

Matt Davis: From \$10m Amazon Empire To Breakthrough Tech Company... PLUS, Changes Coming For Amazon Sellers

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Ryan: Welcome to Freedom Fast Lane. This is Ryan, and today we're going to do something really fun. We are going to be joined by my business partner Matt Davis. Matt and I started our physical products business three years ago, and we've grown that to a business that is going to do at least eight million dollars this year, probably ten, maybe even more. We have some retail deals on the table, that are really exciting, that could as much as double our revenue, so there's really cool things happening. I wanted to do a couple of things. One, I wanted to go through our story together because we've had a great partnership. We've grown really fast, and I wanted to get his vision on why he thought we grew so fast, what we did right, what we did wrong.

At the same time Matt has started another project that works with and services Amazon sellers and physical product sellers. I wanted to learn a little bit about what it looked like to build a tech company because he's got his physical products business. Why did he start a tech company? Why did he go in that direction? What did it look like? What was the investment like? What was the team like? How is that different from running the business that we run together, and at the same time he works with and serves Amazon sellers which I know a lot of you are, so he develops tools that makes selling on Amazon easier, that makes scaling your business easier and do a lot of cool things that we tend to think would be really nice, but they're not available right now.

He actually goes and develops those and makes them available for sellers. I wanted the opportunity for him to share a little bit about those tools as well. We cover our journey and how we grew to a multimillion dollar company. We talk about what it looks like to grow a tech company and how that's different from the business that I'm currently in, and also a little bit about the cool tools that are coming down the pipeline for Amazon sellers and what we should be excited about coming soon. You will really enjoy this chat with my business partner, Matthew Davis. Matt Davis, we are overdue. Welcome to Freedom Fast Lane. Thanks for hanging out with us.

Matt: Thanks, man. I'm glad to finally be on.

Ryan: Yeah. It's kind of a funny story. Matt and I have been business partners on a couple of projects. Our most recent one for the last three years now and it's funny because most people don't know who you are, who follow me. I wanted to start off just selfishly talking a little bit about how we built up our company to be a ten million dollar brand and how we met, and a little bit about our partnership because we have a very good one, at least if you ask me, and I've had my share of not so good partnerships in the past, so I want to deconstruct that to begin, but just because of I've got morbid curiosity, I'd like for you to tell the story about our business and how we met and how we became such good looking and good working partners.

Matt: Yeah. Definitely there's a big, long history there, so let's do the CliffsNotes version. We had mutual friends when we were what? Twenty years old, and that mutual friend was Travis Sago who I believe has been on the podcast [crosstalk 00:03:23].

Ryan: A couple of times. Yeah.

Matt: People should be familiar with him. He was essentially became a mentor to both of us and introduced us. He figured we'd hit it off and he was right, we did. Back in the day I had my affiliate business. I had a partner that had brought me into the internet marketing world, and the arrangement was, "Hey, I know what to do. I don't have time to do it. You do the work and let's split the money." That's how I started learning. You bought him out, so we started working together. Did well. We were college students making six figures as affiliates. We did well together for a few years, and then that business model kind of died out with the Google slaps, the Panda updates, all that great stuff that we were too dependent on. Kind of drove things the other way but it was fun while it lasted type thing.

Ryan: If I could add some color to that. This was back in the days when SEO was fairly easy. I'm out of the SEO game but I understand it's coming back and our old model of building review sites around products is actually making a comeback so I hear. We had a site like that together that did well. I bought your partner out because we wanted to work together, and that was profitable for quite a few years until it ran its course.

Matt: Correct. Yeah. That's the better version. Anyway, that was fun. We worked well together. We found out we had a good dynamic, but we kind of parted ways and stayed, as far as the business goes, but we stayed friends, kind of helped each other, consulted, and ... I guess not to get into too much detail about a year after that is probably when I packed my bags, said I

was done with internet marketing, and left the internet marketing world.

Ryan: Could you talk about that for a second because you went into the corporate world after a couple of business projects didn't go how you wanted them to, and that's a really interesting story because now you're back to being an entrepreneur obviously, and we've both been really successful as a result of working together, but what was the transition like going from entrepreneur who does whatever he wants in his underwear if he wants, and then goes into the corporate world, and then I want to hear about coming out of the corporate world again. What was it like going into the corporate world after being an entrepreneur, because we usually hear about the opposite?

Matt: Yeah. It's interesting, dude. You will feel a full range of emotions if you ever have to experience that. My situation was, obviously, at first it was filled with a lot of frustration. Like I said, I had been very blessed. Things went really well, and ultimately at the end of the day I got sick of dealing with the slaps and things like that. I looked at it as if, "Hey, here I was." I think I was twenty-three, twenty-four at the time. I had made six figures a year for the previous few years. Here I was out of college, no debt in any form, and in a great position. I said, "Hey. Let me just take my money and run, and I'm going to go contribute that to my retirement fund, and I'll just go do the corporate thing, and it'll shave a couple of years off my career. Cool. It was a fun experiment."

At heart I knew I was an entrepreneur though, so it always hurt, and especially I think you went through some changes at the same time, and you were able to stick it out and keep going. I saw some other friends in the industry that we ran with that kept going. It was tough to see, because I knew that's what I wanted. That's what I was at heart. At the same time I tried to look at it through positive eyes, in fact, that, "Hey, I had a good run." Made some good money at a young age and I was a lot better than most people my age or most people twice my age for that matter.

Ryan: Did you always know that you wanted to come back to being an entrepreneur then?

Matt: Yes. Yeah. At some point. I didn't even know what that looked like. Had you asked me at that point like, "Hey, what do you think, two years, one year, ten years?" I would have said, "Dude, I have no idea. I want to at some point but I have no idea." I didn't know what I wanted to do long term. I knew that would be entrepreneur, like I said, at heart I was an entrepreneur even through high school, whether I was fixing computers or mowing lawns or doing something. I was always trying to do my own thing,

and so it was ...

I knew I would get back there one day. I just didn't know what that looked like, and I honestly didn't even want to think about it, because I really wanted to try to buy into that security of, "Hey. I'm going to get a steady paycheck. I'm going to work my butt off help making somebody else money, but I'm going to get a paycheck for it, and at the end of the day I'm done." I tried to focus on that and really give it my all. It was interesting. Luckily, if I didn't have such a good support system of family and friends and my, at the time, fiance, now wife, it would have been a lot probably more depressing, but it ended up being, at this point I'm extremely thankful that I went through that situation.

Ryan: It's interesting that you had kind of the freedom and then you had ... Something threatened your security, so you ran to the security and then eventually came, once you built up that security again, got to come back full circle to building the business. Do you remember the night that we were talking on Google Chat and I said, "Hey, I've got an idea for a business," and we started conceptualizing our next company? Do you remember that and what was it like to tickle your entrepreneurial spirit again after being in the corporate world for a few years?

Matt: It was exciting. I definitely remember that conversation. It was extremely just exciting. I think the skepticism was still there in me, because I was a little bit jaded. I'm sure you remember our conversations when you were saying, "Oh, we're going to do a hundred thousand dollars a month with this company." I thought, "Yeah. Right. We're lucky to do ten grand a month, but, still, ten grand a month is cool, so let's do it." I thought you were just dreaming big like normal, but obviously it came true times [a lot 00:09:30]. At that point I was like, "Yeah. Ryan is so full of it, but if we could make ten grand a month I'm happy."

It was exciting to get that going again. I set the bar low as far as expectation goes, and I think that probably helped too I think. When you're not sure and when things go well especially at my young age like they had, I think I got pretty naive thinking, "Oh, man. Anything I do is going to go well, and the next thing is going to be even bigger." It was a good lesson for me to kind of refresh and be like, "Do you know what? Stuff might not work out." I've learned to appreciate it more and not have such high expectations and everything, so restarting that process with the knowledge that I learned, the experiences I had, it was very exciting and entertaining.

Ryan: We have a very interesting dynamic because you and I are, we're similar

people, but when it comes to our skill sets we're very opposite, so I always say that my job is to sit in the corner and come up with ideas, and you tell me when I'm being an idiot, and then you're the one who builds the company. I'm curious what is it like to work with a crazy entrepreneur who is like, "No. We're going to get to a hundred thousand a month." And then it's, "We're going to get to a million a month." I'm the one who sets the vision and sets the dream and comes up with the ideas while you filter through it all and build the processes for which we're going to execute them.

I always, I'm usually speaking with entrepreneurs who are that person. It's very rare that I speak with the operator, so what is it like to work with a crazy partner like me, and you can pretend I'm not listening, and what is your thought process for reigning in, "Here's all we could do," and me getting excited about everything we could do, and actually filtering through what's relevant right now? I want you to answer that from a context of you, I think you'd probably agree, you have a crazy business partner who wants to do all the kinds of things, and it's your responsibility to grow it from there, so how do you deal with that?

Matt: I don't know that it necessarily is ... I would define it as dealing with. It is that dynamic where I don't think ... It takes both of us, so it's not necessarily dealing with. As you will see when you come up with ideas I might, the first time you say it, I might laugh you out of the room or be like, "Come on, man. Quit it. Quit wasting time. Let's get real here." Then when we sit down and talk about it and you help me visualize it a little bit more I'm like, "Oh. I get it now. Here's how this might go down then." It's good. We wouldn't have gotten where we're at without that dynamic. I think it really takes both sides. You have to have that vision of where you want to go. We're at A, what's Z look like?

But you also have to have that, "Okay, well what's B and C and D look like?" To get us to Z. I admit I'm not that good at looking at Z, but I can look at B pretty well, and then from B I can look at C pretty well. I think it's together we build that entire picture. Again, I don't call it dealing with. It's just the way we work and it works really well.

Ryan: If I can be so bold, I get asked a lot about partnerships and what makes partnerships work, and I think one of the most damaging things is when two people who are exactly the same come together. If I were to partner with another idea person, I'd be broke and would have no plan for moving forward, whereas one of the things I remember telling Mark Jenny once is I was like, "I'm so thankful for Matt because he tells me no. He tells me when I'm being completely impractical."

How do you evaluate decisions that the company should or should not do? What are you weighing, what risk are you looking at, and how do you weigh that against opportunity, because I would probably accuse you of being more risk averse, and I'm the risk tolerant one, but yet you have to have to have a certain amount of risk tolerance to be an entrepreneur and to take a risk. How are you evaluating an opportunity before you make a decision of how you're going to invest in the company or products you're going to release or how you're going to grow?

Matt: I guess there's no blanket answer, but for the most part, you're absolutely right. I'm the risk averse one. You're the one saying, "Okay. Here, let's go invest." Let's just throw an example. Say when you come to me and say, "Hey, let's invest ... I have this idea. It's going to take a hundred grand to do it. Here's this idea." I'm going to look at it and say, "No. We're not doing that." But then when you outline it for me, what I do is I'll look at it and say, "Okay, what could we do to meet in the middle?" He has this idea for a hundred grand. It's a good idea, and I could see it paying off. What could we do to stack the deck a little bit more towards us?

What could we do to do it for fifty grand instead? Things like that, and trying to figure out how we could ... Here's this great end idea, but how do we kind of baby step it, and test it, scale it, rather than just instead of diving straight into the deep end? How do we dip our toes in, see if it's going to work, see if it's worth investing more. There is no one blanket answer, but I think a great example is one of the products we have coming out pretty soon. We'd been talking about it for, what, a couple of years, and it's one that's going to cost us a lot of money, and that's why we haven't done it.

I think if I had given you the okay, you'd have dropped two hundred K on it like a year and a half ago, right?

Ryan: Probably. Sure.

Matt: Yeah. That's a great example because we've taken our time in dealing with it, but in that we've known that, "Hey, that is our end goal. That is the product we want to get to, but how do we get there?" We've worked our relationships since then. We've increased our buying power. We've grown as a company and now all of a sudden we could probably ... Whereas with the connections, the knowledge, the experience we had two years ago or a year and a half ago when we first started talking about it, it probably would have taken us a hundred and fifty, two hundred grand. Now that we've waited, kind of stacked things in our favor a little bit, yeah, we've

lost out on time, but we could do it for a hundred grand, and we could get it out, and do really well with it for a hundred grand.

Ryan: I think one of your skills here though is you also research the heck out of everything, so if I throw an idea at you, you will come back and say, "Here are all the other ways that we could accomplish that goal that you want to do while being a little bit more careful with our ROI."

Matt: Exactly. Yeah. That's exactly right.

Ryan: We have gone from, I mean our first sales was I think June 4th or June 5th of 2013. We will do between eight and ten million in sales this year if nothing were to change, if our ... We have our retail deals on the table. We have some really cool negotiations happening there, but if nothing were to change as of right now we're going to do between eight and ten million this year. What do you think, what would you give the credit to, and I mean in our processes what decisions or major leverage points do you think are the reason why we've grown so fast?

Matt: The first one is probably timing, and I feel like we got into the market at the right time, and honestly we could have ... If we had done it earlier we'd be way farther along even now, so we jumped on the wave at a good time, but beyond there we've kind of always had ... Where I got in saying, "Hey, what could we do to make ten grand?" I think you've always had that goal of, "What could we do to make a hundred?" Then when one hundred became realistic, honestly I don't know if you've ever admitted if you really thought we were going to do a hundred or not. I still don't know if you truly did from day-

Ryan: I remember we put a date on it, and I was like, "How would you like ... " I am ... Let's give some color to this conversation, because what really happened was we were on the phone call and I think we were doing maybe thirty, twenty-five or thirty thousand a month, and it was July or August. I think I said, "How would you feel about making a hundred thousand dollars our goal by December?" You were like, "Whatever." Then a year later I said, "How would you feel about making a million dollars a month the goal?" And we were doing like two hundred thousand or a quarter of a million, and your exact words were, "No. I don't want to make a million dollars a month, Ryan."

I'll give some context to why I asked that, but that's what happened, and I didn't know if we were going to get there or not, but I wanted to have an alignment companywide that this is what we're going towards, and every decision that we make from here on out and the plans that we make are

for getting to that revenue goal by such and such a date. I don't know if I believe that we would or not. It was more a question of can we align our assets behind that goal.

Matt: Yeah. From that point, so in the beginning I think timing had a lot to do with it. From when we made that kind of mind shift, I think the mind shift that really help us, because what we do if we boil it down. There's so many other companies that do what we do on Amazon, but we always, we made this shift and said, "What would ... If this company was owned by ... If Mark Cuban owned this company, what would he do? If the biggest players in our space, what decision ... How would they face this decision?" That really helped shift our mindset from what would an Amazon seller do, to what would a legitimate multi hundred million or potentially billion dollar company do in this situation.

Because of that nobody in our category has been able to keep up with us because that's just the vision we have in place and that's what we're building for. Honestly we could run leaner. We could be much more profitable. If you and I wanted to just sit on cash we could do it easily, but that's not the goal of the company, and we established that, and that has ... I think that's been the biggest contributor when I talk to other people and compare them to our business.

Ryan: I a hundred percent agree. Let's change gears a little bit because you recently decided to not pivot in your career, but to take on a new, completely new type of business, and I have other projects, you have other projects, but you've done one that's particularly interesting and it kind of follows a model that we've talked about here on the show of shoring up your cash flow business, and then moving over into, I'd call it a disruptor, but you essentially started a tech company, which ... Most people would say I've got this cash flow business. I want to go get another one or I'm going to go invest in something.

You took on a completely different project, so why the pivot and what was the decision to go in, I shouldn't say different direction because we're still in the same direction, but to do something so different to what you had done for the last few years?

Matt: Yeah, man. It was one of those things that I don't think there was necessarily a specific day when I'm like, "I'm going to do this." it stemmed a lot from necessity. You and I, we started in the early days of what we're doing. There weren't very many people doing it, so we have learned the hard way. We've taken a lot of bumps and bruises and figured things out, and so through that process we've built up certain necessities. There

weren't all these crazy tools and cool things to help Amazon sellers and just sellers in general back then.

That's what shifted it, it was what do I need to be more successful if I'm going to build this ten million dollar company, hopefully a hundred million dollar company some day, what do I need? What assets, what tools do I need? Are there solutions out there or are there not? Most of the time the answer was there was somewhat solutions out there, but they sucked. They were clunky. They didn't fit our need. Really it came out of like I think Mark Jenny has talked about it, and even Joe Junfola has talked about it. There was a need that they saw in their own business, and so they wanted to do this period, or in their own life. Mark's necessarily wasn't business, but in his life period.

Then when you see a need it's like, "You know what? If I had this need, odds are there's another guy or girl who has this need to. Then look at that. There might be two or three." Then all of a sudden you realize a lot of people had this same need. That's a very macro look at it, but that's kind of what stemmed it was it was a necessity, something we needed, and, again, even going back to what we were saying, what would Mark Cuban do, what would these big companies do, and they wouldn't just say, "Oh, well. There's nothing out there. I'll just make do." No. If there's nothing good, let's find the solution. Let's build the solution.

Ryan: Full disclosure. I'm not a part of this project at all, but it's basically a company that, would you say, services the Amazon seller community and builds robust tools for them? What's coming to mind for me is, is we've used this term before of vertical integration, of owning different pieces of the supply chain, and the way I'd interpret what you did is you said, "I have these needs and I'm going to fill these needs." As almost like a means of vertical integration you might as well build that into its own business as well. Two questions. One, would you agree with how I described MerchBee, this new project, and second, did you see there being a vertical synergy between the two projects, or was it more like, "You know what? I want to start another company because I want to make some bucks."

Matt: The first question is exactly right. It is a vertical integration built [out of need 00:24:06]. As far as the second question, no, it was not built out of like, "I want to just start another company and make some bucks." It was, going back to ... It was the necessity. Whether we sold it or not, it needed to be done. The selling it is just the entrepreneur in me saying, "Hey, there's a bunch of other people that honestly need this tool. They're not being serviced properly. Yeah. Hopefully we make some money on it, but I

have honestly and none of our partners have plans for short term making money on it." It's one of those tools that it was getting done one way or another, we might as well release it, and really help push things forward.

Ryan: Let's talk about what that looked like to actually have a tech company. Because those words sound super scary to me. I get the internet world. I obviously get how business works, but tech company, to me that sounds like you lose money for a long time, and then hopefully one day you're profitable. I imagine the scene from the Social Network where there's just a bunch of coders in a room and they're all in the zone. What is that process for saying, "I have this need. I'm going to go figure out how to solve this need, and then I can build a business out of solving this need"? Would you just walk through?

I have no idea how to start a tech company, so would you walk us through what it looked like to do that because you had never done it either?

Matt: Yeah. Absolutely. A lot of it honestly it just happened by chance. In our business, again, we had a need. We brought in a developer to build out a certain tool for us, a custom tool. As I [started 00:25:56] I had all these other needs that I was doing. I was managing all this inventory on spreadsheets. I was doing all kinds of different things. I don't want to get too detailed and people's eyes will glass over, but I was doing all these things that I had all these ideas of, "Man, if we could just for our company build this tool that would make this stuff easier, that would be awesome." But, again, I don't know anything about tech, so I didn't even know it was possible.

I started talking to this developer saying, "Hey, here's this idea I have. It would really help us do better. Is that possible?" The answer was always yes, and then eventually it was ... I'd say, "Okay. What about this one?" Eventually it was like, "Dude, stop asking me. Whatever you're going to ask me the answer is yes. We can make it happen, so stop asking me." I'm like, "Oh, cool." That really opened my eyes to say like anything I can dream of to make our company run better is possible. From there the discussion pivoted to, "Okay, cool. Let's make it happen." That's what the formation of it was. At the same time actually one of our mutual friends was also ... Actually I think he just did a podcast with you. AJ from InstaNatural.

Ryan: Yeah. Right.

Matt: He was going through the exact same process. It's funny. We hadn't talked to each other about it, but he was going through this exact same

process, and we were both a few months in when we started talking about it. We were like, "Hey, we're doing the same thing. Let's join forces." Then that's how it came about. Basically as far as the whole like your idea with the Social Network and stuff like that, obviously, so Zuckerberg came from that tech world. I did not.

That's where I had to align myself with the people that do understand it, and I came from the ... I come from the business world and the entrepreneurial world where it's like, "Here's what we're doing. Here's what we need to make it better." I can outline the vision of what would help us do better, what would make our lives easier, what will make us more money in our brand, and they were like, "Okay. We can build that tool. We can make this easier for you." It's all about making life easier is really a good way to sum it up.

Ryan: Just it's so interesting to me that process of as an entrepreneur who just wants to go, go, go, the thought of, "Oh, I can build a solution around this," never really enters my brain. My brain is like just blast through that wall. Let's not build a ladder around that wall, and it seems like this person that you met that started programming these tools was like, "Oh, I can build any ladder you want. I can build any escape route." That never enters my brain of the ability to do that, so what happened to you creatively or how did your been shift when you ... What did you start to see differently when you realized that you could literally build solutions to all of these problems that had been paining you?

Matt: Obviously I was elated just that I was going to have these solutions that nobody else had been able to provide. I was in the same boat as you, is what you're saying initially. If there wasn't a solution out there already it was like, well and if we couldn't blast through the wall, let's go around the wall. Let's find a different route. The fact that he was saying, "Hey, not only can we build you a ladder, let me build you a freaking escalator that will take you up over it and back down."

It was just, obviously it was very exciting for me, and then I started just looking at what are all the problems I'm facing that's something that could be solved by solutions? From there it just went to, "Okay, what do I do in my day-to-day that sucks? What do I hate doing? What wastes my time in just clicking buttons or doing something that could be automated for me?" That's when I, like you said, I research the heck out of everything, so that's when my research brain kicked on, where I was actually researching myself and my own habits and my own day-to-day tasks, and just saying, "What's wrong?" Then talking to other people saying, "What are your pain points in your business, and what can make your life easier? What can

make your business more successful?"

Honestly I've had a lot of fun with it. It is different running a tech company. Even you and I, so we just talked about how we don't really care to pull the cash out and sit on a bunch of cash, but we're still for the most part it's like a direct response. We know if we wanted to pull the cash we can. It's very easy to grasp and picture and put a value on. The tech company, it's hard to wrap my head around because I'm just not used to it. I'm there with you where a tech company means in my opinion some nerds out in Silicon Valley that are going to build a really cool app that, as you said, is going to lose a lot of money. Maybe it will be profitable, or what I think is more common is it's not going to make money at all.

Maybe it'll get an IPO and they'll still not make money, but the guys that made it will be rich on paper or they'll get acquired and still not make money. There's never that make money piece. It is kind of hard to wrap my head around that, but we are approaching it that way and it's not there to make money. It's there to make life easier even if, like you said, we keep going back if nobody else is interested in it, it's going to make you and me a lot more money. It's going to make AJ a lot more money. It's going to make our other partner a lot more money.

Ryan: What is the goal? With our business obviously it's to be profitable and to eventually sell. What is the goal with the tech company that services you as the customer, me as the customer, and our community? What do you want to do with a company like that?

Matt: That's a good question. I can't sit here and say we don't want to make money. Obviously the goal is to make money, but when it's built out of necessity that's not the way we look at it. It's built out of necessity in the sense of ... Yeah. We want to make money, but, even, like I said, even if our end goal isn't to build it up, get a certain amount of revenue per month, or hit a certain amount of subscribers and then sell it or something like that, even if that's not the end goal it's going to make our life easier in our brand. It's going to make AJ's life easier in his brand. It's going to make all of us a lot more money. It's really just about support. That is the end goal. Can we support people?

The money will come one way or another no matter what. What can we do to make all of our entrepreneurial lives better?

Ryan: I should point out when you started this company you had a whole lot of firepower and a whole lot of experience as the customer because you're an Amazon seller and your partner also has a whole lot of the same. The

two of us will have ... We'll do ten million dollars just on Amazon, not factoring in our retail presence, not factoring in our e-commerce presence, et cetera AJ and Dan, the same thing. They do a million and a half a month just on Amazon, so they have their other revenues as well, but altogether you've got quite the base to find a lot of problems to solve because you've been through every high and low at this point.

What were the first problems you went out to solve? Looking back you obviously both had really great journeys of building multimillion dollar businesses that at least started on Amazon, so when you're going to make this tool where did you start in terms of, "Okay, we're going to do this to make everybody's lives easier"?

Matt:

Yeah. It started with looking at our companies and saying, "Okay. What part of our business life sucks the most?" The common denominator in this was actually ... Our first goal that we went out, the first feature we wanted to focus on solving was email, and email automation, follow-up sequences, but that's the baseline. We wanted to go beyond there, because there are ... Those tools are a dime a dozen, but they all are very boring and do the same thing. Looking in our businesses where, as you explained, collectively the founding partners of MerchBee could do anywhere between thirty and forty million dollars this year.

It was like collectively what can help us hit those goals we want and exceed them? It was, "Okay. How do we make these tools that we have better?" Cool. These customers get a follow-up email. What can we do to make them more valuable, to increase our review rate, to pull ... Because you know I'm a data nerd, so what can we do to pull the data and understand our customers better? How do we better serve our customers? Certain things like we all run a lot of, thanks to Joe, we run a lot of promotions, ZonBlast, and so we were treating one problem just to pinpoint a specific problem.

Right now all those customers are getting treated the same. By that I mean if a customer comes on, they buy on ZonBlast, or if customer two buys on ... An organic natural customer. They're both getting treated the same. They're both going through the same follow-up, but we know those aren't the same customers. Customer one that came through a promotion probably isn't interested in learning about your brand as much as customer two who is an organic true customer. Let's play to our strengths here. Let's treat customer one and customer two different.

Customer two, they're a true customer that could have a huge lifetime value for us. Let's treat them as such. Let's build them. Let's turn them into

a ... Take them from a sale into, as you say, a customer. Turn them into a fan of our brand. We want to segment that. Customer one who just bought through a promotion and the only reason they bought is because it's an awesome deal. What do we want out of them? We want a review. We want to thank them for the opportunity to help us out, and we want to try to get the review. That was like one pain point that was very frustrating for us, and we wanted to be able to segment those people and treat them differently, and so it was things like that where it was just like ...

Honestly it's plain and simple, and it's other tools outside of the Amazon world could do it, but inside the Amazon world nobody has solved it, so it was like, "Well, if nobody is going to solve it, we have to solve it."

Ryan: Yeah. Amazon has always been a black box, and it sounds like you're getting around that. In this scenario you would be able to treat a freebie buyer or a highly discounted buyer differently and go more aggressively towards the review, whereas as somebody who came in organically you're going to want to treat them with a different set of customer service experiences, make sure that they come back as a customer, make sure that they get to know your brand, and you can segment them out somehow with MerchBee's tool, that's basically what you're saying.

Matt: Exactly. That's it exactly.

Ryan: Cool. Was that the first major pain point that you decided to solve, and then how did you roll out or identify what your complete roll out process for what features and what version you were going to roll out next?

Matt: That was the first what I would refer to as a growth pain point. We had previous pain points where the systems we were using were either too buggy, too clunky, the user interface sucked, the support sucked. There were all those pain points. Solving those didn't grow us though, if that makes sense. We solved all those first and then the next step was what can we do now that we've built ... Actually, [the way 00:37:50] Joe was just talking, Joe Junfola from Zon was talking about ZonBlast. He referred to it as all that other stuff is like the Honda Civic. It's the baseline. It's what you should expect.

Then so what do we do to become the Porsche 911 of this world? That was the feature we just talked about, being able to segment, was one of those steps in becoming the Porsche 911. From there we have other ones that we've worked in. For example, everybody ... The Honda Civic is everybody monitors your seller feedback, your negative feedback. What's the Porsche 911 do? The Porsche 911 is going to monitor your seller

feedback, and it's also going to automatically unsubscribe unhappy customers so that the next email that they get you don't say, "Hey, you left us some seller feedback. Cool. Leave us a review now." And then they burn you on the review.

It says let's get them off of our list so we don't keep bugging them. That's a great feature where, again, outside of the Amazon world it's just like normal. Inside the Amazon world it wasn't possible. It's a growth feature there. There's even more, even some different nuances. We have professionally written email follow-ups that we've tested in our, like we said, collective thirty, forty million dollars of companies, and so with stuff that we've tested over tens of thousands and collectively hundreds of thousands of orders and emails, so it's that type of thing where we were like, "Okay, what truly works?"

We have so much data. We've been able to see what truly works, so, cool, let's throw these templates in there and they're backed by a ton of data and a ton of information. It's things like that that can really just step things up. We wanted to, like we said, take it from beyond that baseline into what can help grow and make this tool actually useful.

Ryan: What have you seen out of all the features that you have had developed and that solve a need, which ones have you seen actually create the greatest change in business? Which ones? Did anything surprise you like, "Oh, that one didn't create as much of a change in revenue as I expected. That one created more of a change in revenue than I expected." Because there's always a bit of an unknown when you go in and you develop a tool to solve a problem, and you've done it several times, so has there ever been any surprises and which ones have created the greatest change in revenue as a result of implementing them into either our business or somebody else's business?

Matt: Being able to segment honestly, and I had my expectations that it was going to be extremely valuable, and it was has been extremely valuable, but since we've already talked about that one I don't want to keep beating a dead horse.

Ryan: Let me ask you this, can you segment according to product as well, according to skew?

Matt: Yeah. If I understand what you're asking correctly, yeah. You definitely can.

Ryan: Could you put a different follow-up sequence in place of somebody who

bought a hat versus somebody who bought a [inaudible 00:41:03] [model 00:41:03]?

Matt: Yeah. For sure.

Ryan: That is huge just on its own being able to connect with the customer based on the product that they bought, because then you can send them through different upsell sequences, different cross-sell sequences. I would expect that to have a huge impact on revenue.

Matt: Yeah. For sure, but honestly to me that fall under the Honda Civic. Any basic tool I feel like should be able to do that. If they don't then it's like you're missing the point. You're right, but that's a foundational one that doesn't get me that excited. One thing that does get me excited and some tools honestly out there did touch on it, but we took it a little bit further, but really being able to segment out based on purchases, so if somebody orders ... By purchase count I guess would be a better way to put it, so let's say somebody orders from you once. The first time, what do you want to do? You want to introduce them to your brand. You want to try to convince them to be a fan of your brand.

If they order twice, cool, you're doing something right, so let's treat them different. Again, if they order three times, my gosh, they love you. Let's treat them even better. You can segment out based on like, "Holy crap. These people are like our regular customers. They buy from us every month, so let's treat them special. Let's make sure that they don't ... If they've bought from us three times, let's keep them coming back. I want them coming back for life." You can segment out based on that, and build great follow-up sequences for each purchase along the chain.

Ryan: That is huge. I remember when we first started our business, I remember this distinctly because I was sitting in Whole Foods in downtown Austin. I had just moved here, and I remember us saying, "We need to get some feedback from our customers, how should we do that?" We found one individual who had bought several times, and in the most recent purchase he had bought three units of our product, so I just picked up the phone and called him, and after I called him I was like, "I wish I had recorded that because that was the best testimonial I've ever heard."

He was just raving about our product about how amazing it was, and you're right, if you think about it, if somebody has bought multiple times and they're buying multiple units of a product, they probably like it, and they probably are more likely to be super fans of your product, so why not treat them differently? I know we have competitor who has done that

manually for a long time and that's basically where they spend all their time, and as a result they have a certain, a small group of people who are just raving fans who will always choose them. We've never been able to automate that through a tool, so I actually didn't know it could do that, so now I'm all excited to play around with that.

Matt: There was, like I said, there was one or two tools that touched on it, but it was, again, not very good. Looking back at your story of the customer that you talked to. That was back before there were any tools, and, again, [inaudible 00:44:00]. How did you find that customer? You probably went in there and you looked at our orders and you went through each one until you found somebody that ordered multiple times, right?

Ryan: Yeah. That's exactly what happened.

Matt: Like I said, there has been a couple of people that have tried to solve that problem, and it's one of those that it's a great problem to solve, but nobody had really solved it, so we wanted to take it further.

Ryan: Very cool, dude. I'm excited to see how all of this evolves and how all of it develops. Why don't we wrap up, why don't you tell us a little bit about MerchBee, where people can find you, because I know there's a whole bunch of tools out there and a bunch of people in our community are constantly shopping them against one another. How would they find out about MerchBee?

Matt: If you just want to go to MerchBee. It's MerchBee.com/FFL and we threw in the FFL just because we've sponsored Freedom Fast Lane Live and we found that we love your listeners and your audience.

Ryan: They're pretty cool.

Matt: They are. It's like some of the best entrepreneurs and coolest people we've ever worked with. Whenever we had talked about coming on the podcast we decided, "Okay. What do we want to do? Do we want to do something special for these people? Absolutely." We threw it in. If you go to that /FFL link you will find that you can check it out, poke around. Feel free to reach out to us, chat with us, give us a call, email us, but the offer that we'll throw out there, again, I'm not very hypey. I'm not going to push it hard, so this is pretty much a rambling pitch, but we'll give you fifteen percent off the first three months if you want to check it out.

If you want to jump in for a full year we'll knock an entire twenty percent off the price. Things coming down the pipeline. I don't want to release too

much information, but let's just say, Ryan, how valuable would it be to you if I came to you and said, "Okay. You could look at everybody that left a negative review, not just a feedback, but a negative product review, and if we could unsubscribe them from your list, or if we could set up some parameters to even potentially start the process of refunding them and apologizing to them and trying to correct that wrong." I'm sure that would get you pretty excited, right?

Ryan: If you could do that automatically, yeah, I'd be pretty excited about that.

Matt: Yeah. There's a lot of stuff coming down the pipeline like that where we're like, "What can we do to just automate things that we're already doing that change the game, but automate them and make them better?" We have just a ton of crazy cool stuff coming down the pipeline, and we're always, almost every week we come up with a new idea. Actually just two weeks ago I was on the phone with one of our newer customers picking his brain, and he came up with two ideas. He was like, "Hey, here's a couple of things that I'd like." We thought about them. [inaudible 00:46:44], "Those are actually really good ideas." Now we have them in development.

We have tons of stuff coming down the pipeline. It's going to be a fun ride and we're really looking to provide value and help a lot of people out.

Ryan: Matt, thanks for sharing about your story, about the development of your new project and investing in a tech company. Thanks for helping those of us who are on Amazon make life a little bit easier, and thanks for hanging out with us at Freedom Fast Lane.

Matt: Yeah. Thanks for having me, and just [let me 00:47:12] plug it one more time so I don't get in trouble with the partners. MerchBee.com/FFL. Fifteen percent off for three months and twenty percent off for a year. Otherwise feel free to email us even if you have any questions or just want to chat or if you even want to ask about how to make a ten or thirty million dollar brand and how we did it. We're down to talk about that too.

Ryan: All right. It's MerchBee.com/FFL. Matt, thanks so much for hanging out with us.

Matt: Thanks man. Later.

Ryan: One of the things that I really appreciate about what MerchBee is doing is they're making it easier for you to be a smart marketer if you're on Amazon. Right now Amazon is kind of a black box, but working with some of the more robust tools that are available you can do some cool things,

like writing really good email copy, like treating your customers differently depending on where they came in or what products that they bought. When you can get more sophisticated in your marketing you can obviously make more money. One thing Matt wanted me to add was that the discount on MerchBee ends at the end of May, so make sure you head over to MerchBee.com/FFL to grab that discount.

That's not an affiliate link. I have no association with MerchBee. I just believe in what they're doing and I know those guys are really, really good human beings and they really care about their customers. I want to thank Matt for both entertaining me, talking a little bit about our story from a different perspective and also sharing what that journey looked like. It's really interesting how there's a common thread happening with a lot of entrepreneurs where it seems like there's the cash flow first and then they pivot to becoming disruptors. I see that pattern happening more and more. Even Gary Vaynerchuk spoke a bit about it when he spoke at Freedom Fast Lane Live.

There seems to be a very interesting thread of having your life and your expenses paid for through a cash flow business, and then pivoting and building a bigger company as kind of the road to wealth, and I just so suspect that that's how I'm going to get my Cleveland Indians. If you liked today's episode please share it with an entrepreneur who will find value in it, and as always please make sure you're subscribed to the show on iTunes. You can head over to FreedomFastLane.com/iTunes, it'll take you right to the subscribe page. Thanks for listening to Freedom Fast Lane and I will see you on the next show.