

Podcast script FBA.CAFE

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J: Okay, so, your first question was?

C: So, why should we do Amazon?

J: Well, you know, the question should be more like, okay, why should we do FBA by Amazon? And then there is FBA is Fulfillment by Amazon, meaning, you send your stuff, your products, to the Amazon warehouse and Amazon does all the fulfillment, does the customer service, it does the shipping.

C: Hm.

J: Of course, it charges a fee.

C: Hm.

J: And why you should do it is, then first you have to define, okay, what do you want? You know, like... And a lot of people, what they want is, they want to make instant money.

C: Hm.

J: And the model that I teach people, and that we do ourselves, the FBA wholesale model, is not a model that you immediately can take money out of your company.

C: Hm.

J: Because, the – like the profits, you don't make 50% profit as an average on this model. While, for instance, if you do private label, which takes a lot of money to start – private label is you go to China, you buy a product, and you put your own name on it, you ship it to Amazon, which costs a lot of money, and then you sell it, but you have to ship a lot, so you better *make* it sell, otherwise you are stuck with, like, 2,000 units that don't sell. You never know. Because it is not sold before. So it is not very safe, to begin with...

C: Hm.

J: ...if you don't have experience. If you have experience, private label is definitely a way to go, because there is a lot of profit margin.

C: Hm.

J: But if you start on Amazon, wholesale is the – like the wholesale model is the safest to start with. Because you don't have to immediately invest a lot of money. You can try and get familiar with the whole environment of Amazon.

C: What do you mean then with the wholesale, like, in relation to – because if you do the private label you also do wholesale, don't you?

J: Yeah, okay. So basically the wholesale [model] is, you buy – you buy other one's products, you know, like [from] a distributor. You buy 10 or 100. But usually, very low quantities to start with...

C: Hm.

J: ...to see if something is selling. This is [these are] not products that you own, this is [these are] products that come from distributors that are sold on Amazon already by multiple sellers who are allowed to sell it also.

C: Yeah.

J: Yeah? It's like Coca-Cola is sent all over the world by a lot of shops. They don't have to get an okay from Coca-Cola to sell it. Yeah? And you have a lot of what we call non-sexy products meaning, you know, a piece of soap or plastic bags for your garbage can or whatever, you know, Christmas stuff, Easter stuff, you know, which is like simple stuff that everybody needs, everybody wants, everybody buys, and you just pitch in there and take a piece of the pie.

C: Yeah.

J: But that means that your profit margins are a bit lower, like, for instance, 10%, that's what people – we aim for in the beginning and the start when you are not experienced. It's very easy to make 10%, actually. We do it.

C: Is that per year, per...

J: Per month.

C: Per month. Yeah.

J: Because what we do is – okay, you have a sum of money and you buy inventory for that sum of money, but you try to turn it over instantly. Meaning, you try to get it sold within 30 days.

C: Hm.

J: And preferably within 14 days because Amazon pays you every two weeks.

C: Hmm.

J: So let's say we have a \$1,000, which is an easy number, and I sell within two weeks I sell this \$1,000 and Amazon pays me plus the 10 percent back. Now I have \$1,100.

C: So theoretically you can make 10% every half month.

J: No, that's...

C: I mean...

J: That's very theoretically because – and nobody tells you this – but that is something, you know, like, when you do this thing in this model yourself, then you run into it: Amazon will never pay you after two weeks because it keeps the money in a sort of escrow. You know what escrow is?

C: Yeah.

J: It's like, you know, like – it saves it somewhere so that it can still pay the person back if he asks for his money back.

A: The customer – the customer bought a product and is asking to send it back and Amazon has to give the money back.

J: Yeah? So, it frees it up after usually somewhere between 7 and 14 days. It's still not clear because their rules are not very clear on that one. I also don't really care to know these rules because I know that after a month it's there.

C: I get it.

J: Yeah? So that's why I say a month, so you sell it within 2 weeks, you buy new and then, you know, like, in basically a month you should have your money back and you can invest it again. Now you have 1100 to invest. Etcetera, etcetera, etcetera. It's very simple. It's a very simple model, but it's not a model that you should rely on for your food and keeping the house warm. Yeah? That's for later because, okay, you can but you can make a very simple calculation. If I... If I make only 10% profit, then I need to have about \$100,000 and then I get \$10,000 back, you know?

C: Yeah.

J: So then I could live off it. If I had like \$100,000 and I could start now, with \$100,000, yes, then I could live off it.

C: Yeah, exactly.

J: But still, it would not be wise. Let it grow, you know? Until it's like *really* a sizable amount.

C: Yeah.

J: Because... Anyway, I showed you before, there is, you know, like, a table where you can see, okay, what you invest, what is it after your first year, after your second year, third year, fourth year. Like, the first year you triple your money...

Initial Investment	End of Year 1	End of Year 2	End of Year 3	End of Year 4
Amazon FBA Wholesale Business Model Prognoses (Assumption)				
\$500	\$1,569	\$4,925	\$15,456	\$48,509
\$1,000	\$3,138	\$9,850	\$30,913	\$97,017
\$2,500	\$7,846	\$24,624	\$77,282	\$242,543
\$5,000	\$15,692	\$49,249	\$154,563	\$485,086
\$10,000	\$31,384	\$98,497	\$309,127	\$970,172
\$15,000	\$47,076	\$147,746	\$463,690	\$1,455,259
\$20,000	\$62,769	\$196,995	\$618,254	\$1,940,345
\$25,000	\$78,461	\$246,243	\$772,817	\$2,425,431
10% profit on your inventory every month				
Total Profit	3.14X	9.85X	30.9X	97.1X

The table J. is referring to shows the growth of inventory when all money stays in the company.

DISCLAIMER: We should mention here that this is a theoretical case and we can never promise you that you will make that much money, we simply give this as an assumed result possible for some of you working this business model. The trick here is to keep investing all your revenue into new inventory.

C: Hm.

J: ...if you do this model.

C: Hm.

J: So you start with \$10,000 after a year it's \$30,000.

C: Hm.

J: Yeah? If you don't take anything out, you just reinvest, you have your job or you have another source of income and you just do this in the free hours that you have in the weekends, in the evenings, kind of. You know? And it's quite some work. You have to put quite some work in, which is okay because if you know what to do, it's not a problem.

C: Hm.

J: But of course you need to know what to do. That's... But that's also what we start doing, you know, like on the website. Start teaching on this website, like, you know, like, let everybody know how you do this.

C: Yeah. Yeah, exactly.

J: Yeah? But that is basically the wholesale model. You buy small quantities and then at a certain point, you know, like, you might see that something is selling, like, 40 a month.

C: Hm.

J: Okay? You, just, you know, keep it in stock and you buy 40.

C: Hm.

J: You know? Also, later, when you have more experience, you will see that you don't make some beginners mistakes anymore.

C: Yeah.

J: So, your profit will go up.

C: Hm.

J: And the guys that, you know, I've been in contact with online and in forums, there's [there are] guys that make, with *this* model, between 23 and 28 percent on their inventory...

C: Wow.

J: ...which is really awesome. But these are people that invest like six million a year.

C: Yeah.

J: Yeah?

C: Dollars?

J: Six million dollars.

C: Yeah.

J: Yes. And so their whole inventory basically, the whole year the worth of the inventory is – adds up to 6 million dollars.

C: Hm.

J: And, like, yesterday we saw a shop, you know, with a guy that we know, and he has, like, 1,700 SKUs, which is basically products.

C: Yeah.

J: It's like a Stock Keeping Unit. SKU – Stock Keeping Unit.

A: So his own Amazon shop has 1,600 products.

C: Oh, wow.

J: Yeah. That sell, like, continuously. That are in stock. Yeah? So he has 1,600 products in stock, so you can imagine how much his inventory is worth.

C: Perfect.

J: But again, he is not buying a year's worth – a year worth of stock. He is buying 2 weeks or 3 weeks of stock.

C: Just so you have so many different products.

J: Yes, but it's like, it turns around all the time, all the time, all the time, all the time. And then when you come to year three, and you... Let's say you start with \$10,000, and you come to year three, you... or year four, three and four, then you come really in the six and seven figures.

C: Hm.

J: If you do that.

C: But then that means also that you have so little stock, means then also that it's not such a big risk.

J: No.

C: Because if a product doesn't sell, you know...

J: No.

C: You are wasting a little bit.

J: Plus, the more you have in stock, like, the more different products you have in stock... Like, I give you an example, like, what went wrong with me at a certain point. I buy something which looks really profitable. It has a sort... It has a UPC code and the UPC code corresponds with the product.

C: Yeah.

J: So, what happens is that the UPC code actually was given out twice by the office that gives out UPC codes. So, there's [there are] two different products with the same UPC code. So, I buy something and I find out that what the people *want* to buy, is not the product if I have in stock.

C: Hm. Yeah.

J: So you have to waste it.

C: Yeah.

J: Fortunately it was not a very – it was a \$100 stock.

C: Yeah.

J: It is not expensive.

C: Yeah.

J: But, yeah, that's... That's a bummer, but that's also what you say. Then it's very safe because you don't have this big amount, like, you don't buy a thousand, which you do with private label.

C: Yeah.

J: Like, a lot of private label sellers, what they do is they buy in China, they sell... They ship it to a warehouse in the US, and then they ship a *part of* that to the Amazon warehouse. Because the, how do you call this? The money that Amazon charges for you having this in stock in their warehouse, is outrageous. It's high. It costs a lot. If you, like, what they... They call it long-term storage fees.

C: You mean by Amazon?

J: Yes.

C: Yeah.

J: So if something is more than six months in stock, they start charging you per cubic feet, quite some money.

C: Wow.

J: So that's why a lot of these people, you know, like, okay, then you have to... With private label you always have to think, okay, am I going to buy 1,000? Am I going to buy 500? Because my fees in the US, my storage fees, how much are those compared to my shipping fees, compared to, etc.

C: Yeah.

J: And besides that, private label also has another difficult thing, is that nobody knows your product.

C: Yeah.

J: So, in the beginning, you have to do a lot of promotion and you basically lose money and a lot of people... I see this in the forums a lot. A lot of people, they don't know this. They don't know this. So they have an amount of money, that's what they invest, then they have to promote and then they don't have the money to restock.

C: Wow. Wow.

A: There's one thing also, is what he was talking about in terms of products and how much you have, you keep in stock as your inventory...

C: Yeah.

A: It's true you don't want to have a *too* big amount because what will happen is, you stuck your cash flow...

C: Yeah.

A: ...in one product...

C: Yeah, exactly.

A: ...which you don't want because it will limit your income then. If you have many products...

C: Yeah.

A: ...and you have enough of a stock but not too much, then you will sell more...

C: Yeah, exactly.

A: ...then if you have two products and you have a hundred of each and that's it, you know?

C: Yeah. Yeah, exactly.

A: So, it's smart on how you make the inventory. The more products you have, the better it is.

C: Yeah, exactly.

J: Yeah. But that's all like you build it.

C: Yeah.

J: Like... It's not like, okay, okay, I have \$15,000 and tomorrow I'm gonna buy a \$15,000 inventory. That's not how you start.

C and L: Hm.

J: You know? Like, you have to first learn something about the model and then you have to start finding, of course, suppliers.

C: Hm.

J: Because you have to go out there and find them, you know?

C: But couldn't you, like, you said for example on the private label...

J: Hm-hm.

C: ...that you get a big storage...

J: Hm-hm.

C: ...and then you send a little bit to Amazon...

J: Hm-hm.

C: ...then you will have to send as you sell, but then you might if – you can also just drop ship from your own place.

J: You can...

C: Because you're theoretically paying for that place also to rent it.

J: Exactly, and they are not cheap, huh, warehousing.

C: Hm.

J: It's not cheap, so that is one. The other thing that you mention... You mentioned the word drop shipping.

C: Yeah.

J: There's one problem with drop shipping: If you do it yourself and you have your own stock, okay. Basically, that's called Fulfillment by Merchant, FBM, you have FBA, Fulfillment by Amazon, and FBM...

C: Hm.

J: ...Fulfillment by Merchant.

C: Yeah.

J: You basically dropship yourself. You have all the control, it's fine. But what also people do, what sellers do, is they have a supplier and they say, okay, can you dropship? Yes, I can. And then they sell this on Amazon and now the supplier says, oh, yeah, I was three days late. The problem is Amazon suspends your account instantly when they find out that you're dropshipping and your shipments are late.

C: Really?

J: Yes, it has happened many times and there's a lawyer that I saw a whole lecture from, about Amazon and about account suspension...

C: Yeah.

J: ...not that we have to go speak about account suspension in the beginning...

C and L: [laugh]

J: ...but, because you bring up dropshipping and basically, like, she gives all the reasons and then she says, oh, yeah, one thing: Never dropship. That's like a 100% guarantee to get suspended.

C: Yeah.

A: Because you can't control the product getting shipped.

C: Yeah.

A: Amazon, they want to give service to their customers, so they control the shipping and it's good, they do it – they're fast.

C: Yeah.

A: But another company will take the time they take...

C: Yeah.

A: ...and you don't control that.

C: No, exactly.

A: And this is where it gets very risky for you.

J: Yeah.

C: Wow.

J: Yeah.

C: So basically it's pretty much like even though... I mean, how much does Amazon itself charge for the FBA?

J: That's totally... Like, for every product that is different.

C: Okay.

A: Cause the size can be different...

J: Size, weight. You know, like, for instance, what happens now like in the US, you know, it's like snow season so you have, like, this big, you know, shovels...

C: Yeah.

J: Shovel the snow in your garden. Yeah, yeah, they are very interesting to sell, but you don't want to know what Amazon charges you for, you know, like, storing them and shipping them because they're like an insane size, you know, and they're ugly, like, crazy in size. It takes a lot of storage space.

C: Yeah.

J: Besides that, it takes a lot of things to handle because that is also, you know, like, how long does it take to handle for personnel...

C: Hm.

J: ...robots.

C: Okay, exactly.

J: Still...

C: But basically, based on what you're telling me, is that almost in all the cases is better to use Amazon's own deliver...

J: Yeah.

C: ...like to deliver...

J: Yes.

C: ...their own... you know, service facilities.

A: They favor that too.

C: Yeah.

A: Which means that you will be in the buy box more often.

C: Hm.

A: Because you are FBA.

J: Yeah.

C: What do you mean by buy box?

J: Add to cart.

C: Okay.

J: Like, there is like on the side, right side...

C: Hm.

J: ...of the page, there's, like, add to cart.

C: Yeah.

J: And as... You see then also a name of a seller.

C: Hm.

J: Which then basically, if you click add to cart, then basically from that seller you buy.

C: Okay.

J: Because, let's say we have computers...

C: Yeah.

J: ...and there's 10 people that sell Acer bla-di-bla model number computer.

C: Yeah.

J: What Amazon does, if you are basically in a similar price range, if you... If your account is in good standing, like, you know, like, they call it account health...

C: Yeah.

J: ...actually, which means that you have good, how you say this, good customer service. That you answer, you know, like, within 24 hours if a customer has a question...

C: Yeah.

J: ...which as an FBA [seller], by the way, almost never happens. In four months now I have had two questions, so, it's not that we need to hire somebody for that and... What was I saying? Okay, yeah, so basically, you know, like you have this buy box and there's like 10 people behind it, sort of lined up, you know?

A: With the same product selling.

J: So, when the next one, when the next person comes, Amazon says, okay, now I'm gonna put the next person, the next seller, in that box.

C: Hm.

J: So that's two things. Two things, because you can, you know, you can start calculating with that. You can just say, okay, if you go online and you check out, okay,

this product sells 40 a month and there's [there are] 5 sellers. So what do you know? I'm seller number 6, so if I have the same price, I will probably sell 6.5 because now we sell... With 6 we sell 40.

C: Hm.

J: You know? So, we just rotate. That's very theoretical because there's always – there's also seniority, like, people that sell longer online tend to get the buy box more often than you, when you are, like, new. But, I mean, when we started we were immediately in buy boxes.

C: Wow.

A: But also...

J: Because of the price.

A: If you are an FBA, you're... Amazon will favor you more than an FBM.

C: Wow.

J: Yeah. There's like even... It's even like, let's say there's a product which costs \$18...

C: Yeah.

J: ...from Joe Blow from Sarasota in Florida, and you are here in Sweden and you sell it for 21, or 20, let's say 20, but *you* have it in a warehouse from Amazon and he has it in Sarasota, then nine out of ten times, even if you're more expensive, it will show *you* first and it will try...

C: Wow.

J: ...Amazon will try to sell *your* product.

C: Wow.

L: I heard about this thing of being constantly, like a little bit cheaper than other competitors...

J: Yeah.

L: ...online in order to sell more.

J: The dumb ones. They are the dumb ones.

A: Why dumb?

J: Well, I tell you why it's dumb. Because... Okay. I'm... You can basically automate pricing, yeah? So there is an option in Amazon itself. You have also options outside of

Amazon. I actually use the repricer – it's called repricer – of Amazon, because I don't see why I would pay \$150 for a repricer that basically does the same.

L: Hm-hm.

J: It has maybe some more options but...

L: Ah, this repricer is provided by Amazon.

J: Yes.

L: Okay.

J: It's in the Seller Central account which is your dashboard – your professional seller account dashboard, yeah? And it has a repricer. Now, some of these guys, they want... They think that you have to be cheaper to get the buy box.

L: Hm-hm.

J: Which to a certain degree is true. The thing is this: they're very bad in math, yeah? Because if you are, like, if you start calculating, all... If you do that with all your products and you go down, down, down and you have another guy that's doing the same thing...

L: [chuckles]

J: ...guess what? Amazon is laughing his ass off because *they* are making the money, because you have to pay them anyway, and you're not! So what you see... What you also look for in products and when you do your research, is the good thing is, if you see like two or three FBA sellers, meaning, they ship to the [Amazon] warehouse, that [who] have exactly the same price...

L: Hm-hm.

J: Because now you know, these guys they don't want to be one cent cheaper...

L: Right.

J: ...they want to make money!

L: You know that they're proven, statistically proven to sell...

J: Exactly!

L: ...as long as you get your piece of the pie.

J: Exactly!

L: So...

J: Exactly! Exactly! Exactly! You just say, okay, if I have to do *all* this work, you know, I have to get... And then I'm... Basically, they call it the "run to zero."

L: Hm-hm.

J: Yeah? And at a certain point they stop...

L: Hm-hm.

J: ...of course, but then they make no money...

L: Hm-hm.

J: It's useless. It's better, you know, like, to make \$10 then \$1.

L: Right.

J: It's that simple.

L: Hm-hm.

C: Hm.

J: And if you have two that are there, you see it happening in front of your eyes: go down, down, next – next goes down because they both have, okay, I need to be one cent cheaper than the other one.

L: Hm-hm.

J: So then... And because this is automated...

L: Inverted option...

J: Exactly!

L: ...and you end up with nothing. [chuckles]

J: Exactly! Exactly! And then you see that prices go all over the place.

L: Right.

J: So that is one thing that you – that you start learning if you do this model, that you start looking for, okay, is there some madman in this box that [who] doesn't know what he's doing because that I – really, I think these people have no clue what they're doing because if you start calculating, if you really start, you know, like calculating, okay, what does it cost me...

L: Hm-hm.

J: ...and what does it bring me, it's better to just, you know, find the – find these guys that [who] don't wanna, you know, they want to make money just like you!

L: Right.

J: And then just share, and that's it.

L: I mean, that makes sense.

A: Now, there's one more thing on this also, is that there are also companies that they make a product and they want, okay, that product they want it sold for \$5 and they don't want that it goes less than that. You see, they say this is how much it's gonna sell for and you need to stick to that price and this is good because it also sets a standard, okay, that product needs to be sold for \$5 and that's it and nobody fools around with it.

L: Hm-hm.

A: Sometimes they do and then they need to be told: "Hey, you need to stick to the price that is agreed-upon on this..."

J: Yeah.

A: ...item because, you know, maybe you can have a manufacturer that is also a distributor and is selling that product for a little bit better price than what they get it sold out there, but if another seller starts to go down in price, it kills *their* sales.

J: Yeah.

L: You devalue the item.

J: Yes!

A: Exactly!

J: Yeah.

A: And that they don't want.

L: Hm-hm.

A: And sometimes selling on Amazon has gotten a bad name because of that.

L: Hm-hm.

A: Because some sellers misuse that.

L: Hm-hm.

A: You know, but it's not smart because you – they lose money and sometimes you can almost kill a product.

J and L: Yeah.

A: Where it's selling times just goes... It crashes for a moment.

L: Hm-hm. Hm-hm.

J: Yeah.

A: You know?

L: Makes sense.

J: And that's the thing that we like the most, like, the items that have what is called minimum advertised pricing, MAP...

A: MAP.

J: ...pricing.

A: You will hear that.

L: Hm-hm.

J: Yeah, you will hear it a lot and it's one of the concerns of a lot of companies.

C: Hm.

J: Like, we had a company which we are actually – we just got an approval to sell computers for them. They kicked everybody out. They kicked everybody... It took an enormous amount of effort to get everybody off Amazon that was selling their products because they were making a mess of it. And it was really bad for their brand because they have a brand which is also sold in the stores.

C: Oh, wow!

J: So they can't have, you know, like a store owner go: "Hey, dude! What the hell!"

A: Amazon...

J: These guys...

A: ...sells them for... You know?

J: It doesn't work! It doesn't work!

A: It is bad for their...

C: Yeah!

A: ...overall sales then, your product...

C: Wow.

J: So, yeah and...

A: So you... It's important we speak about this because you need to respect that.

C: Yeah.

A: Because there is a – all this works together: you have the manufacturer that makes the product. Sometimes they also do distribution, and then you have distributors that sell the products, and then the resellers. And these people they work together. There has to be a certain harmony that works.

C: Yeah.

A: And when it starts to be broken, that's where Amazon gets a bad name or otherwise, there can be other systems, you know?

C: Yeah.

A: But there's – it's teamwork between all these various...

J: Yeah, and what you get then is, like, for instance, in Berlin we were speaking to a guy, he was selling products, and he had also, he – also was kicking off everybody and he had, like, this MAP pricing which people were not keeping and he said also, like, if he of course tells, okay, this is – to Amazon – okay, this is an account that is violating my product regulations or copyrights or whatever or, you know, infringement of the brand, or whatever, Amazon is very simple: They just, you know, they put your accountant on hold. Basta!

C: Hm.

J: And then they say, okay, you know, we get... They basically react on every first report sort of, you know? So that's, that's tricky.

C: Hm.

J: So you need to really keep, keep your, your, you know...

A: An integrity about this.

C and J: Yeah.

C: Yeah, I mean it makes sense because Amazon is obviously so huge.

J: Yes.

C: One little company doesn't really matter for them. It's better for them to have a big...

J: Exactly. Yeah.

C: ...a bigger one that keeps going or the masses to keep going.

J: Right now they sell 560,000,000 – that's over half a billion – products...

C: Wow!

J: ...on Amazon.com. That's insane.

C: Yeah.

J: That's crazy. Like, also people ask me, like, on a forum at a certain point, yeah, but, you know, FBA wholesale, like, everybody starts doing it and so it's going to be, like saturation and bla-bla-bla. And then I made a small calculation and then I found out that about 10% [0.1%] of the population of this planet needs to be an FBA seller before saturation starts. That's how many sellers you need because of the insane amount of products that are being sold by Amazon.

C: Yeah.

J: It's crazy, it's like, it's wild. I don't even know how to run this website, you know? It's like incomprehensible for me. That's like five hundred sixty million pages, just for the products, and then all kinds of category pages and whatever, you know? It's like a billion pages or something, you know? It's crazy.

C: [chuckles]

J: So yeah...

C: True.

L: So, with all of this said, obviously it sounds fantastic, but the question is how do you do it? Like, can you, in very simple terms, describe the model that you recommend that makes you find a stable but profitable way in all this jungle...

J: Yeah, yeah, I can.

L: ...to invest and make a profit.

J: Yes, it is actually very... That is what I like about this model. Because you can explain it very simple. There's [There are] a few steps, like, first you set yourself up as a company. Then you start finding suppliers at the same time. You have to keep in mind that suppliers want to have you set up as a company, otherwise, they don't do business with you, especially in the US. So you need, like, what we call a VAT number, is called

an EIN in the US. It's like a tax number. Besides that you need to have what they call a reseller certificate, meaning, that you are allowed to resell. That's what a company wants that – a supplier wants from you. So, you need to set up your company. Then you start contacting suppliers. Then you give them the data. Then they'll give you an inventory list. That's the next step. Then that, with that step, you basically run *that* inventory against all the inventory of Amazon. There's software online which is paid, but not very expensive, and then basically that spits out winners. You buy them, you put them on Amazon, you sell them on Amazon, you get your money and with the money, you buy again. That's the whole cycle of this whole model. That's it.

L: Right, and it spits out winners based on statistical facts...

J: Yes.

L: ... and those products are selling...

J: Yes.

L: ...and you basically take a very low risk.

J: Yes, yes. You have to take one thing into account though, and – but that's why I like this model so much: You start with small amounts to see if the facts quote-unquote are actually facts.

L: Hm-hm.

J: Because I've been testing some of these software – pieces of software that tell me that they give facts and there was for instance, I give you an example, there was a program that was new on the market and I tested it with something that we were selling and which sells about 100 a month and it said it sells less than five a month. So, I know their algorithm, it sucks.

L: Hm-hm.

J: Because, you know, I can verify myself against it...

L: Hm-hm.

J: ...and there is one piece of software which I found which is *a/ways* right for my inventory at least. So they are *a/ways* right on how much I have in inventory, and that product is called helium 10 and they also have pretty accurate statistics on how much sells a month, so, you know, that's like – that's much more stable as, you know, something to work with than something that's always wrong of course.

L: Right.

J: So you...

L: You have basically done the work to find which stuff works...

J: Exactly.

L: ...and is accurate.

J: Exactly. And still then, you deal with a company that doesn't want to give data, really.

L: Hm-hm.

J: Because Amazon doesn't really want to give you the data, of course. Because of all kinds of computer work you'll find the data anywhere, but they will not be really eager to give you 100% full of data.

L: Right.

J: It's strange...

L: It's understandable.

J: Yeah, to a certain degree, yes. But you know...

L: Anything else would not make them a platform any longer.

J: I mean, yeah...

L: [chuckles]

J: You want to say something.

A: Yeah, there's one thing to all this, is, you are looking for products that are already being sold on Amazon.

J: Yeah.

A: Especially when you begin with it, this is what you're looking for.

C: Hm.

A: Products proven that are selling.

C: Hm.

A: So it's not that you're now taking again, we say, this cup, oh, it's not on Amazon and you make the listing for it and you will launch this product because "Cups, they sell! People want cups, so we're gonna sell cups!"

J: Yeah.

A: This is unproven.

C: Hm.

J: Yeah.

A: It sounds like a nice idea...

J: Yeah.

A: ...but what you want is something, when you begin this model, you want to start safe, really.

C: Yeah.

A: And then, yeah, as you keep doing it and you're growing, then you can start different things, yes.

C: Hm.

A: But at first that's how you're gonna launch, you know?

C: Hm.

J: Yeah, and also what I just told you, when people do – because this is private label basically, hm? You buy a cup in China and you say this is my cup now. You call it *my cup* as the brand, whatever. Now you have to start promoting it because otherwise, nobody will see it.

C: Yeah.

J: You see, in the proven products, like, if someone types in 17-inch tablet, then Amazon knows where to send them. Because, you know, it knows it like from their historic data it knows it. And now you come with a 17-inch tablet and then they're like, yeah, never sold, you know? So it doesn't show. It doesn't show, basically.

C: Yeah.

L: But in order to do private label you also need your whole internet marketing.

J: Yes! You need a budget! You need a promotional budget.

L: Hm-hm.

J: But...

A: Like, even if it's not only just private label, if you buy products from a company, like, we get the SKU list, the product list from the company, and the in-house software we have really looks at products that are selling, meaning, they have to be on Amazon...

C: Hm.

A: ...and they're selling. Now, if we say: Oh, okay, people they use towels all the time and you buy towels from this company and you sell it on Amazon... But you haven't checked that it is really selling.

C: Hm-hm.

A: You know, so it's not even private label only. It's any products...

J: Yeah.

A: ...you could decide: I'm gonna sell that because I like it. I like to sell that phone.

C: Yeah.

A: It's not what you like to sell. It's what IS selling.

C: Yeah.

J: Yeah, so what she means is, like, any product, like... Towels is [are] a very good example because it doesn't have a brand name on it necessarily.

C: Yeah.

J: It's just, you know, it's a towel! So you want to sell towels, but basically then anytime that you have to make a product page for a product because the product page doesn't exist yet. That's a no-go [chuckles] on this model.

C: Yeah.

J: You know, you don't. You don't, because it's too much work.

C: Yeah.

J: Like, what I also said in the beginning, this is something, when you're smart, you do this next to another income source.

C: Hm.

J: Which means that, you know, the other income source, it takes your time...

C: Hm.

J: ...also. So you're not looking for something that takes an enormous amount of time.

C: No.

J: That's also why on the website that we are building we're gonna offer to have all these companies, you know, like, already in a database, etc., with all verified addresses, verified email addresses, etc.

C: Hm.

J: So that people don't have to get [them] themselves because that, for us, was the most work and *is* the most work.

C: Yeah.

J: We have one personnel that is doing nothing else than finding new suppliers.

C: Wow.

J: Nothing else. And when he finds them, then they have to be contacted, bla-bla-bla, you know? That's also taking up time.

C: Yeah.

J: And to give you an example: We dealt with a company which had very nice products.

C: Hm.

J: They have a very big product list. They have several really good products there, you know, like the software was saying okay, buy this because it's selling.

C: Yeah.

J: It makes you a profit. And it took us about 6 to 8 weeks of paperwork. They were very complex these people. They needed an American bank account from us, so I even flew to the US and opened the account. Then they needed something else and then, in the end, the last thing was they needed our American passports, which we don't have, so that also... On this website, there's going to be a part where, you know, these kinds of things we're gonna tell people.

C: Hm.

J: Because we are from outside the US. You are from outside the US.

C: Yeah.

J: It has specific things where if... This model is not working if you spend too much time on it, you see?

L: Right.

J: And...

L: So I have a question. Why not just sell in Europe?

J: Because the market is much smaller...

A: And the different languages.

J: There's different... Yeah, but you have like, you have *Deutschland*, and *Espagna*, and France I think. Italy, that [those] are the main... And you deal with totally different laws and a much smaller market. Like the market in Germany, although 85 million people is, you know, still this... The statistical market of what they sell, is like 10 to 15 times smaller than the US market. So your numbers, like in the US, are just much more profitable.

L: Hm-hm.

J: That's what it is. Then... Oh, you also have co.uk. You know, Amazon.co.uk.

C: Yeah.

J: Same thing. They also have like about 80 million people there. Also way smaller. Amazon.com is humongous. It's humongous, like, on turnover.

C: Hm.

J: And you grab just a piece of the pie and that piece in the pie in the US is just simply bigger, that's all.

C: Hm.

J: You know, if you would live in Germany probably you could combine it, but mind you, it means that you also have to set up a German company and you have to do all the same things again because you have to find Germans supplier, you know?

C: Yeah, exactly.

J: And then there's another thing. For instance, a lot of software that you use to find out things about your whole business environment and how you'll handle your files, are basically all Amazon.com. And then you go, okay, can I use this for Germany or for UK? No. Only for [Amazon.]com.

C: Hm.

J: So...

L: I have a question now...

J: Hm-hm.

L: [inaudible, chuckles] Why does the supplier has to be American if you do it on Amazon...

J: Dot Com...

L: ...in the US? Or why, like, why couldn't you buy something in Italy and...

J: Oh, you can.

L: ...have it in an Amazon warehouse in the US?

J: You can. You can, but now you basically have a problem with your model, because your stuff is like three, four, five weeks in customs. So, your money is three, four, five weeks with the government...

L: Stuck.

J: Stuck, and it happens, huh. It happens, like, I am having one person right now that I have a back and forth with, who ordered some – he is a private label guy – he ordered in China, and especially now with the whole, you know...

A: US-China.

J: Yeah, the – how do you call this? This war that they are fighting? The economical [economic] changes.

C: Yeah.

J: His stuff is stuck in customs already for eight weeks! I mean, it's a disaster! Eight weeks, you know, like, it's basically that's... And again, these people they don't know how to do a calculation, so they think, okay, you know, then, and it takes that long and then, okay, and then I sell it and then I have my money back. You know, they have nothing, you know, so the simplicity of using US suppliers, which is, like, you know, there's like 40, 50, 60-thousand US suppliers. It's like not like a small amount, huh...

L: Right.

J: ...it's huge, is because [of] short lines.

C: Hm.

J: Shipping sometimes is like 48 hours, 24 hours sometimes, huh? We had Bradley [the name of one of the suppliers we use], was like we have one company where within 24 hours it was shipped and it went on a truck which went straight to the warehouse. The truck went from New Jersey to our warehouse in Michigan. So 24 hours later when the truck left basically they did a whole round in Michigan and was back and it was in our warehouse.

L: Wow.

J: So, you will never have that, you know, like, when you have to deal with... First, first, first of all, if you want to get something from Italy, which you mentioned, it better not be big because otherwise you don't even get it on a plane.

L: Yeah.

J: Because it's too expensive...

L: Hm-hm.

J: ...you know? I mean...

A: Your fees will become like...

J: Yeah.

A: Your profit will go out the window.

C: Yeah.

J: I mean, you see in the Facebook groups of Amazon, you know, like or private Facebook groups, you know, you see a lot of freight forwarders from China going in there, trying, you know, to sell their services because...

C: Hm-hm.

J: ...some are so expensive and others... And I think, you know, for instance, also, we have this coffee machine that I was talking to you about, this demo from China that we bought, you know, this product is not on the market yet.

C: Yeah.

J: Just to get the coffee machine here, one coffee machine, which is like really tiny, it's only a tiny Nespresso-like size...

C: Yeah.

J: ...was \$80 with FedEx.

C: And what was the cost of the machine?

J: 50 something.

L: [chuckles]

J: I mean, this is a demo, you know, I just...

L: Wow.

J: ...I just wanted to see if it works, right?

A: But any time when I have... Sometimes I have a company like English or Israeli, that comes on and I say sorry we only purchase from US...

C: Yeah.

A: ...distributors. I don't even get into...

J: It just makes it complex, you know, like, you want to keep this as simple as possible because...

A: Yeah.

J: ...you need to get this turnover.

C: Yeah.

J: You need to get, you know, like, okay, I have \$1,000, I invest it and I invest in a way that I can get it back in, you know, like, that I've turned it over in two weeks.

C: Hm.

J: So that in four weeks I get it paid.

C: Yeah.

J: You see? So that is sort of the business cycle...

A: You just need to take into account for the shipping, timing...

J: Yeah. Because also like some...

A: It takes also time.

C: Yeah.

J: Like, for instance, we work with a guy...

C: Yeah, exactly.

J: ...and he has on his website, he has a sort of a page where you can see if you order from him a certain product, from which supplier it is and the same supplier then... We just talked about, you know, that the tour with the truck...

C: Yeah.

J: ...in Michigan, he only takes orders on Friday from him, from that guy, because he orders in, like, huge quantities. Like, the guy is doing six million a year, so he's like, you know, doing a bit more than we do right now.

C: Yeah.

J: Yeah? So he's buying big quantities and then they can only order once a week. So if you make an order on Saturday...

C: Yeah.

J: ...it only goes in on Friday, so that's six, six days lost.

C: Yeah.

J: You see? But if you – if you pay already for it... So, you pay at [on] Saturday...

C: Yeah.

J: So, that money is lost for six days.

C: Yeah.

J: You see? So you... That's something that you start playing with.

C: Yeah.

J: You start, you know, like finding out because some suppliers also make a total mess of your order.

C: Yeah.

J: Or they tell – they give you the wrong data. Like, we had a food company, I will not call their name here, but... Okay, so, first of all, again, we are not from the US, so some of those, and it's sort of a problem, you need to have, like, either an American credit card, not even a debit card, or you need to do a wire. So we did a wire for the amount that they asked for.

C: Hm.

J: Then she comes back: "Yeah, you wired the amount but you didn't include the shipping." Yeah, because you didn't tell me how much the shipping was. Guess what? Then I don't pay, you know? [laughs] So, but then you have to do another wire for, like, an insane low amount, so you don't. So then we were going back and forth, okay, how are we gonna solve this? Then by that time we had the American account, so we could, you know, like, pay the difference through an American card and then she says: "Yeah, but now I don't have this is stock anymore." Okay. Great! So what are we gonna do now? And this whole thing took about 4 weeks for a stupid order of like \$200. So what you do? Next!

C: Yeah.

J: You get rid of these people because it's like, it's a waste of your time and money, you know, and there's a lot like this. This company that I – we were just talking about [J. is referring to the earlier mentioned Bradley here], you know, professional from the beginning.

C: Yeah.

J: You know, professional on the phone, professional in the email, fast, okay, you do the paperwork, there's never a problem. You do your order. You call in your credit card number. Do *not* email your credit card number. I cannot say that enough. Still, a lot of people are doing it, which is crazy.

C: Yeah.

A: I always call in the data.

C: Yeah.

A: I leave it blank and I say: "We'll call you to give you the information."

J: Yeah, you have to fill in forms and then one of the things that they almost always ask for, is your credit card number. Don't fill it out. You call it in and then they can fill it out over there.

C: Yeah, exactly.

J: Because there's all kinds of... What people don't realize is that, you know, there's [there are] people online scanning for credit card numbers. They can spit it out...

C: Yeah. The bigger you get...

J: Well, an email... It's actually very simple because you have programs where they just look for 12 numbers in a row, exactly 12 numbers in a row, and they pick out an email, they check, yeah, credit card number, and it goes in, you know, and they start stealing.

C: Hm-hm.

L: Wow.

A: And there is one thing on this with the forms and filling out the credit card and bla-bla-bla. There is a different way of payment also, which is net terms, meaning you will pay after 15 days or 30 days...

C: Yeah.

A: ...or 60 days and this is, like, basically the company giving you credit.

C: Yeah.

A: And it's not in your favor, especially when you are a new company, because you have nothing to prove that makes you, you know, safe for them.

C: No.

A: You know, so when you say you're gonna pay upfront with a credit card, they like that.

C: Hm.

A: Because it's, okay, you're gonna purchase this thing and you're gonna pay right away.

C: Yeah.

A: It makes actually the paperwork much simpler.

J: Yeah.

A: To fill in, and they don't ask you all kind of things and [you don't have to] give your bank information and that extra and this extra and which companies are you working with already and so they can check you out, your credit.

J: "Who can we call?"

C: Yeah, exactly.

A: You know. Because...

C: But it is also simpler because then you...

A: It gets simpler...

C: You know what money you have and what you don't have.

J: Exactly.

A: Yes.

J: Exactly.

A: And it gets also simpler for the admin after.

C: Yeah.

A: Because when it is paid, it is paid.

C: Yeah.

A: You don't have a whole other department that needs to take care of paying bills.

C: Yeah.

J: Yeah.

A: You know, if you're a beginning company, it's...

J: I mean...

A: Obviously you need to have some money to start off.

C: Yeah.

A: But it has its advantages in many ways.

J: So, another thing is that when you sell like 6 to 8 months steadily, stably, and you, like, sort of have an uptrending sales figure...

C: Yeah.

J: ...then Amazon and PayPal, if you, yeah... PayPal has some branch of the company that basically borrows [lends] money...

C: Hm.

J: ...to Amazon sellers and Amazon itself also. Which is smart of course...

C: Hm.

J: ...because they have no clue what to do with all this incredible amount of money that they make...

C: They just make more with it.

J: Exactly.

C: [chuckles]

J: So they basically tell you – I don't know the exact percentage but it's something like 12 percent per year, per year, or 20 percent per year, which of course doesn't matter. That's another nice thing about this model. Okay, if you make 10 percent a month, who cares that you have to pay 1 percent per month to somebody else because he borrowed you money?

C: Yeah.

J: You can make, you know, like a very simple calculation of that.

C: Yeah.

J: You see? Like, if they – and this is insane amounts, huh?

C: Hm.

J: Amazon goes up to \$750,000...

C: Yeah.

J: ...that they want to borrow [lend] you.

L: Wow.

J: The problem then becomes where do I get all the supplies?

C: The products from it must be the problem.

J: Exactly.

C: So, it's kind of easier to – in one way it must be a little bit easier to start with, like, not too of an overwhelming amount of money because you can basically build up your whole...

J: Yeah, I mean the thing why you shouldn't start with an overwhelming amount of money, is because you first have to learn the ropes.

C: Yeah, exactly.

J: You know, and if you keep it small then you also will not waste money, because we wasted money in the beginning.

C: Yeah.

J: You know, like everybody wastes *some* money in the beginning, because either you buy the wrong thing, like... Like, what I see also a lot happening and I see that a lot in the forums and I see that a lot on Facebook groups, is that people that buy products and they don't even check if they can sell them on Amazon, which is, like, utterly crazy.

C: [chuckles]

J: I mean why would you buy something that you cannot sell on Amazon?

C: Yeah, exactly.

J: And it's very simple to check.

C: Yeah.

J: The first thing I do if there is *any* offer I'm getting from somebody, is I take the UPC code.

C: Yeah.

J: I dump it in Amazon and Amazon tells me if I, on *my* account, am eligible to sell it.

C: Yeah, exactly.

J: And many times, I'm not!

C: Yeah.

J: Like, I cannot sell automotive products, like anything for a car I cannot sell and almost nobody can sell because only official car dealerships and, you know, like garages and whatever. You have to make quite a number of – or you have to give quite a number of proof that you are actually in the automotive business...

C: Yeah.

J: ...before you can sell all this stuff.

C: Yeah.

J: And they call it *gating*, huh, like you have a gate around, so that's where it is coming from, the term, is from a gate around a certain area. And then a lot of people you will hear talking about *ungating* because they want to sell because they are profitable. Because you can also imagine... Okay, take a product like shampoo.

C: Hm.

J: Now, there's a lot of... They call it *topical* products which is a definition – it's a specific English definition, *topical*, for products that have anything to do with putting something on your body.

C: Yeah.

J: On your face, like, you know, from lip balm to shampoo, toothpaste, creams.

C: Yeah.

J: Make-up, you name it. Anything that you, you know, put on the body which is like creamy or liquid or whatever.

C: Yeah.

J: They call it topicals and that's standardly gated. You're standardly – you are not allowed to sell that.

C: Yeah.

J: Like, if you start with an account. However, you will start finding out when you start running your inventory list of the suppliers, that these things are extremely profitable.

C: Hm.

J: So, everybody wants to sell them.

C: Yeah, of course.

J: Yeah? So, now, there's a lot of sellers that start, also with this model, they start and immediately start focusing on topicals because that makes a shipload of money.

C: Hm.

J: But it's crazy because the ungating process for this thing is not very simple.

C: Hm.

J: Besides that, let's say there is [are] 10,000 of these which are super profitable, and you can focus on that and not allowed to sell, or you can start focusing on the millions of products that you *are* allowed to sell...

C: Yeah.

J: ...which are *also* profitable.

C: Yeah.

J: So, it's also, you know, like, you also have to switch your brains on.

C: Yeah, exactly.

J: Like, what can I sell? That's, in the beginning, the only thing you look at, is what *can* I sell?

C: Yeah.

J: And I remember she [J. referring to A.] was going bananas in the beginning because she was like, okay, she was, you know, having a lot of work with the suppliers...

C: Yeah.

J: ...and then she would turn over to me inventory lists.

C: Hm.

J: And we say: “No, not profitable, not profitable, not profitable, not profitable. And then we had one, you know, 1 out of 10 or 1 out of 20 that had profitable products.

C: Yeah.

J: So it’s also a numbers game. Like the guy that [who] I just told you about that [who] does 6 million...

C: Yeah.

J: I spoke with him and he says that his main supplies that he buys, his main base of suppliers is 12. So he buys the main – the bulk of his products, he buys from 12 companies.

C: Wow.

L: Wow.

J: Yeah?

C: And how many products does he have?

J: 1,700.

C: Wow.

J: Probably more even, but I was talking whatever you know...

C: Yeah.

J: But on his storefront, which is like the sort of the page...

C: Yeah.

J: ...where you see all the product of a certain seller in Amazon...

C: Yeah.

J: It’s 1,680 or something.

C: Wow.

J: Yeah?

C: That means also it’s very simple for him to deal with the...

J: For sure, because he buys, you know, not necessarily big amounts of one product, because we don't do that in this model...

C: No.

J: ...but many.

C: Yeah.

J: Like, he has several personnel that [who] do nothing else than finding profitable products from these lists all the time because things change. That is another thing you need to know of this model, like, what is profitable tomorrow, might not be profitable the day after.

C: Yeah.

J: And the other way around also: What might *not* be profitable today, *might* be profitable tomorrow.

C: Yeah.

J: And you start...

L: It is a good example with the Christmas decorations.

J: Exactly, you know, like, you can buy Christmas decorations in January, not so smart!

C: No.

J: You know, but the funny thing of it all, is also, like, okay, there is [are] things that are not so obvious and you say, okay, this is too late. Like, for instance, you... In December you run into a product for Christmas, yeah, don't buy it anymore because, you know?

C: By the time you have it...

J: People stop buying stuff for Christmas online because of the shipping in, whatever... Now, Amazon.com is pretty close, huh, and like up to the 18th of December it still works, and you still have your stuff before Christmas. But again, that's 6 days.

C: Hm-hm.

J: I mean, in Europe it's worse.

C: [chuckles].

J: And in Europe, it is much worse. But in the US it is pretty ok.

C: Yeah.

J: But, you know, people, they usually start buying their Christmas presents in November and the beginning of December and that's it.

C: Yeah.

J: Online.

C: Yeah.

J: And then okay, then there is maybe in a brick-and-mortar store, but that's – that's it. So, if you – if you start buying, like... These lists also, like, you start seeing that something is profitable for Christmas too late.

C: Yeah.

J: So that's also something that, you know, it all comes with learning this thing, like, okay, I need to start finding products for Christmas in, like, August.

C: Yeah, exactly.

J: You start ordering. I know from this guy, he got \$750,000 from Amazon in August and he bought only products for Christmas.

L: Wow.

J: For \$750,000.

C: Wow.

J: And he had them in store and I bet he sold a lot.

C: Yeah, because maybe other people didn't think with that and then he was going around to have it and...

J: All the big sellers do that.

C: Yeah.

J: And...

C: Wow.

J: And also they buy the big parties [lots] around August for Christmas because...

C: Hm.

J: ...from the 1st of October on, Amazon starts even refusing because they can't – they don't know where to put it. Their warehouses are so full...

C: Yeah.

J: ...that sometimes they put a stop on inflowing, so you cannot even send it.

C: Wow.

J: Certain sellers. So, that happens also sometimes.

C: Uh-uh. So now I have a question.

J: Yes.

C: So, with all this and how to, like, the way how we would get started basically...

J: Yeah.

C: Now, what – what does it cost and what is the, like...

J: Okay.

C: How would be, like, the minimum amount of money let's – let's say, there is... Like, what do I have to think with because obviously, I need to plan a bit.

J: Yeah.

C: As you're saying, how this model works. I need to plan and I still need to have work and it kind of takes a month to set it up.

J: Yes.

C: How do I need... I need to know how much money I need to have.

J: Right. So, when you start with a company setup and jump in whenever I miss something [J. refers to A.] The company is set up in Delaware. We have an Incorporated in Delaware.

C: Yeah.

J: An Inc. That is about \$500...

C: Yeah.

J: ...per year. But also at the beginning.

C: Yeah.

J: That includes the setup of the company, the filing with the state of Delaware and it includes getting a business license.

C: Yeah.

J: And the business license let us – there's five states in the US that don't have what is called sales tax. Like, we have VAT...

C: Yeah.

J: ...in Europe. They have sales tax.

C: Yeah.

J: Every State is different.

C: Yeah.

J: That is a bit of a problem in the tax world, you know, that all the taxes in the US are different for every State.

C: Yeah.

J: Now, Delaware, Oregon, New Hampshire, and there is another two [Alaska and Montana], they don't have sales tax.

C: No.

J: So, all the other states, there they call it a resale or reseller permit that you need, to show to the company that you are a business and that you pay taxes.

C: Hm.

J: Sales taxes.

C: Yeah.

J: To the government. In these five states you don't have to, so what they have there is a business license. So, then you get the business license. So that is included in this \$500.

C: But if you – you are in one of those States, you don't have to and you only need the business license and you buy it from a company that's outside...

J: It doesn't matter.

C: ...the State. It doesn't matter.

J: No.

C: Okay.

J: You give that business license.

C: Okay, good.

J: It doesn't mean [chuckles] that certain companies don't want such a permit anyway.

C: Yeah.

J: So...

A: Especially big ones.

J: Big ones... Like for instance, we have the warehouse in Michigan...

C: Yeah.

J: ...and some companies want to have a Michigan reseller permit.

A: From us.

J: Yeah.

C: Hm.

J: Because there's a whole discussion for years already in the Congress and in the – federal states... How do you call this? Senators...

C: Yeah.

J: ...bla-di-bla, about what is the actual reason that you have to pay taxes somewhere.

C: Yeah.

J: Like, in Holland or Germany or Sweden or Denmark, it is all the same. You're in Denmark so you pay VAT, 25%.

C: Yeah, exactly.

J: And, yeah, that's what it is.

C: Yeah.

J: There, it's different.

C: Yeah.

J: Yeah? Every State is different.

C: Hm.

J: Like, the worst is California. It's the most expensive one.

C: Oh, wow.

J: Yeah, they're like – yeah, they are different [chuckles].

A: So then there's the cost of registering the company...

C: \$500.

J: Yeah, that's including the – that is the registering and the business license is between five, let's say between five and seven hundred dollars.

C: Okay.

J: And a thing to remember is, on this one, they are really strange because if you start a company on the 30th of December 2018, you pay the whole year for two thousand [2018] – and then two days later they say, yeah, you need to renew. But, like, it was with us – it, with us, when we did it, the funny thing was that we didn't even get our license yet, because it takes them 8 weeks to send it to you.

C: Wow.

A: Yeah, right.

J: And then – and then they were already basically telling us to pay for – for the year after.

A: Because we opened in September.

C: Hm.

J: Anyway. So... Just so you know. But you'll find, you know, we're now, we are early in the year, so...

A: Yeah.

J: So, that's fine. So, then that is that. Then, well, you have to think about your setup at home.

C: Hm.

J: If you don't have a printer, you need a printer.

C: Hm.

J: And you need a printer which is also a scanner because you have a lot of scanning to do.

C: Hm.

J: Like, there's a lot of paperwork, you know, that's... Some companies are simple. They have, you know, one form. You fill it out, you scan it, you send it back.

C: Hm.

J: But there's [there are] also companies that are more like 16 – is 16 the maximum? [question from J. to A.]

A: I don't know. It would include their terms and their...

J: Yeah, but you need to scan them all, you know, like, anyway... Whatever. So...

C: Yeah.

J: Your computers. You need the computers, of course. Um...

A: You need an internet line that works well.

J: Yeah, you need an internet line that is a cable.

C: Yeah.

J: And I tell you why. Because you're gonna set up... Okay. You need to call these suppliers sometimes...

C: Yeah.

J: ...and that is Skype and Skype has an account where you can, you know, like, call worldwide for like three – I think it's 300 Danish kroner that we pay. So, that's what? Is it 50 dollars or something?

C: Yeah.

J: Or 40, 50 dollars. For three months you can call unlimited numbers in the US.

C: Hm.

J: More or less, I think. So, even the 1-800 numbers in the US because a lot of companies have, you know, like, free numbers...

C: Yeah.

J: ...where you don't have to pay. 1-800, 1-888. So, that is for every 3 months like that, and then for incoming calls, we have a number and that is from a company called Sonetel. It's actually a Swedish company...

C: Hm.

J: ...and you can have a company number in Delaware, a phone number, which gets transferred to your mobile phone.

A: Like this one, when they call us, it comes on this.

J: Yeah. So they call our US-number and it arrives on her phone.

A: I also have a Danish number on this one.

C: Oh, wow, so they basically just re-route the...

J: Yeah, they re-route.

C: But you don't need to have two SIM cards.

J: No.

C: They – based, it is internet-based?

J: No, the two SIM cards come into play when you want to have an American bank account because...

C: Hm.

J: ...when you have an American bank account and you need to verify certain, how do you call it?

C: Transfers?

J: Transfers above \$1,000 for Bank of America at least, then you need what is called a SafePass number and you can only get that on an American phone number. And then you think, okay, any American phone number. No, you need a special SIM card if you're outside the US and that is 60 bucks every year, but anyway... Don't know if you plan to get...

C: 60 bucks is what it costs?

J: Yeah, and then 9 cents per SMS that you – incoming SMS, huh?

C: But that's only the phone thing, like, the phone carrier.

J: Uh, Sonetel is \$50 and then actually you have – that's also – part is also credit. Sonetel is really good.

C: But that – that's the one that you can have with your US bank account, no?

J: No, that's a totally different SIM.

C: Ah, okay.

J: Yeah, I can give you the company name later. I don't know it by heart, but... You buy online, you buy a SIM card... [<http://www.onesimcard.com/>]

C: AT&T or whatever they are called?

J: Yeah, but you can't have an – the funny thing is you can't have an AT&T number outside the US and get a verification SMS from the bank.

C: Wow.

J: It's – anyway, it's...

C: Okay.

J: Or you can but, you know, like, you can't get the number if you are outside, you know? So, there's one company that sells SIM cards to foreigners...

C: Oh, wow.

J: ...which is also – but, you know, they made a whole business model out of this one because it's like ripping you off.

C: Yeah, exactly.

J: But anyway, it doesn't matter, you know?

C: Okay. So then... But...

J: So that's...

C: What does it cost with the bank account did you say?

J: Well, you have to fly there, so, whatever it cost to fly there, hotel, renting a car.

C: And purely the bank account cost, like opening a...?

J: 12 dollars a month.

C: Ah, okay, so that is not so bad.

A: Normally you need to deposit, I think, minimally, what is it?

J: When I was there I deposited \$200 instantly when I made the – I made the account in New York. I flew to New York and I did it there.

C: Okay.

J: And then – he didn't even ask for it but I said, okay, I want to deposit something. He said: "Okay, fine." And when you keep your account above \$1,500 constantly for 30 days, you don't pay anything.

C: How much did you say?

J: \$1,500.

C: Okay.

J: Anyway, like, we just purchased... This \$12, okay, it's \$12, fine. Whatever. You just calculate it in.

A: And one thing on this with opening a bank account: I had been in touch with several banks to open a bank account...

C: Hm.

A: ...and they each tell you a bit of a different story.

C: Yeah?

A: Yeah, you need to live in the US or, you know, you need... Different things like this and some of them say, no it's fine, and some of them, no you need to, and even the same bank.

J: Yeah.

A: So, the best thing is that you show up at their door...

C: Yeah.

A: ...and you have two identification pieces, documents...

C: Yeah.

A: ...with your photo...

C: Yeah.

A: ...and you just wanna open your account.

C: Yeah.

A: You know?

J: Yeah, the funny thing was when I arrived there, I didn't find my... All right, first of all, I couldn't find the bank [chuckles], which was really funny, and then – then I arrived there without my driver's license.

C: Wow.

J: And I couldn't find it. I thought I had it with me and I couldn't find it and then... But he saw my Danish bank card, which doesn't have a picture on it, but he said, okay, fine, I can use that too because it has the same name on it.

C: Aha.

A: And he showed his passport, obviously.

J: Yes, yes. Yeah, yeah. The passport and... Then you need – you *need* an address in the US where they can send the card.

C: Okay.

J: Because that's something that you – you just can't get out of. You have to have an address where – and they mark it also as such, so on my account, it's very clear that I don't live in the US.

C: Hm.

J: But that I have a second address, where they can send stuff and that's where they sent my card.

C: In the US basically.

J: Yeah.

A: He has a friend in the US which [who] will receive any mail that...

J: And he basically FedEx-ed it to me.

C: Ah, okay.

J: Yeah, so. Because, okay, fine, a bank card you don't just put in the mail.

C: No.

J: So, that was, like, \$60 to get it, you know, like FedEx-ed.

C: Yeah.

J: Then we also had some costs here in Denmark because, okay, I don't know how it's in Sweden. You have to ask, but here in Denmark, it's like, okay, we opened a holding company.

C: Yeah.

J: The holding company is actually the owner of the American company.

C: Yeah.

J: Yeah. And then what – what we do, okay, you have like your – you have companies in two countries. Of course, you don't want to pay tax in two countries. That's why you have tax treaties.

C: Yeah.

J: Yeah? So, Denmark and Sweden also.

C: Yeah.

J: And most of the European companies and...

A: Countries.

J: Yeah, I mean, there's of course – there's [there are] a few countries in the world that don't have a tax treaty with the US, but it's not a lot.

C: Yeah.

J: Pretty much everybody has it...

C: Yeah.

J: ...except, you know, like the areas like Syria, Yemen, the Arab countries, Iraq, Iran. But the rest, they have tax treaties with the US, so that you can basically say, okay, I paid this in the US or I paid this in Denmark, so I don't have to pay twice.

C: Yeah.

J: And our accountant slash tax lawyer basically told us to do an Incorporated for two reasons: Incorporated is easier to sell.

C: Hm.

J: So, if you grow this business for a few years and you say, okay, I just want to cash. It has a million of inventory in it and I just want to sell it to somebody and that [who] takes over the company, all the suppliers, etc.

C: Hm.

J: Then it's easier to sell because it has shares.

C: Yeah.

J: And an LLC is basically more a private thing and it becomes more difficult to sell, tax-wise also problematic, so that's why we started an Incorporated.

C: Hm.

J: And then we sell – we basically send a management fee bill, invoice, at the end of the year and we say, okay, how much – let's say the company made \$100,000 profit, then we send the management fee bill for \$100,000.

C: Yeah.

J: That money comes here or at least is invoiced here. We pay taxes on it here.

C: Yeah.

J: Yeah. And we don't pay taxes in the US then.

C: No, exactly.

J: That becomes – starts becoming a problem and – when it's really – when you really start doing millions...

C: Hm.

J: ...because of course, it doesn't make any sense that you send out a management fee bill for six million, [chuckles] doesn't make sense, but that's a nice problem to have.

C: Yeah, exactly.

J: But, yeah, so you also have to – you have the cost of, when you are in Sweden, you have to have a holding company in Sweden that you have to set up. And I don't know what that costs. It's not gonna be expensive. I don't think so. Here it was \$100.

C: Oh, yeah?

J: Yeah. That's nothing, costs nothing.

C: Wow.

J: At least here.

C: Yeah, I think you would – have to put up a shareholder company, but...

J: Yeah, yeah.

C: Yeah, but you have to know it doesn't cost much, but you need to have money in it.

J: Yeah, yeah, yeah, yeah. Yeah, exactly.

L: \$1,000.

C: \$1,000.

J: Here it is 25,000 Danish Kroner...

C: Yeah.

J: ...which you need to either have in an envelope or on your bank account.

C: But you can basically use the money also.

J: Yeah, yeah, exactly. Anyway, I have it on the bank account, so...

C: Yeah.

J: And... So that... So, then there is [are] other costs like, okay, you need to have, if you don't have it already, programs like Excel.

C: Yeah.

J: We have, you know – we run a subscription for a year. You can find cheap subscriptions. Make sure that you cancel the subscription immediately because the cheap subscriptions of Microsoft, they're very tricky. If you really dig down deep, they say you agree to – to reorder it after a year for \$700. They're tricky these boys.

C: [chuckles] So, you know, you buy something for like \$30, but then down in the small print there is like, okay, automatically renew for \$700, yeah? So I immediately, pfffft, cancel it because it's easier to, after a year, just re-purchase with another license...

C: Yeah, exactly.

J: ...for 30 bucks.

C: [chuckles]

J: Yeah, these things, you know, you need to know, otherwise you get surprises.

C: Yeah, yeah.

J: Then there's of course, it's...

C: A webpage for example?

J: Sorry?

C: Like a home page?

J: Yes, like, you need a website.

C: Yeah.

J: Now... Well, I recommend – and I'm also going to make a template that people can basically get from me because I'm pretty familiar with WordPress.

C: Yeah.

J: I recommend a very simple WordPress website. You can do this all for free if you want to. I don't recommend it though. I recommend that you pay a subscription or a lifetime thing – few hundred dollars a lifetime subscription with Elegant Themes, where... And then you have the hosting. So, Elegant Themes itself is like \$89 a year or \$249 life-time. The good thing about this...

C: How much was the first one you said?

J: 89.

C: Ah, 89.

J: Yeah. The reason why I'm saying this is if you ever have problems... You don't want to have problems with a website.

C: No.

J: If you have, like... Because I tell you, we – I can see the statistics. When we started phoning and contacting suppliers, all of them are checking your website.

C: Yeah.

J: Yeah, for them it's like checking the – how legitimate you are...

C: Yeah, exactly.

J: And for us, it's funny because as soon as they started checking the website, immediately we became – they became more...

A: I mean companies actually refused to be in contact with us at the beginning when we didn't have one.

J: Yeah.

A: You didn't have a website? You're nothing.

C: Ah.

A: It really was very obvious.

J: Yeah, it's unreal to them. It's like not real. It's like, okay, then your – I don't know what moron you are, but you need a website.

C: [chuckles]

A: Yeah, it's really...

J: But the reason that I'm saying that, you know, like you take this paid thing, is because there is [are] hundreds of thousands of people that can help you out on forums...

L: Hm.

J: ...like, instantly. If I have a problem with my website and I ask a question, I don't have a support even, I just have a certain Facebook group, I get an answer within two minutes.

C: Wow.

J: Yeah? And you don't want that your website goes down while 30 suppliers that you just contacted are looking at a black screen.

C: No.

L: No.

J: You don't want that. It's gonna cost you dearly.

C: Yeah, exactly.

A: I mean, every – every form I fill [out] they ask what is your website.

C: Yeah.

A: Even if you're an Amazon seller, you know, it's like – it is an expected standard basically.

L: Right.

C: Yeah, exactly.

L: And what are the – when you say a simple website, what is it that you think has to be on that website?

J: Okay, so, basically what you have on that website is, you show who you are.

L: Hm-hm.

J: You show your intentions, you say what you do.

L: Hm-hm.

J: Like – me, because also I had a company already since 2010 or 2011 in EU [Europe], I mention that. You know, it shows a bit of credibility. So, it's a sort of a PR-

statement, heh, this whole thing, so, you sell yourself without selling lies, of course, and you – like, what we have on there is the logistics center, meaning, we have our warehouse on there. We have all kinds of questions that they might ask on there, like: Where you're from? What are you doing? Do you sell on Amazon? Do you not sell on Amazon? Do you have a brick-and-mortar store? Bla-bla-bla. We all have this in a frequently asked questions section.

L: Hm-hm.

J: Because these things we know that they ask, so we put it there, so we don't get these questions on the phone...

L: [chuckles]

J: ...because you don't want people calling you. It's just – it's just lost time because they try to sell you and in this model you don't need to be sold [to].

A: You need to verify the product...

J: I just need the paperwork and... Yeah, exactly. I just need their list. I run it through the software and I can tell them if I buy from them or not.

L: Hm-hm.

J: They have – they – don't have to do all...

L: There is no sales pitch needed...

J: No! I don't – I don't need a sales pitch.

L: It's a statistic.

J: Exactly.

A: Based on statistics.

J: Exactly.

A: Proven fact.

J: Like, you know, it's that simple.

L: Hm-hm.

J: Even if they would like to, I would say shut up, I want to buy! You know? That's what it is.

C: Yeah.

J: Because I can see it's profitable or not. So... But that's what it is, this – the website is important, that it looks, well, did you see our website? It looks very simple.

C: Yeah. That's correct.

J: It's very professional...

L: Right.

J: ...very clean, very white, but with the data that they need. A contact form is on there...

C: Hm.

J: ...so that they can contact you. Not that they do that a lot. They do it sometimes, but you want it on there.

C: Yeah.

J: It's just, you know, it's like a thing to show that you're a credible partner for them.

C: Yeah.

J: Because you have to understand, like, there's like, there's [there are] two million sellers on Amazon.com that [who] do FBA. All these two million are contacting companies at a certain point in time. So, you can imagine that some of these companies go crazy and they also weed out a lot by assuming things.

C: Yeah.

L: Hm-hm.

J: Because if I don't have a website and, you know, you can assume that I'm not professional, which to a certain degree is right at that moment, but maybe I am not a professional and I have a million dollars in cash and want to buy from you, you know? But I don't even get that far.

L: Hm-hm.

J: They assume that you're not a partner. So, that's the website...

A: I mean, there is also a way how to find out about the company, you know.

J: Yeah.

A: Because these days, okay, they are frauds out there.

J: Hm-hm.

C: Yeah.

A: So, for them to check it's a way of some kind of verification or, you know?

J: Yeah.

C: Yeah, exactly.

L: It's your face that is...

J: Exactly.

L: They don't meet you in person but that's what they see from up here.

J: Exactly. Then – what we used, not straight from the beginning, but at a certain point, is a virtual assistant.

C: Yeah.

J: Which costs us \$300 a month...

C: Hm.

J: ...which is practically nothing, you know, you have somebody working five days a week for you. A very nice person actually, and very professional.

C: Yeah.

J: He is finding new companies online and he is also doing contacts with new companies, like, you know, he goes on websites and says I want to open an account, or he opens an account and then gets in touch with them and, you know? It goes back and forth. The guy is what? 20, 21, 22?

C: Hm.

J: But like very eager to learn things also. We had another one which we didn't continue with because she was making a lot of mistakes That's not what you want.

C: Hm.

J: So, but that's like very cheap in the Philippines.

C: Yeah.

J: There are certain questions you need to ask them to qualify them, which we also have by the way. I can give them to you privately.

C: Yeah.

J: But that is very important because otherwise, you might run into crappy ones.

C: Yeah, yeah, exactly.

J: What else?

C: So far we went through basically the Incorporated company in the US and then different suppliers obviously. You need the raw things: printer, computer, internet, Skype, webpage and then also the setup in the US, like bank account, phone carrier and then flight getting there, whatever.

J: Yes.

C: Costs, [inaudible] things back and then you have your own company within the country you live in, which is obviously different from all...

J: Yes.

C: I think it always – if you want to build up a shareholder company in any country, there's always a fee of...

J: Pretty much the same, yes.

C: Well, not a fee necessarily, there's more of a – you need to have money in the company.

J: Yeah, yeah. Or in your account.

C: Yeah, exactly.

J: Yeah.

C: But smaller like...

J: In Denmark, you can have it in an envelope here.

C: Ah, okay.

J: I mean not – I'm not shitting.

C: [laughs]

J: You can have it at home in an envelope. Nobody wants to do that, but...

C: No, exactly.

J: I mean, they can't break in here anyway.

C: Right.

J: I don't know if you felt my front door, but, it is very heavy. [laughing from all] So, yeah, I mean you need a SWAT team here to get in, I tell you. But...

C: Okay, good.

J: So that is the main things and then, you know, there is, like, all kinds of small costs, like, you need paper, you need toner.

C: Yeah.

You know, you need your office supplies, bla-bla-bla. But that is not like...

C: No, it's not like...

L: Where do you not...

J: Yeah, exactly, exactly.

C: But then there's [there are] no other additional maybe programs you need for the searching or...

J: Well, that is a thing what I just...

C: Yeah.

J: ...wanted to tell you actually. Like, I would – on this one, I would advise a program called Wholesale Inspector.

C: Yeah.

J: It's \$99 a month.

C: Yeah.

J: It's actually from a friend of ours that [who] is doing that and also a guy that [who] we buy from.

C: Yeah.

J: Actually, you're with him on the waiting list. That's what – why you know, like I told you to go on the waiting list on that thing.

L: Hm-hm.

J: He has a wholesale buyers club.

C: Hmmm.

J: So, basically, he has a whole team of people finding winners and then for a fee you can buy these things and we are buying also from him and they're like *really* selling well. So these guys do a *really* good job.

C: Oh, wow.

J: So, it cost some money, but you basically get it back, you know?

C: Yeah, exactly. The moment you are selling products, you...

J: Not only that, but you can also reorder. So, let's say... So, he gives me basically a product...

C: Hm.

J: ...and I can then say, oh yeah, it's a winner. I can reorder and I don't have to repay for it.

L: Right.

J: You know? So, he says, you know, from that moment on you can repay – you can basically order and you get a 50% discount on the prep fees...

C: Oh, wow.

J: ...because you have in these warehouses where they prep your stuff... Okay, it's another thing, like, your stuff needs to be prepped for Amazon. Amazon wants to receive it in a certain state [condition].

C: Hm.

J: Like, if I sell a computer that's in a box, that's fine. I send the box straight to Amazon, you know, and a lot of companies do that. But if I sell jewelry or horse cookies, or whatever, it needs to be, you know, maybe in a plastic bag or, you know, or it needs to be like, you know, polybagged. Like this – you know what it is.

L: Right.

J: So, you don't know. These warehouses are specialized. If they see something and they say: "That's the way this needs to be prepped." You don't know. Some companies don't even know how their stuff needs to be prepped and if it comes in Amazon and its prepped incorrectly...

L: You get it back.

J: Hallelujah. Then the fun starts because now you have to get your stuff back. It has to be shipped back somewhere. It's gonna be, like, very costly.

C: Should be [inaudible] in the garbage bin.

J: Anyway, but, yeah. So, he has a prep warehouse, so, prep cost. But that is another cost then, you know, that's basically the...

A: It's part of when we talk about this cost...

J: Your inventory money.

A: Exactly.

C: Yeah.

A: Because you think, okay, if you say I'm going to buy these products for \$5, you take into account the shipping, the prep fees, the Amazon fees, you know, you take into account these things.

C: Yeah, and then you know your profit margin.

A: Then see if you still have a profit.

C: Yeah, exactly.

A: You know?

C: And... But that's what your in-house program does pretty much.

J: Yeah.

C: Exactly. It counts all those fees.

J: Yeah. I mean that's like, that's different than what I just called your Wholesale Inspector...

C: Yeah.

J: ...because this in-house software, we paid it, like, a long time ago, actually...

C: Hm.

J: ...and you cannot buy it anymore. So...

C: Ah, okay.

J: Besides that, it's a very good program, but it doesn't show always what you want it to show.

C: No.

J: Because, for instance, what this Wholesale Inspector *does* do...

C: Yeah.

J: It shows you for every single product on the list...

C: Hm.

J: ...whether it's going to be profitable or not, the margins, how much and bla-bla-bla. So, you also see products that you go, hmmm-hmmm, would they or would they not?

C: Hm.

J: And to give you an example: There was one product where I thought, okay, let's buy it anyway. And it sold like mad. While it didn't show, really, it showed like as a, you know, as a so-so product.

C: Yeah.

J: And it was really selling well, actually.

C: Yeah.

J: So, you know, that's all. You just need to – you need to try these things out in the beginning and that's why you buy three, four or five of them, or ten.

C: Yeah.

J: If it's – if it's cheap, you buy ten, you know, if it's like a five-dollar product, okay, fine. You buy ten.

C: Yeah.

J: But if it's like – we had products which were 300 – 270 to buy, or 265 to buy and we're selling for 350.

C: Oh.

J: And...

A: Yeah, but it sold well.

J: Yeah, but in a week, we sold ten. We sold three in one day. We were out in, you know, like, boom, we were out!

C: Wow.

J: And very nice product also.

C: Wow.

J: But, yeah, that's all, you know, like you have to try these things out sometimes.

C: Hm.

J: And sometimes it's better to start with products that are, you know, like, \$20 and up.

C: Yeah.

J: Because it's just the best, you know, like, I like, I like, I like between the – like sales price between 40 and 80 dollars.

C: Yeah.

J: Because people have the money to buy it.

C: Yeah.

J: There's usually a good margin on it. You can do something with the price.

C: Hm.

J: If there – if there is some wild guy that comes in and, you know, like, starts lowering the price with some crazy amount, I just look at his inventory. Ah, he has only two in inventory. Good let him go, you know, let him go.

C: Yeah.

J: And I just keep the price and then all of a sudden I start selling and I get my price.

L: Hm-hm.

J: And that's what it is, you know. It's that simple. I try to not go below this 10%.

C: Yeah.

J: So also, my automated pricing – that's why – I mean, I have my computer of course in the repair shop right now, but I have on there, I have a spreadsheet where I have 35 parameters of this product, you know.

C: Hm.

J: Like, what, what, what is the UPC code?

C: Yeah.

J: How much did I pay for it to get it? How much are the prep fees?

C: Yeah.

J: And, you know, like, how much is it selling for now in Amazon? How much was the highest price it was selling on in Amazon? What was the lowest price it was selling on in Amazon? You know, all these kinds of things.

C: Hm-hm.

J: What do the softwares say, you know? There's a software called JungleScout, which says...

C: Hm-hm.

J: ...which tells you if a product is like – if it's profitable or not. How much it sells a month. You know? I put this data and then I tune it down to 75 percent. So, if they say it sells 30, I say it's 20 [22.5] because I checked out the program and usually they're like a 25 percent higher estimate than what it actually is.

L: Hm-hm.

J: And I checked it with my own products.

C: Ah.

J: They say, yeah, this sells for me like that a month and then I was checking and the funny thing was they were always 25% higher than the actual amount. But if you have that then you can take it as something that is stable in your calculation, you know, like, what you... So, just to make sure that what I buy is actually, you know, that I have all the data. So I say, okay, now there's some crazy man coming in and he has, like, 200 in stock, and he sells it, like, \$10 under the price, can I go with him? Do I wait? What do I do?

C: Yeah.

J: You know, because I don't want my products to be there for more than 6 months.

C: Yeah.

J: Because then I start paying penalties.

C: Yeah.

J: Plus, if it's 6 months there, I cannot invest it in something else. It doesn't grow.

C: Yeah.

J: You see?

C: Hm.

J: And that lowers my overall percentage.

C: Yeah, exactly.

J: You see.

A: But this whole study of a product, basically, that he was just talking about, it is quite key, because this is what is going to make that you invest into that product and it's going to get you money back.

C: Yeah.

A: You gonna profit.

C: Yeah.

A: And every sale you make, every purchase and sale you make, if it's a high percentage, close to 100% that way, then your company is gonna grow.

C: Yeah.

A: You're gonna have more and more and more to...

J: Yeah. I mean, you also see like this – like the bigger companies... I guess companies, like, that do insane amounts, you know, like, I just told you this guy that [who] sells 1,700 products... There's [There are] much bigger companies, you know, on Amazon that do... There's one guy that [who] did, over the years, it's one of the – I think it's the third biggest Amazon seller that did over \$500,000,000 in the last ten years or something? Whatever. Some crazy amount, like, wild amount, but what they do is, okay, they buy a lot of something and then they only have to make 25 cents... *[You can read about this seller here: <http://bit.ly/FBA-70million>]*

L: [chuckles]

J: ...for instance, because if they make 25 cents on 100,000 products, it's \$2,500 [\$25,000]...

L: Hm-hm.

J: ...per month.

C: Is good.

J: Next, you know. So, but for us that's different.

C: Yeah.

J: And if you start, it's even more different. Also, when you start, you will run into certain costs and then, okay, you know, yeah, you have to – you keep like what it is in the long run, you know. Like, that you're established. That you have your suppliers there. That you find some good suppliers, which can take some time.

C: Hm.

J: It takes a month sometimes, but you will find them if you do the work.

C: Yeah.

A: Now, on this, okay, so you find suppliers online, and this he can tell you in a summary how to, maybe, if you want to say.

J: How you find suppliers online? Yeah, there are search queries, of course, in Google.

C: Hm.

J: Like, okay, there are certain things that we do not want to sell, especially in the beginning, which is apparel (clothing).

C: Hm.

J: Shoes. Everything that has a size. Because people buy online and they say, I'm a woman, I want these shoes, but I don't know if the size is correct, so I buy 37, 38, 39.

C: Yeah.

J: They buy 3, they send 2 back. For them it's ideal. For you as a seller it's crazy because now Amazon tells you, okay, these two you cannot sell. You have to send them back to your warehouse. The warehouse has to repackage them, check that everything is fine. Goes back. So, we don't do that.

C: Yeah.

J: Yeah?

A: Plus also, you remember at the beginning we had named the price range? And also some...

J: Yeah, yeah, but we are now – we're now looking at how to find a supplier. That's what you said, you know, like...

A: Yeah, but like, if, example, a supplier, there's [there are] some suppliers they sell massage chairs. They're huge, huge price.

J: Yeah.

A: You're out. We don't even bother to put them in our system.

C: Yeah, exactly.

J: Yeah.

A: So you set for yourself already the price range you want to have and the size. Like this, you know, you're not going to sell cars on Amazon.

L: And also, no cupboards in storage in the Amazon warehouse.

J: No. No, no. Like, everything that is bigger than a certain size.

C: Yeah, yeah.

A: Like, they have a big warehouse and if you pay, you pay.

J: Yeah, yeah.

A: But what do *you* want to do?

J: Yeah.

A: So, you name the product.

J: Basically, you want to do, like, the things that are light, simple and turn over fast.

C: Yeah.

J: Anyway, like, you have search queries in Amazon [Google] to find these guys and you can say "wholesalers pet supplies" for instance.

C: Hm.

J: You know? Or what some guys do, that [who] want to, you know, like, don't want to pay a lot of shipping, they say – and they live in for instance Michigan, or they have a warehouse in Michigan – they say "wholesalers Michigan" or "wholesalers city in Michigan" whatever, you know, like, what is it? Wixom, that's where our warehouse is.

C: Hm.

J: You know, "wholesalers Wixom" or "wholesalers outdoors." Outdoors is, like, a big category on there, you know? And especially in the US. It's like, you buy – you buy the craziest things on outdoors which are very profitable, like tents, backpacks, you know, anything. Like especially shooting things, you know, like hunting things are big.

C: Yeah.

J: Like supplies for guns, *pfft*, you name it. And... So, that's what you do and then, you know, like, they will show up.

C: Yeah.

J: Then another thing that you can do, which is very good, and we did it at a certain point, you can go to a trade show. You can just type in, in Google, "tradeshaw

electronics” or “tradeshow pet supplies” or tradeshow bla. Then they will come up. You go to the website and usually there’s an exhibitor list. So, you have like the trade show that we were – the trade show was in Las Vegas and the exhibitor list had over 2000 companies. So, we weeded out all the ones that are not from the US and we were left with 353 and actually, some of them are really good and one of them we actually selling since short – like a very profitable product for.

C: Wow.

J: So, that’s another thing. Then there is [are] certain things online which are called, like, Wholesale Central, or paid services like Salehoo.

C: Hm.

J: Which usually, yes, they have a lot of suppliers there. Usually not the best.

C: Hm.

J: Usually also a lot of closeouts and, you know, like, and liquidation stuff, which – these guys, they don’t have the lists that we want. They don’t have UPC numbers. They just have a truckload there and they say, yeah, it’s a truck full of ducks for in, you know, in the bathtub. That’s all they know. And they’re yellow. Yeah. I cannot sell that...

C: Yeah.

J: ...so I’m not interested in it, you know.

C: Yeah.

L: No.

J: So, you really want to find the good suppliers. That’s, you know, like, you find the actual websites of these companies and there’s plenty of them to be found.

C: Wow.

J: Manufacturers. You can also say “manufacturer whatever,” like... Also what is good, you know, like, if you have like your account, there’s all kinds of categories that is [are] gated. Like baby feeders. There’s actually a thing called baby feeders, which is like, you know, like these things that you that the babies are sucking on...

C: Yeah.

J: ...to get their milk or whatever, food, they are gated. Like, for pretty much every new seller this is gated. You cannot sell baby stuff. So, there is a lot of, you know, chicks out there and they say, okay, I’m gonna sell baby stuff on, you know, Amazon. And then they buy it already, and they find out they are not allowed to sell it.

C: Hm.

J: And here they are. Thousand baby whatever, towels or, whatever. So, also that, when you start finding suppliers, in the beginning, you, of course, are not going to look for “suppliers topicals” or “suppliers,” you know, “baby feeders” or whatever.

C: But how do you know if they’re gated? You have to start inputting or you...

J: Well, you know, like, you just – if you – if you look on Google and you start [search] “gated categories Amazon,” you basically get a list...

C: Ah, okay.

J: ...where all these things are that are gated on Amazon when you’re a new seller.

C: Yeah.

L: But latest once you run it through your software to tell you what is profitable, there it will warn you if it is a gated product.

J: No. It will only warn you as soon as you will try to feed it into Amazon because you want to sell it. The software does not – because the software cannot. Because every account is different. [phone buzzes]

L: Hmmmm.

J: You see?

A: It’s something you manually do.

J: Yeah. Every...

C: So, yeah, before you start buying...

J: Exactly.

C: Before you start buying you try to input that product on your – on your site [in your account] basically.

J: Exactly.

C: That’s if you would have it.

J: Yeah. So, you’ll have the – you get the UPC code. You put that in. You say “Add new product” and then it will tell you...

C: Aah! You are – your account is gated or whatever, for...

J: Well, it says something like listing bla-di-bla [limitations] apply – listing... I don’t get the word right now, but, you know, there’s a little link down there [listing limitations apply] and you click it and then it says for instance – this product cannot be sold in a

new [condition] but you can sell it if it's used [in a used condition]. Or you can sell it refurbished but you cannot sell it in any other shape [condition].

C: Hm.

J: Or you can sell it new, but not refurbished and you do... Anyway, there's [there are] all kinds of combinations...

C: Aha...

J: ...and... But it will tell you right there. The problem is that a lot of people don't do that before they buy something. So, that is really something that you really have to keep in mind.

C: Wow. Anytime you buy something, you first check if you are allowed to sell it...

C: Yeah.

J: ...before you even spend a dime.

C: Yeah.

J: I had one time I pushed the wrong button.

C: Ah!

J: And then the lady was very, very nice because I instantly found out. I had two [browser] windows open with two carts. I was checking two deals and then one I saw I was not allowed to sell, and I pushed that button instead of the other one. So, I immediately notified her. I said look, my mistake, but can you not purchase this, not send it to me, and just, you know, refund? And then she did.

C: Wow.

J: But usually they don't.

C: No.

J: So, but I found out immediately.

C: Hm.

J: You know, so, then I said, yeah, you know? Two windows open, pushed the wrong button, bla-bla-bla. But, you know, okay, fine.

C: Yeah.

A: So, now, we told you how to find these distributors.

C: Hm.

A: These wholesalers, right? And what then happens is you have their name and website. You often can't find their email address.

C: Hm.

A: They don't always give an email address. Sometimes you cannot even find an email address, but sometimes they have a contact page. So, it's these two ways how to contact them.

C: Hm.

A: And you keep a grid, you keep track with these companies and you have to contact them and, okay, this – this will be – I think it's a separate thing on how to write the letter and so on, but you can email them, you can do – contact them on their web page and you want to start to get in touch with them.

C: Hm.

A: You know, and because what you are looking for is their – is this product list, which is called a SKU list...

C: Yeah.

A: ...in a spreadsheet, not PDF, spreadsheet.

J: Yeah, and it needs to have four things: It needs to have the UPC number – so not the code, not the barcode itself but the number.

C: Hm-hm.

J: It needs to have the unit price that you have to pay as a wholesaler.

C: Yeah.

J: Like – or the wholesale price that you pay as a reseller...

C: Hm-hm.

J: That's how I should say it. It needs to have the, like, what it is, of course, and it needs to have the SKU number which is the Stock Keeping Unit – SKU – so, that's like, they have an inventory and everything has a number or...

C: Hmmm.

J: Or it's called, yeah, floor456...

[inaudible three persons talking at the same time]

J: And that's what they call...

C: Like their own identification...

J: Exactly. The identifier.

A: Yeah.

J: Like sometimes they call it identifier. Usually it's called SKU, because it's a term that is very normal in the supplier world.

C: Yeah.

J: But you will find all kinds of terminology but those are the four things you need.

C: Wow.

A: So, you get these spreadsheets and then when you get that, then you're able to do your study of the product.

C: Yeah.

A: You can verify: Is it being sold on Amazon, that it sells well and all these things. Without this SKU list, there is absolutely no business you're going to do with a company.

C: No.

A: And some companies do not have SKU lists.

C: Wow.

A: And, you know, some, their SKU lists are a bit messy and you can't even use them [chuckles].

C: Yeah.

A: And some of them they just don't sell on Amazon...

C: Yeah.

A: ...so you get a SKU list and you are like, you just check, and nothing of these products are really on Amazon. So, that's it.

J: Yeah.

C: Wow.

A: So, it's really... You have to get enough SKU lists in, to run through your system to find profitable products.

C: Yeah.

A: You see?

C: Yeah, exactly.

A: That's really important because this is how you're gonna *sell* as a business.

C: Hm.

J: Yeah.

A: You know, if you don't have products to sell, then that's it.

C: Yeah, exactly.

A: And it actually takes quite a bit of... You have to get quite a bit of SKU lists.

C: Yeah.

A: It's not like, oh, now you have 5 and you're gonna start shopping and... No! It's not like that! [laughs]

C: Wow.

A: So, you need a consistent daily action that goes to contact companies and to get their SKU lists in.

C: Yeah.

A: You know?

J: Yeah.

A: And this is where I keep a grid of this...

C: Hm.

A: ...because in my view every company is a potential.

C: Yeah, exactly.

A: It's not because they don't answer your first email that you say: "Ah, they are no good!" Or if they don't answer you the second time or the third time. You find other ways to get in touch with them.

C: Yeah.

A: But it takes persistence...

C: Yeah.

A: ...to get this SKU list in.

J: And that's – that's – that's what I like about this Wholesale Inspector. Because you upload your SKU lists over there...

C: Hm.

J: ...and it runs it, if you want, once every 24 hours for instance. So, you always have to update its data because the software that we – if I run it, it takes us – basically a picture in time on Amazon and it says, okay, this product is now profitable, but in five seconds if a guy drops his price \$20 – just a crazy example, then it is not profitable anymore.

C: Oh, exactly.

J: Yeah? So, but okay fine there is [are] all kinds of ways, which we will *not* get into here, but to check also long range [longterm] – like, okay how stable is the price for the last 9 months or 6 months or 3 months, or 2 weeks?

C: Yeah.

J: A year, a trend, you know, there's all kinds of auxiliary programs that can help you with that.

C: Hm.

J: You know? Like, one is Keepa. You will hear that term. It's just a basic thing that is a statistic of the price.

C: Hm.

J: Like, how the price behaved.

C: Yeah, yeah. Hm, okay.

J: Yeah?

A: That's on Amazon itself.

C: Yeah, yeah.

J: Yeah, it is a plug-in in Chrome that you can, you know, have in your browser and as soon as you open a page and it just gives you the statistic automatically.

C: Cool!

J: So, yeah...

L: I have one question.

J: Sure!

L: On all these different things we said that you need to register, set yourself up and start...

J: Yes.

L: ...you also need to set yourself up on Amazon.

J: Yes, that's \$49 [49.99] a month. That's a professional seller account. That's a good thing, we just forgot that!

C: [laughs]

J: I mean, it's not a big amount, but it's something that you definitely need to do. Yes.

C: Good point.

J: Yeah. I mean this is like beginning costs, that's what we're talking about. Because later on, you will make other costs.

C: Yeah.

J: You know, like, when you get so much inventory that you can't keep up with it and that you have to have it in an inventory program, okay, fine, then, you know, you have to.

C: Yeah, but this is kind of like to give the picture...

J: Exactly.

C: ...if I want to start...

J: Yes.

C: ...I should have this prepared at least.

J: Yes.

C: Like...

L: Orders of magnitude...

J: Yes.

K: ...where you come from [chuckles].

C: Yeah, exactly.

J: Yeah, exactly.

A: Yeah, because as you grow you will also need to hire personnel...

C: Yeah.

A: ... and there's like – everything grows, you know? You will need an accountant and it's – it's like...

J: Yeah and another thing, not necessarily for you guys because I know you *have* some finances, you know, like, to handle this and, you know, to also handle some inventory, but let's say you don't have, you know? Then you could even borrow the money.

C: Yeah.

J: Because if you make 10 percent on your money – and that's also like what we looked into, you know, like, when I – when we saw, okay, we might have a problem purchasing enough inventory – we didn't and...

C: Yeah.

J: ...we didn't because we didn't run into the problem, but then we thought, okay, if we borrow from a business guy that we know, if we borrow \$20,000 or \$40,000 and he...

C: Yeah.

J: ...we give him 1% a month, but we make 10% on it...

C: Yeah.

J: ...who cares.

L: Yeah.

C: Yeah, exactly.

J: But... That's what I like about this model also.

C: Yeah, exactly.

J: You know, if you're really confident in yourself and you say, okay, I'm going to do this, you know, come high or hell water – come hell or high water – sorry, then, you know, you can also borrow the money.

C: Yeah, exactly. So, basically, for these things that we are going through now, of the full set up, it's around whatever \$2,500 that you will need.

J: Yes.

C: But then if you would think with – that's basically the setup and then it's now going into...

J: Inventory.

C: ...inventory.

J: Yeah.

C: And what do you think is the first...

J: Well...

C: ...it obviously depends on how much you want.

J: Yes. Gradually, it will be gradually, because you will first have to find your first supplier that has a product that is, you know, like, worth investing in.

C: Yeah. So maybe you paid \$200 or something.

J: If you go on this list [referring to the earlier mentioned waiting list]...

C: Yeah.

J: ...then basically you would buy every single day.

C: Hm.

J: Because every single day you can buy.

C: Hm.

L: Right.

J: And... So, yeah, then... Plus that I can also – there's also deals coming in a Facebook group, which is closed, so it's only for members.

C: Hm.

J: And I buy from there also. And the nice thing about buying there, is I know it is vetted. It's like – they looked at it from, you know, like all angles. They know...

A: All the study is done already.

J: Yeah.

C: Yeah.

J: So I can just verify that I – that I'm allowed to sell it.

C: Yeah.

J: That's always the first thing you do. I'm allowed to sell it? Yes! Okay! And then I buy and then after even, I trust them now so much, that now what I do is I buy immediately.

C: Hm.

J: Small quantity, still. And then I put it on my spreadsheet and then I will see what my actual margin is.

L: Right.

C: Yeah, exactly.

J: And it's always between 10 and 20 percent.

C: Yeah.

L: But if you look at start capital or whatever you start with, the fee of, let's say, \$2,500 is approximately the same per person. And then it's up to you.

J: Yes.

L: And then you just make your own spreadsheet and...

J: Yes.

L: ...you play with your own figures...

J: Exactly.

L: ...of how much you are going to start with. If you take as a relatively stable figure this 10% increase per month, you can grow it out yourself.

J: Yes.

L: Or if you start with \$5,000 – 10, 20, 30, whatever it is...

J: Exactly.

L: ...and you can predict at one point.

J: Exactly.

L: Yeah.

C: Now, is there anything that I didn't count in this \$2,500 is the fact – but that – depending on what country you live in.

J: Yeah.

C: Depending like...

A: [inaudible]

C: In Sweden you need to have an additional – but you – you don't necessarily have to have an additional, but you need to put \$5,000 into your company, but you could also use that...

J: Yeah.

C: ...you can start the rest. [inaudible] pay for it, but you need to have it available.

J: Exactly.

L: [inaudible]

A: I mean, you need cash anyway to start with – for your inventory.

C: Yeah, exactly. Exactly.

A: But I cannot stress enough that it is really important to find enough companies and contact them to get these SKU lists.

C: Yeah.

A: This is – it's – you have to – a volume of it.

L: Right.

C: Yeah, exactly.

A: Because this is how you're gonna purchase.

C: Yeah.

A: If you start this very slow, it's just not gonna give you the start.

J: Yeah.

C: No, exactly.

J: Anyway, we will set you up – it's – with a Hubspot account with 3,000 companies.

C: Yeah.

J: Because we also want to start as, you know, as – selling as a product.

C: Yeah.

J: Like everybody has 3000 different ones. We can, you know, mix them, and you will always have to contact them yourselves.

C: Hm.

J: But just that, as I said before I think outside this recording, this is gonna cost some money for people that want to buy this service.

C: Hm.

J: But that is worth every single penny because it takes an enormous amount of time to find yourself 3,000 companies...

L: Yeah.

J: ...that you can contact, that you know do exist. That do have a website. That you know have their email address. You know that their phone number is correct. We verified all this.

C: Hm.

J: We paid for it also.

C: Yeah.

J: Yeah, so... Yeah, it's like – that's basically – we're gonna build this website where we are gonna give all the data for free.

C: Yeah.

J: But this is gonna be a service. We can set somebody up basically with, you know, okay, you want – you want this as a sort of a jumpstart, that you can just start mailing these people.

C: Yeah.

J: You know? And besides that, in this system, you can keep track of everything.

C: Hm.

J: You can keep track, okay, when did I send the mail, you know, what was my answer?

C: Hm.

J: And etcetera, etcetera. That's another thing, you know, like, you need to set up your mail accounts properly.

C: Hm.

J: Do you have – do you have a website already or not?

C: No.

J: Like a web domain or something?

C: No.

J: Okay. Like, then also, like, at a certain point you...

A: Now, there is the cost of that also.

C: Yeah.

J: Yeah, the hosting company. Usually...

C: You said \$89...

J: Yeah, but that's not the hosting company. The hosting company usually the first year is very cheap, like, \$60 or something, and then the next year is, like, \$170 or something like that.

C: Hm.

L: Per year?

J: Yeah.

L: Okay.

J: Nah, that is nothing but... I can give you a good one.

C: Hm.

J: I can give you the address of a good one.

C: Hm.

J: Which is like solid, like, has good support. It's not mine because, again, this is all in a membership so, you know, you cannot buy that from outside...

C: Yeah.

J: ...but it's one that I used before and has great service.

C: Hm.

J: So... I will send you the link to them.

C: Fantastic.

L: Super.

DISCLAIMER: *We should mention here again that we talked about a theoretical case and we can never promise you that you will make that much money, we simply spoke about an assumed result possible for some of you working this business model. The trick here is to keep investing all your revenue into new inventory.*