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# Jon Tilley | Is Amazon Right for Your Digital Business?

## SPEAKERS

Jon Tilley, Matt Edmundson, Sadaf Beynon

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### Sadaf Beynon

Welcome to the eCommerce podcast with Matt Edmundson, a show that brings you regular interviews, tips and tools for building your business online.



### Matt Edmundson

Well hello and welcome to the e commerce podcast with me, your host Matt Edmundson. A show all about how to grow your own online business. Now, if you are watching this live well done, because Facebook Live is not working at the moment. And so we're streaming out onto YouTube. So hopefully, you've followed the link from Facebook to YouTube and you've made it here. Now and welcome when you do join us. Now every week, the beautiful thing about this is that every week, I get to talk to amazing people from the world of eCommerce and ask them all kinds of questions about what they know and how it's going to help us develop online. And today is no exception! We get to ask is Amazon right for your digital business? That's right, we are talking about all things Amazon. Love it or hate it, it is not going anywhere and so I'm super grateful to be talking with Amazon expert Jon Tilley about how we can navigate Amazon for our own digital businesses. Oh, yes! Jon started his Amazon journey in 2014, launching multiple successful private label brands. And soon after, became the co founder of ZonGuru with Adam Hudson. So we are going to get into Jon's expertise, we are going to pick his brains about all things Amazon.

Absolutely. Now all of the shownotes from today's show will be available after this live stream as a free download on our website, just head on over to [eCommercePodcast.net/50](https://eCommercePodcast.net/50) and you will be able to download them. Okay. So that's the plan. That's what we're going to do. Now, as I said, we are recording this podcast live, we always do the interviews live, we try and stream those interviews out onto Facebook as we're doing them so people can come join along and the questions have been coming in. But as I said, for some reason, which I've yet to fathom, um Facebook is having issues. Uh we are currently investigating an issue affecting connections to Facebook, apparently, so yeah! Who knows why I can't stream to Facebook at the moment, but there you go. So hopefully it will resolve itself, resolve itself soon. In the meantime, as I said, we are broadcasting on Facebook. So if you are listening to this podcast on the audio version, why not come and watch us on the lives you can come watch everything that we do, join in the comments. It'd be great to see you in there. And just you know, get to get to know the guests that we have on the show. Oh yes. So without further ado, let's bring on today's guest. I'm going to bring on by pushing this button here, I'm going to bring on Jon. Jon, welcome to the show. It's great to see you.



Jon Tilley 04:40

What's up Matt, good to be here. I feel I feel more relaxed after that intro. Intro not not not your intro the actual music musical voice.



Matt Edmundson

Yeah, that music that we use on the podcast intro is quite short. But here's a little unknown fact for you. I wrote that music.



Jon Tilley 05:01

Nice.



Matt Edmundson

Yeah. All right that music a few, about 18 months ago, I got tired of Facebook and YouTube telling me that I had all sorts of copyright issues on music that I was using that I thought was royalty free. So I thought, bugger it, I'm gonna write my own piece of music. And that's what we did. I don't know about that. I kind of lucked out. So Jon, thanks for being on the show and as we said in the intro, you're a bit of an Amazon expert. Now, we've talked in a number of we've talked a number of times you're living over in the States

at the moment, is that right?



Jon Tilley 05:37

Yes, I'm in Los Angeles. I've been here. Gosh, it's like 14 years now that I've been maybe 15 years now being in Los Angeles. And, and prior to that I was in in London for a few years. And prior to that I grew up in South Africa. So you know, I, I headed from South Africa to London, and just kind of kept going. So I ended up here in Los Angeles.



Matt Edmundson

Wow. Wow. And you you've been all over the world, haven't you? Jeez, you're definitely not American, though. We can definitely tell by the accent. But how how is it in LA at the moment with lockdown, with COVID? Is it all crazy, mayhem like it is here?



Jon Tilley 06:14

Yeah, you know, it's Yes, I think it's very similar. It's pretty pretty distressing I think for for most people. Actually, in the state at the moment, it's kind of like that last real push from from the buyer side. But you know, we're locked up at home and and, you know, going about our daily business, and clearly eCommerce is, is only going one way. So we're really busy. But it is pretty crazy. I think I just saw a stat yesterday in the Los Angeles Times that it took 11 months to get 500,000 infections. And in the last month and a half, they've doubled that they got another 500,000. So you can just see the spread is is crazy. It is crazy. But but with everything, you know, it's a chance to reflect on the important things in life and make sure you hold on to those. So, you know, always a little silver lining, right?



Matt Edmundson

Yeah, absolutely. Well you have to, otherwise life just gets a little bit depressing, I think. So you're in LA, and you've, you're the co founder of ZonGuru. What is ZonGuru? Just give us a quick heads up of what what your company does?



Jon Tilley 07:21

Yeah, sure. We're all in one software platform for private label sellers. So if you sell on Amazon, and you specifically have your own private label brand, we will help you scale through data insights and automation. So you know, at each phase of your your Amazon business, whether it's research, listing optimization for ranking, whether it's profitability,

analysis, review, management's business management, all the kind of tools that you need to really scale on Amazon, we provide a full suite of those tools.



**Matt Edmundson**

Okay, so, I mean, products aside, then you obviously know a lot about Amazon. I mean, that's the reason why we've got you on the show, right? If you're actually writing software to help people do stuff, you should know, a fair bit, I'm assuming.



**Jon Tilley 08:06**

I should, I should hope so, yeah. No, it's been, it's been, you know, I think, you know, if you just go kind of back to the start of when, when we launched Zonguru, you know, I had a career in advertising on strategy and account management account strategy site for many years, with big brands. And, you know, as we all do, most people probably listening, we all have that entrepreneurial spirit. And it took me with many ideas, but it took me to 2014 when when the penny dropped for me, and I came across Amazon and just realized that, you know, I could grow this product based business and scale it while while I was in advertising. So I managed to do that scale, my first few brands, but you know, the, the idea there is that I have this passion, and it's unbelievable what we have at our fingertips to grow a product based eCommerce business, it's just, it's a it's a massive opportunity. And I'm very passionate about it, because I think no matter what your background is, no matter where you're from, with a little bit of consistent focus, you can you can have a successful business and um you know, we try and help other sellers scale and and it's something that I believe in, and I actually incentivize our team members to actually sell on Amazon as well. So developers, project managers, designers, they all sell on Amazon. They're all



**Matt Edmundson**

Yeah, this was something that I really liked, actually, when we were talking before off camera, you actually want your staff to use your stof software to go and set up their own Amazon businesses, don't you and sell stuff online, which I think is fantastic.



**Jon Tilley 09:43**

Yeah, I think it's just it's just it works. It's such a beautiful marriage, right? Because I believe in this idea, and I think that with anybody who has a full time job, there's always space to to, you know, have this this kind of second gig where you're growing an Amazon business.

can be a full time, but it can be part time as well. And for us, obviously, it's ZonGuru, if I can help our team to, you know, build those businesses and and be really successful with that, I think that's an amazing journey to take. But it also, you know, results in them becoming our target audience and experts, and they're building software to really help them with their business. So it's beautiful, from that perspective, and I'm sure you would, you would probably nod your head when I say, you know, developers, especially are unbelievable, you know, products, or eCommerce, business creators, because they have incredible discipline, they're very creative, they understand tech, and they can bring it all together. So I think out of all of our teams, the engineers are the guys who are just crushing it.



### Matt Edmundson

That's interesting to know, yeah, we've done a similar thing recently, where, where we've, we're now launching a whole bunch of e commerce businesses, but the ideas are all coming from the staff, and we're all working on them together. And I think it's I like the this idea of getting your team involved and doing stuff together. And they, they own part of it, they're part of it, they feel like they're contributing from that side of it as well, which is fantastic. So, hats off for that. Now, what I want to do, first part of the show, we're going to look at, I want to get into Amazon for beginners, like if I'm thinking of starting an online business, why Amazon and so on, and so forth. So we're gonna get into that. The second part of the show, I want to get into a bit more of the advanced kind of thinking, you know, if I'm, if I'm already selling on Amazon, what are some of the things that I need to be thinking about? And then we've got a whole bunch of questions that I want to go through that have come in via social. And when people found out we were going to be talking, so we've got some questions to go through. So that's gonna be the outline of the show. So Jon, let's talk about, let's talk about someone who's just starting out, right. So someone who's thinking, you know what, I want to start a bit of a side hustle, I've got this job. I want to start doing something online. Why, why? Why should I look at Amazon? And what sort of things should I be thinking about? Can we dive into that maybe a little bit?



### Jon Tilley 12:16

Yeah, absolutely. I think I think the first thing, you know, with people who are wanting to start a eCommerce business, whether it's Amazon or other platforms, I just want to, you know, substantiate that idea by saying, it is an unbelievable opportunity, I think, if you can get into a space in your life, where you are selling products, and not your time, that is something that's truly scalable. And I see it time and time again, where people have been in in struggling situations or places where they haven't, aren't making ends meet. And they've really focused on Amazon, specifically, but a product based ecommerce business,

they've scaled that in just a few years, they are in a financially wealthy position, we, we have all of these things at our fingertips from being able to create amazing brands, find amazing products, and get them in front of people, and literally not even see your product or your customer, you know, so it's absolutely something that's scalable, the opportunity is real. And it's something you can do as a side gig to start with. So you've got you really don't have any excuse not to do it other than if you don't want to put your time into it, because you can do it outside of your normal day job. So that opportunity is amazing. And yeah, I would say that's the first thing. I think in terms of where to start, and clearly there's there's different paths, you can you can start, you know, with with your own eCommerce store and go that route. Or you can start with Amazon. And I would say that our my recommendation and clearly it depends on what product you want to launch but my recommendation is Amazon because I think Amazon is, You can do one business just on Amazon. But I would say as you grow your eCommerce brand, because that's ultimately what we want to do. Amazon is a great place to start, it's a great place to to get cash flow. It is the best place probably because if you look at any, you know, eCommerce platform, whether you know, it's Google, Shopify, your conversion rates are you know, you know better than me, but in the few percent, whereas on Amazon, you can get a conversion rate of up to 20%. At least for anybody who's landing on your on your page because they are going there to buy it. They're not necessarily going there to research or anything. They're going there literally to convert. So you're on average, you you're doing a 17 to 25% conversion rate on Amazon, and you have access, if you're an Amazon.com you have access to 300 million people, or Europe, you know, it's lower than that, but you have a massive, massive potential and the demand is there. It's just about getting in front of them. So in terms of where you start, if you have a great product idea, and you want somewhere where the traffic is, and you want to kind of fish where the whales are, Amazon is a great, amazing place to start. Now, how you how you kind of carve out your niche and how you actually, you know, beat competitors and actually get in front of customers? That's, that's kind of the second part of the conversation, but it's a great place to start.



**Matt Edmundson**

And is it, so I get all that and I appreciate, you know, what you said there, and I get all that? Is it actually, it's a great place to start. But is it is it an easy place to start on Amazon? I mean, how easy and straightforward is it to actually get up and running, selling on the Amazon website?



**Jon Tilley** 15:42

Yeah, it is, it is relatively easy. Now now, I would say that the marketplace has evolved, right, I think if you're looking three or four years ago, selling on Amazon was was relatively easy, because Amazon wanted every single type of seller, you know, hey, we want you on our platform, we want to give you a shot at getting your product in front of our customers. And, and, you know, come on join us and we will make everything easy. I think nowadays, especially going into 2020. Getting on and actually sitting on Amazon is more of a complicated process because they're trying to vet you, right? Okay. And unless you want everybody on there, there's obviously a lot of, you know, within the marketplaces a lot of blackhat there's a lot of forgery, that kind of stuff. So you have to go through the right steps and and they, they are starting to "favor" and I put that in inverted commas, but they're starting to favor established brands and established companies are in because they started to really get on that on the Amazon journey. So as a smaller seller, it's a little bit more, it's a little bit tougher. But that doesn't mean that the opportunity is not there. It's actually kind of a good thing because to a degree, if you know how to approach Amazon, and you know how to follow the right steps, your competition is less because you have to step through a few hoops. So it's kind of like a little bit of a moat that allows you to get on there.



**Matt Edmundson**

So, it's a bit more tricky to get onto Amazon. There are less people on Amazon. So if you stick with it, you've got less competition, is that right?



**Jon Tilley 17:19**

Yeah. And if you if you follow the right strategic process, to getting live now and slightly different today than, you know, five years ago, it was like, hey, and you'll be fine. If you go to Alibaba and we saw some black yoga mat, put that up on Amazon and making sales. You know, it's not that not that easy anymore. But if you have, you know, a little bit of, of chutzpah and a little bit of energy, you've got a really good shot. And, you know, I see and I speak to customers who literally have launched three, four months ago, and they are not doing, you know, \$50,000 \$60,000 \$100,000 a month just on Amazon, because they nailed it. And then they, and they're starting from zero, you know, so it is there. And I said, you know, sorry, the last point on that is that you don't forget, you also have a global global opportunity, global marketplaces. It's not just amazon.com in the US, you know, once you have your product idea, you can look at the various markets, whether it's Europe, Australia, which is which is coming up, India is a great one Japan, you know, looking in and validating your product on each of those marketplaces. And you can with with, you know, various software, you can open bank accounts anywhere in the world, and

you can sell on those platforms, no matter where you base, you know, yeah, yeah.



**Matt Edmundson**

It's a fairly straightforward thing to do. So, you know, these guys that started three or four months ago, and they're turning over 10 - 20 grand a month, which is fantastic. What did they do? Which the guys turning over zero, do you know what I mean, after two months? What did they do that was different? What are some of the key steps that we would need to take if we want to be turning over, successfully, after a few months on Amazon?



**Jon Tilley 18:57**

Yeah, really good question. And I think one of the things to think about Amazon in 2021, at least is is understanding that this marketplace has grown massively, you know, you know, just just in just in a year right with with obviously, the pandemic and everything everyone is buying on Amazon and literally everyone. But you know, you've got to think about one what kind of products are they buying and Amazon does have a consumable, you know, consumable goods is a very big place for Amazon. But there's also a space on Amazon for more of those, you know, kind of branded, great products that that individuals are looking for they are there if you're going to do you want to go and buy as a challenge, I would say go into any furniture websites and look at a great piece of modern furniture, and then go do that same search on Amazon and you will find just as amazing products, if not better at half the price. So you know those kind of consumable goods are sort of the consumer There's more branded style lifestyle products are definitely things that people are shopping for on Amazon. And the approach that you need to take is what how I would coin, it's a niche within a niche, right? There's so much traffic and so many people going on Amazon. And if you can identify your right avatar, and you can provide a niche focused product that matches that avatar, you have a lot of traffic. And that's a million dollar product just there, you know that your traffic is there. So it's the approach to Amazon is really getting through a few layers of those general products that are out there finding those those niches that are less competitive, identifying that. And usually it's a very targeted product. And that would easily bring you 20,000 to 100,000 a month very easily because the mind is there and the audience sizes there. Right?



**Matt Edmundson**

Yeah. So this niching down the niche within a niche. And actually, this is a, I think this is just um, whether it's Amazon, or whether you're doing an eCommerce website is understanding like you say who your customer is, and finding that product, which they

want to buy, the niche within the niche. How do I go about doing that? How do I find out what those products are?



Jon Tilley 21:12

Yeah. So I would categorize that, as you know, we have software or not, and I'll get into that in a second of how you find those. But But really, it's kind of how we reverse engineer the software, which was just to answer five questions, right? I think if you if you're looking to validate a product idea for Amazon, the very first question you need to ask is, is there demand? Right? Are there people looking for this type of product, I don't want to launch something on Amazon that no one knows about. So is there people kind of looking for that general category? Is there demand but not too much. Right? And this is the balance of Amazon. Because if it's way too much demand, it's gonna, you're gonna have to spend a lot more money to get on and compete. Right? So is the demand but not too much. That's the first question. Is there competition, right? So we want to know that there's other people sitting those kind of products, but not too much competition? What is the what is the capital investment that I need to do that I need to spend in order to compete and successfully compete and get onto page one? So how much money do I need in terms of buying my stock? And doing my marketing initiatives upfront to really get onto page one? So how much money do I need? And then the third, the fourth one is revenue opportunity. So you know, how much profit Can I actually make off of the product that I'm selling on Amazon? What can I charge? And once all my expenses are, what's my kind of margin? That's a really critical piece, like, am I gonna make enough margin with this product? So those are kind of the four data questions that you can easily answer. The fifth question. And this comes into more of your softer skills as a entrepreneur and someone who's creative, which is how can I differentiate my products versus the competition? So what what what is the what is my ideas around how I can truly differentiate my product? to stand out so that when I appear on page one for hanging swing chair, let's just make that up? I don't know. I have one in my yard. So I'm bringing up the good products on Amazon hanging swing chair, right? How can I, if someone types it in, hey, I'm looking for a hanging swing chair, what can I do differently that will get the click and the conversion. That's that's the and that is probably 50% of the problem, right? Because, okay, if you kind of get the other ones kind of rights, as long as you can truly differentiate, you're going to get the sale. And one last point I would make on differentiation, this kind of gets into further things, but is is not to over capitalize on my differentiation, you know, that's a really important point. So you've got to be creative about how you differentiate, because if you're launching your first product, you don't want to be creating molds, and something that's going to push your price rate way out of range. And you kind of you differentiate in the wrong way. So that that's an important one. Yeah. kind of roll it together. We have a tool called the niche raters, which exactly on those four points will rate your demand, your

competition, your revenue potential, and your investments sweet spot is what we call it. So you any product, you type into Amazon or per category, we will rate that niche across those four, four points. So you can immediately see it is a good opportunity or not.



**Matt Edmundson**

Okay, so this was going to be my question is like, how do you figure that out? There's obviously ways that you could do that manually, but it sounds like a bit of a laborious process. And so this is where software actually helps a lot. So I assume you've got some kind of algorithm which looks at data and gives you some kind of indication. Which I think is a I like the simplicity of that, do you know what I mean, because I haven't got to trawl through myriads of data. I just want someone to say yes or no. And so, if I'm picking this up, right, so you we've got to go do the research on the product. Ideally, I've got to have a plan in my head to make sure that when someone searches that niche, I need to be on page one of Amazon a bit like being on page one of Google, it's important to be found. And, and are there ways and mechanisms then that I can help myself to get on page one of Amazon?



**Jon Tilley 25:17**

Yeah, so to kind of get back to that point around competing on page one, the fundamental thing that you need to understand is that you're not competing on page one for that product, you're competing on page one for that keyword, right? That's a really, really important kind of penny to drop for anybody listening is, and there are many 1000s of keywords that you can type into Amazon to find your product, right. So if you take that example of hanging chair, you can you can type in hanging chairs, or broad keywords, you can type in swinging, hanging chair, swinging chair for the yard, you know, etc, etc. So there's, there's millions of ways that the customers, and funnily enough, as you look at data, interesting ways, in terms of keywords that people are typing into Amazon to try and find those products. So what's really important to understand is, is when you are, let's say, you've got this idea hanging chair, and you've typed it into Amazon "hanging chair", you've looked at page one, you've looked at our niche rating system that comes on and we'll tell you how much each you know, listing on page one is, how much money are they making on a monthly basis? Are they making 20,000? or 100,000? What's the competition, like all those kinds of things to validate that niche, and you've looked at that and you're like, OK, this is a great opportunity, I think, you know, it hits all the right factors is a great product to sell. And I have good ideas on how I can differentiate this product. The next kind of phase on that is to say, OK, well, how do we how do I approach selling this on Amazon to beat my competition? And the biggest thing you can do is, is look at all the types of keywords that Amazon, Amazon customers are typing into Amazon to find that

product? And then looking at what kind of demand each of those keywords bring in, what kind of traffic? And then how competitive are those keywords? Are my competitors, focusing on those? And most importantly, where are the opportunities? And if you can identify those opportunities, then you would optimize your listing and your PPC strategies to focus on coming in on that on those keywords. So that is, that is a really important tactic. And we have, again, this is getting into our kind of listing optimization tool, but we have a, it's probably our most well known tool, and value pack tool, which is called, keywords on fire. I don't know why I came up with the name, but but you know, keywords on fire. And it's a, you know, it does exactly that. And it really kind of, you know, goes through. We can talk about that for ages. But it goes through and really finds all those keywords that customers are typing into Amazon. But most importantly, how do our competitors rank and how are they competing for those keywords, and where are the opportunities. And then and then you can put that into a listing optimization tool that we have, so that you can target and come in on those keywords. And, and that's kind of the more complex way of approaching Amazon nowadays is finding the opportunities or some of those longer tail keywords that you can really own and get the algorithm to spike on that. And then you start to rank for some of the shorter term bigger, bigger volume keywords. So there's a strategy to it. But I can guarantee you, we've done case studies over and over again that if you have a great product idea number one, you have to have a good product to differentiate it. But if you just know how to optimize your listing, and then strategically target the right keywords and use PPC, which is you know, paid advertising within Amazon, that's all you need to to be successful on Amazon, you don't need outside traffic, you don't need Facebook ads, you don't need all these other complicated strategies. Literally with that your your challenge will be staying in stock. And that's going to be the best challenge you have and you can grow that business for for two years. Just on that and then expand beyond Amazon, you know? Yeah.



**Matt Edmundson**

That's brilliant. Okay, what we're gonna do now is, we are going to take just a very quick break for this week's show sponsor, and then I'll be back again with Jon. Do not go anywhere because I'm thoroughly enjoying this conversation. We'll be back in just a few short seconds. Let me give a big shout out to one of our show sponsors, Kurious Digital, you know what I love it's flexibility. It's such a great platform. You know how when you start out, you might typically use an online platform because they're cheap, they're easy to use, super accessible, but you know what, they aren't that flexible and as your business grows, you ended up moving to an agency, right? Because that's just what you do and at some point, you're going to have this nightmare to deal with and it can be incredibly expensive. And the thing for me that I love about KD is it will grow with you, you can start

out on the platform easily and as your business grows, then KD will adapt with you. And I don't know of any other platform that does all of that. So if you're in the market for a new eCommerce platform, make sure you follow the links from mattedmundson.com, take advantage of the offers that they've got for you. And let me know what you think. Okay, I'm back with Jon Tilley, who is an expert on selling on Amazon. And we are getting into a very fascinating conversation about some of the things that we need to do. And, Jon, if I was going to summarize the first half of starting a new business on Amazon, I'd find one word and it would be, research. You've got to put in the time to do the research. And that's just kind of what I've heard from you, you know, to figure out what the product to sell to the best way to sell it, your optimization strategy, and using the tools which are out there to help you, you know, get a get a much better leg up at the store. Would that be a fair summary of the first part of our conversation?



Jon Tilley 31:18

Yeah, I would just I would just kind of add to that and say, probably niche research, you know, I'm trying to drop that word of niche, because you need it to be successful on Amazon, right now. It's finding the niche within a niche, and then owning that. And, you know, certainly with the evolution of Amazon and the amount of products and, and what's happening on the platform, you need data to be able to peel back some of those layers of the onion to really find that right niche for you. So software can help you with that, for sure.



Matt Edmundson

Yeah, the data is there make make the make the most of it rather than doing what most people do. And that's just thinking they've got a good idea without validating without checking the data. And or, like you say, my favorite one is still the guys that open up a Shopify site and link it somehow to Ali Express selling the black yoga mats, which takes six weeks to arrive. You know, it's that kind of, it's just not going to work out well for you, regardless of how much you spend on Facebook ads. Now, one of the questions I jotted down here in my notes, um I am still a bit old fashioned, Jon, I have a pen and paper next to me when I talk, and I jot down questions as we go. My question is in terms of expense, so let's say I've got this product um the swinging chair, the swinging yard show that you talked about. And I'm going to make, I don't know, maybe 30% margin on it, between what the price a customer might pay is and what the price I have to pay. What sort of costs do I need to think about where Amazon are concerned? I mean, not everything, obviously, people need to do their research. But what are some of the key costs that I need to think about to figure out if this is going to be profitable for me or not?



Jon Tilley 31:49

Yeah, one of the most important questions to answer because there's a there's a phrase, right, it's not about turnover, it's about leftover. So you can sell all day on Amazon, you can sell all day on Amazon. But if if you don't have enough leftover at the end of the day to make it a viable business, what's the point? Right, yeah, so that whole idea of of margin is critical. And I think at a high level, the way to understand selling on Amazon is 30-30-30, right? 30% is your cost of goods, 30% is going to be Amazon's fee that they're going to take for selling your product, and that's the FBA fees, the the their the stock fees for for keeping your stock. And, and obviously for for delivery, right, that's kind of in there 30%. And then 30% should be your margin, and your profits that you're making at the end of the day. So that's our, you know, obviously 33%, whatever you want to say, but that's kind of how you would break it down. And I would say typically, you want to be selling, if it's your first time out on it on Amazon, you want to be looking at products that can sell at a retail on Amazon for over \$25 to \$30, at least over \$30 if you can get up higher, great, but but just remember, if you're selling something for \$65, typically your cost of goods is higher. So your your capital outlay is going to be higher, right? But the best way to think of Amazon is hey, I want to use their platform, they're going to be taking 30% so I need to break it down where my cost of goods is the other 30 increasing my advertising costs, and then 30% is gonna be my profit at the end.



Matt Edmundson

Okay. So and that's, that's a general your general advice people thinking of starting out, they're the sort of the margins which we need to be thinking about. So if I'm just making 30% gross margin on the swinging chair, it's not actually going to work to sell on Amazon because i'm just going to give them all the fees basically, that I would be making to sell it. So I need to find a better margin.



Jon Tilley 34:55

1 1 1 kind of trick on that and I think people, people don't think about this too much on Amazon, surprisingly, but there's so much competition happening at that cheaper price points, right? So when you go and you look at hanging chair and you type it in, you're gonna see products in there around \$30-\$35, you know, around there and a bunch of competition. But if you can, you know, even just use your filter and kind of look maybe up at like the \$90-\$100 mark, are their products selling in that category for around that? And what are they doing differently to be able to charge that amount is often what you'll find is, there is a niche in a way that you could potentially market your product to be at the higher end of the price point which your cost of goods is actually the same. Right? Yeah.

So that's, that's a, that's a really good place to be is if you can keep your cost of goods down, but charge a higher amount.



**Matt Edmundson**

A higher premium. No that's, that's great advice. I always I mean, my one of my theories about doing business and doing it well is don't try and be the cheapest, because you're never gonna win that battle. Right? Someone's always gonna come cheaper than you It's a race to the bottom, as they say. And the so the same then is true on Amazon, don't don't race to the bottom, just actually try and get in that that upper price range of products.



**Jon Tilley 36:12**

Yeah, you know, there's, there's horror stories of Amazon, I think, you know, you're hearing every, you know, you'll hear all the time and people love to talk about their horror stories. But someone launches a great product on Amazon and within three months, you know, Chinese sellers have cottoned on to this product opportunity, they selling something half the price and margins have gone and your product is dead. Right. And that happens. But anybody who has a horror story, I'm going to turn around and be like, well, how did you actually approach Amazon? And why did you end up picking that category? And and, you know, fundamentally, those are probably entrepreneurs who are seeing a trendy opportunity, they've jumped on they are trying to make cash flow. And either they're smart enough to understand that, that just they're going to make cash flow, and they've got a window to make their cash flow, and their margin is going to be eaten and they need to move on to another product. Or if they're not smart enough, they the product dies. Right? So you've got to you've got to really fundamentally ask that question at the beginning. And I believe your audience is probably the latter. But but the the first, the former question is, hey, am I just wanting to sell a product on Amazon to make cash flow? That's fine. But understand that you're just selling a product, you're not selling a brand. And it's very easy for people to replicate your product idea and, and eat your margins. Or I'm approaching Amazon where I'm actually fundamentally creating a brand. And if that's your answer, you fundamentally creating a brand. If you're approaching Amazon, your vision, or what you're creating is bigger than just selling on Amazon, right, you're creating a differentiated product that you're selling on Amazon, to generate cash flow for your brand. But you're hopefully, you're looking at ways to take that audience that you're getting on Amazon is almost like your product that you're selling. There's almost like one of your channels, and it's a lead magnet, you're trying to get that first sale. And that's the first communication point you're having with a customer that first contact. But hopefully you have a Shopify, you have an eCommerce website, you can get them engaging there, you can give them value. And you can build your audience there. And at some stage, you

will have a channel on Amazon that launched you and got you some good cash flow. But then you have other channels, your eCommerce platforms, everything else, and they all work together. And that's how I encourage anyone who's looking to sell on Amazon is what is your vision? It's the best place to start, in my opinion on Amazon. But your vision for what you're creating should be bigger than that.



**Matt Edmundson**

Okay. So this leads us nicely into this sort of this sort of conversation around, maybe a few more pro tips. So let's assume that I've been on Amazon a little while. I'm doing I'm turning over the \$30, \$40 \$50 grand a month. And so what are some of the things that I need? Yeah. What are some of the things then that I should be thinking about? If I'm already on Amazon? If I'm, if I'm already doing okay with it? Where can I take my business from that point?



**Jon Tilley 39:18**

Yeah, you know, to sell \$40 or \$50,000 a month on Amazon, that's a, you know, that's a six figure a year business. You know, you could potentially be making \$100,000 profits, you know, a great, great profit that that's a salary, right? You could you potentially would be doing that with one good product. Or you might have two or three products that you've launched, you know, everyone's asking, you know, hey, I want to be doing a million dollars on Amazon. That's probably three or four or five products down the road, right? Yeah, it's selective couple of products. So at that point of making \$30 or £40,000 on Amazon, you have to think about your strategic growth. Right? And and there's a number of ways to do that. One is, do I double down on that one product idea? Another one is do I do I build out a few products under that brand? So launch my next product and my next product and build out a few? Or do I expand my marketplace and move to other marketplaces go, if I'm on Amazon.com, go to Amazon Europe. And there's there's various benefits and a diversification of risk for all of those, right? So there's plusses and minuses for all of those. Clearly, it should be driven by what kind of branded product you've come up with. But if we go back to that hanging chair idea, right, the hanging swinging chair, the best case scenario is you've chosen a supplier who has other products, that were easy for you to launch. And and that's one of the biggest insights that I've had, from my experiences, if you can choose, the hardest thing for Amazon is actually finding the right supplier and getting that product onto Amazon. So if you have a great first product, and that manufacturer has a line of products behind that, you're in such a golden position, because literally, you can just keep launching product after product. And that's an amazing way to scale your business. And it's an amazing way to diversify your risk, because you're not just,

you know, doubling down on one product. So the first piece of advice there would be, try and don't take your foot off the gas pedal because it is easy once you're doing \$40 \$50,000. But double down and invest those profits into launching your next and your next your next product. If you can get five strong products on Amazon, you'll be guaranteed you're doing over a million in revenue for sure. You know, if you can nail this down, it's pretty easy to get it with five really strong products.



**Matt Edmundson**

So that's the aim is to get that five strong products or more on Amazon, that would that should be the minimum I should be aiming at if I'm going to start selling on Amazon.



**Jon Tilley 42:05**

Yeah, that's that that I would say is one approach. The other one is to is to launch that same product on different marketplaces to validate your product or do in other markets and launch there. So to kind of go global, there are a lot of challenges that come with that. And mostly its operations, right? Because now you're dealing with stock in different countries. You know, stock overflows, how do you kind of handle that. So I would say it's probably a strategy for down the road, I would probably get really get to that million million in revenue a year by launching a few products. And then the third approach, and I love this approach, and I've had friends who've done this. And if if you can get the right product, this is the best approaches is to double down on your one brand and your one product idea, right. And let's take a different example. Right, and I would I would take the example of maybe a coffee, let's say a coffee, the coffee pot, like one of those stovetop coffee, coffee pots. If I can get in and I'm setting that on Amazon, and I'm doing \$40 \$50,000 with with that, with that product, I would treat that as a lead magnet for my coffee brand. And what I mean by that is, you know, you're selling that one product on Amazon, your customer buys a product, the coffee pot, they get the package, they open up the package, inside the package, there's a great, you know, leaflet that you put in an insert that talks about your coffee brand, and your website, and you double down on your website, you have this amazing brand experience on your website, you get your interested customer who has a great experience unboxing and seeing your brand to go to your website to download a PDF on how to make coffee or whatever that is. And and then you you, you know, you get you build your custom email list there and potentially down the road, you start to sell them a subscription to coffee. Yeah, right. Now what you've created in probably, you know that that might be a two year plan, right? But what you've not created is this amazing, strong lead magnets on Amazon, that they take 30% that get you traffic to your website where you can sell them other products where you could potentially sell them a subscription. And if I mean you know, as much as I know that anything that's a

subscription service, you know, just just 4x the value of your, of your, of your company, right. And now you have a company that's sellable for a way, way high multiple. And hopefully you can exit that first company in four years, five years and change your financial wealth. And then and then start again, you know, do it again with another one and that's, that's absolutely achievable. You know, it. If you if you don't envision it, you're not going to achieve it but that is absolutely achievable. Yeah. And that's another way to approach Amazon is to double down on your one product, your brand, and maybe that is five skews or whatever. But I would it's kind of the reverse of what you're doing on eCommerce, Shopify. Yeah, it's like you train this amazing brand, and then going to Amazon. So that's how I would approach it. Yeah.



**Matt Edmundson**

That's a really interesting idea about using Amazon as a lead magnet to build your traffic on your website. Because one of the fundamental problems, of course, with Amazon is, is Amazon's customer, they're not your customer when they buy. So how do you what is, so I mean, you mentioned about putting a leaflet, you know, which encourages people to come to your website, is that the main way you would get people coming through to your website? What are some of the things that you've seen, which you think have been quite clever?



**Jon Tilley 45:44**

Yeah, look, most of those are against Amazon's Terms of Service, right, even even to a degree, the leaflet is a gray area. But again, at the end of the day, that's your product that you've created, and it's in the customers hands, but you know, Amazon tries to, to your point, they say, their customers, their customer, and you shouldn't be able to, to, to harvest that customer list. Now, there's definitely tactics like getting, you know, the ordering information and matching it on databases and getting email addresses and pulling it that way. It's a big no, no. I would say, at the end of the day, the best way to create your your customer list is to do it through your your leaflets, and your inserts and drive into your website, and then have some kind of value ad lead magnets, for example, how to make coffee, you know, make the best coffee and download it for an email address. That's one way. The other way is, is obviously through your your, you know, facebook, facebook advertising, driving them. One of the ways this is this is a more of an advanced strategy. But if you're if you're on Amazon, and you want to drive some outside traffic, which Amazon loves, by the way, the algorithm loves outside traffic, because you're essentially sending traffic to Amazon. It's not just generating through what's on the platform. But you can create Facebook ads with a normal squeeze page. And you can

qualify some of that traffic, and then send them directly to your Amazon listing to purchase the product. Now, if you can do on their squeeze page, get their email address, and then drive them directly to Amazon. you're collecting emails in that way before they even purchase the products on Amazon. Yeah. But it helps to kind of quantify the traffic. So you're not your conversion rate on Amazon is still high, which is obviously what what Amazon looks like. And that's very simple to implement. You know, and what's great about this audience is, I always say, you know, the best person to sell on Amazon is a Shopify owner, because you guys have so much knowledge on on various marketing activities to drive traffic, because you have to create it yourself, but your streets ahead of anyone on Amazon, because they just rely on Amazon traffic. And so you have all the strategies in place to just double down on your your own strategy.



**Matt Edmundson**

Okay, so that's really interesting. So would you have products then that you only sell on Amazon? So let's take the coffee pot and that particular coffee pot that you're promoting? Would you only sell that on Amazon and not on your website to anybody that wanted to buy that bought it on Amazon, which increases your conversion rates gets you better traffic there, which hopefully funnels people back to your website?



**Jon Tilley 48:28**

Yeah, the answer is I'd sell on both. Okay, you know, because where do you start? And it's kind of like the lifecycle, right? So the one approach is saying, Hey, I'm going to sell on Amazon, as my lead magnet or whatever, drive them, get them onto my website, hopefully capture the email address, be able to then re-market to them with other products, or potentially with the same product down the road and start to get that that kind of balance between how much I rely on Amazon and how much you actually rely on selling my product through my own Shopify or eCommerce platform. And hopefully, you can kind of start to balance that out because diversifying risk is obviously an important point of scaling your your own business, whatever it is. So that's one way. The other way is, Hey, I'm doing all this work on on Shopify, and I've got my Facebook groups, and I've got my Facebook ads and my Instagram ads and everything and I'm doing a great job of driving traffic to my own site, and I'm selling products there. Why not kind of tap in and see, validate, is my product right for Amazon, sell through the Amazon platform. And then for a little bit when I'm launching drive some of that traffic from my website straight to Amazon. Convert. Drive that ranking up and then you then you've you've scaled it, but then if you had that whole loop of your product and driving to the website, you can kind of get it flowing from both ways and it will absolutely triple your business for sure.



Matt Edmundson

Okay. Well, I feel like Jon, we could go on all night talking about this because I have a whole bunch of questions, but I need to I need to turn to some of the viewer questions. Um so, Adam McCreevy, I'm hoping I'm pronouncing his name right McCreevy asked how do you define a strategy for a third party marketplace like Amazon, for example, just best sellers to start with or what? I mean, you've kind of approached that a little bit, but you want to cover that again?



Jon Tilley 50:19

Yeah, I would say not best sellers, right. And I think just to summarize the points, the way to approach selling on Amazon, or, you know, as a third party seller, is to find a niche within a niche and validate that product idea on Amazon, because you want to be able to differentiate and you want to compete where there's there's less competition, that that's the right way to start. So, you know, don't don't go into bestsellers, you know, you're looking for that \$20 to \$50,000 a month product idea. You know, you're not looking to launch one, and then that's kind of your million dollar product idea right there. You know, you don't need to compete with the biggest brands out there and the best sellers.



Matt Edmundson

Great. Okay. So the next question, I'm entering other eCommerce places like Russia, Norway, India, um you can do that with Amazon now, can't you? What does that involve?



Jon Tilley 51:19

Yeah, so Amazon obviously has a model, and they're trying to expand it globally. I think the latest marketplaces is Amazon Singapore, Australia is a new one, Amazon India is a new one, which they successful with, Amazon EU is is a variety of different marketplaces, and each one is treated separately in Amazon's world. So you don't just go and sell on Amazon USA, and you get your product on every single marketplace, you have to actually literally open in each of those marketplaces. And you need to have a, you know, a bank accounts for each of those in a ways of kind of moving your money around your capital. The good news is, its very simple. You can use something like ping pong payments or transfer wise, you know, those are just a few of the companies, you just set up a global bank accounts, you know, registered for their platform, and you can be selling. So it's a really interesting thing. And it's become a lot more interesting with the pandemic that's come around, like some of the popping, you know, marketplaces are ones like Amazon Italy, and Amazon France, you know, typically. And it's kind of sad in a way as well. But

typically, you know, when you go, I remember being a year ago, and going and traveling, Italy, and just the amazing retail shops there and the retail experience, and I'm like, gosh, I kind of miss that a little bit in the USA, because everything is online, right. But with the pandemic, you know, everyone's had to fundamentally decide, hey, you know, if I want to survive, I need to be selling on an eCommerce platform and Amazon Italy is just booming right now, all the retail brands are moving there. You know. So just looking at when you approach it, make sure you're looking at what is the right marketplace for your for your product to start? Yeah,



**Matt Edmundson**

Yep. Okay, awesome. Another question here, relating a little bit to you talked about having different bank accounts. The question is, do you need different payment gateways for different countries?



**Jon Tilley** 53:18

No. So I mean, you basically need your, you need a bank account. And then you can have virtual bank accounts in the same currencies. But you know, at the end of the day, Amazon is amazing, because they collect the payments, and they pay you. So you just literally sign up there. You put your bank account details in and you know, every two weeks, they slip a check into your bank account. That's it. So yeah, they pay you.



**Matt Edmundson**

So you don't need any payment gateways. D, you just that's Amazon's problem. They process the payments, they do all of that. That's part of their fee that they're charging you for, isn't it?



**Jon Tilley** 53:52

Yeah, absolutely. Okay. Yeah.



**Matt Edmundson**

Awesome. My final question from Beverly Watson on Facebook. She had a really interesting point, actually and I thought I would close out the show maybe with a slightly contentious issue. And that is, a lot of people are not happy with Amazon. Like in the UK, there's a lot of people who will boycott it because of tax. I'm not going to get into it

because I don't want Amazon lawyers to sue me. But for you know, there's a belief that maybe Amazon's not paying enough tax or they're not treating their employees right. Or there's the other argument which says, you know, if one in two eCommerce transactions are done on one website, that's way too big of a company that's like a monopoly. That's not great for small businesses. What do you think about that?



Jon Tilley 54:38

Yeah, I mean, if you look at the growth of Amazon over the pandemic, when the world has been struggling and and their success. It's incredible, you know, and hats off, that all their kind of universes aligning, and they've been as successful as they are. But certainly, I think Amazon and Jeff Bezos don't have everything right. You know, and I think they don't pay tax. Right. And and that's, you know, at the end of the day, that's not their problem. That's the government's, you know, problem they should be right. You know, they should be an enormous amount of money that their paying on that that should be used to, to redistribute. I think I think that's a, that's a major problem, and I'm sure it's going to be fixed soon. I think that's one of them. And, you know, as far as I know, you know, the kind of charitable side of of of Amazon is not strong. And there's been a lot of contentious issues around how they've actually supported their, their essential workers who are going on into the ring these things and how they've been looked after. On the other side, there's also a bunch of things that are saying, you know, you speak to anybody who works for Amazon, and they're like, thank goodness, they've been able to support us, and I've had a job through this this crazy time. And, yeah, don't take that away from you. Because I need I need this, and I'm taking all the precautions I need, and I need to be out there delivering so and then and then the final piece, which I think is a big contentious, contentious issue is how do we support the small the small business owners? Right, I think with the with the pandemic, retail stores are closing down, left, right and center. And there's a big movement, at least here in the USA to to buy locally.



Matt Edmundson

Right? And ya know, the same in the UK To be fair.



Jon Tilley 56:24

Yeah. And, and I would say, if that's your intention, you shouldn't be boycotting Amazon, because there's so many small businesses that are actually selling products on there. And, and they are all there. I mean, we that's what third party sellers are, we're small to medium sized businesses selling on the platform. Now, clearly this, there's some bigger

brands that are on there. And it depends on if you're buying consumables or not. But if you're looking for that chair, or the hanging chair, or you're looking for those, those are small businesses, and they need support, and, and and, you know, so so I think at the end of the day, I would say, you know, shop smart, right, understand what you're doing buy locally. But also if you're doing it on Amazon, you know, you're getting something in a few days, but you can you can choose your products in a smart way where you really supporting small businesses, for sure. And what better way to put them into my products?



### Matt Edmundson

Yeah, absolutely. That's really it. I mean, the ethical debate, I think could go on and on, and on, and on and on. And, you know, we've heard success stories on Amazon, we've heard of horror stories about how people were treated by Amazon. I think, in closing, I'd love to know what you think about this, Jon, and tell me if I've got this wrong. A lot of people have asked me over the years about Amazon, what I think about it, and I'm like, you know, what, if 50% of eCommerce transactions are on Amazon, it's a very interesting marketplace to look at, right, full stop. But don't put all your eggs in that basket. If you are just relying solely on Amazon for your business. You know what, the next day they change their mind, and you're not selling that product on Amazon, somebody else is selling it, or they're selling it. Guess what, you've not got a business. So I liked what you said earlier about, you know, get people to your website, build your email list, use it as a lead magnet, don't just solely rely on that. I mean, that would be my my advice, probably in a nutshell. I haven't got that right, or is there anything I need to add?



### Jon Tilley 58:25

I think you've got it right. And I think my summary on that is, is there's no easy hacks, right? You hear these stories of easy hacks and easy ways of making money. And, you know, certainly with Amazon, it's not an easy business to start, but it is a business. And I think if you really, truly think of it as a business, it's not a Hey, I can just put up a yoga mat and make millions you know, and think of it as creating a business, and how much time and effort and consideration are put into that vision of what I'm creating. If you do that, Amazon is can be an important piece of that wheel, and certainly a very good place to start. And if you approach it with good business acumen, and you you you, you strategically grow your business and you do it in the right way without getting distracted by the shiny, hacky ways of trying to grow your business. And you apply consistent focus on that within a year or two, you have an incredible business that has been built in the right way you have a solid rock foundation, and you can scale that business. And that's my final piece of advice. Like if you're going to be successful on Amazon, do your business homework, understand how to grow an eCommerce brand and that and that's, that

means finding and creating the right product, finding the right suppliers, putting in place the right marketing and strategic tactics and most importantly, building your team in the right way. You know getting the right procedures in place and being disciplined about that and growing this healthy, amazing business. And, and, and accessing all the right educational information so that you it grows in the right way that is achievable. And and, you know, if you if you're not successful, it's probably because you haven't educated yourself in the right way or you've tried to take the easy way out and try to hack that and just got it wrong. So yeah.



**Matt Edmundson**

No, fantastic. Fantastic. Jon, listen, it has been an absolute pleasure to speak with you about this. And I'm sure that many of the guys either, you know, they're gonna be listening to the show, either through the video, or through the audio, however they listen to show, they're gonna have comments, they're gonna have questions, and they're gonna want to get in touch with you. How do people do that? What's the best way to reach out and connect with you?



**Jon Tilley 1:00:52**

Yeah, I would happily connect with anybody here. You know, obviously, we have a passion to help people grow the eCommerce brand and obviously started with Amazon. But any handle for us @zonguru on Facebook, Instagram, YouTube, we're there. We have a lot of educational content that you can consume. I would highly recommend going to ZonGuru.com checking out our software platform, but also going to our blog, we have a blog on there that has so much valuable content and stuff that you can download, and just really connect with us that way. So I would start there. And we have a 24 hour support on there with people again that are passionately wanting to help you so have questions just go on there. And through that you'll you'll get access to everything that we have this podcast materials, etc. So I wish everyone the best if they are just looking to launch with Amazon we have a bunch there. We have a high products lead magnets that you can download and, and kind of see what's selling on Amazon right now. So that's that's a good place to start. And then I think one other comment I'd make is that for the European listeners, we have tools that are live in on Amazon Europe. But in a couple of weeks, kind of hot off the press, is we have a full integration with our that niche rater tool. I talked about this coming live in a couple of weeks, as well as the keywords on fire one. So there's a lot of excitement around that. And if you get in right now, you'll have access to that. So check that out.



Matt Edmundson

Yeah, I will definitely be checking that out myself. And like Jon said, you can find out all that information at ZonGuru.com, which is zed-o-n-g-u-r-u.com. Right or z if you're in America rather than zed. ZonGuru. Jon, listen, I really, really appreciate you being here. Thanks for taking the time to talk to us, we're probably going to need to get you back on the show at some point, again, to carry on this conversation because I feel like it's a deep rabbit hole that we could probably go down a little bit more. But thank you so much for being with us. Really, really appreciate it.



Jon Tilley 1:03:08

Yeah, thank you. It's been very enjoyable. And yeah, I would love to be back at any stage we can dive in on specific topics or, or, you know, come back as the wall change. You know, I think the great thing about the interesting thing about eCommerce its just rapidly changing. And so, you know, in six months times who knows what we'll be talking about, but it's a lot of it's always fresh and interesting, for sure. Absolutely. Thanks, Jon.



Matt Edmundson

Thank you. Okay, well, massive thanks to Jon. Wasn't that a great show? Isn't he fantastic? I don't know about you, like I said, I feel like I could just pick his brains for many more hours about this topic. And so you know what, like, as I always say, My aim is to get great guests onto the show to find some real practical nuggets that I can use to grow my own e commerce businesses. And I got some today, let me tell you, I'm looking forward to checking out his software when it comes over to the UK. Because that whole research thing and doing that research thing genuinely, I'm a big fan of it. I am a big believer of it. But I'm a big believer in getting the software to help you do it too, because there's a lot of data to trawl trawl through. So I hope you got some great stuff out of this show too. If you did, then I would appreciate it if you could rate the show on iTunes or wherever you get your podcasts from so we can grow the show, reach more people. This is season five. Can you believe that, this is the first episode of season five. And so if you want to know more if you want the show notes, like I said at the start the transcripts, the show notes, all of the links that Jon mentioned will be on the website. You can get them for free at [ecommercepodcast.net/50](https://ecommercepodcast.net/50). Yes, because it is episode number 50. So head on over to [ecommercepodcast dotnet forward slash 50](https://ecommercepodcast.net/50) to get access to all of today's show notes Thanks for listening, make sure you come back next time, as we've got some more great guests lined up, let me tell you all all, all there to help us grow our eCommerce businesses just like Jon's done, we're gonna get some great value out of them. Hopefully next time when we're live. We'll also have Facebook, live working as well as YouTube. Thanks for

being with us. And as I said at the start, we do play the interviews out on live stream over Facebook and YouTube as we record them. So do make sure you head on over to our Facebook page or our YouTube page. Make sure you hit the subscribe buttons there. And you'll get a notification every time we go live. It just means you can come you can listen to the show, and like the folks did tonight, you get a chance to ask questions to the guests and they can answer them directly for you. So make sure you do that. That's all for me. My name is Matt Edmundson, You have been listening to the eCommerce podcast. I'll be back again very soon. Thanks for listening. Bye for now.



Sadaf Beynon 1:06:04

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