Prime items than standard FBM items.

In summary, the vast majority of sellers will want to utilize Amazon FBA for the sales boost, low fulfillment cost (compared to 3PL's), reduced customer service issues, and less risk with the health of your account.

# 1P vs. 3P

Much of this book has focused on brands that we launched on Amazon, for which we refer to as Amazon First. While that is the background that we come from, there are many national brands and traditional brands that are not focused on Amazon as their primary sales channel. In this case, Amazon is often an important part of their sales strategy, but it is not the space the company lives and breathes in. 1P sellers sell direct to Amazon (as they would a standard retailer) and 3P sellers use the platform to sell directly to customers.

The 3P model provides almost complete control of your brand, and an opportunity to maximize sales and profitability, but it also requires an “Amazon First” mindset. Most smaller brands are 3P sellers while larger national brands tend to be 1P, though the trend has been for brands (even larger ones) to move more and more to 3P.

If you are a 1P seller, among the largest concerns you will have are pricing and promotion. Effectively, what price will Amazon charge for your products is a large concern. At times, with a strong pricing system in place, Amazon can be more or less held to MAP (Minimum Advertised Price) pricing. However, if others are selling below MAP whether it be on Amazon or elsewhere, it can be very difficult to stabilize pricing for your brand. Amazon is known for being aggressive in terms of price reductions, and if others are selling below MAP, and Amazon joins the fray, it can be very difficult to reset pricing.

The other side of 1P is the promotional power of Amazon. If the Amazon buyer chooses your brand for product placement in emails and key positions on the site, your brand will have built-in advantages. There is an expectation of spending on advertising to promote your brand. What is critical to maximizing success is being able to measure

results with a comprehensive strategy. It will take time to get it right and you'll need someone who fully understands the ins and outs of the platform to maximize results.

To succeed and maximize your potential on Amazon, you will need to adopt an “Amazon First” mindset to truly succeed on Amazon. If you are 1P, 3P, or still in the process of deciding how to proceed on Amazon, and not already an “Amazon First” company, your internal team responsible for Amazon needs to adopt an “Amazon First” mindset. This can be challenging when the culture of your broader company is not Amazon First. Your marketing strategy on Amazon can all too often lag when the accountability is not crystal clear and/or the Amazon platform with all of its intricacies is not fully understood or prioritized.

*If you're an established brand off of Amazon, and would like to improve your performance on Amazon, visit:*

**<https://blitzinnovation.com/contact-us>**

*for a Free 20 Minute Consultation to see how we can help.*

PART III

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# **Where to Prospect Your Claim?**

# Choosing Your Products and Brand

*It's time to start sowing the seeds of your products or brands! Here are some thoughts to guide the process.*

If you are Private Labeling you have to choose and find items that you think will be successful. They may be products in a particular niche that you have insights or experience. They may be products that you have a passion for. Or they may simply be the best opportunity you see in front of you to give a try. In the examples I provided for Private Labeling, Clever Creations and Clever Chef, in the case of Clever Creations we utilized a name that would allow us to try all sorts of things and find out what worked. For Clever Chef, we clearly were going for kitchen items. You can choose the brand first and then look for items to fit the brand. Or you can cast a wider net, like in the example of Clever Creations, and try a wide array of items, developing the brand as you go.

You advise using tools like Scope, Keepa, and Merchant Words to research and determine as best you can the market size for your product(s) and brand. You want to look at the number of competitors, the pricing, the reviews, and make an educated guess as to whether or not you will be able to compete in this space. If not, you'll want to move on to come up with new ideas to research. If you decide to move forward with the products you are researching, here are some thoughts to keep in mind:

1. What can you do to improve the customer experience?  
When you purchase the item, create a listing, and begin selling, what advantage will you offer customers? Why should they choose your product?

2. Can you offer the products in different colors, shapes, sizes, bundles, prices, etc. that may help differentiate your products from the rest?
3. Is there any problem you can solve to make your product a little better? Read the negative reviews of competing products to see what frustrates their customers.
4. Is there room for you to sell for a little less than the competition and still be ok? Prices could drop by the time your product starts selling. If you have a little extra margin built in from the beginning, that will give your chances of success a little head start.
5. What keywords relate to my products that generate the most traffic? How competitive is this traffic?
6. Do you plan to really focus your brand on 1-3 products and limit your overall number of SKUs to a very low number (like less than 10)? In this case, you will have the advantage of focusing all of your time, energy, and money into just a few products. It will be much easier to manage and if you succeed, you will be very efficient. On the other hand, if you aren't very successful with the few items you focus on, you may not have anything else to spread your risk over. You may have to start over or simply quit if it doesn't work out.
7. Or do you anticipate growing your brand to hundreds of SKUS (like we did with Strictly Briks and Clever Creations). In this case, you have a lot more to manage for creating listings, keep products in the right place at the right time, and pricing. But you also have the opportunity to spread your risk over many items and may be able to build your over all sales much higher.

# Creativity, Design, and Innovation

*Make a better mouse trap!*

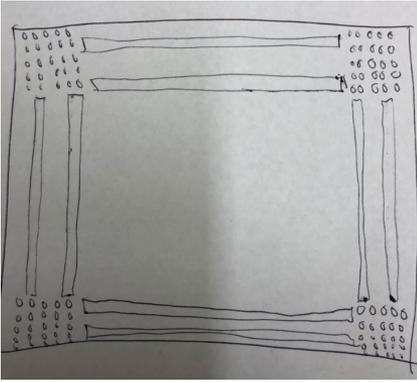
Rather than simply Private Labeling, you may find more appeal with the Contract Manufacturing model. Our Strictly Briks brand was developed with this model. You may be a problem solver that already has some ideas that you would like to turn into reality, you may be creative with design skills, or you may be an innovator that wants to shake things up. As an investor, you may look for a brand like this and be willing to pay a higher multiple of EBITDA for an innovative brand that utilizes contract manufacturing vs. a private label brand. If you already have a private label brand, this may be the next step for you to graduate to. How could you make your existing products better?

To proceed down this route you will need to have improvements that you are trying to make to existing products, or perhaps entirely new products. You start with an idea you believe in and pursue it. Typically, you will need designs or engineering files to share with factories to then provide you quotes for molds (if necessary) and unit production costs. One way that we significantly reduced our design and engineering costs was to work with the staff at the factories in a collaborative manner. Communication was key, and it can be difficult to communicate new ideas to individuals in a foreign country. However, if you develop the right contacts and relationships, it can go very smoothly. In this case, the resource at the factory is typically available for no extra charge, simply a value added that the factory provides to you.

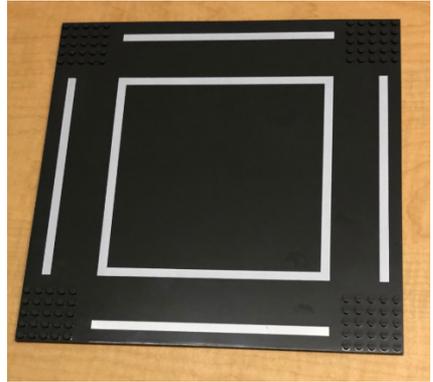
### Part III—Where to Prospect Your Claim?

For a number of the new bricks and baseplates we created for Strictly Briks, I would make a very basic sketch and send an image by text or email. You can ask either of my kids, I am about the worst artist you have ever met and have trouble drawing “stick people”, but I was still able to make it work. Below are a couple examples of my sketches and the refined results:

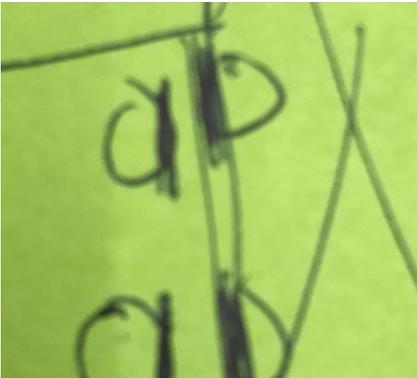
Sketch



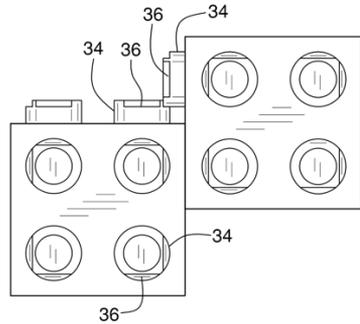
Prototype



Sketch



Engineering File





Final product

They would produce some 3D renderings of my sketch and provide quotes. Of course, it would take several iterations of back and forth, but in many cases it actually worked better than working with a designer locally since the people we worked with at the factory understood the technical requirements. Often, they would anticipate challenges we would run into to help provide better solutions.

In terms of some of my direct experiences with Strictly Briks, it seemed that most of our best ideas were a collaborative effort of brainstorming and discussion within our office of 2-4 individuals that really cared about what we were doing. They weren't formal groups and none of us, including me, had any background in design, engineering, or product development. We simply had passion, energy, and at least occasionally good ideas! We didn't stop to think we weren't qualified to do what we were attempting. We would come up with a few ideas and select the ones we really liked to move forward with, trying to take into account the feasibility and cost to move forward balanced with anticipated demand.

Our willingness to try things and experiment, and to do it quickly, was the key to building a \$6MM+ brand through innovation in less than 5 years. If this story sounds appealing to you, then you may be a good candidate to give it a try. If your head is spinning or you're bored, it's probably best to stick to the more basic Private Labeling for now.

PART IV

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# Your Compass And Maps

# Momentum and the Flywheel Effect

*Momentum is everything!*

Amazon is famous for implementing Jim Collins' concept of the Flywheel Effect. Amazon has used the flywheel effect to scale growth over time through delighting customers, which leads to them returning in high numbers, leading to an attraction of more sellers to its platform, which in turn leads to increased selection and lower prices which leads to more delighted customers, and the cycle repeats faster and faster.



The flywheel effect is not only valid at the level of the entire Amazon site, it is also valid at an individual SKU level. For example, when you launch a new product, initially it does not have any sales or reviews. You gradually build sales through a high quality listing, targeted and relevant advertising, and meeting and exceeding customer expectations with your product upon arrival, which lead to reviews being left by your customers. As you accumulate more high quality reviews, your conversion rate increases, your advertising becomes more effective, and your sales increase, which leads to higher placement in search results on Amazon’s search engine. This better placement leads to more sales, which leads to more reviews, and so on.

In the world of Amazon, momentum is everything! It can be very difficult, time consuming, and costly to build momentum. Once you have gained momentum, you have achieved a very valuable asset on Amazon, and you will likely achieve it based on the concepts laid out in the previous paragraph. It is important to protect, guard, and monitor the momentum that you have built up.

To get the flywheel moving, lowering your price can be an effective approach. As momentum is established, pricing can be gradually raised to market prices.

Running 7-day (Best) Deals and Lightning Deals on Amazon are another way to boost sales momentum. The cost to run the deal on



## Part IV—Your Compass and Maps

Amazon is typically \$150–\$300 per deal (and \$500 on Prime Day, Black Friday, and Cyber Monday). You also have to discount the price to run the sale by 15%–20% or more to qualify for running the deal. Not all of your items will qualify for deals, so this is not always an option. While it is good to test various deals and promotions to measure results, we have generally found Lightning Deals, which last about 4–6 hours, to be disappointing (and money losers) except for on key dates like Prime Day, Black Friday, and Cyber Monday. While the sales generated during a successful Lightning Deal can be substantial, we don't usually see a pick-up in sales beyond the Lightning Deal. 7-day Deals spread the sales out over the 7 days and generally seem to have benefit in increased sales momentum after the sale.

You can see which of your items qualify for Lightning and 7-day Deals by clicking on “Advertising” and then “Deals” in your Amazon Seller Central account. Then click “Create a Deal”. See the screenshot below:

www.amazon.com | English | Search | Messages | Help | Settings

Catalog | Inventory | Pricing | Orders | Advertising | Stores | Programs | Reports | Performance | Apps & Services | B2B

### Deals [Learn more](#)

[Create a New Deal](#)

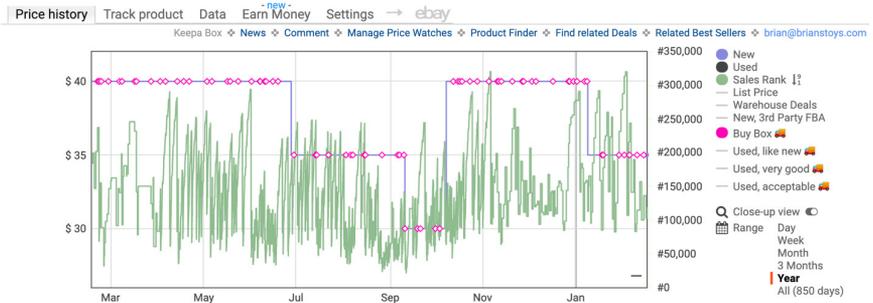
Search Deals by ASIN | Status: 4 selected | Type/Duration: All | Date: Last 6 months

Deals 1-10 of 10 | Sort by: Start date (oldest to newest)

Internal description <small>Item product, SKU count, Deal type</small>	Date <small>Status</small>	Deals fee	Sales	Units Sold <small>Committed</small>	Fee/Sales	
 Lightning Deal-2019/09/03 21:17-47-971 7 SKUs  Lightning Deal	Black Friday Week Tue, Nov 26 2019 - Nov 26 2019 3:30 AM - 9:30 AM PST  Ended	\$300.00	\$2,670.11	249 1990	11.2%	<a href="#">View</a>
 Lightning Deal-2019/09/04 17:37-20-914 6 SKUs  Lightning Deal	Black Friday Week Tue, Nov 26 2019 - Nov 26 2019 4:10 AM - 10:10 AM PST  Ended	\$300.00	\$271.72	23 811	110.4%	<a href="#">View</a>

The Amazon sales rank, or Best Sellers Rank, is a ranking within a category that can be used as a relative guide to determine how briskly an item is selling. A third party site, [Keepa.com](#), offers a paid subscription to view historical sales rank data. Below is a [Keepa.com](#) chart as an example. The green line shows the change in sales rank and the blue line with pink boxes shows the price over the last 12 months.

## Part IV—Your Compass and Maps



Levers to pull to help establish or regain momentum include creating a high quality listing with great content, images, and keywords, growing your review count, running effective ad campaigns on Amazon, Best Deals, Lightning Deals, and managing pricing to ensure desired sales velocity.

# Creating a Listing

*Now that you have products selected, you need great content!*

Now that you have new products ready to launch as you create your brand, you need to create great listings on Amazon, which will be critical to your success in developing a brand on Amazon. A great listing will look great on mobile, and also be professional and thorough on a desktop (where a customer may be more likely to do more in-depth comparison and research). includes an optimized title, professional images, bullet points, and the backend updated with relevant keywords and other requested information. You may also upload a video featuring your product.

The most relevant keywords will ideally be included in your title, and generally it is best to put the most critical and important words in the beginning of the title. Historically, it has been in the best interest of the seller to stuff the best keywords in the title and make them very long. Amazon has encouraged sellers to shorten titles to just the basics, though it has yet to be seen that there is any advantage to shorter titles. There are online tools that can assist in determining the best keywords to include in your title (and then also for the keywords on the backend) including Merchant Words, Scope, and others.

Images are just as important as the title. You'll main image will need to be a clear image of the product with a white background. You'll want images from various angles and in various settings, including a couple of the item in action or "in use". Also, infographics can incorporate an overlay of text with an image of the product to show off the best features or characteristics of the product in a way that is clean and easy to understand. Amazon allows up to 9 images or videos for each product. We recommend utilizing as many of these as reasonably possible, at least 4-5, and more if possible.

Videos can also be uploaded in the image slots. Videos can add to the credibility of your listing and brand and can boost the conversion rate by demonstrating your product in action. The cost and effort to produce a video can be significant, so you typically want to reserve videos for your best products or perhaps a brand overview video that you could incorporate into numerous listings for your brand.



You are allotted up to five bullet points. Be aware many consumers will never look at these, but you still want to do quality work for the ones that pay closer and also to help reinforce search engine optimization. There are a couple of different schools of thought on bullet points, one is that they should be short and sweet (one line or less). The other is to take a few sentences and make a thorough point with each bullet. You may want to consider which option fits your brand best, or try to A/B test it with some listings containing short bullets and some listings with long, more descriptive bullets.

On the backend of the listing, you will want to take your time to thoroughly go through each of the tabs for the new listing under Manage Inventory and fill in the fields in the tabs Vital Info, Offer, Compliance, Description, Keywords, More Details, etc. To determine the optimal Keywords, you'll want to use the same research tools as used for the title, including Merchant Words, Scope, and others. Amazon states that keywords that are in the title do not need to be re-used in the Keyword Search Terms, so do not duplicate any keywords so that you can fully utilize the characters available for as many search terms as possible. As before, put the most relevant search terms first.

There is a Product Description field where you can fill in more information than fits in the bullet points. Even less people will read this than the bullet points, so we generally don't put a lot of new creative effort into this field, though you'll still want to fill it in. You may simply want to utilize the best of your bullet point information to include in the product description.

A+ Content is a much more exciting and appealing way to utilize the space. Amazon allows for "Product Description". You can use images, infographics, and your own choice of text to describe and highlight your products. While A+ Content requires additional effort, it is worth it to present your brand in a better light. Below shows A+ Content Manager within Seller Central. This is found under "Advertising" and then "A+ Content Manager".

Below is an example of A+ Content, which shows the use of images and design art to showcase a brand in a way that is more effective than a couple of paragraphs of text for your Product Description that will likely be ignored.

Catalog Inventory Pricing Orders Advertising Stores Programs Reports Performance Apps & Services B2B

Get support | Program Policies | [Sign in](#)

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## A+ Content Manager [Learn more](#)

Search for ASIN or product name or [Start creating A+ Content](#)

Use the A+ Content Manager to add rich content to the detail page that showcases your brand and educates customers about product features.

- [Training](#) **NEW**  
Learn more about the new content manager (PDF)
- [A/B Test](#) **NEW**  
Some of your ASINs may qualify for A/B testing.

Take the following actions to update existing or add new A+ content to potentially increase your sales by 5%\* [View more recommendations](#)

 <p>#1 Recommendation Sticky Bites Goody Bags B07YCTVBDN</p> <p>Hide <a href="#">Create A+</a></p>	 <p>#2 Recommendation Clever Creations Pink Princess Organizers   Storage and Organization B079LZZZ2R</p> <p>Hide <a href="#">Create A+</a></p>	 <p>#3 Recommendation Clever Creations Rose Parent B083WZKJW</p> <p>Hide <a href="#">Create A+</a></p>
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You will note that many successful listings on Amazon have multiple variations, which are called Parent Child variations or Parent Child relationships on Amazon. A Parent Child listing will allow you to show multiple colors, sizes, or other variations of your product on one listing. This is one of the best ways to leverage the success of multiple items to bring all of the traffic together for all of the items.



Creativity has its base with Strictly Bricks. Choose from hundreds of stackable baseplates, construction brick sets, and other products that are compatible with all major brands. Combine with the toys you already have to encourage play in an entirely new way! Everything that comes from Strictly Bricks is made to allow your children to be as creative as possible while continuously learning when building. When your children open a bag of Strictly Bricks, they are encouraged to use the set however they want! This style of play is meant to help kids learn to use their imagination to develop a vision of what they want to build.

### Stack Em' Up!



Strictly Bricks Stackable Baseplates takes creative building to the next level! Choose from 36 different colors, a variety of unique shapes, sizes and multi-color combo sets—literally hundreds of building block options you won't find anywhere else. Each baseplate can be stacked vertically using Stackers to build a tower, garage, castle or as the base of endless creations. Strictly Bricks Stackable Baseplates are compatible with all major brands.

### 36 Different Colors



Brighten up your creations with our extensive color options that you won't find anywhere else! From green to magenta to metallic silver, you'll have no problem finding the color you need to bring your creation to life. We even offer cool clear color options, allowing for a completely unique building experience.

### New Ways To Play



The Cube allows builders young and old to build in all directions without limitations by creating 3 dimensional scenes! Use The Cube for storage and organization of bricks, toys, or other items. Every double sided plate has large and small pegs that allow you to build with any size brick.



Don't be afraid to think outside the square! We offer stackable base plates in several shapes and sizes including circles, triangles, and half circles. Add these to your existing sets or create something completely new. The possibilities are endless!



We also offer baseplates and bricks made of silicone. One side of the mat is compatible with standard bricks and the other side is compatible with Big Bricks. The size and flexibility of these baseplates make them perfect for letting your creativity shine anywhere indoors and out both at home and on the go.

The reviews for the variations will be aggregated together which will lead to much more impressive review counts for your products. Your most successful items can drive traffic and expose all of your variations to potential customers. Customers are more likely to buy more than one product in a purchase, or they may return later for their second or third choices now that they are aware of your complete offering. There can be some intricacies in optimally setting up Parent Child variations, but it is well worth the effort. Below is a listing of our baseplates with the color variations circled.

## Strictly Briks Classic Baseplates 10" x 10" Stackable Brick Base Plate 100% Compatible with All Major Brands | Baseplate for Building Towers, Tables & More | 1 Green Baseplate

by [Strictly Briks](#)

★★★★★ 352 ratings | 9 answered questions

██████████ for "strictly briks"

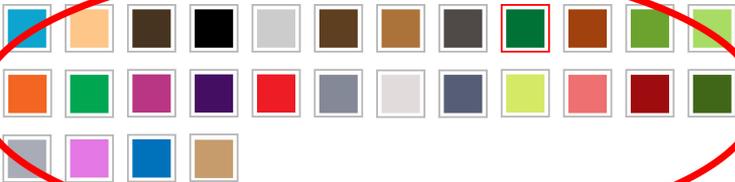
List Price: \$7.99

Price: **\$6.99** & **FREE Shipping** on orders over \$25.00 shipped by Amazon. [Details](#)  
& [FREE Returns](#)

You Save: **\$1.00 (13%)**

[Get \\$100 off instantly: Pay \\$0.00 upon approval for the Amazon.com Store Card.](#)

Color: **Green**



Now that your listing is complete you will want to have a second set of eyes review each portion of it to critique and improve it. Once you have products in stock and starting to sell, it is ideal to monitor and make improvements from time to time when possible as you learn new information or obtain feedback that may boost your conversion rate (% of people viewing your item that purchase it). Ideally, if you have similar items, you can run A/B tests to experiment and gauge results to determine which approach is the winner. Then roll out the winner of the test to other listings and begin a new A/B test to seek further improvement.

# Reviews

*The most valuable currency on Amazon!*

You want to make sure that you are building legitimate reviews for your listings. Below are a few steps you can take to boost your reviews.

First, consider enrolling your new products in the Vine program, which is now available free of charge to 3P sellers, can help you receive up to 30 reviews per item. You give away 30 units of each SKU and pay the fulfillment charges. Otherwise, the service is free. This is a great opportunity to help launch new products! The Vine dashboard is available by clicking on “Advertising” and then “Vine” in your Seller Central account.

The screenshot shows the Amazon Seller Central interface. At the top, there's a navigation menu with 'Advertising' highlighted. Below the menu, there's a search bar and a 'Sign in/Enroll' button. The main content area is titled 'Vine' and includes a sub-header 'Enroll your products in Vine to generate reviews from Amazon's best reviewers.' Below this, a recommendation banner states: 'We recommend enrolling the following products in Vine: Vine Voices publish reviews on average 15 days after requesting your enrolled products\*'. The banner displays four product recommendations with 'Hide' and 'Enroll' buttons for each.

Product Recommendation	Action
#1 Recommendation Strictly Bricks 6x6 4 Pack Blue Green Gray Sand	Hide Enroll
#2 Recommendation 4 Color Montessori 36 Letters + Numbers with 3D Tanks	Hide Enroll
#3 Recommendation 4 Color Montessori 36 Letters + Numbers with 3D Blocks	Hide Enroll
#4 Recommendation Clever Creations Solar Torch Lights for Garden and Walkways - 6 Pack	Hide Enroll

\*2019 Amazon study of 47% Vine reviews published on Vine items requested between 9/1/2019 and 12/1/2019. Results may vary based on individual products enrolled, and are not a guarantee.

Second, take a look at enrolling each of your new products in the Early Reviewer Program. According to Amazon at ([https://sellercentral.amazon.com/early-reviewer-program/program-overview?ref\\_=xx\\_zebramkt\\_dnav\\_dsh](https://sellercentral.amazon.com/early-reviewer-program/program-overview?ref_=xx_zebramkt_dnav_dsh)), “The Early Reviewer Program helps you get up to 5 reviews by offering customers who purchased your enrolled items a small reward (\$3 Gift Card) in exchange for providing feedback on your product.” The program costs \$60 per SKU and will help achieve up to 5 total reviews within a 12 month period. To find more information or enroll a new product, simply

## Part IV—Your Compass and Maps

click “Advertising” and then “Early Reviewer Program” within your Seller Central account. See below for a screenshot of the Enrollment Dashboard.

Enrollment Dashboard

Submit SKU to enroll:

21 products

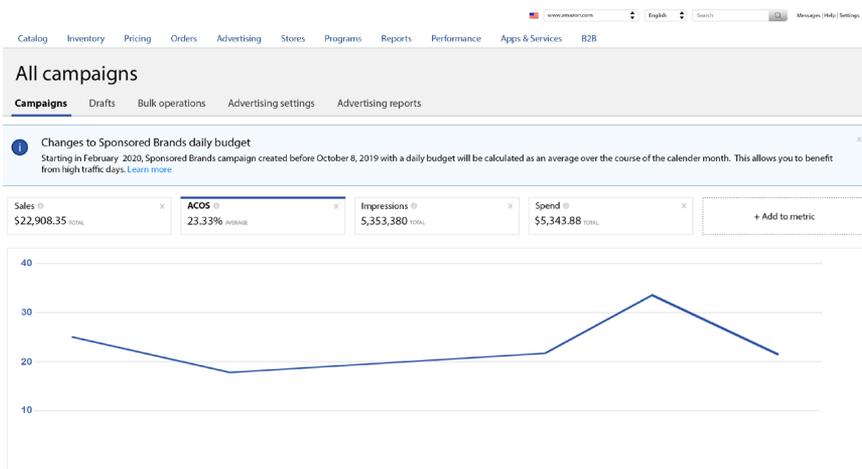
Item name / Parent SKU / ASIN	Child SKUs Enrolled	Enrollment Date	ERP Reviews	Status	Billing
 <b>Clever Creations Garden Gnome Parent</b> Parent SKU:GARDENGNOMEPARENT ASIN:B08J2QJ2FW	9	2/4/20	0	Enrolled Running	—
 <b>Clear Pink Storage Container 16x15x13.5 in</b> Parent SKU:PT106CLEARPINKSTORAGELM ASIN:B08H43G2D5	0	2/4/20	0	Enrolled Running	—
 <b>Sturdy Blocks - Race to the Top Box - Building Bricks Board Games for Ages 5+</b> Parent SKU:PT06RACE2TOPBOX ASIN:B08J27ZJGK	0	12/18/19	0	Enrolled Running	—
 <b>Clever Garden - Artificial Plant Pack - Colorful Plastic Faux Home &amp; Office Decor in a Nature Friendly Grey Pulp Pot - Printed Set of 3</b> Parent SKU:PT1063PLANTSTYLE ASIN:B08J09M4KJ	0	12/18/19	0	Enrolled Running	—

Third, Amazon allows you to use 3rd party software, like Feedback Genius or Feedback Five, to send up to two follow-up emails per order to customers. These emails can include a message requesting an honest review, though you need to be very careful not to influence the review in the message. Note, you need to be very careful to review Amazon Terms of Service, which can change at any time, and ensure that your message is compliant.

# Advertising & Marketing

*Watch your **TACoS!***

Amazon's Sponsored Product Ads (SPA) is another integral part of launching a product and building a brand on Amazon. Sponsored Product Ads is a great Pay Per Click tool which provides almost real-time results to ad campaigns. It is a powerful and can be used to launch products and brands and boost sales for existing products. Below is the Campaign Manager found by clicking "Advertising" and then "Campaign Manager" in your Seller Central account where you will manage your advertising.



There are numerous software programs to help you manage advertising on Amazon. The software can help with auto-bidding, determining keywords to negate, managing ad spend, attain desired ACoS (Advertising Cost of Sale), and more.

How much should you spend on ads? Of course, it depends on your

goals, the price of your products, and profitability of your products. The starting point for measuring the cost of ads in SPA is ACoS. This is generally expressed as a % of the sale price. You will also see RoAS (Return on Ad Spend) as a metric, which is essentially the reciprocal of the ACoS. So it is the same information, but expressing in a different way.

We learned over time that ACoS (or RoAS) is not the number that matters. The number you need to look at and focus on is TACoS (Total Advertising Cost of Sales). This is advertising cost as a % of total sales. Let me use a few examples to make this clear for you.

- ACoS – You spend \$100 to achieve \$500 in ad attributed sales. Your ACoS is 20%, as \$100 is 20% of \$500.
- RoAS – You spend \$100 to achieve \$500 in ad attributed sales. Your RoAS is 5x, as you achieve \$500 in sales based on your investment of \$100.

The results are the same in these two cases, with simply two ways to report the results. We contend that both of the above are interesting and relevant and at times you will want to utilize them. However, the metric you really need to pay attention to, the one that will make or break you, is TACoS. The above examples don't really tell you how you are doing because you have incomplete information.

TACoS take into account your total sales for the product, brand, or business. In the example above, let's say the total sales including organic sales plus ad attributed sales is \$1000. With ad spend of \$100, this is a TACoS rate of 10%. We generally like to see TACoS at 7% or below, but the rate that is right for you will depend on your profitability and your goals. The main point of TACoS is that you now can budget for your ads properly. Otherwise, you could set your ACoS at 15% thinking that is a good number for you. It may be, but it may not. If your ACoS is double (say 15%) your TACoS (for example, 7.5%), this tells you that half of your sales are organic, and half of your sales are ad attributed. In this case, if your goal was 7%, you are pretty close to where you want to be. If your ACoS is 15% and your TACoS are 3%, it would tell you that your organic sales are 80% of your overall sales

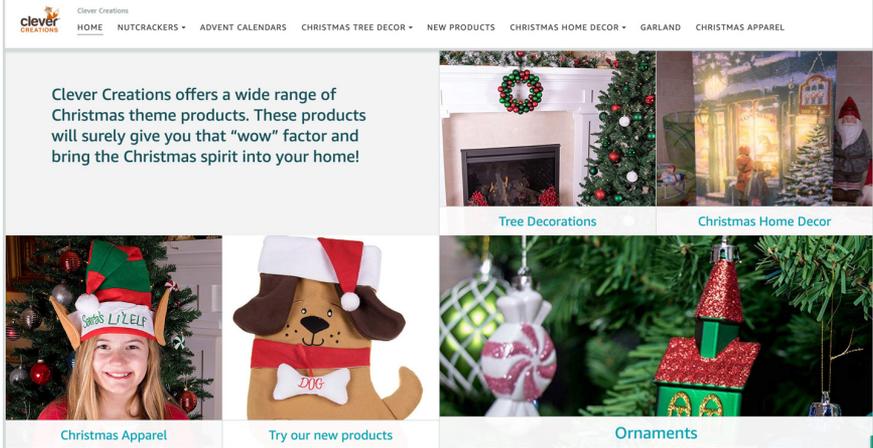
and your ad attributed sales are 20%. In this case you will likely boost your profits by boosting your advertising bids some. If your ACoS was 15%, but your TACoS were 12%, it would tell you 80% of your sales were ad attributed, which would be a very high rate. In this case, especially if your goal was 7% TACoS, you would need to reduce your bids and negate non-performing keywords to get your TACoS rate down.

The bottom line is that TACoS is a KEY metric that you need to pay attention to on a weekly (or daily) basis. You need to review all of your costs, determine an acceptable level of profitability, and set a budget for your TACoS. Then you need to manage your TACoS to maximize your sales for the level that you set.

In addition to Sponsored Product Ads, there are also Sponsored Brands ads. According to Amazon, “Sponsored Brands are ads that feature your brand logo, a customer headline, and up to three of your products. These ads appear on search results and help generate recognition for your brand and product portfolio.” These ads are larger, cost more, and generate more brand awareness than Sponsored Product Ads.

Campaigns can become very large and difficult to manage, and it can be time consuming to update your bids. To assist with this, you will likely want to select a software program to help manage and optimize your SPA bids and advertising. These include Sellics, Quartile, Teikametrics, Sellozo, and many more.

In addition to advertising on Amazon, you can also create a Brand Store Page. Any time a customer clicks on a link to your brand on Amazon, it will take the user to a store page that you can set up. You get to feature items that you would like to steer customers towards. You also can set up categories like a typical website so a customer can easily navigate and browse your product selection. You can also use ads to send customers to your Brand Page. The Brand Page can boost your sales potentially a few percent and also build brand loyalty by sharing your brand in a way that isn't cluttered with competitors' products.



Above—An example of a brand store page

You can also advertise on Google, Facebook, and elsewhere to drive traffic to your Amazon listing. This is a more complex strategy and one that is more difficult to pull off because you often have to pay more for the traffic (especially on Facebook) and the prospect is less willing to buy an item than someone that is already on Amazon.

# Pricing

*Set it and forget? Not so fast!*

Pricing is a very important piece of the equation, both in launching a new product as well as optimizing long term profitability. We have put thousands of hours over more than a decade into managing and developing pricing strategy for thousands of SKU in numerous categories on Amazon for items with a wide variety of characteristics. Price, while a blunt tool, is often the single most effective lever you can pull to impact your sales velocity and profitability.

In launching a new product an approach that often works is to lower the price well below your intended price and then gradually increase the price over time. For example, you have an item that you believe will support a market price of \$19.99 and will achieve profitability at that price. You may give the item a few weeks to see if it will start selling at this price. If not, you could lower it to \$14.99, \$9.99, or even \$7.99. Generally, if it is a product that customers will want, it will begin selling at a low price, even without reviews. Then as it begins to sell well, you can raise the price a dollar or two at a time while trying to maintain the sales velocity that you are building. Eventually, if your product is successful, it will reach or exceed the market price that you desire for the item. Often you will incur a loss of hundreds of dollars to gain the momentum you need to raise the price, but this may be the necessary investment to launch a product.

Pricing for long term profitability is a balance between optimizing your unit sales, your advertising costs, and your gross profit per sale to maximize the net profit for any given item. We define the net profit of the item as the total sales (in dollars) of the item over a given time period (like a month), less any Amazon fees commission, fulfillment, and storage fees, less the COGS (Cost of Goods Sold) for

this item which will include all charges to get the item to the Amazon FBA center (for example, the cost of item from the factory plus freight charges, customs and duty, and any other charges). You will need to experiment with pricing and advertising and monitor results to determine your optimal levels for price and ad cost. Of course, the Amazon marketplace changes rapidly so you will need to also monitor over time and make adjustments from time to time.

More advanced pricing models will apply in some cases. For example, in the case of seasonal items, you have a surge of demand during a finite period of time of year. You also (generally) have a fixed supply of inventory that cannot be restocked or reordered once you are in the peak of the season. On the one hand, you have one season to sell your items in, or you may have to wait a full year to sell your inventory. This can put a downward pressure on pricing if items are not performing well as you are in the height of the season. In this case, you may lower pricing to boost sales before the season ends. On the other hand, if things are going as planned or better, and you anticipate safely selling out of your inventory before the season ends, then you can aggressively push prices up as the season progresses to slow down the sales rate so you sell out as the season ends while maximizing pricing and profitability at the same time. In summary for seasonal pricing, the pricing adjustments downwards can be an important part of establishing momentum and moving non-performing inventory before the season ends. The pricing adjustments upwards are critical to maximizing profitability and helping to cover any items that you have had to lower prices on.

Aside from seasonal items, you also may employ the approach of raising prices anytime that you are running low on inventory for a given item and anticipate not being able to restock the inventory before it sells out. You may be able to throttle the sales velocity down to the point that you avoid stocking out of the item, which could help the long term momentum of the item, as well as increase profitability for the units that you sell at the higher prices. In this scenario, it is important to reduce the price back to the long term desired level once you have restocked the item.

Another scenario that may arise is that an item slows in sales from

its usual and expected sales velocity. This could be due to a number of factors, but it can happen from time to time. An easy lever to pull to help resolve this issue is to reduce the price to spur demand. Once demand picks up, you can try to gradually raise it back up. This is similar to what was discussed previously in regards to launching a product, though typically you would not need to lower the price as much to “re-launch” a product as when you initially launched it. You may also combine this strategy with temporarily boosted ad targeting to further boost your chances returning the item to its desired sales level.

While there are some software tools that assist with managing pricing, we haven’t generally found them particularly useful when you control your own brand and are not competing for the buy box. You simply can’t have prices for your own brand bouncing around to odd prices throughout the day. Prices can be changed, but they need to be in a steady and methodical way, typically moving in small increments and while focusing on hitting psychological price points like \$19.99, \$24.99, etc. Instead of utilizing automated tools to manage the pricing of our brands, we create custom reports in Excel utilizing downloads from Seller Central that provide us the information we need. The screenshot below is an example of one of our pricing reports. In season, which would typically be November and December for us, we will focus on 1 Day, 3 Day, 7 Day sales, etc. We’ll look at the trend (are sales accelerating or decelerating over the last 1-3 days compared to the last 7 or 30 days) and compare our quantity at FBA to the sales velocity to determine if we should raise or lower prices. We’ll enter new prices into the spreadsheet and upload via Seller Central.

	C	F	I	J	K	L	M	N	O	AA	AB	AC	AH	AI	AM	CZ	DA	DE
	PRODUCT SKU	BRAND	% Sales	US 1	US 3	US 7	US 30	US 90	US 365	WH QTY	FBA QTY	Reserved QTY	Average Price 2018	Current Price	Mark Up	12/07 Price	New Price	Note
2	PRODUCT 1	BRAND 1	6.48%	182	507	921	1982	3258	10708	1	2810	220	25.62	\$ 19.99	112%	\$ -	\$ 21.99	
3	PRODUCT 2	BRAND 2	8.89%	130	303	828	1719	2075	3145	117	1463	229	11.82	\$ 12.99	881%	\$ 12.99		
4	PRODUCT 3	BRAND 1	2.50%	81	213	503	1421	2290	7123	0	3243	107	27.30	\$ 24.99	98%	\$ -	\$ 26.99	
5	PRODUCT 4	BRAND 2	27.96%	78	152	446	952	1251	1662	250	279	85	82.79	\$ 44.99	68%	\$ 44.99		
6	PRODUCT 5	BRAND 1	3.45%	61	184	414	1112	2065	8750	1196	1768	122	12.23	\$ 9.99	100%	\$ -		
7	PRODUCT 6	BRAND 2	13.30%	58	132	347	651	792	946	244	436	52	41.76	\$ 39.99	277%	\$ -		
8	PRODUCT 7	BRAND 1	3.24%	52	132	390	857	1624	4599	300	1607	67	19.20	\$ 17.99	163%	\$ 17.99		
9	PRODUCT 8	BRAND 2	4.56%	42	122	294	661	877	1133	54	921	24	12.01	\$ 12.99	553%	\$ -	\$ 14.99	
10	PRODUCT 9	BRAND 2	1.62%	40	135	398	761	1034	2809	510	2471	43	8.68	\$ 9.99	680%	\$ -		
11	PRODUCT 10	BRAND 1	2.09%	38	112	339	1139	2157	6051	140	1822	64	18.93	\$ 19.99	273%	\$ -		
12	PRODUCT 11	BRAND 1	1.04%	38	99	1045	1743	1509	4484	1437	1959	70	27.08	\$ 24.99	180%	\$ 24.99	\$ 26.99	

In season, given a fixed quantity of inventory, we will regularly review to make steady increases upwards if possible. We also monitor to see if our price increase has had an overly negative reaction. If so, we will then need to consider lowering the price back down.

If prices are raised too quickly, this can result in you losing the Buy Box. Amazon utilizes a sophisticated algorithm to determine whether or not an item will show up in the Buy Box. Amazon wants customers to be able to trust that if an item is in the Buy Box, then the price they are paying is reasonable. If the price has increased too much recently, Amazon will remove the item from the Buy Box, making a purchase extra work for the buyer and signaling to the buyer that the price may not be a great deal. An example of when an item is “in” the Buy Box

**Strictly Bricks Classic Bricks 156 Piece Set Building Brick Set | 100% Compatible with All Major Brands | 4 Different Shapes and Sizes | Tight Fit Premium Building Bricks in 8 Clear Colors**

by **Strictly Bricks**  
★★★★★ 419 ratings | 12 answered questions  
Price: **\$9.99** **prime & FREE Returns**

Item: **156 Piece**  
**156 Piece** 276 Pieces 336 Pieces 472 Pieces 1008 Pieces

Color: **Clear Colors**

**CLASSIC SIZE, GUARANTEED TIGHT FIT:** Strictly Bricks classic building bricks play nice with other toys and are 100% guaranteed to be compatible with all major brands. Our classic size products are a guaranteed tight fit with any standard size building bricks, no matter what existing brand of building bricks or construction block sets your child already owns. Help your child build a city and become a creator without spending a fortune.

**CREATIVITY HAS ITS BASE WITH STRICTLY BRICKS:** Let your child's imagination run wild! This 156 piece Brk set is a great way to foster and build creativity and help improve hand-eye coordination!

**AFFORDABLE, TOP QUALITY:** All Strictly Bricks products are built to premium standards, and are a guaranteed tight fit with all major building block sets. They will not easily break or bend, and will keep your family imagining for years to come.

**INCLUDED IN THE SET:** This 156-piece Brk bundle contains pieces in multiple sizes including 2x2, 2x4, 1x1 and 1x2 in vibrant, clear colors including yellow, orange, green, blue, clear, orange, pink, and purple. Simply lay them out on the floor at a glance and get creative! Selected by Our 100% Satisfaction Guarantee (Details Below in Description).

**100% SATISFACTION GUARANTEE:** Building and imagining never gets old - a single purchase will bring years of fun! All pieces are backed by our 100% money back satisfaction guarantee, so you can buy with confidence and enjoy the hundreds of unique Strictly Bricks building sets you won't find anywhere else!

**FREE delivery: **Wednesday****  
Order within 4 hrs 2 mins

Deliver to YOU - Place 12345

**In Stock.**

Qty: 1

**Add to Cart**

**Buy Now**

Sold by **Strictly Bricks Co.** and Fulfilled by **Amazon.**

An example of when an item loses “loses” the Buy Box

**Strictly Bricks Classic Bricks 156 Piece Set Building Brick Set | 100% Compatible with All Major Brands | 4 Different Shapes and Sizes | Tight Fit Premium Building Bricks in 8 Clear Colors**

by **Strictly Bricks**  
★★★★★ 419 ratings | 12 answered questions  
**Available from these sellers.**

Item: **156 Piece**  
**156 Piece** 276 Pieces 336 Pieces 472 Pieces 1008 Pieces

Color: **Clear Colors**

**CLASSIC SIZE, GUARANTEED TIGHT FIT:** Strictly Bricks classic building bricks play nice with other toys and are 100% guaranteed to be compatible with all major brands. Our classic size products are a guaranteed tight fit with any standard size building bricks, no matter what existing brand of building bricks or construction block sets your child already owns. Help your child build a city and become a creator without spending a fortune.

**CREATIVITY HAS ITS BASE WITH STRICTLY BRICKS:** Let your child's imagination run wild! This 156 piece Brk set is a great way to foster and build creativity and help improve hand-eye coordination!

**AFFORDABLE, TOP QUALITY:** All Strictly Bricks products are built to premium standards, and are a guaranteed tight fit with all major building block sets. They will not easily break or bend, and will keep your family imagining for years to come.

Deliver to YOU - Place 12345

**See All Buying Options**

**Add to List**

**Add to the Wedding Registry**

## Part IV—Your Compass and Maps

In the case where you have lost the Buy Box, the customer has to click an extra time on the link “these sellers” circled above in red. Once this is clicked, the customer will proceed to the next screen where they will see your offer for this item with the price.

The screenshot shows an Amazon product page for a cutting board. At the top, there is a navigation bar with a search bar, account links, and a shopping cart icon. Below the navigation bar is a category bar with various product categories. The main content area features a product title: "White Marble Colored Glass Cutting Board by Clever Chef - Non-Slip, Shatter-Resistant, Durable, Stain Resistant, and Dishwasher Safe - 15.5" x 16.5". The price is listed as \$24.99, with a note that it is a new price. The page also displays shipping options, delivery information, and seller information for Clever Creations Co. A red "Add to Cart" button is visible on the right side of the page.

While you may think the extra click may only make a small difference, we have typically seen a reduction in sales of 50% to 90% when an item loses the Buy Box. So you have a few options when you lose the Buy Box. One is to simply leave the price where it is. Over time, as you sell enough units at the new price as determined by Amazon’s algorithm, you will eventually typically regain the Buy Box. This may often take a few weeks to a few months. This option works when you only have a few units left and you will sell out whether you have the Buy Box or not. If you have any type of large quantity of inventory, losing the Buy Box should be a large concern for you. You can’t afford to be out of the Buy Box for long, or you’ll lose your momentum. So if you have much inventory on hand, you will likely want to lower the price incrementally until you find the price at which you regain the Buy Box. Often times, you can gradually raise the price a dollar or two at a time every couple of days, as you make a few sales along the way, to increase the price at which you keep the Buy Box. You may then be able to achieve the Buy Box price you desired within several days or a week or two with this strategy.

Reviewing pricing can be a time consuming task, particularly in season and depending on your number of SKUs. We have found pricing to be the single most useful tool at our disposal to influence or control the velocity of sales, maximize profitability, and ensure that products sell in a season or desired time frame.

# Performance

## *Voice of the Customer, Account Health, Warnings, and Suspensions.*

Amazon wants you to succeed and gives you a wide array of metrics and tools to proactively deal with issues that may arise. One of these tools is the “Voice of the Customer” which is accessible by clicking “Performance” and then “Voice of the Customer” within Seller Central (see the screenshot below for reference). Within Voice of the Customer you will see each of your products sorted between Very Poor to Excellent. You’ll want to review the items that rate Very Poor and Poor, and then look closely at the NCX (Negative Customer Experience) rate and reasons for Returns and 1 Star Reviews. Addressing the reasons for high return rates or 1 star reviews will improve your reviews, your return rate, and ultimately your profitability.

Account Health Customer Service Performance Product Policy Compliance Shipping Performance Reports Performance Apps & Services E2B

Voice of the Customer

Voice of the Customer **Beta** [Learn more](#) | [Tell us how we're doing](#)

Use this page to understand the Customer Service Experience (CX) Health of your offers, review product or listing feedback from customers, and take actions to fix product and listing issues.

Thank you for visiting the Voice of Customer page. The goal of this page is to help you identify product and listing issues affecting customers. The CX Health of your listings does not affect your overall account health. This page is currently in beta. Please tell us how we're doing. Your feedback is invaluable to us.

**CX Health breakdown of your listings**

Very poor	Poor	Fair	Good	Excellent
25	6	63	616	1032
<a href="#">See listings</a>				

How is this calculated?

Search 1993 Offer Listings

Image	Product name	SKU	Offer listing	Fulfilled by	NCX rate	NCX orders	Total orders	Top return reason	Last offer closed date	Last updated	CX Health	Action
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Selling on Amazon can be incredibly complex. Strive to follow Amazon rules and regulations to avoid punishments and suspensions and generally to be good sellers on the platform. There are an almost limitless number of issues that could pop up that range from seller to seller depending on the types of products being sold, as well as the type of business model, as other factors.

*It is critical to pay attention to emails, warnings, and notices from Amazon.* Take them seriously and respond accordingly. If you are unsure as to how to respond or need help addressing the suspension, contact a 3rd party specialist that can help. Your chances of quick success will be greatly improved working with an expert rather than attempting resolution on your own, especially if your problem is serious.

PART V

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# Supporting Cast—Your Pick Axe, Shovel, and Dynamite!

# Sourcing and Supply Chain

Logistics are a critical part of an Amazon business. From sourcing products to negotiating the best prices to ensuring the products are in the right place at the right time to negotiating freight, warehousing, 3PL charges, and holding them accountable are all challenges that brands face.

First you need to determine which products you are going to source. Then you have a few options as to how you will go about sourcing them. Online options include Alibaba, India Sources, ThomasNet, and more. Clearly online options are very quick and efficient. You can list a product and get competing online offers within 24 hours for numerous suppliers. However, vendors respond to so many online postings that it can be difficult to show you are serious and not get lost in the shuffle. It certainly can be done over time, but it may take more time after the initial posting to establish credibility that may be demonstrated more quickly offline at a tradeshow.

Tradeshows offer a way to review thousands of suppliers and have dozens, if not hundreds, of discussions within a few days. Even in the digital economy, it is hard to beat the effectiveness of a large tradeshow. Various industry shows in the US (like Toy Fair in New York or the International Home and Housewares Show in Chicago) will have a dedicated section to international sourcing from China and other countries. While the sourcing options at these US based shows are limited, these are very easy to attend compared to going on an international sourcing trip and a good first step.

The Canton Fair (<http://www.cantonfair.org.cn/en/index.aspx>) in

Guangzhou, China is the granddaddy of all sourcing fairs and has multiple sessions that run over a couple of weeks each April and October. It has been running since 1957 and is absolutely enormous! The trade show complex makes most other convention centers look small in comparison. There are a few thousand exhibitors at each of the three different sessions, so there is plenty to keep you busy for at least several days. There is also the Hong Kong Houseware Fair in April and October which is also very large and the China Toy Expo (<https://www.china-toy-expo.com/en/>) in Shanghai in October. We have attended all of the tradeshow listed above. All have been valuable to varying degrees, though the Canton Fair is by far the largest and we have found it to be the most productive. There are a number of other shows in Hong Kong and China, but these are a few of them.

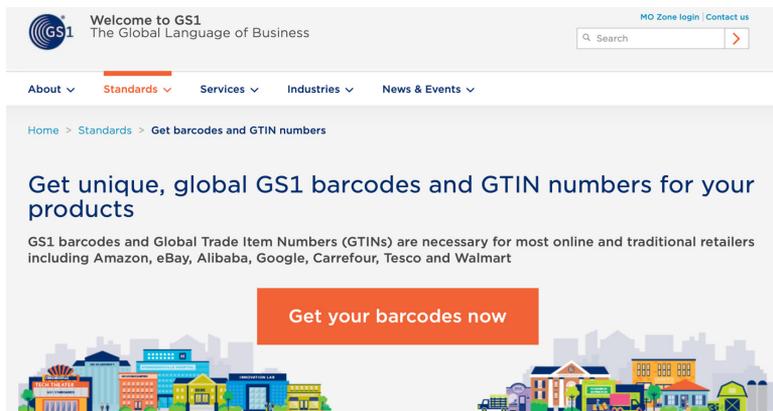
While in the digital world we live in attending tradeshow in person is not absolutely mandatory, it is very helpful to moving forward with new vendors in a prompt and efficient matter, is great for relationship building, and incredible for viewing countless samples in a very short period of time.

Once you have selected a supplier(s) for your products there are numerous steps including reviewing samples, negotiating pricing, product packaging requirements, quality control, safety testing in regulated categories, setting up routing with a freight forwarder, and preparing the shipment within Amazon Seller Central to ship to Amazon FBA.

You may also utilize a 3PL warehouse to ship to reduce long term storage costs, help manage your Amazon inventory performance index score, and fulfill B2B or off-Amazon orders. Finding the right 3PL that is timely, accurate, and understands Amazon logistics and requirements is key, and often not easy. Assuming you are importing products from outside of the US, you will want a 3PL that is located near a port. If you are importing from China, Southeast Asia, or India, a 3PL near the port of Los Angeles is likely best to minimize both time and transportation cost. Once products are at FBA, you need to manage the storage costs at Amazon, which are particularly expensive during the 4th quarter (3-4x the cost of the first 3 quarters). You also don't want inventory to sit too long to maintain a satisfactory inventory

performance index score to avoid any FBA storage limitations being put on your account. Ideally you keep enough inventory at FBA to avoid being out of stock, but keep the inventory fairly low and continue to restock from the 3PL which will charge a much lower storage rate.

As you turn in a Purchase Order, you will need to setting up UPC barcodes for each of your items. We advise that you utilize GS1 (<https://www.gs1.org/standards/get-barcodes>) barcodes. While you can buy cheaper barcodes from other sources, Amazon will accept GS1 registered barcodes and you eliminate any barcode related risk as you set up new items on Amazon.



The image is a screenshot of the GS1 website. At the top, there is a navigation bar with the GS1 logo on the left, the text "Welcome to GS1 The Global Language of Business" in the center, and "MO Zone login | Contact us" on the right. Below the navigation bar is a search bar with a magnifying glass icon and a search button. The main content area features a breadcrumb trail: "Home > Standards > Get barcodes and GTIN numbers". The primary heading is "Get unique, global GS1 barcodes and GTIN numbers for your products". Below this, a sub-heading states: "GS1 barcodes and Global Trade Item Numbers (GTINs) are necessary for most online and traditional retailers including Amazon, eBay, Alibaba, Google, Carrefour, Tesco and Walmart". A prominent orange button with the text "Get your barcodes now" is centered below the text. At the bottom of the page, there is a colorful illustration of a city skyline with various buildings and a truck.

While a very large amount of products are imported from China, the instability of climbing tariffs and the outbreak of coronavirus have made everyone aware that it is good to have a diversified supply chain. We have a sourcing specialist based in India who assists with opportunities to move production to India.

An additional tip, while you want to negotiate good pricing, you also need to keep in mind that many suppliers are receiving a ton of inbound inquiries for products through Alibaba and other sources. You want to be sure to establish credibility and develop a relationship with your suppliers. “Beating them up” over price and not following up with Purchase Orders, may cause them to move on to other customers and not take you seriously. You need to find a balance

Part V—Supporting Cast—Your Pick Axe, Shovel, and Dynamite

with price negotiation and following up your serious inquiries with orders to build supplier relationships.

*If you'd like a Free 20 Minute Consultation to see how we can help improve your supply chain, visit:*

**<https://blitzinnovation.com/contact-us>**

# Tradeshows

## *Keeping up on trends in the Amazon First World*

Tradeshows for educational purposes have been a crucial part of our success. We typically have only attended 1-2 trade shows per year for this purpose, but to do this on at least an annual basis has been important to ensure that you are working on the business and staying current with technology, information, best practices, etc. Some of the tradeshows that we have attended are the Prosper Show, SCOE (Sellers Conference for Online Entrepreneurs), and Retail X/IRCE (Internet Retailer Conference + Exhibition).

There are typically 2-3 days filled with seminars, workshops, panels, breakout sessions, and exhibitor rooms. Selling on Amazon requires utilizing numerous online support tools which are ever changing. We have found the exhibitor room at these conventions to be often the highest value of the conference. We will walk the room reviewing each vendors' booth and look for any and all booths that may be of some interest. We'll strike up conversations, get contact information, obtain quotes, etc. from each of the booths that offer relevant services to our business. We have found this setting to be very conducive to "shopping" the competition. You can get a good feel for the services offered and the decision makers are often at the show. You can leverage the competition which is literally just a few feet away to negotiate quickly and effectively, so you can cut to the chase pretty quickly.

In summary, it's important to attend one of the relevant trade-shows to dedicate a couple of days for "continuing education" to keep up with trends as well as to keep up with the countless software tools and services that are offered to help grow your business or make it more efficient.

# Restocking and Reordering

As we discussed earlier, you may utilize a 3rd Party Warehouse to help manage your inventory to keep your Amazon FBA storage costs minimized, help to manage your returns, and help maintain your Amazon inventory performance index score. If you decide not to use a 3PL, then you don't need to worry about what we call "restocking." You need to restock from your 3PL to Amazon FBA on a regular basis to ensure you don't stock out of products. We run a Restock Report each Monday to look for items that need to be restocked.

Aside from seasonal items, we generally try to maintain a 4-6 week supply at FBA. There isn't a magic number, but your goal is to avoid stockouts and otherwise minimize your Amazon storage costs (which will be higher than storage costs at most 3PL's). Below is an example of a Restock report that we use:

	PRODUCT SKU	BRAND	US 1	US 3	US 7	US 30	US 90	3PL1	3PL2	Restock 3	Inbound	FBA QTY	Reserved QTY
1													
2	PRODUCT1	BRAND 1	32	84	145	929	5555	4990	1	1000	600	275	291
3	PRODUCT2	BRAND 3	83	211	424	1802	6913	6288	0	1000	1020	271	564
4	PRODUCT3	BRAND 1	26	58	162	682	5208	2569	0	1000	0	5	81
5	PRODUCT4	BRAND 1	28	86	196	682	2525	713	0	713	0	30	64
6	PRODUCT5	BRAND 1	37	196	230	316	3621	901	0	500	0	23	50
7	PRODUCT6	BRAND 3	13	30	57	349	986	216	0	216	294	19	122
8	PRODUCT7	BRAND 1	18	45	95	509	2763	4747	0	200	0	409	14
9	PRODUCT8	BRAND 1	13	27	64	140	140	498	0	150	0	40	6
10	PRODUCT9	BRAND 3	10	18	43	166	352	311	0	120	0	85	3
11	PRODUCT10	BRAND 3	1	6	38	174	576	443	0	100	0	137	12
12	PRODUCT11	BRAND 3	1	3	16	91	524	511	0	100	0	123	2
13	PRODUCT12	BRAND 2	3	6	18	97	526	420	0	100	0	54	1
14	PRODUCT13	BRAND 1	1	11	26	154	1361	1116	0	100	150	25	61
15	PRODUCT14	BRAND 1	2	13	20	40	81	250	0	100	0	19	2
16	PRODUCT15	BRAND 1	7	9	15	108	727	689	5	100	50	18	33
17	PRODUCT16	BRAND 1	6	10	19	106	638	620	0	100	20	0	18
18	PRODUCT17	BRAND 3	1	2	7	61	148	60	0	60	0	59	0
19	PRODUCT18	BRAND 3	1	1	2	50	94	462	0	60	0	59	2
20	PRODUCT19	BRAND 1	2	5	12	52	160	99	0	60	0	20	1
21	PRODUCT20	BRAND 3	3	10	19	73	393	299	0	50	0	54	16
22	PRODUCT21	BRAND 1	6	10	18	59	59	498	0	50	0	37	5
23	PRODUCT22	BRAND 1	5	6	12	13	13	150	0	50	0	35	4
24	PRODUCT23	BRAND 1	5	5	7	66	376	120	0	50	0	33	2
25	PRODUCT24	BRAND 2	3	4	6	66	179	528	0	50	0	24	1
26	PRODUCT25	BRAND 1	8	8	17	21	29	50	0	50	0	21	0
27	PRODUCT26	BRAND 1	1	1	9	27	184	170	0	50	10	18	0
28	PRODUCT27	BRAND 1	1	5	7	23	33	50	0	50	0	15	1

Part V—Supporting Cast—Your Pick Axe, Shovel, and Dynamite

Whether or not you are using a 3PL, you will definitely need to reorder products from your factory (or determine a production schedule if you manufacture in house) from time to time to avoid stocking out. While it can be costly for be out of stock of products in any retail setting, it is worse to stock out on Amazon. As we discussed in the earlier chapter on Momentum, momentum is very important on Amazon. It can take time and money to “relaunch” a product on Amazon, so you want to avoid stocking out when possible. Also, compared to many traditional businesses, where you typically base your reorder quantities on last year’s sales for the same time period and add in a % of growth (or decrease), Amazon reorders need to look at not only last year’s sales during the given time period but also recent sales over the last 7, 30, and 90 days to determine recent trends. Often you may have sales dramatically increasing on Amazon where basing your reorder on last year’s numbers doesn’t work. However, if you only look at recent numbers and don’t factory in annual trends, you may make mistakes focusing too much on recency. We recommend combining both recent sales and trends (7, 30, and 90 day sales) with year over year historical data when making reorder decisions. Below is an example of a Reorder file that we use:

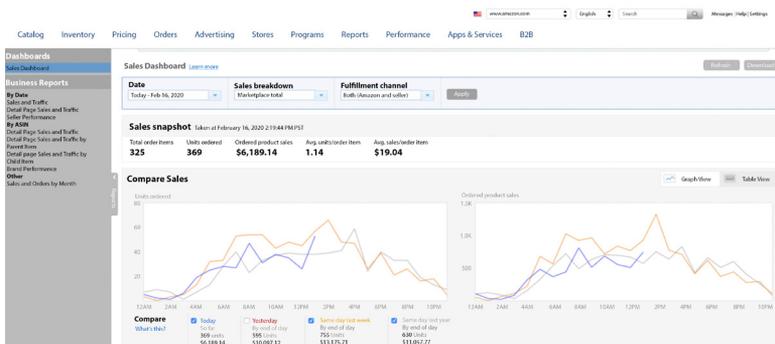
	PRODUCT SKU	BRAND	US 1	US 3	US 7	US 30	US 90	3PL1	3PL2	Restock 3	Inbound	FBA QTY	Reserved QTY
1													
2	PRODUCT 1	BRAND 1	32	84	145	929	5555	4990	1	1000	600	275	291
3	PRODUCT 2	BRAND 3	83	211	424	1802	6913	6288	0	1000	1020	271	564
4	PRODUCT 3	BRAND 1	26	58	162	682	5208	2569	0	1000	0	5	81
5	PRODUCT 4	BRAND 1	28	86	196	682	2525	713	0	713	0	30	64
6	PRODUCT 5	BRAND 1	37	196	230	316	3621	901	0	500	0	23	50
7	PRODUCT 6	BRAND 3	13	30	57	349	986	216	0	216	294	19	122
8	PRODUCT 7	BRAND 1	18	45	95	509	2763	4747	0	200	0	409	14
9	PRODUCT 8	BRAND 1	13	27	64	140	140	498	0	150	0	40	6
10	PRODUCT 9	BRAND 3	10	18	43	166	352	311	0	120	0	85	3
11	PRODUCT 10	BRAND 3	1	6	38	174	576	443	0	100	0	137	12
12	PRODUCT 11	BRAND 3	1	3	16	91	524	511	0	100	0	123	2
13	PRODUCT 12	BRAND 2	3	6	18	97	526	420	0	100	0	54	1
14	PRODUCT 13	BRAND 1	1	11	26	154	1361	1116	0	100	150	25	61
15	PRODUCT 14	BRAND 1	2	13	20	40	81	250	0	100	0	19	2
16	PRODUCT 15	BRAND 1	7	9	15	108	727	689	5	100	50	18	33
17	PRODUCT 16	BRAND 1	6	10	19	106	638	620	0	100	20	0	18
18	PRODUCT 17	BRAND 3	1	2	7	61	148	60	0	60	0	59	0
19	PRODUCT 18	BRAND 3	1	1	2	50	94	462	0	60	0	59	2
20	PRODUCT 19	BRAND 1	2	5	12	52	160	99	0	60	0	20	1
21	PRODUCT 20	BRAND 3	3	10	19	73	393	299	0	50	0	54	16
22	PRODUCT 21	BRAND 1	6	10	18	59	59	498	0	50	0	37	5
23	PRODUCT 22	BRAND 1	5	6	12	13	13	150	0	50	0	35	4
24	PRODUCT 23	BRAND 1	5	5	7	66	376	120	0	50	0	33	2
25	PRODUCT 24	BRAND 2	3	4	6	66	179	528	0	50	0	24	1
26	PRODUCT 25	BRAND 1	8	8	17	21	29	50	0	50	0	21	0
27	PRODUCT 26	BRAND 1	1	1	9	27	184	170	0	50	10	18	0
28	PRODUCT 27	BRAND 1	1	5	7	23	33	50	0	50	0	15	1
29	PRODUCT 28	BRAND 1	2	5	10	19	38	250	0	50	20	11	52
30	PRODUCT 29	BRAND 1	3	4	10	34	40	50	0	50	0	8	3
31	PRODUCT 30	BRAND 1	2	4	6	7	84	120	194	50	20	7	28
32	PRODUCT 31	BRAND 1	3	9	18	39	47	50	0	50	0	1	4
33	PRODUCT 32	BRAND 1	1	2	6	22	120	306	0	50	0	0	1
34	PRODUCT 33	BRAND 1	0	0	0	2	2	210	0	50	0	0	0
35	PRODUCT 34	BRAND 1	2	5	10	21	28	48	0	48	0	20	4
36	PRODUCT 35	BRAND 1	0	4	10	76	36	45	0	45	0	13	0

# Reporting

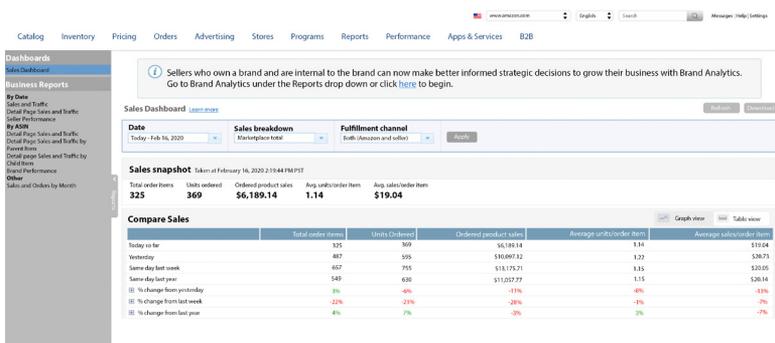
*Pay attention to your metrics!*

It is critical to pay attention to your Amazon metrics and reports. The most basic sales report is available in Seller Central under “Reports” and then “Business Reports”. The Sales Dashboard report gives you a quick glance of your sales for the day, week, month, or year and will compare the current period with the prior period.

## Sale Dashboard Graph View



## Sale Dashboard Table View



Daily Sales Report

Daily Sales							
United States	2/22/20	2/22/19	% Growth	Ad Spend	Tacos	Ad Attributed Sales	% Ad Attributed Sales
Total	\$ 9,306.39	\$ 8,332.48	11.69%	\$ 801.29	8.61%	\$ 2,767.48	29.74%
Brand 1	\$ 5,307.78	\$ 5,303.36	0.08%	\$ 554.28	10.44%	\$ 1,778.04	33.50%
Brand 2	\$ 1,230.28	\$ 1,403.11	-12.32%	\$ 71.71	5.83%	\$ 284.85	23.15%
Brand 3	\$ 2,706.39	\$ 1,626.01	66.44%	\$ 166.27	6.14%	\$ 691.60	25.55%
Brand 4	\$ 28.97	\$ -	100.00%	\$ -	0.00%	\$ -	0.00%
Brand 5	\$ 32.97	\$ -	100.00%	\$ 9.03	27.39%	\$ 12.99	39.40%

France	1/19/20	1/18/19	% Growth	Ad Spend	Tacos	Ad Attributed Sales	% Ad Attributed Sales
Total	€ 638.82	€ 499.70	28%	€ 63.43	10%	€ 370.60	58%
Brand 1	€ 595.51	€ 461.41	29%	€ 53.76	9%	€ 270.67	45%
Brand 2	€ 43.31	€ 38.29	13%	€ 5.75	13%	€ 29.14	67%

To monitor the health of our multiple brands, we generate custom daily reports (below) that show sales in the various Amazon markets (US, Canada, etc.), % Growth, Ad Spend, TACoS, and Ad Attributed Sales.

Weekly Sales Report

Weekly Sales									
United States	02/02/2020-02/09/2020	Returns	02/03/2019-02/09/2019	% Growth	Ad Spend	Tacos	Ad Attributed Sales	Cost	% Ad Attributed Sales
Total	\$ 41,063.20	\$ 4,875.44	\$ 73,033.55	10.95%	\$ 6,545.36	8.07%	\$ 6,300.06	\$ 15,742.21	7.77%
Brand 1	\$ 55,745.11	\$ 1,903.07	\$ 48,116.53	15.85%	\$ 4,591.47	8.24%	\$ 4,562.92	\$ 11,579.46	8.19%
Brand 2	\$ 9,001.82	\$ 1,598.22	\$ 10,435.12	-13.74%	\$ 830.64	9.23%	\$ -	\$ 1,637.12	0.00%
Brand 3	\$ 15,646.05	\$ 1,212.26	\$ 14,481.90	8.04%	\$ 1,103.02	7.05%	\$ 1,737.34	\$ 2,374.80	11.10%
Brand 4	\$ 530.31	\$ 9.99	\$ -	100.00%	\$ 2.00	0.38%	\$ -	\$ 118.08	0.00%
Brand 5	\$ 137.91	\$ 151.90	\$ -	100.00%	\$ 18.23	13.22%	\$ -	\$ 32.16	0.00%

We monitor similar metrics on a weekly basis by generating custom weekly reports, including updated Month-To-Date and Year-To-Date numbers.

While the metrics that are important to each Amazon First brand may vary, these provide examples of the types of reports you may benefit from.

# Legal— Patents and Trademarks

*Protect your brand!*

If you are utilizing the innovative approach and potentially have improvements to products that could be patented, we'd like to provide some general guidance. As we began to launch our brands, we worked closely with IP attorneys to ensure that we did not violate the IP of other companies. By 2016, we began to file patent applications for new products that we were developing. We knew that patents would not only potentially protect us from copycats, but that they also would be very helpful in marketing our new innovative brands. We found an attorney that offers a reasonable fixed rate per application for utility or design applications and filed about 13 utility patent applications and 28 design patent applications. We learned that not only are utility patent applications more costly (typically \$5000 or more), but they are also much slower and less likely to be granted. All of our design applications were granted, and generally within 12 months. For the utility patent applications, after several years, we have had 4 granted, 7 rejected, and 2 are still pending. The net result for us is that we now focus mostly on design patents unless we have a utility patent idea that we think is truly a big idea. If a product is potentially infringing, the design patent will likely suffice for Amazon to take down listings of potential infringers.

In the world of Amazon, the “court” of Amazon is what matters, not the intricacies of US Patent or Trademark law. How Amazon enforces patent or trademark infringement allegations is much more important to our business, and likely almost all Amazon First busi-

nesses, than the court system and legal precedent. This is because in our world Amazon is the 800 pound gorilla and there is little to no point in pushing back to Amazon. In fact, we have found in our experience that when we have tried to assert our legal rights to defend against IP infringement cases, we have simply been hit harder with more ASINs affected by the same issue. So, understanding the ins and outs of the Amazon system is much more important than how a case may play out in a legal case.

Be aware that patents need to be filed for in individual countries, though in the European Union there is a process to streamline across the EU. The costs add up, so typically you are looking at patents in the United States primarily (assuming that is your largest market), perhaps in the EU, and perhaps in the country you are having the products produced. You'll want to conduct a cost benefit analysis to determine which markets it is worthwhile to file for patents in.

Whether you are looking at Private Labeling with no innovations or Contract Manufacturing, you will need to trademark your brand. Trademarks are critical to developing a brand on Amazon, and they are relatively easy and inexpensive to obtain. Trademarks protect your brand on (and off of) Amazon and allow you to register your brand for Amazon Brand Registry 2.0. This is a very easy process that just takes 10-15 minutes and simply requires an issued trademark and images of a few of your items and trademark showing the mark on the product and packaging. Brand Registry allows you to essentially control the content for all of your brands' listings on Amazon. You may also want to consider filing a trademark for your brand in the international markets that you sell in as well as the international markets that you source your products in to provide additional protection.

**A SPECIAL WARNING FOR ALL FILINGS OF TRADEMARK APPLICATIONS AS WELL AS FOR PATENT APPLICATIONS, YOU WILL RECEIVE FAKE INVOICES** by regular (snail) mail for any trademark you file and often for design or utility patents that reach certain stages in the application process. We have almost fallen prey to this scam once or twice ourselves.

Below is an example. This scammer is hoping they can fool you or your bookkeeper into paying \$1,420 into thinking you need to pay this

Part V—Supporting Cast—Your Pick Axe, Shovel, and Dynamite

invoice for your trademark application. While of course you will need to pay the attorney you use to file the trademark, the below invoice (if you read the fine print) will get you the privilege of having your trademark posted on their website. Please take a minute to show this to your bookkeeper, or anyone besides yourself who may receive this invoice instead of you, and explain to them to watch out for this scam!

Trademark Publication

Contact:

Reference Number	15778870
Application Date	01/24/2020
Application Number	88772726
Class(es)	28
National Class(es)	22, 23, 38, 50

Semling, Brian  
W730 State Road 35  
Fountain City WI 54629  
USA

REPRODUCTION OF TRADEMARK

CLEVER FUN

Publication Fee	1420.00	USD
Additional Tax	0.00	USD
<b>Total Fee</b>	<b>1420.00</b>	<b>USD</b>

Please pay the amount, on acceptance **within 10 days** by check.  
Please don't forget to quote the reference number 15778870

**PAYMENT BY CHECK:**  
PLEASE MAKE CHECK PAYABLE TO:

Dear Madam and Sir, the publication of the public registration of your trademark is the basis of our offer. We offer you the registration of your brand in our private database. Our offer is accepted with the payment of the entire publication fee and becomes a binding contract between you and . The contract is irrevocable and legally binding for three years, starting with your payment. Please note that this private publication is not linked to the publication of official notifications and is not a registration of government organizations and we do not have a business relationship yet. This is an offer for entry into our database.

This is not an invoice. You are not required to pay the above amount, unless you accept this offer. All further details are given in our General Terms and Conditions on our website. If you need help or answers, please contact us at

**FINE PRINT!**

# Accounting / Bookkeeping

*The fun stuff!*

Just kidding, bookkeeping and accounting are necessary functions of an Amazon business just like all other businesses. However, a huge advantage with bookkeeping for Amazon brands is that most of the bookkeeping can be automated with online support tools. Tools like A2X or Webgility integrate Amazon with your ERP (Enterprise Resource Program) and/or accounting program, like QBO (Quick Books Online) or Xero. This automation can be done for all Amazon marketplaces. If your brand also has other online sales (eBay, Shopify, Magento, etc.), it will connect them to your accounting system as well.

QBO or Xero will handle your accounting functions and will be necessary to provide financial reports (P&L statements and Balance Sheets). The ERP's can help track inventory purchasing, movement, and sales with greater detail than QBO or Xero, though in many cases this may not be necessary and QBO or Xero may be sufficient. There are a large number of ERP's, all of which choose to focus on particular strengths and of course each will have various weaknesses as well.

Depending on the size of your company, you may want to utilize outsourced accounting that specializes in Amazon and ecommerce. This can range from several hundred dollars to several thousand dollars per month. If your business already has an accounting department, you likely are better off with this as you'll have more control over the process. However, if you don't have an in-house accountant or accounting department, companies that provide these outsourced

services will typically get the job done at a much lower rate than hiring a full-time employee. They also are specialists in working with Amazon, so they will utilize all of the tools necessary to integrate everything together and make it work.

Sales Tax compliance has changed dramatically over the last several years. Amazon FBA sellers previously were responsible for filing in sales tax in states where FBA centers were located plus their home state. Since the Wayfair ruling, all 45 states that have sales tax plus Washington, D.C. have demanded that remote sellers over certain sales thresholds collect and remit sales tax regardless of any physical presence in their state. That led to increased compliance for Amazon retailers and other online retailers. However, this ruling came with a gigantic silver lining! Almost all of the states now require Amazon to collect and remit the sales tax through legislation known as Marketplace Facilitator tax or Marketplace collection laws. Details depend on the state, but generally the compliance burden of collecting and remitting sales tax has shifted from the retailers to Amazon, eBay, etc. as the marketplaces. Selling on your own website may result in still needing to collect and remit sales tax. Some states still have compliance rules even if Amazon is collecting and remitting sales tax, so check with your tax professional for guidance. There are several sales tax software solutions that can assist you with filing sales tax in states that you may have the obligation to do, including Tax Jar, Avalara, Taxify, etc.

In summary, sales tax is now being charged on almost all orders, but Amazon is now responsible for collection and remittance of sales tax in many instances. Check with a tax professional before making any determinations regarding sales tax compliance.

If you sell outside of the US, you will generally be required to collect and remit VAT. Some countries have sales thresholds before compliance is required and others may require compliance from the beginning. We have worked with a couple of different companies for VAT collection based in the UK and have found them to be responsible and timely.

PART VI

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# Expanding Your Claim

# Expanding to International Amazon Markets

After we established a market for our products in the United States, we determined the next year to launch in Canada and the UK, and the following year in the rest of the Amazon EU markets, Germany, France, Italy, and Spain. Once you have achieved a level of success in the US (or your home market), it is time to begin looking at expanding to international Amazon markets.

First, you need to create listings in the international market. Canada and the UK were easy for us since they were in English. For Germany, Italy, France, and Spain, we found a company in Europe that provided not only translations for our listings (titles, bullet points, descriptions, keywords, etc.), but would also upload the listings and ensure the items were prepared and ready to sell in each market.

Second, you need to check into the requirements to collect VAT (or GST in the case of Canada) for various countries. In this case, we hired an accounting firm in the UK to help manage our international tax remittance.

Third, you need to get your products to the FBA center in the market. In the case of Canada, this was fairly easy for us. It wasn't too different than setting up a UPS or FedEx Ground shipment or an LTL shipment to FBA centers in the US. Of course, the cost of transportation is higher. You also need a customs broker to process the customs forms, though if you are using UPS or FedEx, they can typically provide this service as well. In the case of the EU, we initially shipped from our 3rd party warehouse in the US to the UK/EU and later had shipments sent directly from factories in China to the UK/EU directly. Longer term, we had to make a decision as to whether or

not we wanted to utilize a 3rd party warehouse in the UK/EU to store products for longer periods of time. The decision to look at a 3rd party warehouse was primarily driven by savings in storage costs, including avoidance of long term storage fees and optimizing the Amazon inventory performance index score. The tradeoff is that the 3rd party warehouse will provide cheaper and longer term storage, but there are extra costs to process and send the shipments to Amazon FBA centers after they have been stored. You also have to manage an extra warehouse location and ensure product is shipped from the 3PL timely to the FBA centers. After several years of experience, we currently lean towards shipping product to FBA when possible and minimizing the role of the 3PL, especially in the UK/EU market.

Fourth, you need a way to transfer funds from the international markets to your regular bank account. Amazon charges very hefty fees to convert the foreign currency to your local currency. Companies like Payoneer, PingPong, and WorldFirst all charge significantly less than Amazon to convert currency. Rates can be negotiated based on volume plus typically you can use the funds (before they are converted) to pay bills in the local currency at no charge (like VAT, 3PLs, etc.).

Aside from the above, the basics of selling and succeeding on Amazon will apply to Amazon in international markets. Note, often times the sales of items will mirror the size of the market or population. For example, Canada has roughly 10% of the population of the United States. In a general sense, we will sell about 10% in Canada compared to what we sell in the US. Given the smaller market, you may only want to send your best items to sell in Canada given you will expect a lower turnover. However, unless you test your products in each market, you won't know how they will perform. There are some items that significantly outperform the 10% average in Canada, and we have even had a few items that have failed in the US but sold very well in Canada (enough to justify reorders based solely on the Canadian market).

*If you have a successful Amazon brand, and would like a Free 20 Minute Consultation to discuss how we can help build your brand internationally, visit: <https://blitzinnovation.com/contact-us>*

# B2B

## *Should you expand your Amazon First brand off of Amazon?*

During early 2017 we had two companies, one a retailer with franchises at dozens of locations and one an educational distributor, reach out to us to purchase our products wholesale. At that time, we had been considering the items of B2B (wholesale) sales and was open to this type of relationship with the right companies. Both turned out to be very good fits for our products and both resulted in a substantial sales opportunity. Because we already had the products ready in our pipeline, and generally had the inventory we needed (though in a few cases we needed to beef up our stock levels of certain SKUs), it was not too difficult to start selling to them and boost our sales and profitability at the same time. We were able to do this largely because we are already perceived as a leader in the category of creative play brick construction on Amazon.

After we got off the ground with these two companies, we made strategic decision to prepare our brand for B2B. Initially, this meant preparing our packaging for brick and mortar retail. Up to this point, we had used polybags with labels or fairly plain boxes for our products. Our first two customers were ok with our packaging based on their needs. However, we knew this wouldn't be acceptable for most brick and mortar retailers. We also knew that by creating colorful and professional packaging we would significantly increase the value of our brand. Customers would see us as more credible and be more likely to reorder. So, we set out to upgrade our packaging on hundreds of SKUs from minimal "online" packaging to brick and mortar ready packaging. This meant taking reviewing the thousands of images we had taken for our hundreds of items, determining which photos were good enough for our new packaging, and then taking tons of new

photos of our products in our photo studio as well. We worked with a graphic designer and prepared our products and a product catalog for various toy fairs in Nuremberg, Germany, New York, Hong Kong, London, and several others. We found distributors to work with in various regions of the world and sales rep groups to represent our products throughout the US.

Our efforts paid off and our Brik Buster game (invented by my children Sonja and Erik while they were playing with our bricks! They even earned a utility patent in their names for this one!) sold thousands of units on QVC. We were successful in getting 5 of our products on a “back to school” endcap at over 1,000 stores at a mass retailer. We also found distributors in several international regions and made a number of contacts and sales with smaller companies. However, while we had a number of successes, we found selling B2B to very challenging and slow compared to selling on Amazon. Results generally did not come nearly as quickly. Whereas we have tens of thousands of 4 and 5 star reviews on Amazon and our products are trusted, off of Amazon they are “new” and don’t have the same context.

We learned a tremendous amount about taking an Amazon First brand and selling B2B. There is definite opportunity, but there are also challenges. The quality and uniqueness of the products, the brand and its marketing reach, and category will all be factors in weighing the decision to pursue taking an Amazon First brand to B2B.

PART VII

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# **Taking Your Gold To The Bank**

# Selling an Amazon Brand or Business

Once you have successfully built a brand or business, the goal of many founders, investors, or owners is to eventually sell the brand or business. There are numerous business brokers that specialize in helping buyers and sellers connect to buy and sell internet-based businesses.

Good accounting records will be necessary. Generally, buyers will want to see the last 3 years of financial reporting. The three main areas of the income statement you will need to focus on are Sales, COGS (Cost of Goods Sold), and Expenses. It's great to see sales growth, but what buyers will pay most attention to and pay for is profits after COGS and Expenses are deducted from sales.

Typical Amazon brands will sell in the range of 3x annual earnings + inventory value at landed cost. However, certain factors can boost (or decrease) this multiple like a strong record of growth, a long track record (2-3 year old brands tend to be about average, so 4-5+ years old can stand out), and great high quality reviews. Newer, smaller brands (less than 2-3 years, less than a couple of hundred thousand dollars in annual EBIDTA) will sell likely sell in the range of 2x-3x EBITDA.

It often will take 3-6 months or longer to sell an Amazon brand or business. You may have a LOI (Letter of Intent) within 1-2 months, but due diligence and financing approval can take several months. Many buyers utilize SBA (Small Business Administration) loans which are safer for lenders and often a necessity for buyers who don't have millions of dollars of cash to invest. The SBA loan process can add a couple of months to the process compared to a cash buyer or even a traditional non-SBA loan.

## **CONFIDENTIAL**

### **Strictly Briks Profit and Loss**

#### **Revenue**

- Amazon Sales
- Business to Business Sales
- Sales Returns
- FBA Inventory Reimbursement

#### **Total Revenue**

#### **Cost of Goods Sold**

- Cost of Goods Sold
- Fulfillment Center
- Amazon Seller Fees - FBA
- Amazon Seller Fees - Other
- Amazon Seller Fees - Lightning Deals
- Inbound Shipping
- Sales Rep Commission
- Royalties/Licensing

#### **Total Cost of Goods Sold**

#### **Gross Profit**

#### **Expenses**

- Advertising and Marketing
- Marketing Outside Services
- Ecommerce Support Tools
- Outside Services
- Total Storage Fees
- Trade Shows
- Travel Expense
- Travel - Meals

#### **Total Expenses**

#### **EBITDA**

# Maximize Your Brand's Value to Prepare for Sale

So you've decided to sell your brand, what should you do next? Boost your EBITDA! You've focused on growing your Amazon brand for years to 6, 7, or 8 figures. But you won't be paid on sales, you'll be paid on a multiple of your trailing 12 months EBITDA.

You spent most of your time and energy focusing on growth over the last several years. Now you need to spend some time focusing on boosting your profits. This will likely come at the cost of reducing your growth rate, and your sales may even decrease. The bottom line is that you need to stop doing things that are losing you money between now and the time you list your business for sale. Consider raising your prices on low margin items, trim wasteful ad spend on marginal items or ad campaigns, quit doing costly experiments with new products or strategies that may be good for the next 2-5 years but are not helping your profitability before you sell.

On page 82 is an excerpt from a sample Profit & Loss statement showing Revenue, COGS, Gross Profit, Expenses, and EBITDA that you may expect to prepare.

*If you'd like a Free 20 Minute Consultation to see how we can help you prepare your business to sell and maximize your exit price, visit:*

**<https://blitzinnovation.com/contact-us>**

# Conclusion

In conclusion, we've just scratched the surface of what we learned over the last 5+ years of brand building and 15+ years of selling on Amazon to become a successful Amazon First brand! This book gives you a clear strategy to ensure you are not overlooking important aspects as you move forward to create, build, and grow your own successful brand on Amazon. Each of these chapters could be expanded to entire books, but you now have a good overview of what it will take to launch or grow a brand on Amazon. You simply need to decide your next steps and then proceed with passion, energy, and persistence to make it happen! It's time to adopt the Amazon First mindset and stake your claim!

With ecommerce and remote selling experience of 26+ years, Amazon sales experience since 2005, and having built 3 innovative brands from scratch reaching total sales of over \$30MM in less than 5 years, our team has gone through all of the steps (and many, many more!) explained in this overview. If you'd like help executing what we have laid out in this book, please contact. It's time to seize the opportunity! It's time to call for a Blitz!

*If you have any questions or feedback, we are happy to help!*

*Please reach out to [info@blitzinnovation.com](mailto:info@blitzinnovation.com)*

*or visit <https://blitzinnovation.com/contact-us>*

*to schedule a Free 20 Minute Consultation to see how we can help.*

**Disclaimer:** *We are not affiliated with any of the 3rd party companies or services referenced. They are included for reference only and should be reviewed independently to ensure they are the right figure for you before any usage.*

# About Blitz Innovation

If you're inspired by our story and feel like there is more potential for your brand or organization, we'd love to hear from you. We have launched a brand management and consulting service, Blitz Innovation. Over the years we have hired dozens upon dozens of outside consultants. We decided to launch our service because we felt there was a need that wasn't being addressed. There are tons of specialists offering services from photography for Amazon to copyrighting experts to companies that manage your ad spend. There are even companies that manage your Amazon Seller account. However, at the end of the day, very few of these have built \$5MM+ brands from scratch or have sold \$65MM+ on Amazon. They are (hopefully) good at what they do, but they often have not been in your position.

We help you see the forest from the trees. What sets us apart is our ability to put ourselves in your position, to know where to turn for any resources that may be required, and to provide actual results in a timely manner.

Our name, Blitz Innovation, stands for who we are and what we deliver.

Blitz means "a sudden, energetic, and concerted effort, typically on a specific task" which describes our tenacity, enthusiasm, and energy. We expect timely results in our own business, and we will deliver timely results for you as well.

Innovation means "a new method, idea, product, etc." We apply innovative problem solving and creative solutions based on our Amazon First and extensive real world business experience to deliver value to your bottom line.

We have experience in not only the details of selling on Amazon, but also to be able to help deliver tremendous value to your business by focus on profitability, with the know-how and wherewithal of running remote businesses for over 25 years.

If you are an investor or private equity interested or in the process of acquiring an Amazon First business, we can assist with the process of due diligence, general consulting, managing a new acquisition, and taking a new acquisition over and delivering it for sale within 18 months at a significantly increased EBITDA and valuation.

If you are an executive at a national brand and are tired of subpar Amazon results, look no further. We can offer a variety of services from a strategic planning to day-to-day management of your brand(s) on Amazon.

For Amazon First brands, we can assist to boost your brand to the next level, whether that be implementing an expansion to international markets, working with you on an IP strategy to file for design or utility patents, to optimizing your organization for profitability and potential sale of your brand or business.

*Visit:* **<https://blitzinnovation.com/contact-us>**

*to schedule a Free 20 Minute Consultation, or email your inquiries to:*  
**[info@blitzinnovation.com](mailto:info@blitzinnovation.com)**

# Acknowledgements

I view this book as a culmination of many years of business, and with this in mind, I am taking a broad view with these acknowledgements to not only express gratitude to those who helped write this book, but also to those who helped me along the way in business, and even those who helped prepare me before the journey began.

1 Thessalonians 5:16-18

*Rejoice always, pray continually, give thanks in all circumstances; for this is God's will for you in Christ Jesus.*

First and foremost, I would like to thank God Almighty for giving me the guidance, knowledge, inspiration, and enthusiasm for this endeavor. Without his blessings, this would not be possible.

Next, I'd like to thank my parents, Norm and Betsy Semling, who have supported me in school, sports, and business every step of the way. You were always there, at every single school and sporting event, and whenever you could be of help with my business, even if it meant staying up all night preparing for a toy show or having your house literally taken over with toys!

I'd like to thank my brother Joe, who first collected Star Wars toys with me in the early 90's and helped with things while I was away at MIT, as well as 10 years on staff in various roles helping grow our collector toy business.

I'd like to express my gratitude my teachers from Cochrane-Fountain City who taught and encouraged me, and instilled values of work ethic, achievement, and character. In particular, I'd like to recognize Mrs. Mary Wieczorek, my 4th grade math teacher, who noticed my love of math and first gave me the opportunity to advance beyond my grade level in math. Nothing meant more to me growing up than Cross-Country running, and nothing could have prepared me better for the challenges of entrepreneurship. From developing discipline, character, and wherewithal to teaching the importance of a Can Do attitude and 100% 365-day commitment and dedication to achieve long term goals (team state championships and PR's), cross-country running was the formative activity and challenge for me during my teenage years. I would like to acknowledge my teammates, and in particular my coach, Coach Gary Brone, who encouraged me and dared to dream with us that state championships were possible. Thank you for your commitment to excellence, caring, and friendship!

I'd like to express my gratitude to all of the 100+ associates who have worked alongside me since the mid-90's to help turn my dreams into reality from carefully packing collectible toys to successfully launching hundreds of products on Amazon to developing new Strictly Briks innovations. Without the help of all of you, who committed to delivering quality products, service, and results, this would not be possible. In particular, I'd like to recognize Nate Baures for his 20+ years of care and reliability, Travis Stein for his 10 years of dedication to our collector toy business, Mike Onstad who was our first non-family member employee, Jerhad Thompson who first suggested in 2005 that we sell on Amazon, Levi Lundak who has been a loyal friend and helped in various capacities over the years, Bill Bruegger who was perhaps the most "fun" and not to mention great with customers and vendors, Reggie Williams who was without question the hardest working and most polite person I have ever worked with, Joshua Cherry who spent 9 years at my side as a trusted sounding board and contributed greatly to Strictly Briks and a lot more, and Joseph Schmitt who helped develop our Amazon brands and whom I greatly appreciated working with.

I am very appreciative for the support of my loving wife, Carina, and children, Sonja and Erik. Your enthusiasm, smiles, care, and love make it all worth it! From your help with product development, photos, and packaging for Strictly Briks, I couldn't have done it without you. I love when we all work together as a family towards a common goal, and our efforts with Strictly Briks have allowed us to do this!

To Carina, your creativity, steadfastness, faith, and love are invaluable to continuing the journey.

To Sonja and Erik, I enjoy each day of teaching, mentoring, and learning with you. If it be God's will for your life, I very much look forward to the day when you are ready to begin your own journey into business and entrepreneurship.

To those who have helped me with this book, I would like to thank all of those that helped me with proofing and editing this book, including Aniket Jadhav, Brian Davis, Mike Steidle, and Sean Kauffhold. Your perspective and proofing helped make this better!

I'd like to thank Erica Marcel who created the graphics used within the book. Great job!

I'd like to thank Eric Steinert at AW Media who helped me layout this book and publish it. Thank you for your efforts! And to your supervisor, Chris Farinas, thanks buddy! Your 20+ years of loyalty and friendship are unmatched. I just wish we got to work together and hang out more often like in the old days. You're the best!

I'd like to recognize Joe RoosterFin and James Thomson who provided valuable feedback to improve this book. Your effort and time combined with your industry expertise was invaluable and greatly contributed to a better experience for the reader!

And finally, a special thanks to Joe Mack who encouraged me to write this book. Thanks for your help in running the business to allow me to write this book as well as your assistance in proofing, editing, and providing insight to make this the best effort it could be. I look forward to what lies ahead for us with Blitz Innovation!



## ABOUT THE AUTHOR

Brian Semling is the Founder and CEO of Blitz Innovation, Inc. He champions entrepreneurial innovation at his family-owned and operated business in Wisconsin with a team of 20 associates. He is a tenacious trailblazer who brings an energetic passion and optimism to all that he does. Brian loves learning, innovating, problem solving, and building brands and businesses! With initial sales on Amazon in 2005, Amazon sales alone now account for over \$10M in annual revenue (and \$65MM+ lifetime). He has built various brands and businesses from Brian's Toys, his collectible toy business, to Amazon First brands Strictly Briks, Clever Creations, Clever Chef, and more.

Brian grew up in Fountain City, Wisconsin, which is a small town tucked into the beautiful bluffs of the Mississippi River with his younger brother Joe and parents Norm and Betsy Semling. He loved math as a student and cross-country running in high-school, with his team winning state championships in his junior and senior year. He graduated as valedictorian from Cochrane-Fountain City High School in 1995. He then enrolled at his dream school, Massachusetts Institute of Technology (MIT), his goal since 6th grade. Little did he know that the business he had started as an extension of a hobby in 1994 would lead him to leave MIT early during his sophomore year. From there, he returned home to focus on running his business full-time and transferred to Winona State University where he graduated with a history degree in 2000.

During the summer of 1998, he met his wonderful wife Carina while attending a speech class at Winona State University. They married in the summer of 2000 and have two amazing children, Sonja and Erik, who were born in 2007 and 2010. The kids love running, Star Wars, Strictly Briks, and the Green Bay Packers, just like their father! Sonja loves crafts and Erik loves video games. Sonja recently started her own business on Etsy (Fancy Finds Design Co.) and Erik recently launched his own YouTube channel (Battlefront Brothers) demonstrating video game play for Star Wars Battlefront 2. Brian is active in his local community and serves as a board member of Winona Health. He is also active in his local church and puts God first in his life. He and his family are very thankful for the blessings that God has provided them.

### **1 Peter 4:10**

As each one has received a special gift, employ it in serving one another as good stewards of the manifold grace of God.

