

# REALITY CHECK – Setting Expectations & Qualifying Todd

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**Date:** December 13, 2025 **Greg's Concern:** "They might be looking for a magic bullet — someone who tells them 'order these products and you'll be successful.' That doesn't exist."

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## The Harsh Realities (That Todd Needs to Understand)

### Reality 1: Amazon.ca Market is MUCH Smaller Than US

**Market Size Comparison:** - **Amazon.com (US):** 310 million active users, \$575 billion GMV (2024) - **Amazon.ca (Canada):** 25-30 million active users, ~\$30 billion GMV (2024)

**What This Means:** - **10x smaller market** (population 38M vs 330M) - **Lower search volume** = slower sales velocity - **Less competition** = easier to rank, but also less total opportunity - **Slower path to profitability** = takes longer to get reviews, build momentum

**Example:** - Product that sells 100 units/day on Amazon.com might sell 5-10 units/day on Amazon.ca - Category with 10,000 monthly searches on .com might have 800-1,200 on .ca

**Todd needs to understand:** Amazon.ca success looks different than US success. \$10K/month revenue on .ca might be a win, where \$10K/month on .com is mediocre.

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### Reality 2: Product Validation ≠ Guaranteed Success

**What Product Validation CAN Do:** - Identify products with LOW RISK (good margins, low competition, manageable cube, no Amazon Retail threat) - Eliminate products with HIGH RISK (thin margins, high cube, seasonal, Amazon Retail owns buy box) - Calculate true profitability potential IF all other factors align

**What Product Validation CANNOT Do:** - Guarantee sales volume (market demand can shift, trends change, economic factors) - Guarantee Amazon Retail won't enter tomorrow

(they can list any product, anytime) - Guarantee Todd's PPC budget will be adequate (validation assumes \$1,500-3,000/month minimum) - Guarantee Todd's team will execute properly (bad creative, poor listings, weak PPC management kills good products) - Guarantee timing (if goods arrive late and miss peak season, validation doesn't matter)

**Analogy:** Product validation is like a pre-purchase home inspection. It tells you: - Foundation is solid (margins work) - No major structural issues (no Amazon Retail threat, no insurance nightmares) - Plumbing and electrical are sound (logistics and compliance are manageable)

But it DOESN'T guarantee: - You'll love living there (market might not respond) - Property values will go up (trends can shift) - No maintenance costs (PPC budget, returns, storage fees still apply)

**Greg's job:** Reduce risk, not eliminate it. There is NO magic wand.

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### **Reality 3: First Order Almost Always Loses Money**

#### **Standard Amazon Launch Economics:**

**First Container (\$50K investment):** - Product cost (DDP to 3PL): \$50,000 - Initial PPC spend (3 months @ \$2,000/month): \$6,000 - Photography/creative (if needed): \$2,000-5,000 - Consulting (Phase 0-2 with Greg or EcomExperts): \$10,000-20,000 - **Total First-Order Investment: \$68K-81K**

**First 3-6 Months Revenue (Realistic for Amazon.ca):** - Break-even scenario: \$50K-60K revenue (covers COGS, barely covers fees/PPC) - Good scenario: \$70K-80K revenue (small profit after all costs) - Great scenario: \$90K-100K revenue (20-30% net profit)

**What This Means:** - **Break-even on first order = WIN** (most sellers lose 10-30% on first order) - **You're investing in reviews, ranking, brand awareness** (not immediate profit) - **Second order is where profit starts** (lower PPC costs, organic ranking, repeat customers)

**Todd needs to understand:** Amazon is a 12-18 month play, not a 90-day money-maker. First order is investment, second order is payback.

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## **Reality 4: Success Depends on Execution, Not Just Selection**

**Even with perfectly validated products, success requires:**

### **1. Adequate PPC Budget:**

- \$1,500-3,000/month minimum for 20-30 SKUs
- First 90 days = highest spend (building rank, getting reviews)
- Low budget = slow ramp, longer break-even timeline

### **2. Professional Creative:**

- Product photography (white background + lifestyle + infographics)
- A+ Content (comparison charts, brand story, feature highlights)
- Mobile-optimized images (70%+ of Amazon traffic is mobile)
- **Cost:** \$2,000-5,000 for 20-30 SKUs (one-time)

### **3. Optimized Listings:**

- SEO-rich titles, bullets, backend keywords
- Category/browse node optimization
- Competitive pricing strategy
- **Greg can template this, but Todd's team must execute**

### **4. Daily Account Management:**

- Monitor campaigns, adjust bids, add negative keywords
- Respond to customer questions and reviews
- Track inventory levels, reorder before stockouts
- **Time:** 1-2 hours/day minimum (Todd's team or EcomExperts)

### **5. Timing:**

- Launch during peak season (May-June for summer products)
- Miss the window = inventory sits until next year

**If any of the above are weak, even validated products will underperform.**

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## Reality 5: Amazon.ca Requires Patience and Capital

**Typical Timeline to Profitability:** - **Months 1-3:** Heavy PPC spend, low organic rank, few reviews = LOSS - **Months 4-6:** PPC efficiency improves, organic rank builds, reviews accumulate = BREAK-EVEN - **Months 7-12:** Organic rank strong, PPC cost drops, repeat customers = PROFIT

**Capital Requirements:** - **First container:** \$50K (product cost) - **PPC budget:** \$6K-9K (first 3-6 months) - **Creative/consulting:** \$5K-15K (one-time) - **Buffer for reorders:** \$20K-30K (second container while first is selling) - **Total Capital Needed:** \$80K-100K+ over first 12 months

**Todd needs to understand:** This isn't a \$50K one-time investment. It's \$80K-100K over 12 months to do it properly.

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## Qualifying Questions (Ask Todd on the Call)

**You need to qualify Todd BEFORE you commit to Phase 0. If his expectations are unrealistic, walk away.**

### 1. "What does success look like for you in 12 months?"

**Good answer:** - "Break-even or small profit on first container, build brand presence on Amazon.ca, validate products for US expansion in year 2." - "Establish 5-10 core SKUs that sell consistently, build internal capability, generate \$50K-100K revenue in year 1."

**Bad answer:** - "Make back our investment in 3-6 months and scale to \$500K/year." - "Replace our B2B revenue with Amazon in the first year." - "Prove to our factories that ecommerce is viable so they give us better pricing."

**If bad answer:** Todd has unrealistic expectations. You'll be blamed when he doesn't hit those numbers.

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### 2. "What's your PPC budget for the first 6 months?"

**Good answer:** - "\$1,500-2,000/month minimum, willing to go higher if we're seeing traction." - "\$10K-15K total for first 6 months, we understand this is investment."

**Bad answer:** - "We'll start with \$500/month and see how it goes." - "Can we just do organic? We don't want to spend on ads." - "Whatever the consultant recommends, but we're watching costs closely."

**If bad answer:** Todd doesn't have adequate budget. Products will fail due to underfunding, not bad selection. You'll be blamed.

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### 3. "What happened with your last Amazon attempt? Why did you lose money?"

**Listen for:** - Did they lose money due to **product selection** (high cube, seasonal, competitive)? → You can fix this - Did they lose money due to **underfunding PPC**? → Validation won't help if they repeat this - Did they lose money due to **poor execution** (bad listings, no creative, slow response time)? → Validation won't help if execution is still weak - Did they lose money due to **unrealistic expectations** (expected profit in 90 days)? → Red flag, they might repeat

**If they blame external factors only** ("Amazon changed the algorithm," "competitors undercut us," "insurance was too high"): - They're not taking ownership of execution mistakes - They might blame you next time instead of fixing root causes

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### 4. "Do you have budget for professional product photography and A+ Content?"

**Good answer:** - "Yes, we've budgeted \$2,000-5,000 for creative." - "We have in-house designers who can create Amazon-optimized images."

**Bad answer:** - "Can we just use the factory photos?" - "We'll do it ourselves with an iPhone." - "How much does that cost? Can we skip it for now?"

**If bad answer:** Listings will underperform due to poor creative, not bad product selection. You'll be blamed.

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### 5. "How much time can your internal team member dedicate to Amazon daily?"

**Good answer:** - "1-2 hours/day minimum for campaign management, customer service, inventory tracking." - "This is their primary responsibility, not a side project."

**Bad answer:** - "They'll handle it when they have time, maybe a few hours a week." - "We're hoping the consultant (EcomExperts or Greg) will handle most of it." - "Once it's set up, it should run itself, right?"

**If bad answer:** No one is owning execution. Account will be neglected, products will fail. You'll be blamed.

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## 6. "What's your timeline expectation for profitability?"

**Good answer:** - "Break-even by month 6-9, profit by month 10-12." - "We understand first order is investment, second order is where we expect to see returns."

**Bad answer:** - "We need to be profitable within 90 days or our CFO will kill the project." - "We're hoping to make money on the first container to fund the second." - "If we're not seeing results in 3 months, we'll probably pull the plug."

**If bad answer:** Timeline is unrealistic. They'll kill the project before it has time to work. You'll be blamed for "not delivering."

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# The Expectation-Setting Conversation (Script for Call)

**After Todd answers the qualifying questions above, say this:**

"Todd, I want to be very transparent about what Phase 0 can and can't do, so we're aligned on expectations.

**What I CAN do:** - Validate your product selection using objective criteria (margin, competition, cube, seasonality, insurance, velocity) - Identify which SKUs have the best chance of succeeding on Amazon.ca (low risk, good margins, manageable logistics) - Eliminate SKUs that will almost certainly lose money (high cube seasonal products, Amazon Retail threats, insurance nightmares) - Build margin models so you know true profitability potential IF all other factors align

**What I CANNOT do:** - Guarantee sales volume (market demand, economic factors, trends — all outside my control) - Guarantee Amazon Retail won't list your products tomorrow (they can enter any category, anytime) - Guarantee your PPC budget will be adequate (validation

assumes \$1,500-3,000/month minimum) - Guarantee execution quality (if your team or EcomExperts creates weak listings, poor creative, or manages PPC poorly, even good products will fail) - Make Amazon.ca bigger than it is (it's 10x smaller than US, volume and revenue potential are lower)

### **Think of Phase 0 as risk reduction, not a crystal ball.**

I can prevent you from ordering \$15K-20K worth of bad products (high-cube floats, Amazon Retail threats, insurance nightmares). That's value.

But I can't guarantee the remaining products will be home runs. That depends on: - Your PPC budget (need \$1,500-3,000/month minimum) - Your creative quality (professional photos, A+ Content) - Your timing (launch during peak season, May-June for summer products) - Your team's execution (daily campaign management, bid adjustments, inventory tracking) - Market conditions (economic factors, trend shifts, Amazon Retail behavior)

### **Also, be prepared for this reality:**

Amazon is a 12-18 month play, not a 90-day money-maker. First container is almost always an investment (break-even or small loss). You're paying for reviews, ranking, brand awareness.

**Second container is where profit starts** (lower PPC costs, organic ranking, repeat customers).

If you need to be profitable in 90 days, Amazon.ca might not be the right channel right now.

\*\*Does that align with your expectations, or are you looking for faster returns?"

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## **Red Flags (When to Walk Away)**

**If Todd says or exhibits any of these, consider walking away:**

**Red Flag 1: "We just need you to tell us which products to order, then we'll be fine."**

**Translation:** They think product selection is the only variable. They don't understand execution, budget, timing, creative, PPC all matter just as much.

**Your response:** "Product selection is critical, but it's only 30-40% of the equation. The other 60-70% is execution — PPC budget, creative quality, listing optimization, timing, daily

management. If any of those are weak, even validated products will underperform. Are you prepared to invest in all of those areas?"

**If they push back:** Walk away. They're looking for a magic bullet, not a consultant.

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**Red Flag 2: "We lost money last time because [external factor], not because of anything we did wrong."**

**Translation:** They're not taking ownership of mistakes. They'll blame you next time instead of fixing execution issues.

**Your response:** "I hear you. But even with perfect product selection, success requires strong execution. What's different this time in terms of your PPC budget, creative quality, and team bandwidth?"

**If they have no good answer:** Walk away. They'll repeat the same mistakes and blame you.

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**Red Flag 3: "We can't spend more than \$500/month on PPC."**

**Translation:** They're underfunding the launch. Products will fail due to low budget, not bad selection.

**Your response:** "\$500/month is too low for 20-30 SKUs. You need \$1,500-3,000/month minimum for the first 6 months to build rank and get reviews. Without adequate PPC, even great products will sit invisible on page 3-4 of search results. Can you increase the budget, or should we narrow the SKU count to 5-10 products max?"

**If they can't/won't increase budget:** Walk away or drastically reduce scope (validate 5-10 SKUs max, not 50).

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**Red Flag 4: "We need to be profitable in 3 months or the project gets killed."**

**Translation:** Unrealistic timeline. They'll kill the project before it has time to work.

**Your response:** "3 months is too short for Amazon. Standard timeline is: - Months 1-3: Investment phase (heavy PPC, low organic rank, few reviews) - Months 4-6: Break-even

phase (PPC efficiency improves, organic rank builds) - Months 7-12: Profit phase (organic rank strong, PPC cost drops)

If you only have 90 days, Amazon.ca might not be the right channel right now. Have you considered starting with 5-10 core SKUs (lower investment) and giving it 6-9 months to validate?"

**If they insist on 90 days:** Walk away. Impossible timeline, you'll be blamed for not delivering miracles.

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### **Red Flag 5: "Can we just use factory photos and write our own listings?"**

**Translation:** They're not willing to invest in professional creative. Listings will underperform.

**Your response:** "Factory photos rarely convert on Amazon. Customers expect white background + lifestyle + infographics + mobile-optimized images. If you skip professional creative, your conversion rate will be 50-70% lower than competitors, even with great products. That means you'll need 2-3x more PPC spend to hit the same revenue. Are you sure you want to take that risk?"

**If they insist on DIY creative:** Walk away or drastically reduce scope (only validate, don't do setup/training).

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## **The "Walk Away" Script**

### **If Todd exhibits multiple red flags, use this:**

"Todd, I appreciate you considering me for this project. But based on our conversation, I'm concerned our expectations might not be aligned.

**Here's what I'm hearing:** - [Red flag 1: e.g., "You need profitability in 90 days"] - [Red flag 2: e.g., "PPC budget is limited to \$500/month"] - [Red flag 3: e.g., "You're planning to use factory photos instead of professional creative"]

**Here's the reality:** Amazon.ca requires patience, capital, and strong execution. First container is almost always an investment (break-even or small loss). You need \$1,500-3,000/month PPC budget. You need professional creative. You need 6-12 months to see real results.

**If those constraints are non-negotiable for you, Amazon.ca might not be the right channel right now** — or you might need to start much smaller (5-10 SKUs, \$15K-20K investment, 6-month test).

**I don't want to take your money and set you up for failure.** Product validation is valuable, but it can't overcome underfunding, weak execution, or unrealistic timelines.

**My recommendation:** Either: 1. Adjust your expectations (12-month timeline, \$80K-100K total investment, adequate PPC budget) 2. Start smaller (5-10 SKUs, \$20K-30K investment, lower risk test) 3. Consider other channels (Walmart.ca 2P, Bestway website storefront, B2B focus)

Let me know what makes sense for you. No hard feelings if Amazon isn't the right fit right now."

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## **The "Proceed with Caution" Addendum (If You Decide to Work with Todd)**

**If Todd's answers are borderline (not perfect, but not terrible), proceed with this addendum to your proposal:**

### **Phase 0 Addendum: Success Dependencies**

**Greg will provide:** - Product validation using objective criteria - GO/HOLD/KILL recommendations based on data available at time of analysis - Margin modeling with all known costs

**Success depends on client providing/executing:** - **PPC Budget:** \$1,500-3,000/month minimum for first 6 months (\$9K-18K total) - **Professional Creative:** \$2,000-5,000 for photography, infographics, A+ Content - **Adequate Timeline:** 6-12 months to profitability (first order is investment) - **Daily Execution:** 1-2 hours/day account management (campaign monitoring, bid adjustments, customer service) - **Capital Reserves:** \$20K-30K for second container (reorder before first container sells out)

**If the above are NOT met, results will be suboptimal regardless of product validation quality.**

**Greg is not responsible for:** - Market conditions (economic downturns, trend shifts, Amazon Retail entry) - Client execution quality (poor creative, low PPC budget, weak listings, slow

response time) - External factors (shipping delays, factory issues, Amazon policy changes) - Unrealistic expectations (expecting profit in 90 days, expecting Amazon.ca to match US volume)

**By proceeding with Phase 0, client acknowledges the above dependencies and agrees not to hold Greg liable for factors outside his control.**

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## Bottom Line for Greg

**You're right to be cautious. Here's what you need to do:**

1. **Qualify Todd on the call** — Ask the 6 qualifying questions above
2. **Set realistic expectations** — Use the expectation-setting script
3. **Watch for red flags** — If 2+ red flags, walk away
4. **Add success dependencies to proposal** — Protect yourself from being blamed for execution failures
5. **Be willing to walk away** — If Todd is looking for a magic bullet, he's not the right client

**You can't guarantee success. You can only reduce risk.**

If Todd understands that and has adequate budget/timeline/execution capability, great — proceed with Phase 0.

If Todd is looking for guaranteed results in 90 days with a \$500/month PPC budget and factory photos, walk away. You'll be blamed when it doesn't work, even though it was set up to fail.

**Your reputation is worth more than a \$10.5K Phase 0 fee from the wrong client.**

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**End of Reality Check**