The Definitive Guide to Selling on Amazon

2019
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Charly Godwin
Sales & Brand Director, US at Rollie Nation

Charly is a retail business professional producing double digit growth for brands. Her ideas are diverse and creative, always maintaining an owner’s mentality and keeping a close eye on the bigger picture and bottom line.

After spending many years in San Francisco, she is currently consulting for young companies in NYC who are looking for new ways to sell their products directly to consumers.

Tracey Wallace
Editor-in-Chief at BigCommerce

Tracey Wallace is the Editor-in-Chief at BigCommerce, as well as the Founder and CEO of Doris Sleep, a home goods brand bringing her family’s half century old manufacturing company direct-to-consumer.

Tracey has full funnel content strategy and marketing experience, and is an expert in content and SEO for B2B and B2C brands, as well as narrative building and branding to win sales and build loyalty. She consults for multiple small and large brands across the B2B and B2C industries including Amazon, HotJar and various small retail brands in Austin, Texas.

Outside of BigCommerce, you can find Tracey’s writing on Entrepreneur, Inc., ELLE, Mashable, Time Out New York and more.
James Thomson
Former Business Head of Selling on Amazon at Amazon, Current Advisor, Strategist, Educator, Author for Brand Executives and Investors
Focused on the Amazon Marketplace

James has seen too many sellers fail due to completely avoidable mistakes, misunderstandings or lack of knowledge. Today, his focus is on helping online sellers fulfill their goals of being successful, profitable business owners.

He is a “Think Big” puzzle solver, driven by data analytics & scrappiness to execute plans and drive operations. He has a strong bias for action and ownership, driving responsible growth through highly scalable initiatives. He is also analytically trained, building and leading teams to develop data-driven corporate strategy initiatives.

In total, James has more than 15 years’ experience developing and implementing strategy for clients in North America, South America, Europe, and Asia, and more than 8 years’ experience managing and growing $500MM - $45B ecommerce portfolios.

Lauren Shepherd
Senior Marketing Manager at Privy

Lauren Shepherd is the Senior Marketing Manager at Privy, and former Senior Marketing Manager at Teikametrics, where she helped thousands of Amazon sellers better their business through well-researched content.

She’s been immersed in the world of Amazon selling for more than three years, working under the expertise of Amazon consultants and R&D teams.
Bryan Bowman  
*CEO and Founder at eCom Underground*

Bryan is the CEO & Founder of eCom Underground. He is from Chicago, IL and where he left the corporate hustle to pave his own way and went on to build a highly successful ecommerce company.

Bryan is a digital marketing consultant who personally helps ecommerce sellers build wildly profitable "Amazon-Proof" companies that don't depend on Amazon for their survival.

Bryan’s clients range from small startups to 9-figure household brands and he’s helped them all leverage digital marketing to dominate their markets online.

Andrew Tjernlund  
*Director Marketing at Tjernlund Products*

Andrew began his first importing business in 2005 at 19. Graduating as a double major with High Distinction from the Carlson School at 20, Andrew now owns and operates four businesses related to manufacturing, importing, private labeling, wholesale distribution, retail sales and third party marketplaces.

His lifetime sales on eBay and Amazon are each in the 8 figures. His latest startup is AMZ Help, which offers unlimited Amazon consulting from a team of experts for a monthly fee. He lives in Hidden Hills Preserve with his wife and two young children.

Eyal Lanxner  
*Co-Founder and CTO at Feedvisor*

Eyal Lanxner is CTO and Co-founder of Feedvisor. Prior to Feedvisor, Eyal managed the research and analytics groups at VeriSign and was CTO at Zoomix Data Mastering (acquired by Microsoft). Eyal holds a B.Sc. and M.Sc. in computer science from Bar-Ilan University, Israel.
Kevin Rizer
Amazon Consultant, Ecommerce Executive & Consultant, Founder, Former Host of Private Label Movement

Kevin is a serial entrepreneur that just can’t shake the bug. He starts and grows businesses and brands, as well as consults with others who wish to do the same. His background is varied, and includes work in the broadcasting, healthcare and financial services space.

His current passion is starting and growing private label brands and working with large brands to increase their exposure, sales and profitability on Amazon, the world’s largest e-commerce platform.

Previously, he founded and hosted Private Label Movement, a top-rated business podcast bringing the stories of private label start-ups to the world. To date, the podcast has amassed over 1.5 million downloads and has been featured in Inc.

He has also had the privilege to travel the world to speak with ecommerce nuts like himself in venues large and small. He truly believes we are living in an unprecedented time of opportunity when it comes to re-shaping the commerce landscape.

Gennifer Carragher
Customer Support Magician at ByteStand

Gennifer Carragher is the Customer Support Magician at ByteStand, where she lives and breathes customer service education, specifically around helping online brands sell more and better on Amazon, while sipping coffee in her pajamas.
Lena Liberman  
*Researcher, Writer at Seller Labs*

Lena Liberman is a researcher, writer and educator at Seller Labs, where he digs in to Amazon’s most recent updates to educate novice and expert Amazon sellers alike on changes ranging from A9 algorithm updates to Amazon Advertising updates throughout any given year.

In particular, Lena is an Amazon PCC management expert, using his research fundings to consult with brands and grow sales through the channel.

Corinne Watson  
*Partner Content Marketing Specialist at BigCommerce*

Corinne is a writer and researcher at BigCommerce, where she works directly with agency and technology partners to bring their tools, services and ideas to the commerce industry at large.

Before BigCommerce, she was an education specialist at Skills Fund, where she built resources and ran trainings to give students access to life-changing skills. Corinne holds degrees in graphic design and psychology.

After college, she transitioned into the marketing and research space through a self-taught mindset—and works to bring the value of that skill and mindset to others.

When she’s not writing, she’s volunteering with nonprofit organizations, traveling the world, or digging into a new book.
Introduction

Tracey Wallace, Editor-in-Chief at BigCommerce

As a former journalist, the plethora of clickbait headlines across the web is nauseating.

I’ve had to draw the line plenty of times in my writing career, refusing to call something “definitive”, “comprehensive” or “all-inclusive” if it wasn’t that.

This piece of content required no such moral delineation.

This book’s headline, Definitive Guide, is the only possible way to describe what you will find in the subsequent chapters.

It is by far the most complete and actionable information out there discussing how exactly to sell on Amazon. And, it is the third edition.

Beginning in January 2016, I worked tirelessly to find Amazon experts around the globe who would be willing to share the secrets to their Amazon success.

BigCommerce finally published the collection of that material in August of 2016. Since then, we’ve updated it every year, reaching back out to the experts to update content where needed, as well as adding in chapters to cover Amazon’s ever-expanding business.

For 2019, we’ve add in content around:

- **Amazon Advertising:** What it is and how its dynamics are challenging Google and Facebook, making Amazon tons of money—and is also incredibly impactful for ecommerce brands.
- **Amazon Fraud:** It is real. And ignoring it won’t make it go away. Real advice on what to do right now to make sure you aren’t a victim.
• **Amazon Success**: How and why to launch an Amazon sales channel – and how fast it can start to pay off (i.e. near immediately).
• **Amazon Pay**: How Amazon’s one-click technology is helping branded website solve for checkout drop off.

And those are merely additions to what this book as always offered: unparalleled Amazon selling advice, insight and help.

Here are some things you’ll find throughout the book.

**Topics You Will Learn About In Our Selling On Amazon Guide:**

• The benefits of selling on Amazon.
• Amazon success stories for inspiration.
• How to determine if you should sell on Amazon.
• Actionable Amazon SEO strategies.
• Understanding the Amazon A9 algorithm.
• 7 skills you must have to win on Amazon.
• Pitfalls that trip up even the best Amazon sellers out there.
• A step-by-step guide to determining your actual Amazon revenue.
• How you could lose on Amazon by winning – and other tips and tricks to avoid a double sided sword.
• How to win the Buy Box, as told by Feedvisor, the unencumbered champion of Buy Box wins, where 82% of Amazon’s sales happen.
• Why mobile matters most—70% of Amazon customers made purchases on Amazon’s mobile site—and how to optimize for it.
• Pricing and repricing strategies for both resellers and private label sellers alike—plus tips to make you more, faster.
• How to get a 320% increase in sales in less than 10 minutes (hint: Amazon has SEO, too).
• What The Mountain has to do with an Amazon customer review legend—and how you can jump start your own with a simple email.
• Growth hacking tips and tricks that could earn you $5,000 for every hour you spend focused on Amazon.
• What Amazon Business is—and will likely become (i.e. the future of Amazon).
• Stories from brands who love Amazon Pay, and why Amazon Pay’s team is focused on helping store owners on their own sites—not on the marketplace.
• Why if you aren’t selling on Amazon, someone else is selling your products there for you (and you have no control...)
• Also, how to get that control back (hint: lawyers may be needed).

As you may know, the original publishing of this book was eight months in the making—with the first email sent out to a subject matter expert on January 21, 2016. That first book was launched in August 2016.

That timing is critical.
BigCommerce had just recently published the first ever Amazon Sellers’ Solution Provider Directory—highlighting more than 200 solution providers across a wide range of Amazon needs and complexities.

It was our most downloaded piece of content at that time.

James Thomson, former head of Selling on Amazon and an author you’ll see plenty of times throughout this book, was the mastermind behind that project.

His name and proposal landed on my desk in the hibernation days between Christmas and New Years, when most Americans and almost all retailers are in the throes of a rest period following the holiday rush.

“I know it’s the holidays, but please just hop on a call with him,” a colleague pleaded. “You’ll like what he has to say.”

That 30-page book was published two weeks later, forcing itself to the top of priority cycles that typically take much longer—especially with multiple team members out on vacation.

It was all hands on deck—and I had called them there, asking many to spend a few extra hours over the holidays to help me make this book come to life.

I was putting my neck on the line – calling in favors before the first day of the new year even began.

It was that good.

Soon, I was sending James emails asking him to review a table of contents for a longer-form, more comprehensive piece on how to sell on Amazon.

It’s safe to say that my call with James that late December day was a light-bulb moment for me.

“This stuff is complex,” I told him, “but the revenue opportunity for our customers is too ridiculous to ignore. Our merchants need the absolute best, most pertinent information to make this work. I won’t waste their time.”

He agreed, and the vetting process began. That first email went out. This now 45,000+ word book had its first heartbeat of life.

The 2016 version had 15 chapters, featuring the insights of more than 30 Amazon subject matter experts.

In 2017 version had 17 chapters, featuring the insights of more than 50 Amazon subject matter experts.

This year’s version has 18 chapters —and features insights from more than 70 Amazon subject matter experts.
How Do I Quickly Get Started Selling On Amazon?

1. Decide on items you will be selling through Amazon.
2. Choose your Amazon selling plan. The professional plan costs $39.99 per month and individuals pay $0.99 per item sold.
3. Register to start selling.
4. List your products.
5. Drive traffic to your listings (described in detail throughout the guide).
6. Generate sales.
7. Ship orders.
8. Get paid—payments will be deposited in your bank account.

It’s safe to say this book has taken on a life of its own. It’s purpose is help your sales on Amazon do the same.
When Vince Lebon started his career, his dream was to become a web designer. For years, he worked as an independent contractor producing web designs, print media and video for clients; yet, over time, designing physical products became an obsession.

Eventually, Vince landed consulting job for a Chinese trading company designing private label footwear for brands like Steve Madden and Chinese Laundry.

As he gained exposure to designing footwear, the idea of creating his own line of shoes started consuming much of Vince’s attention. Inspired by his flight attendant wife Kat—who he lovingly calls Rollie—Vince saw an opportunity to develop a more comfortable shoe, one that anyone would be happy to wear throughout the day, even traveling around the world.

In 2011, Vince developed the concept for his own brand and launched Rollie Nation in 2012. The Australian-founded company combined Vince’s passion for shoes, interest in trends and innovative design skills to create an entirely new shoe concept.

Rollie Shoes first started selling on Amazon in Spring 2018. In October, I compared Amazon, our branded website, and our dropshipping channel with retail partners like Nordstrom. I found these three separate entities were essentially the same in terms of percentage of the brand’s online revenue.
This discovery conveyed that as long as you’re strategically using ads to push toward Amazon, it isn’t a sales channel that requires a ton of maintenance and a high level of effort.

For instance, Amazon itself isn’t a huge extra merchandising effort—all I do is choose the SKUs I believe will work best for Amazon and I ship them there. That’s why Fulfillment By Amazon is so awesome.

This isn’t always the case with a branded website—at least, not for us.

Rollie Shoes began in Australia and we only recently launched in the U.S. within the last two years. It can sometimes feel as though we are launching a virtually unknown brand here in the United States. When working with different third parties on creating compelling social ads, it feels impossible.

In comparison, Amazon is a tight ship.

This could be because I’ve worked on Amazon sales channels for a long time. I’ve never launched a brand from scratch before.

Let’s be honest, people are already on Amazon. They fully trust Amazon. They are there to do one thing: shop. You, as the brand, don’t have to do too much to convince them.

Amazon’s done all that work for you.

Of course, I’m getting ahead of myself. Let’s talk about what you, as a brand, need to do to begin selling—and selling well—on Amazon.

**Figuring Out Your Amazon Strategy. Hint: It Will Change**

We only started selling on Amazon in the Spring of 2018—and already our sales and success strategy has shifted.

In the beginning, I started selling Rollie shoes on Amazon as a freelancer. I’ve been friends with Vince, the Rollie founder, for a little while and when started to launch the brand in the U.S., he asked for my help.

Immediately, I was tasked with setting up a catalog on Amazon, which meant having a lot of SKUs. We basically had the entire Rollie collection on Amazon.

That isn’t what we are doing now. Now, we’re only selling 6-7 parent SKUs. A lot of those SKUs have 8 corresponding color options for each SKU but we’ve backed away from selling the entire catalog on Amazon.

In my past experience on Amazon, it’s usually just one to three SKUs that drive the majority of your revenue. As a result, I really believe in concentrating on a selling a smaller number of items. So, having the entire catalog up was contrary to what I perceived to be a best practice.
Second, and this was something we had no control over, we had a lot of third-party fulfillment issues. Other than what I knew about best practices, having the whole catalog on Amazon meant there was no way I could send everything to FBA. I didn’t just have the inventory sitting next to me—nor did I want it just sitting in an FBA warehouse.

Adding to these concerns was the fact that Amazon has very high standards meaning our issues with running out of inventory or not shipping on time just weren’t going to fly. We needed to be more specific about the SKUs we were able to send to FBA and sell on Amazon.

Finally, the entire reason Vince reached out to me in the first place was that he was thinking about Rollie’s brand presence on Amazon. He had decided to ask his retailers to stop selling Rollie on Amazon, but he didn’t want Rollie to completely forego its presence there.

Basically, if we had fewer SKUs and fewer fulfillment issues, I could focus on building out the brand page and product detail pages, and think through our Amazon merchandising strategy a differently than I had before.

For instance, on our branded website, how the catalog is merchandised looks amazing. Every color has its own page, and the product detail pages (PDP) are really rich, full of color, engaging, and most importantly, driving conversions.

But on Amazon, things are structured differently. For instance, you want to have as few parent products as possible. Instead of giving every color its own PDP, you want to display all possible colors for the different styles on the Amazon PDP.

It’s a completely different way of setting up the SKUs, and I needed to be able to think through setting that up and scaling that effectively.

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**A NOTE ON ASKING RETAILERS TO STOP SELLING YOUR PRODUCT**

The retail partners that were selling Rollie on Amazon were literally some of Vince’s best friends and the other store was one that I worked for more than 9 years. We were fortunate that we could just asked them to stop selling on Amazon and they did.

I completely realize this is not a common situation.

In previous positions in other Amazon projects I’ve done —mostly CPG companies—you have to negotiate differently. I worked for a company where, for example, you had to offer a specific bundle of an item or an exclusive if you wanted someone cooperate with your requests on Amazon.

Rollie didn’t have to do that, but if you do, focus on what you can uniquely offer that partner to find a balanced solution.
The #1 Rule to Selling Successfully on Amazon: Follow the Setup Rules

If you are just getting started on Amazon, my best advice to you is to follow their setup rules. That starts with filling in every possible blank on the files that you upload in the beginning.

That sounds like an obvious first step, but you’d be surprised how many people don’t bother to fill in item details.

I was at a Skubana event recently and they had a competition with all of the attendees. They asked: tell us your hack for optimizing a product detail page.

You were supposed to come up with a “hack,” but most of the so-called hacks were just basic things. The one that won the contest and the cash prize was someone who said, “Ask seller central for your category detail report, download that, and fill in all the blanks.”

That blew my mind because that category listing report is the same as the file that you should be using to create your products in the first place.

What that told me is that a lot of people don’t start from there.

If you set things up correctly in the first place, it’s better in the long run. The two biggest to checkboxes, I say, are:

1. **Follow Amazon’s rules—all of them:** Make sure the size is exactly how Amazon likes it with the conversion written exactly how Amazon likes.

2. **Don’t just copy and paste your catalog copy over:** I’m working through the entire catalog to change that copy to be read better for someone who’s never heard of Rollie —i.e. the Amazon shopper. Saying things like “buttery soft polka dot shoe” instead of saying, “Here’s the polka dot version of our best seller,” is better for someone who has never heard of us for instance.

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**THE CATEGORY LISTING REPORT**

In the beginning, when you go to set up a product, if it’s an existing listing, you can just add an offer to Amazon and compete for the buy box.

But, if you are the manufacturer and you’re making it from scratch, use flat files (i.e. Excel templates) you can just download. These are files that Amazon gives you to make it a little easier to create a template that’s good for your particular category.

- Search for shoes and narrow it down to oxfords and flats.
- Download a template just for flat oxfords.
- Next, fill in the blanks.
- Finally, upload your item.
This is what I've always done with footwear in particular because there's always tons of SKUs. If you have 5,000 SKUs you want to create, there's no way you're gonna do that manually. The flat file is the best way.

Amazon Advertising and Keywords: Advice and a Tool You Need to Know About

You can't pretend like you're going do a huge volume of sales without leveraging advertising on Amazon. This is where keywords become incredibly important.

When people ask about keywords and their importance on Amazon, the first thing I think of is different types of ads, because different ads put more weight into the title and bullet points, in particular.

To help me make sure I'm always optimizing keywords, I use the tool Sellics. It helps to ensure that I've put in all needed keywords in the bullet points and title. If you just give Sellics a list of the keywords that you want to be included, the tool will highlight for you what and where you need to add them. Then, those phases will get pulled in to your sponsored product ads—and they will work.

Second, how you advertise your product is important. For ads that lead back to your branded web store, you might try to tell the story of your product and brand a bit more.

Not on Amazon.

For our Amazon ads, the successful strategy I've experienced has been more about advertising products people are searching for, and making sure that if something is a trending item, I'm using all of the keywords that are trending in the listing to be found.

And that's it! Well, that isn't actually it. The rest of this book is dedicated to helping you sell more on Amazon with deep dives from experts in their field.

But I do hope this chapter gives you the confidence you need to know that you can do it, that isn't some mythical challenge to unlock, and that selling on Amazon absolutely drives revenue and success for brands of all business shapes and sizes.
Amazon has made its marketplace welcoming for newcomers. New sellers will find a platform where it takes only minutes to sign up, and a few more minutes beyond that to get product listings live on the site.

With Amazon’s intent to attract as much selection as possible to the marketplace, it makes sense that Amazon wants to make it functionally easy for anyone to start listing products on its site.

Yet, the decision to sell on Amazon should not be based just on ease of signup. Sellers also need a clear understanding of what it takes to have a realistic chance of being successful on Amazon.

While Amazon still attracts general merchandise resellers that offer the same products as many other companies, the long-term success of those sorts of companies is very much in question.

In a battle of margins and trying to differentiate in a meaningful way, sellers may end up working harder and harder each year to generate the same top line sales, and possibly not the same bottom line revenue.

Before we dive in to discuss which types of businesses are most likely to be successful on Amazon, let’s first review a few fundamentals about the Amazon marketplace to help you determine product fit.
Things Sellers Need To Consider When Deciding To Sell On Amazon:

ALMOST ANYONE CAN LIST PRODUCTS FOR SALE ON AMAZON

Unless a brand has tight distribution controls over its product, it’s not unusual to find dozens—if not hundreds—of resellers offering the same products on Amazon.

This crowding creates price competition, as well as incentives to ignore Minimum Advertised Pricing/Manufacturer’s Suggested Retail Pricing policies or to divert products at low margins, just to get some margin out of holding a particular brand.

AMAZON SETS THE RULES OF ITS OWN MARKETPLACE

Amazon has the advantage of collecting massive amounts of customer search and customer purchase data which it shares only the minimum amounts with sellers.

This compendium of information gives Amazon’s first-party business—Amazon Retail, i.e. private label—a huge advantage of picking winners over and over when targeting products that it should sell on the marketplace.

Furthermore, Amazon Retail will almost always win the Buy Box, which is the mechanism through which sellers competing on the same product will get ranked to determine who gets the sale when the customer clicks the “Add to Cart” button.

If a seller is competing head-to-head with Amazon on a product, it’s not likely the seller will get many sales, given that Amazon Retail has the Buy Box advantage.

Amazon Retail also has sophisticated pricing software which allows it to lower prices to match prices already lowered by competing sellers. Amazon Retail is content not making any money (or even losing money) on a sale so it is not likely that a competing seller will either get the sale from Amazon Retail or make any margin from the sale.

Bottom Line: Competing directly on the same listings that Amazon Retail offers is not likely to be an effective business model long-term.

AMAZON WANTS ITS SELLERS TO USE “FULFILLMENT BY AMAZON” (FBA)

FBA is Amazon’s fulfillment program that’s offered to all third-party sellers. Sellers put their products into Amazon’s network of fulfillment centers, and when a customer places an order, Amazon does the individual order fulfillment, rather than the seller.

Such products in FBA are eligible for Amazon Prime/Amazon Super Saver Shipping, two programs that have consistently been found to improve most sellers’ customer conversion rates.

While a seller may have comparable fulfillment capabilities of its own, this FBA advantage is granted as part of Amazon’s efforts to ensure the highest quality, consistent shopping experience for Amazon customers.
WHEN A SELLER ON AMAZON GETS ORDERS, IT DOES NOT OWN THE CUSTOMER RELATIONSHIP

Each sale is viewed as a one-time transaction, and sellers aren’t allowed to market or re-market to these customers after the sale.

So while sellers may have sophisticated CRM capabilities for their non-Amazon channels, almost all of that expertise and technology is irrelevant for customers generated through the Amazon marketplace.

IT’S YOUR RESPONSIBILITY TO SECURE DISTRIBUTION

Amazon makes clear that it is exclusively the responsibility of the brand to secure its distribution.

Namely, Amazon will rarely get involved in helping brands remove unauthorized resellers, thereby allowing anyone to sell any product on Amazon, as long as it is a legitimate product where no harm is inflicted on the Amazon customer.

EVERY SELLER ON AMAZON IS REQUIRED TO ANSWER CUSTOMER INQUIRIES WITHIN 24 HOURS

This requirement applies to any day of the year. Amazon holds every seller to the highest industry standards regarding shipping times, confirmation emails, order cancellation rates, and a myriad of other criteria.

For many businesses new to Amazon, these standards may well be beyond what they can handle, and hence the Amazon marketplace may be out of the realm of possibility to sell on. With these conditions in place, let’s discuss how different kinds of businesses are likely to do on the Amazon marketplace.

How Different Business Models Work on Amazon

THE RESELLER: NO EXCLUSIVE SOURCING RELATIONSHIPS

Unless a reseller with no exclusive sourcing relationships has a significant pricing advantage, it’s not likely that this type of seller will be able to get any more than its fair share of sales from Amazon.

In other words, if this type of seller is competing against nine other resellers, this individual seller isn’t likely to get more than 10% of the sales —unless it’s willing to undercut everyone else on price. A race to the bottom on price eventually lowers margins to an unsustainable level, making it pointless to be selling on Amazon.

For the general retail business considering offering some of its products on Amazon, this channel is likely to be only a secondary channel if your entire catalog is readily available to any number of other retailers.

As an Amazon reseller, it’s critical for you to have paperwork that shows a clear provenance of where your product is sourced.

While some gray market sellers may do well on Amazon, once Amazon’s Seller Performance team challenges them—asking them to provide paperwork showing where the product came from—the seller may not be able to address a claim of selling counterfeit or inauthentic product.
And, even for sellers with solid paperwork from manufacturers or authorized distributors, Amazon may still give the seller a hard time if too many customer complaints come in about the legitimacy of the product.

**THE RESELLER: EXCLUSIVE SOURCING RELATIONSHIPS**

If the seller has negotiated exclusive sourcing relationships from specific brands with decent control of their distribution, preventing any number of unauthorized or gray-market sellers from also selling on Amazon, then this seller is likely to do well as it doesn't have to compete with other sellers for the “buy box.”

While the principle of an exclusive sourcing relationship makes a lot of sense for sellers, few brands understand the dynamics of the Amazon marketplace well enough to be willing to limit who can sell on Amazon.

This lack of understanding can potentially result in less product sold to retailers in the short-term.

Such sellers typically have to agree to represent the brands well on Amazon, by way of improving listing content, ensuring MAP/MSRP prices are in place, and keeping inventory levels adequately stocked for the Amazon customer demand.

With the advent of the FBA program, it is becoming easier for brands to go direct-to-consumer with their own seller accounts on Amazon, cutting out resellers altogether.

For brands that are willing to handle some day-to-day operational responsibilities (or outsource these responsibilities to agencies), they can make retail margins by selling direct-to-consumers on Amazon, rather than securing only wholesale margins selling to retailers/resellers that will, in turn, sell on Amazon.

**THE SELLER OF OVERSIZED OR HAZMAT PRODUCTS**

While Amazon does allow sellers to offer oversized and hazmat products to Amazon customers, the cost or FBA restrictions may be such that it doesn't make financial sense for such companies to sell on Amazon.

If you are such a company, we encourage you to do extensive research on Amazon before signing up to be an Amazon seller.

**THE PRIVATE LABEL SELLER**

In the past five years, there has been a huge increase in the number of sellers on Amazon that are building their own brands (often through inexpensive overseas sourcing, e.g., Alibaba).

Combing Amazon product reviews and sales rank data of national brands, these sellers identify product or price gaps they believe they can fill with their own, newly-developed private label brands.

Typically, these sellers can enjoy 3-6 months of decent sales before their products do well enough to be identified by other private label sellers to target for their own private label versions.

If the private label seller becomes effective at evolving its catalog quickly and capitalizing in the short-term on its newly launched products, such a seller can do reasonably well on Amazon.
THE NATIONAL BRAND

If a brand has created decent customer awareness, chances are some share of 300 million Amazon customers have already been searching for the brand on Amazon.

Unable to find it, they move on to a competitor brand.

For such a national brand, it makes a lot of sense to be evaluating Amazon as an incremental sales channel.

If the brand launches a seller account, using high-quality content in its listings coupled with some advertising budget to drive awareness of its presence on Amazon, such a brand can build its Amazon business into a decent channel.

Yes, there may be some cannibalization from its other channels, but we’ve found that the vast majority of sales on Amazon are incremental, given how many Amazon customers there are, and how few of them are likely to have shopped on the brand’s own website.

For brands that have a regional awareness, it will take more time to build up a business on Amazon, but the underlying distribution control is most critical to the brand being able to sell its product on Amazon, without other resellers competing for the same sale.

If a brand is successful with the Amazon channel, then the benefits of incremental sales at retail margins should produce solid financial results for the brand.

Final Word

Any brand of any size on Amazon must recognize that it will earn certain rights on Amazon if the brand has a registered trademark, Global Standards One-sourced Universal Product Code codes, and branding on both the packaging and physical product.

For many brands new to Amazon, they are surprised to learn that Amazon will not always respect the brand’s efforts to legitimize itself as a brand unless it has secured these aforementioned product and legal characteristics.

The day-to-day operations of running an Amazon seller business must be properly addressed, given how high the performance standards are to which Amazon holds its sellers.

In subsequent chapters, we’ll cover how to meet these requirements and put operational processes in place.
When selling on Amazon you must realize the marketplace is designed to make it easy for practically anyone to list products on the site, including the brands themselves.

Add the features of the FBA program, and now companies that haven't historically fulfilled direct-to-consumer orders can easily handle that operational complexity. Layer in how Amazon's Buy Box algorithm prefers lower-priced offers to higher-priced ones and competition across different sellers can quickly become a race to the bottom for margins.

With far too many sellers not properly incorporating all of their costs into their pricing decisions, I regularly see sellers overestimating how far they can drop their prices and still be profitable.
Brands acting as direct-to-consumer resellers on Amazon are better able to cut retail prices and remain profitable, creating an advantage over resellers.

So, it becomes harder for a reseller to bring meaningful value to customers if:

- There is no real limit to how many resellers could offer the same products.
- Resellers are having to undercut one another to win the Buy Box.
- They don’t often understand their all-in cost structures.
- The very brands that make product available to them are now able to compete side-by-side as resellers.

Only those resellers having an exclusive sourcing relationship with its brands, where the brands also agree not to become resellers themselves, have much luck with this route. Even so, as more brands realize the opportunity on Amazon, fewer brands are willing to make such a deal. In response to these many changes, we have seen two major shifts in the past 3-4 years occur among the base of resellers on Amazon:

1. Resellers are aggressively courting brands to become their exclusive resellers on Amazon.
2. Resellers are developing private label brands of their own so that they can become exclusive resellers of their own brands.

With so many new private label brands surfacing, there is no longer just competition across national brands or between national brands and private label brands, but now also between private label brands operating in the same product spaces.

So if you’re about to get started on Amazon as a third-party seller, it’s critical to understand what sourcing/distribution advantages you will have, as those gains are likely to be short-lived.

It’s critical for third-party sellers to continuously evaluate their product sourcing advantages and expect that the products making the seller profitable today will need to evolve into a different mix of products within six months.

EDITOR’S NOTE

Amazon is a competitive marketplace, as is the web in general.

In the same way that you must evaluate the success on your own webstore products—and better them to beat out the competition—you will need to monitor, update and transition the products you sell on Amazon at least every 6 months.

This guide will go into more detail on that—but this is one of the many reasons why we suggest you start with only a single SKU on Amazon and expand slowly and strategically from there.
How Amazon Wins on Amazon

There are more than 2,000,000 third-party sellers operating on the Amazon marketplace. And yet, Amazon has all the data, including but not limited to:

- Which products customers search for
- What they actually buy
- How much they buy at what prices
- Where they can’t find the brands they were searching for

Although Amazon is a publicly held company, its investors have tolerated years of razor-thin margins, which has partly played out by way of Amazon selling products at next to no profit or even at unprofitable levels.

Amazon would make more profit in the short-term by letting third-party sellers earn the sale.

However, the company has taken the approach, in each category of products, of pursuing all of the strategic brands it believes need to be in the catalog to attract Amazon customers to shop first on Amazon over any other site—online or offline.

To do this, Amazon has made a number of sourcing agreements with brands to acquire products at prices that don’t allow Amazon to make any significant profit.

This is because the objectives here are for Amazon to bring the right selection at prices consistent with or lower than market prices, available all of the time to Amazon customers.

To make these objectives possible, Amazon has chosen selectively to forgo short-term profits in pursuit of long-term customer loyalty.

For the third-party seller competing head-to-head with Amazon Retail, these differences in objectives often creates situations where Amazon lowers its prices to a point where, rightfully so, the third-party sellers competing against Amazon can’t figure out how Amazon Retail is making any money.

The answer is that Amazon isn’t making money, at least in the short-term, and it’s entirely comfortable with that.

I have also seen third-party sellers frustrated that Amazon doesn’t increase its prices in times of scarcity, such as popular toys being sold right before Christmas. In these situations, while Amazon may put limits on how much product any one customer can buy, it maintains prices at stable levels to help Amazon customers avoid apparent price gouging that can happen otherwise in such situations.

Let’s just say that Amazon’s runway is a lot longer than any of the other sellers on Amazon.

Finally, for FBA sellers whose products end up competing directly with Amazon Retail, these sellers often get frustrated that they rarely win the “Buy Box,” even though their products are also Amazon Prime eligible.
(by being FBA products) and sold at the same prices as Amazon or even slightly lower.

Yes, as long as Amazon is in stock on an item, it will almost always win the Buy Box, even if another seller appears to have a better price and equal Amazon Prime designation on its offer.

At some point, another seller can lower its prices below a threshold that Amazon Retail has set for itself, but that point is usually well under water for all sellers.

This information isn’t to scare you away from Amazon. In fact, it’s here to do exactly the opposite.

Knowing how to operate your business within the Amazon ecosystem will better help you to win in this massive global channel.

Competing directly with Amazon Retail isn’t necessarily a winning strategy, but there are plenty of other strategies to double down on or modify your approach.

The rest of this guide will expand on each of those.
A Handy Amazon Seller Account Setup Checklist to Drive Sales

James Thomson, Former Business Head of Selling on Amazon at Amazon, Current Advisor, Strategist, Educator, Author for Brand Executives and Investors Focused on the Amazon Marketplace

The moment you sign up for an Amazon seller account, the clock starts.

With your first monthly account charge coming through after 30 days, you are expected to meet all Amazon performance metrics from day one.

Before you jump in headfirst and start selling on Amazon, there are several steps we encourage any prospective seller to take before formalizing the seller account registration process.
Necessary Paperwork (Amazon Seller Account Checklist)

To get through the full registration process for an Amazon seller account, you will need a bunch of information readily available, including:

1. BUSINESS INFORMATION
   Your legal business name, address and contact information.

2. EMAIL ADDRESS
   An email address that can be used for this company account. This email account should be set up already, as you will start receiving important emails from Amazon almost immediately.

3. CREDIT CARD
   An internationally chargeable credit card with a valid billing address. If the credit card number isn’t valid, Amazon will cancel your registration.

4. PHONE NUMBER
   A phone number where you can be reached during this registration process. Also, have your phone nearby during registration.

5. TAX ID
   Your tax identity information, including your Social Security number or your company’s Federal Tax ID number. To submit your tax identity information, the registration process will take a brief detour to a “1099-K Tax Document Interview.

6. STATE TAX ID
   State tax ID information for states in which you have tax nexus. This physical presence is typically impacted by company offices, warehouses/3PLs, and call centers. In June 2018, the US Supreme Court changed the law regarding the responsibility that ecommerce sellers have to remit sales tax for online purchases.

I encourage you to speak with a tax attorney or tax accountant who specializes in online seller tax nexus issues (e.g., sales tax and more.com, catchingclouds.net, peiserjohnson.com) or one of the tax remittance companies that can give you the most current Amazon tax nexus information (e.g., taxjar.com, avalara.com, taxify.co, vertexsmb.com).
PRINT THE CHECKLIST AND TAKE IT WITH YOU

We’ve designed out the checklist as worksheet to print out and take with you.

A CHECKLIST FOR RIGHT BEFORE YOU SET UP AN
AMAZON SELLING ACCOUNT

Some of the logistics of being a successful Amazon seller should be worked out before you set up the seller account, as you likely won’t have as much time to address these after you get started. Use the sheet below to best prepare before you set up an account.

WHERE DO YOU PLAN TO SEND ORDER RETURNS?

For example, are you going to handle the returns yourself, or send them to a company that specializes in testing/grading returns and making the product available for sale again (e.g., tradeport.com, openedboxreturns.com)?

WHO WILL HANDLE AMAZON CUSTOMER INQUIRIES?

The key is not having all of the answers, but also respecting Amazon’s requirements to respond to all customer inquiries within 24 hours, any day of the year. Hence, figuring out who is on point (with possible backup) is one critical operational issue that should be addressed before opening your Amazon seller account.

If you plan to use Amazon’s Fulfillment by Amazon program, decide whether you plan to co-mingle your products with FBA inventory of other sellers of the same products.
IMPORTANT TO NOTE

Amazon gives FBA sellers this potentially lethal option of sending product into Amazon’s Fulfillment Centers, where they might get co-mingled with other FBA sellers’ product, leading to your products potentially getting mixed up with counterfeit or low-grade versions of what you purport to be selling. If a co-mingled unit gets picked to fulfill an order on your account, you are left explaining to Amazon why a customer complained about getting a counterfeit item. You need to work through this issue very early on because if you decide to use FBA but not use the co-mingled (“stickerless”) option, you need to activate your account to become a “stickered” FBA account right at the beginning before you create your first FBA shipment into Amazon. While it is possible later on to make this decision to become a stickered account, it quickly becomes very complicated if you have already sent some product into FBA as stickerless product.

- Sell through FBA with co-mingle (stickerless)
- Sell through FBA with stickered product

WHAT NAME WILL YOU SELL UNDER ON AMAZON?

While some companies have legitimate reasons to use a different customer-facing name, Amazon is also a place where many sellers purposefully conceal their identity, for reasons that include not wanting brands to know that they are selling online, or the brand is actually the reseller and doesn’t want its other retail partners to know it’s selling product online direct to consumer.

ARE YOUR PRODUCTS IN CATEGORIES THAT AMAZON HAS GATED? ARE ANY OF YOURS GATED?

Amazon has restrictions on who can sell in certain categories, and while the ungating process is usually surmountable, it’s important to recognize that if your desired categories are gated, you will have to apply very quickly to get ungated. Check out Amazon’s approval category page before you decide to register on Amazon, and you can learn more about the ungating process, if it applies to your product categories.
Use the checkboxes below to determine how ready your business is from an operational standpoint to sell and succeed on Amazon.

<table>
<thead>
<tr>
<th>Question</th>
<th>YES</th>
<th>NO</th>
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<tbody>
<tr>
<td>Do you have good marketing content with which to build product listings (i.e. product images, copy, etc.)</td>
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<tr>
<td>Do you have a clear understanding of your product sourcing avenues? (i.e. If your products sell well on Amazon, do you know how to replenish quickly enough to avoid extensive stockout periods?)</td>
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<tr>
<td>Do you plan on selling the same items over and over? (If yes, you will want to take advantage of Amazon’s replenishment alert tools inside Seller Central, as well as other external forecasting tools.)</td>
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<tr>
<td>Do you have a process for identifying and addressing stale inventory? (There will always be some product that doesn’t sell well, and needs to be liquidated.)</td>
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<tr>
<td>Do you understand the basic cost structure of Amazon, including overhead? (Use the BigCommerce guide to determine your profitability — Chapter 12.)</td>
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<td>Do you know who is already selling the same or similar SKUs as you? (And are those selling well?)</td>
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<tr>
<td>Do you know much time is needed to get listings in place right after registered as an Amazon seller? (You have one month to get up and running moving once you set up the account.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Now, you're ready to set up. Make sure you have each of these items on hand.

- Your legal business name, address, and contact information

- An email address that can be used for this company account. This email account should be set up already, as you will start receiving important emails from Amazon almost immediately.

- An internationally chargeable credit card with a valid billing address. If the credit card number isn't valid, Amazon will cancel your registration.

- An email address that can be used for this company account. This email account should be set up already, as you will start receiving important emails from Amazon almost immediately.

- A phone number where you can be reached during this registration process. Also, have your phone nearby during registration.

- Your tax identity information, including your Social Security number or your company's Federal Tax ID number. To submit your tax identity information, the registration process will take a brief detour to a “1099-K Tax Document Interview.”

- State tax ID information for states in which you have tax nexus. This physical presence is typically impacted by company offices, warehouses/3PLs, and call centers. If you plan to use Amazon's Fulfillment by Amazon (FBA) program, there may be further tax nexus implications, so we encourage you to talk with a tax attorney or tax accountant who specializes in online seller tax nexus issues (e.g., catchingclouds.net, peisnerjohnson.com) or one of the tax remittance companies that can give you the most current Amazon tax nexus information (e.g., taxjar.com, avalara.com, taxify.co, vertextsnb.com).
Questions to Work Through Before Registering Your Seller Account

Some of the logistics of being a successful seller should be worked out before you set up the seller account, as you likely won’t have as much time to address these after you get started.

1. WHERE DO YOU PLAN TO SEND AMAZON ORDER RETURNS?

As an Amazon seller, it is imperative that you think about your return process.

- Are you going to handle the Amazon returns yourself, or send them to a company that specializes in testing/grading returns and making the product available for sale again (e.g., tradeport.com, openedboxreturns.com)?
- Who on your team will handle Amazon customer inquiries?

The key is not just having all of the answers, but also respecting Amazon’s requirements to respond to all customer inquiries within 24 hours, any day of the year.

Hence, figuring out who is on point (with possible backup) is one critical operational issue that should be addressed before opening your Amazon seller account.

2. IF YOU PLAN TO USE AMAZON’S FULFILLMENT BY AMAZON PROGRAM, WILL YOU CO-MINGLE YOUR PRODUCTS?

I very much recommend using FBA, given its potential visibility to 100MM+ Amazon Prime customers. If you decide to go that route, you’ll need to decide whether you plan to co-mingle your products with FBA inventory of other sellers of the same products.

Amazon gives FBA sellers this potentially lethal option of sending product into Amazon’s Fulfillment Centers, where they might get co-mingled with other FBA sellers’ product. This may result in your products getting mixed up with counterfeit or low-grade versions of what you purport to be selling.

Unfortunately, if a co-mingled unit gets picked to fulfill an order on your account, you are left explaining to Amazon why a customer complained about getting a counterfeit item.

You need to work through this issue very early on because if you decide to use FBA but not use the co-mingled (“stickerless”) option, you need to activate your account to become a “stickered” FBA account before ever creating your first FBA shipment into Amazon.

While it is possible to become a stickered account later on, it can quickly become very complicated if you have already sent some product into FBA as a stickerless product.

3. DO YOU PLAN TO USE A DBA (DOING BUSINESS AS) NAME TO OPERATE YOUR AMAZON SELLER ACCOUNT?

While some companies have legitimate reasons to use a different customer-facing name, Amazon is also a place where many sellers purposefully conceal their identity.
Reasons for doing this include not wanting brands to know that they are selling online, or the brand is actually the reseller and doesn’t want its other retail partners to know that it is selling product online direct to consumer.

4. HAVE YOU CHECKED TO SEE IF THE PRODUCTS YOU PLAN TO LIST ARE IN CATEGORIES THAT AMAZON HAS GATED?

Amazon has restrictions on who can sell in certain categories, and while the ungating process is usually surmountable, it’s important to recognize that if your desired categories are gated, you will have to apply to get un gated.

Review Amazon’s approval category page before you decide to register on Amazon to learn more about the ungating process and whether it applies to your product categories.

5. AMAZON HAS ALREADY STARTED GATING SPECIFIC BRANDS AND SKUS.

During your first 30 days with a seller account, we encourage you to add all of your intended catalog to your Amazon seller account. It won’t take long to establish whether you will have problems with specific brands and SKUs. You may need to change your catalog or close your account if Amazon is restricting the products you intended to sell.

Important Knowledge and Skills for Amazon Sellers

The Amazon marketplace has its own set up rules and regulations, but also its own combination of skills that every seller should master fairly quickly to succeed profitably and long-term.

These include:

1. STELLAR MARKETING CONTENT TO BUILD PRODUCT LISTINGS

If the products you are selling are already sold by others on Amazon, this is less important because you will most likely end up adding your offer to the product listing that’s already in place (requiring you to provide only basic pricing, available quantity and SKU name information).

But, if your products are new to the Amazon catalog (easy to check by simply searching for your brand or UPC in the Amazon.com search bar), you will need to come up with content for such fields as product titles, bullet points, product description and generic keywords (for optimizing SEO on your listings).

You will also need product images for your listings—check out Amazon’s adding images support page for reference, but we encourage sellers to have multiple images, including a lifestyle image, if possible, to show the product in use.

This lifestyle image complements the main image that has strict requirements, including a white background, no branding and at least a 500×500 pixel count.
2. CLEAR UNDERSTANDING OF YOUR PRODUCT SOURCING AVENUES

If your products sell well on Amazon, do you know how to replenish quickly enough to avoid extensive stockout periods?

If you specialize in close-outs and one-time buys, you may not be able to replenish the same SKUs easily, but should have well-defined processes for adding new inventory, as your Amazon cash position improves.

3. A DECISION ON WHETHER YOU PLAN TO SELL THE SAME ITEMS OVER AND OVER

If yes, you will want to take advantage of Amazon’s replenishment alert tools inside Seller Central, as well as other external forecasting tools, such as standalone options from www.forecastly.com or those integrated into many of the multichannel inventory/order management tools.

4. A DEVELOPED PROCESS FOR IDENTIFYING AND ADDRESSING STALE INVENTORY

While everyone wants their products to sell, the reality is there will always be some that don’t sell well and need to be liquidated or sold on other channels to help convert the inventory back into working capital.

Amazon has tools to help FBA sellers identify stale inventory, while the non-FBA Amazon seller will need to monitor its inventory by SKU to figure out what might need to be promoted for faster sale.

5. UNDERSTANDING OF BASIC COST STRUCTURE, INCLUDING OVERHEAD COSTS

Far too many sellers on Amazon understand only the basics of SKU-level profitability, resulting in a blended view of the seller’s overall profitability, rather than a pinpoint perspective on which SKUs drive what percentage of profits, while understanding which products are actually costing money to sell on Amazon.

Too many Amazon sellers don’t know their profitability until the end of the year when their accountant announces the final numbers, hopefully to the seller’s relief.

It’s critical for sellers to understand and compile all of their overhead costs, and recognize that these expenses need to be integrated into the running total of costs that a seller incurs selling on Amazon.

6. KNOW WHO IS ALREADY SELLING THE SAME SKUS AS YOU ON AMAZON

Shockingly often, new sellers join Amazon and list their products, only to discover that the level or type of competition on their listings will make it next to impossible for the new seller to make any sales or any margin.

Before setting up an Amazon seller account, I strongly encourage every seller to spot check their intended catalog on Amazon to see if Amazon Retail is already selling these items. If so, it’s best to walk away from those items now.

Also, I encourage sellers to gauge what price points are competitive on Amazon. If you find that you are competing with low-priced competitors, it can serve as a valuable indication that, as a seller, it will be difficult to make money in that particular category.
7. KNOW HOW MUCH TIME IS NEEDED TO GET LISTINGS IN PLACE RIGHT AFTER YOU’RE REGISTERED AS AN AMAZON SELLER

Amazon doesn’t charge a new seller until the end of the first month on Amazon, during which time the seller should have created its product offers and activated at least some with sellable inventory.

If you open your account and don’t list your products, you’ll still get charged for having your professional seller account open.

Why not plan to invest a bunch of time in the first 30 days to get moving on your account?

Finally, knowing that sales feedback is important to Amazon in gauging the performance of all new sellers, I encourage every new seller to sign up for one of the many inexpensive feedback solicitation tools that send each customer a request for seller feedback.

These include:

- Feedbackgenius.com
- Feedbackfive.com
- Salesbacker.com
- Bqool.com

All of these can help a seller solicit customer feedback, and show Amazon that the seller is performing well against Amazon’s performance criteria while keeping customers happy.

From here, you’ll want to dig into specific Amazon tactics such as:

- Winning the Buy Box
- Determining your sales strategy (such as retail arbitrage)
- Selecting the right products

Common Amazon Seller FAQs

WHAT IS THE AMAZON SELLER CENTRAL?

Amazon Seller Central is where individual sellers, brands and merchants login to manage and list their products on Amazon.com.

HOW DO I OPEN AN AMAZON SELLER ACCOUNT?

- Decide what you want to sell on Amazon
- Go to services.amazon.com, sellercentral.amazon.com or click “Sell” in the main navigation on Amazon.com.
- Choose between Individual and Professional selling plans.
- Create your Amazon seller account.
- Once registered, you will be able to manage your selling account and list products.
HOW MUCH DOES IT COST TO CREATE AN AMAZON SELLER ACCOUNT?

Amazon seller accounts differ in pricing based on the plan you choose. The Individual Amazon seller plan costs $0.99 for each item sold and the Professional plan costs $39.99 per month. Both plans have referral and variable closing fees.

CAN I CREATE A FREE AMAZON SELLER ACCOUNT?

No. To sell on Amazon you must sign up for an Individual or Professional accounts.

WHAT IS THE AMAZON SELLER RETURN POLICY?

Amazon requires third-party sellers to offer the following methods of return:

- Return address within the United States.
- Prepaid return label.
- Offer a full refund without requesting the item be returned.

Final Word

Want more information about Amazon before you begin? Check out the company’s evolution into a worldwide sales giant.
Too many people are scared to take on, or won’t even look at, selling on Amazon as a new way to do business. It is pretty intimidating if you consider its meteoric rise from bookstore to worldwide sales giant.

Before I go any further, let’s start here: Amazon is not going to steal your items.

Amazon buys certain items from me, and their employees pick those items up at the factory in China. The items go from “mine” to “Amazon’s” as they cross the threshold of the dock doors and into the container.

If Amazon doesn’t pull the run around in that situation, they are not going to do it to you.

The two most common reasons I run into (sans paranoia) for not jumping on Amazon are:

1. Lack of time
2. Channel conflict (i.e. creating a channel that leads to pricing problems across all other distribution channels)
As expansive as the Amazon ecosystem is, the decision to sell on Amazon doesn’t have to be an all or nothing choice.

This same logic would have prevented Columbus from setting sail because he wouldn’t have time to map the entire world.

True, Amazon can be a lot of work, but do it right and it’s clear sailing.

It’s also worth mentioning that if your brand is of any decent size, the reality is that someone will be selling it on Amazon anyway.

The question for most companies is not whether they will have an Amazon presence, but rather what sort of presence will they have to protect their brand.

So, let’s dive into your options.

Cost and Time Effective Strategies to Start Selling on Amazon

1. DIP JUST YOUR TOE IN
No one says you have to offer all your products on Amazon. Familiarize yourself with Amazon by starting with just a few products.

Putting up a few products at the get-go allows you to learn some of the administrative processes so you can ultimately streamline or eliminate them.

It is likely you are coordinating Amazon with outside systems, training people for these new activities or going through an Amazon-specific process for the first time. Give yourself a chance to be successful by understanding what you are doing before you try to improve it.

For anyone still not sold on diversifying to Amazon, remember this: The reality is that your competitors are already selling on Amazon.
How do you make sure your brand is part of the Amazon customer consideration set? If you’re not selling on the Marketplace, your competitors are eating up Amazon customer demand—more than 200MM active customers and over $100B of sales annually.

It’s worth it to have even a few products on there as an additional sales channel.

2. THE FOLDING CHAIRS AND TABLES EXAMPLE
A great example of this “just dip your toe in” approach is the online store Folding Chairs and Tables.

They sell custom folding chairs and tables, and launched on Amazon with one product before the 2016 holiday—a bundled chair and table package that combined their website best sellers.

They sold out and ended up having to remove their Amazon listings for a period of time due to the high orders. Over time, they were able to restock at appropriate levels factoring in the added volume from Amazon and are now having great success on both Amazon and their webstore across a variety of SKUs.

This is the benefit of going slow—you can pull a listing down, readjust back office and manufacturing needs and then get back up, running and making money FAST.

3. REINVENT YOUR BRAND FOR AMAZON
If conflict and time are a concern, another strategy is to sell your products under a new brand name. They can be the identical items sold on your site, product bundles or variations available only on Amazon.

This allows you to gain access to Amazon’s massive customer base and try different prices or packages without affecting your standard products and established brand. Plus, you can put up these items without worrying about how it affects your entire catalog, which should speed up any internal approval process.
“Amazon Only” brands give you new freedoms to cater to specific markets, and are an excellent way to test for new products.

Let’s take a closer look at that Folding Chairs and Tables example—notice how all items they are selling on Amazon are sets, or bundled?

This is not how they sell on their main site. Instead, on Amazon, they sell bundled chair and table sets—while on their web store, they sell individual items (often at bulk for B2B) with financing options.

Two strategies; two strong revenue channels.

4. MAKE OTHERS DO THE WORK

Expedited shipping, feedback, ratings, optimization and sponsored search are often new frontiers for your business. These are all legitimate and demand a new Amazon seller’s attention, but wonderfully there are many solutions to these problems.

Outsourcing the activities that are highly unlikely to be your strength is not only affordable but also quite effective. Thousands of Amazon professionals are available for $3-$10 per hour.

In the same way, Amazon lets you outsource the promotion and customer acquisition of your products, and services like Freeeup, Upwork and Lancer let you outsource the activities that are unique to the Amazon marketplace. No one knows the business better than the business itself.

Joining Amazon can be intimidating, but by sculpting how one enters the Amazon marketplace in a way that fits your goals and company structure, it can be done with limited risk. Once the business is up and running, many programs can be used to simplify the selling process.
Your Options (and Advice) for Exactly How You Sell on Amazon

Amazon is a shopping site the same way a Swiss Army Knife is a knife. If you utilize it strictly at its basic level, you are missing 95% of its value.

Think big when it comes to selling on Amazon and your desired success. You can make a bunch of money on Amazon with a lot less work by setting up your selling method correctly. Here’s how.

1. FULFILLED BY MERCHANT LISTING

What FBM Is
Fulfilled by Merchant (FBM) is the basic Amazon listing. You create or jump on an existing listing for a product on Amazon, manage all customer service and take care of all the picking, packing, shipping and returns.

When to Use It
Use the Fulfilled by Merchant option as little as possible as your primary listing, as they carry the least weight in Amazon’s search algorithm. FBM listings are most often appropriate for really low-velocity sellers or super high-cost items you simply can’t afford to inventory.

It is alright to keep a merchant-fulfilled listing active as a backup for your inventory at Amazon’s fulfillment centers in case of stock outs, but that should be it.

Real Example of How to Do It Wrong
If any of your best products are fulfilled by merchant, especially in competitive categories, you are doing it wrong.

If you want to see examples of these listings, simply submit a search of any product to Amazon and then dig to page 20 and beyond. Do you think it is just coincidence that you don’t see any items available as Prime this deep in the results?

Real Example of How to Do It Right
Below is the top-selling outdoor ice maker on Amazon.
Note three important things:

1. It doesn't sell often
2. It's expensive
3. It's heavy

This is the appropriate use of fulfilled by merchant (FBM). First, for it to be the best seller in a category and only have five reviews, that indicates that it's not a major mover. This, and factor number two: its price tag.

It may not make sense to stock a bunch of these and warehouse them at Amazon. Why not drop ship them from the manufacturer once you get the sale and cash in simply by putting up a listing on Amazon? That's likely what is being done.

Lastly, at 129 lbs, having it sent to you, then to Amazon, then to the customer may make any other method cost prohibitive.

FULFILLED BY MERCHANT LISTING

What Fulfillment by Amazon (FBA) Is

FBA is the more evolved version of the typical Amazon listing. You are still the seller, but you send inventory to Amazon’s fulfillment centers.

Now, when an item sells, Amazon automatically picks, packs and ships your items to the buyers (for a fee). Plus, they handle all basic customer service tasks such as tracking and returns.

Using this method makes your items Prime eligible, and Prime users are Amazon’s most valuable customers as they buy more regularly and spend more. Having your items in FBA is also attractive to Amazon’s search algorithm, helping your product be seen more often by more people.

When to Use It

Use this method when you want to simplify the process of selling online and also maintain full control over the product listing information and price. This is particularly important for sellers needing to maintain MAP pricing because you set the price.

Real Example of How to Do It Wrong

The seller Blue Monster has decided to purchase inventory and pay to send it into Amazon. This must be with the hope that buyers who trust the brand enough to choose to shop on Amazon will choose to pay more to avoid buying from Amazon.

Does that make any sense?

These items will sit until their expiration day.
Real Example of How to Do It Right

If a buyer were to click “Add to Cart” for the item below, they would buy from “Professional Grade Products” for $499. But if you look at the second image below, this same item can be purchased for $399 (plus a little shipping) from a different seller.

So, why does Amazon promote the $499 offer and make it the default choice for customers? Because it is using Fulfillment by Amazon.

Amazon’s algorithm gives massive positive clout to items fulfilled by Amazon.

In this case, it thinks the Prime offer is a better overall value to the customer, even though it costs $85 more. If there were no Prime offer, “Northern Tool” would almost certainly win the Buy Box every time. However, by using Fulfillment by Amazon, another seller has been able to increase both their sales volume and margin.
VENDOR EXPRESS/VENDOR CENTRAL

What Vendor Express and Vendor Central Are
You are not selling on Amazon anymore; you are selling to Amazon.

Amazon Retail is voraciously acquiring access to more products, and they want to buy products from you and sell those items themselves, giving them the power to choose the end price.

The following are simply myths:

1. Amazon will “steal” your product
2. Selling to Amazon lowers your margin
3. Amazon is a difficult partner
4. A fairy comes at night to collect your lost teeth

Fact: Amazon owns its platform.

Why fight it when they want you to join the team?

Anybody can sign up for Vendor Express, whereas Vendor Central is invite-only. The main difference is you get a human buyer with Vendor Central.

When to Use It
If you want to leverage the growing customer base of Amazon without having an Amazon segment of your business, this is the way to go. They act, for the most part, like any stocking customer. Selling to Amazon can minimize or eliminate the need to forecast, stock or handle customer service for your products.

Real Example of How to Do It Wrong
Common complaints from my clients about selling to Amazon come down to the setup. If you do this right, you should not have any issues.

First, some people simply get overwhelmed by the large amount of information they need to provide to Amazon to set up a product. However, it is not much different than what you would include in an online store, so while it may take a lot of time for those with large catalogs, it is not hard.
Second, some complain that Amazon order quantities are too small or its purchase price too low.

This just makes me shake my head. During the setup, you select or approve the price and the case pack of minimum order quantities. If you don't like them, that's on you. Plus, they can be edited, so just fix it.

**Real Example of How to Do It Right**

Typically, to increase sales volumes, a seller would have to lower their price—and thus their margins—to win more sales. However, this seller can maximize margin and still have their items sell at the lowest price, ensuring sales velocity.

In the first example, the seller of this item is selling these furnace filters to Amazon for $31.44*, with Amazon paying all shipping costs, eating any returns and spending money promoting this listing. So, yes, Amazon is selling the item for about 20% below cost, plus covering all those related fees.

What a deal, right?

For many products, Amazon is fine with losing money on every sale to gain traction on the internet at large, gain-scale logistics and help drive long-term traffic to these products. Meanwhile, you can cash in by having your cake (margin) and eating it too (sales velocity).

*Trust me.
What Dropship Central Is
Think Vendor Central, but where you still pick, pack and ship the item once Amazon sells it. It is not available to everybody, even those with Vendor Central accounts.

However, since this book likely has the longevity of the Dead Sea Scrolls, I figured I should mention it for when your great grandchildren read this.

When to Use It
If an item is expensive and sells only once or twice per year, or is physically too large to ship twice, this can be a useful method.

You gain the Prime designation, have to build/order the items only once Amazon has already sold it and you gain the SEO boost Amazon gives to the products it sells directly.

Real Example of How to Do It Wrong
The only way to mess this up is to tell Amazon you can drop ship a product you don’t have or can’t build in time. If you don’t have it, tell them.

Real Example of How to Do It Right
Can you blame Amazon for not wanting to stock industrial freezer cases? However, they do sell them (you can even see that this has two happy reviews).

This item is likely sold by Amazon through Dropship Central.

Amazon gets the sale, allows a few weeks for the item to get built and then the item is shipped one time directly to the customer (note that the item is still considered Prime despite the delivery time of up to 5 weeks). This means the manufacturer can focus on building large freezers and leave all the Amazon shenanigans to Amazon themselves.
The Selling on Amazon Cocktail

See these examples of sellers mixing methods to create savory sales.

**FBM AND VC COCKTAIL**

Corentium makes this product and sells directly on Amazon through FBM. However, they also sell directly to Amazon. Although most sales will likely go to Amazon, by creating what the algorithm sees as a competitive listing, Corentium is not only keeping Amazon’s markup in check, but also has a backup listing in case Amazon stocks out.

Get all of the optimization gains by selling directly to Amazon and still not be dependent on Amazon to get the stock or price the product appropriately.

**FBA AND OFF-AMAZON COCKTAIL**

Selling using FBA can be intimidating for sellers for many reasons, partly because they feel that they no longer have direct access to their inventory.

Sellers want to benefit from the ease and SEO boost that comes with using FBA, but still need inventory to fulfill orders from other sources.

What they often overlook is that if you sell via FBA, you still own the inventory at Amazon’s fulfillment centers. In fact, you can have Amazon pick, pack and ship orders for sales that were made outside of Amazon.

For example, this seller keeps all their inventory at Amazon’s fulfillment centers and still sells on eBay. All order information from eBay sales are submitted to Amazon and then Amazon picks, packs and ships these paddles to the eBay customers. In this case, using FBA not only helps sales on Amazon but makes selling on eBay less of a hassle.
eBay is shutting down a lot of these Amazon-fulfilled orders going to eBay customers, as the shipper may appear as “Amazon Fulfillment” which triggers eBay turning off sellers’ elite status within eBay. We’ll update this content as those changes are made or services shut down.

Customer ordered on eBay

Order shipped from inventory at Amazon’s Fulfillment Centers
THE LONG ISLAND

Want to try to gain the combined benefits of FBM (constant stock), FBA (Prime with price control) and selling to Amazon (maximum exposure and customer trust)?

It is more to manage, but this seller uses all three methods to try to maximize sales regardless of the administrative hassle.

As the brand owner, Hayabusa is selling Mixed Martial Art Gloves themselves through an FBM listing. They are also selling to a reseller using FBA and directly to Amazon. Managing their all of these methods can be quite the task, but it is possible and can be effective.

EDITOR’S NOTE

This strategy doesn’t work for all brands. The purpose of this chapter is to outline as many Amazon options as possible to prove that you have multiple ways you can use the marketplace. According to James Thomson, the founder of the PROSPER Show, “This is a recipe for price wars and rarely does the brand win when it’s selling to Amazon while creating competition through another 3P seller.” The example above proves that it can work, but it doesn’t always.

Wrapping Everything Together

Overall, think about how you want the Amazon channel to fit within your existing business and choose a method that works for you. It is easiest to start with one method and then incorporate others later.

Consider which administrative activities you can manage effectively and easily and which you would like to avoid. There is not one right answer, but keep in mind that most items that go from FBM to FBA see a 10%-20% increase in sales and a boost of 40%-50% once they are sold directly to Amazon.
So you’re up and running as an Amazon seller, and you think you’ve figured out the Amazon marketplace.

The good news is, if you’ve made it out alive (and profitably) through your first holiday shopping season, you’re doing well. But, there are a number of issues that even large or long-term Amazon sellers don’t figure out.

Selling on Amazon is endlessly complex, with traps that even veterans fall into.

I’m pleased to unveil the pitfalls to you now—but like a child who thinks she’s figured out how a magician does a trick, you will still need to work hard to avoid the common problems many sellers encounter when they start selling on Amazon.

At the very least, knowing these will set you up to be more aware of where those pitfalls might be hiding. Use the infographic to help visualize the issues and read through exactly how to solve them in the article below.
TIPS AND TRICKS FOR SUCEEDING ON AMAZON FROM DAY ONE

Amazon is a different beast than your own website. Find the most common pitfalls below and exactly how you can avoid the drop.

TOP-LEVEL AMAZON PITFALLS

% TAX SETUP

1. WHAT YOU NEED TO KNOW
The responsibility of remitting tax is not optional. The seller ultimately has the responsibility of paying its taxes.

2. WHAT OFTEN HAPPENS
Amazon’s default when setting up new listings is to designate each SKU as having a no-tax label, which can overwrite the seller’s general request to collect state sales tax across all of its catalog.

WHAT YOU NEED TO DO NOW
Go into the Settings -> Tax Settings, and designate not only in which states you want Amazon to collect state sales tax, but also set the “Use default Product Tax Code” setting to “A, GEN, TAX”

ONE LAST HICCUP
Selling via FBA! All FBA sellers should invest in a tax consultation with an online seller tax consultant in order to understand the responsibilities and potential liabilities of using FBA.

PROFITABILITY

1. WHAT YOU NEED TO KNOW
There isn’t much long-term benefit to being a big, but not particularly profitable seller on Amazon.

2. WHAT OFTEN HAPPENS
Too many sellers focus on top-line sales numbers rather than bottom-line profits.

WHAT YOU NEED TO DO NOW
Get a SKU-level understanding of overhead and indirect costs into each SKU’s profit calculation.

ONE LAST HICCUP
Don’t forget about certain less than obvious Amazon fees, and product write-downs/price-offs.
CO-MINGLED, STICKERLESS SKUS

WHAT YOU NEED TO KNOW
A seller has the option of sending product into FBA without having to provide SKU-level stickers on each unit.

WHAT YOU NEED TO DO NOW
At roughly $0.20/unit for Amazon to sticker items, the costs of stickered FBA units is far lower than the implied cost of having a seller account suspended for apparently selling counterfeit co-mingled product to a customer.

WHAT OFTEN HAPPENS
Stickerless inventory has the potential to get mixed in with the inventory of other FBA sellers of the same SKU.

ONE LAST HICCUP
You need that right, you can get kicked off Amazon for selling counterfeit product that didn’t even come from you. Sticker your products.

SETTING UP STICKERED SKUS

WHAT YOU NEED TO KNOW
By default, each new FBA account starts off as stickerless.

WHAT YOU NEED TO DO NOW
G Change the default setting before creating your first shipment to FBA per SKU.

WHAT OFTEN HAPPENS
Too many sellers focus on top-line sales numbers rather than bottom line profits.

ONE LAST HICCUP
Otherwise, you will have to create a duplicate stickered offer on the same product listing.

REPACKCAGE UNSELLABLE CUSTOMER RETURNS

WHAT YOU NEED TO KNOW
Amazon defaults every FBA seller’s account to be enabled for “Repackage Unsellable Customer Returns.” This means when a customer returns an FBA order if that product’s packaging has been damaged, Amazon will apply its own packaging in an effort to make the unit resellable.

WHAT YOU NEED TO DO NOW
Turn off this repackaging feature immediately, and handle all repackaging yourself in order to ensure only the highest quality product.

WHAT OFTEN HAPPENS
It’s not unusual for customers to see this Amazon repackaging as potentially an identifiable of counterfeit or reused product, resulting in a customer complaint or even an infringement against the seller for apparently selling used condition product as new condition product.

ONE LAST HICCUP
Keep this turned on if your product is sold in a generic polybag or generic cardboard box (with no logos on the packaging) — it’s easier.
OPERATIONAL PITFALLS

WHAT YOU NEED TO KNOW
Returned products aren’t likely to be 100% recoverable as new condition products.

WHAT YOU NEED TO DO NOW
Track the recovery rate of each SKU and which products are most likely to be returned damaged by customers, and you can identify which products you need to remove from your active catalog. You’ll also identify which products and brands you may need to negotiate a returns allowance with your suppliers.

WHAT OFTEN HAPPENS
For too many sellers, handling returns is something done at the end of the month when they have time.

ONE LAST HICCUP
You may be surprised to discover just how much financial loss you incur because of high return rates and high write-down/write-off costs.

DUPLICATE LISTINGS FROM COMPETITORS

WHAT YOU NEED TO KNOW
Duplicate listings on Amazon can be an effective way for competitors to divert traffic away from your product listings back to theirs.

WHAT YOU NEED TO DO NOW
It’s worth, at least once a quarter, to search the whole Amazon catalog for duplicate listings of your items.

WHAT OFTEN HAPPENS
Sellers don’t pay attention or even do a search for duplicate listings.

ONE LAST HICCUP
If you find other listings of the same products, consider filing tickets with Seller Support to get duplicate listings merged together. And, if the duplicate listings were created maliciously by sellers using incorrect data, it may be worth also filing tickets reporting violations against those sellers.

PRICING AND PROCUREMENT

WHAT YOU NEED TO KNOW
It’s only a matter of time before some competitor with a lower margin threshold starts selling the same product, and basically makes your offers unattractive.

WHAT YOU NEED TO DO NOW
Sellers should, at least once a month, focus a few days on procurement of new selection, as some portion of their existing catalog will likely become unprofitable or below an acceptable margin threshold, leading to a need for better use of capital on other product selection.

WHAT OFTEN HAPPENS
Too many sellers are slow to plan how to evolve their catalogs over the next three to six months.

ONE LAST HICCUP
The active catalog you have today isn’t likely to be as profitable or relevant in 6 to 12 months from now.
LISTING OPTIMIZATIONS

For many sellers, the process of building and optimizing listings is a one-time deal, as they understandably turn their focus to other operational matters.

USE SPONSORED PRODUCT AD CAMPAIGN REPORT

In this, you can see the exact keywords connected to Amazon customers actually buying your products. Use this to optimize your listings for Amazon SEO.

Q&A

INCLUDE ANSWERS TO PREVIOUS PRODUCT INQUIRES ON YOUR PRODUCT PAGE

If customers are asking product-specific questions, newly addressing these issues in your product detail page content is likely to improve customer conversation over time.

ASK FOR THE CATEGORY LISTING REPORT

The “Category Listing Report” is available in the Inventory Reports section, but only when requested through Seller Support. This report will recreate your product listings’ flat file, making it much easier for you to identify any data gaps in your listings (including missing bullet points, generic keywords, improper tax codes, etc.).
Tax Setup

It’s a little shocking how many sellers never set up state tax collection options on Amazon, thinking that Amazon somehow automatically takes care of all sales tax issues from sales on the Amazon marketplace.

It turns out nothing could be further from the truth.

While Amazon is happy to collect state sales tax for you (for a small fee), it’s up to every seller to indicate in which states it wants Amazon to collect tax, and to manage the remittance of the taxes to the appropriate tax jurisdictions across the country.

There are many tax remittance services available for online sellers, but the seller ultimately has the responsibility of paying its taxes.

Here are a few services that can help:

- Avalara.com
- Taxjar.com
- Taxify.com
- Vertexsmb.com
- Catchingclouds.net
- Salestaxandmore.com

While a seller may choose not to collect state sales tax (choosing to absorb that as a cost of doing business), the responsibility of remitting the tax is not optional.

A seller can designate its account to collect state sales tax in particular states.

Unfortunately, however, Amazon’s default when setting up new listings is to designate each SKU as having a no-tax label, which can overwrite the seller’s general request to collect state sales tax across all of its catalog.

**SET YOUR TAXES UP RIGHT THE FIRST GO AROUND**

Immediately upon signing up a new seller account, my advice is to:

1. Go into the Settings -> Tax Settings
2. Designate in which states you want Amazon to collect state sales tax

Amazon typically defaults to A_GEN_NOTAX, where no tax is being collected.

While the seller may offer products that warrant a slightly different tax rate, that level of tweaking can follow later.
If the seller is using Fulfillment by Amazon (FBA) and isn’t proactively collecting state sales tax in all of the tax-collecting states where Amazon has fulfillment centers, it won’t be long before the seller accumulates tax liability from having incurred tax nexus by way of FBA inventory being stored—even briefly—in these states’ fulfillment warehouses.

**PRO TIP:** Each FBA seller should invest in a tax consultation with an online seller tax consultant to understand the responsibilities and potential liabilities of using FBA.

**Profitability**

Too many sellers focus on top line sales numbers rather than bottom line profits.

“I want to sell $1MM/year on Amazon” or “If only I could get to be a $10MM/year seller on Amazon.”

Honestly, other than ego and maybe a few volume discounts, there isn’t much long-term benefit to being a big, but not particularly profitable, seller on Amazon.

**FOCUS ON BOTTOM GROWTH AND ACCOUNT FOR ALL COSTS UPFRONT**

I’d much rather see any seller grow its bottom line profits year-over-year much faster than its top-line sales. That typically requires a SKU-level understanding of profitability, incorporating overhead and indirect costs into each SKU’s profit calculation.

This includes certain less-than-obvious Amazon fees, and product write-downs/write-offs.

While I’ll discuss this matter much more in a subsequent chapter, it’s important to focus on those parts of your catalog that make you money and shed those parts that don’t.

- **Stop averaging everything out**, and looking only at your overall sales numbers and margins.
- **Start thinking about every SKU you sell on Amazon** as having its own P&L, its own market forces, and its own level and types of competitions.

Such an approach has helped many a seller rationalize its catalog, focusing on bottom line growth ahead of all other financial goals.

**Fulfillment by Amazon**

Fulfillment by Amazon—commonly referred to as FBA—is exactly what it sounds like.

You send your products to Amazon’s warehouses and they pick, pack and ship your items to meet their strict shipping and delivery timelines.
THE ISSUE WITH CO-MINGLED SKUS

There are a number of problems here, and I'll start with the use of co-mingled “stickerless” SKUs.

As mentioned in a previous chapter, a seller has the option of sending product into FBA without having to provide SKU-level stickers on each unit. Such stickerless inventory has the potential to get mixed in with the inventory of other FBA sellers of the same SKU.

Then when a customer places an order from one FBA seller, Amazon pulls the most convenient inventory, even if that inventory isn't actually the inventory that the seller sent into FBA itself.

And, if other sellers have sent in counterfeit product or used-condition product that they are trying to pawn off as new-condition product, now the new seller may get itself into trouble with Amazon for selling problematic product to a customer even if it was technically not their product.

Amazon responds when customers complain about product quality—and the heavy lifting falls on the individual sale-level brand.

At roughly $0.20/unit for Amazon to sticker items, or whatever a seller’s own warehouse costs are, we see the costs of stickering FBA units as far lower than the implied cost of having one’s seller account suspended for allegedly selling counterfeit co-mingled product to a customer.

STICKERLESS VS. STICKERED INVENTORY

The other complicated issue around stickerless vs. stickered FBA inventory is when a seller designates its account to be stickered.

By default, each new FBA account starts off as stickerless.

When a seller creates a shipment of product to send to Amazon's fulfillment centers, that stickerless designation will be applied to the seller's SKUs and will forever remain as such with that SKU.

If the seller wants its FBA product to be stickered, it's their responsibility to change the default setting before creating their first shipment to FBA.

Otherwise, the seller will have to create a duplicate stickered offer on the same product listing.

We’ve seen many sellers not get this sequencing right, leading to situations where they think they changed their account to stickered, only to discover that certain SKUs remain stickerless because they were initially sent to FBA before the whole account got switched over.

• If in doubt, flip everything to stickered (not co-mingled) immediately upon turning on FBA, but before creating the first FBA shipment.
• Or, contact Amazon Seller Support to get clarification if any SKUs in your catalog are unknowingly stickerless.
**Bottom line:** when you start off, make sure you read up on how to sell on Amazon FBA so you don’t fall victim to these pitfalls.

**REPACKAGe UNsellABLE CUSTOMER RETURNS**

Amazon defaults every FBA seller’s account to enabled for “Repackage Unsellable Customer Returns.”

This means that when a customer returns an FBA order, if that product’s packaging is damaged, Amazon may apply its own packaging to make the unit resellable.

Unfortunately, it’s not unusual for customers to see this Amazon repackaging as a potential identifier of counterfeit or used product, resulting in a customer complaint or even an infringement against the seller for selling used-condition product as new-condition product.

Unless you sell your product in a generic polybag or generic cardboard box (with no logos on the packaging), I suggest turning off this repackaging feature immediately, and handling all repackaging yourself to ensure only the highest-quality product (with proper packaging) is presented to Amazon customers.

**Listing Optimization**

There are a number of sources of data available within Seller Central that can be used to improve the listing quality of your catalog.

For many sellers, the process of building and optimizing listings is a one-time deal, as they understandably turn their focus to other operational matters.

1. **USE THE SPONSORED PRODUCT AD CAMPAIGN REPORTS**

A significant opportunity, however, lies in using the reports from the Sponsored Product ad campaigns. In these reports, you can see the exact keywords that were connected to Amazon customers buying your products.

By examining these reports periodically (specifically for automatic targeting campaigns), you’ll find that there are keywords leading to sales that you never anticipated being effective.

Lifting those terms directly into your generic keywords will improve the SEO discoverability of your listings.

I encourage sellers to repeat this process every three months to make sure that customers’ behavior specific to certain words haven’t changed. And with the generic keyword capacity for words now much larger than ever before, there is room to add many more keywords and get click benefit through SEO rather than paid efforts.

2. **INCINewAnswers TO PREVIOUS PRODUCT INQUIRIES ON YOUR PRODUCT PAGE**

It’s also worth paying special attention to the inquiries that you get from Amazon customers.

If customers are asking product-specific questions, addressing these issues in your product detail page content is likely to improve customer conversation over time.
For too many Amazon sellers, the customer inquiry process doesn’t include an indexing of questions and answers back to specific SKUs, thereby causing a seller to lose out on known product clarifications or embellishments that are needed.

3. ASK FOR THE CATEGORY LISTING REPORT

I’m a big fan of the “Category Listing Report,” a report available in the Inventory Reports section, but only when requested through Seller Support.

This report will recreate your product listings’ flat file, making it much easier for you to identify any data gaps in your listings (including missing bullet points, generic keywords, improper tax codes, etc.).

While you request this report for only a finite period (i.e., seven days, 30 days), it’s worth pulling this report at least quarterly to make sure your product listings contain all of the necessary data you believe they should.

Operations

And now the biggest category of all.

Managing the operations of an Amazon seller business is the most time-consuming part of every seller’s day. Too many sellers don’t focus on the right activities, leading them to work too hard to make Amazon money.

1. RETURNS

- Do you have a clear process for handling returns efficiently?
- Do you have a way of testing or grading returns, upgrading packaging where needed, and recovering as much revenue as possible by making these items sellable again on Amazon (or some other channel, as needed)?

For too many sellers, handling returns is something done at the end of the month when they have time, rather than something that is managed strategically through analytics and continuous improvement.

Yes, returned products aren’t likely to be 100% recoverable as new condition products.

However, if you carefully track the return rate of each SKU, the recovery rate of each SKU (i.e., what proportion of expected new-condition revenue you actually recover from each SKU), and which products are most likely to be returned damaged by customers, you can identify which products you need to remove from your active catalog.

You’ll also identify with which products and brands you may need to negotiate a returns allowance with your suppliers/distributors/brands.

Once you have this data in hand, you’ll be surprised to discover just how much financial loss you incur because of high return rates and high write-down/write-off costs.
Some of the best sellers on Amazon know, for each SKU, exactly where to sell returned products to get the highest recovery rate.

It’s worth talking with other sellers to figure out if you are unknowingly leaving a lot of money on the table by mishandling returned products, or if you are appropriately managing returned products as a core part of your overall seller business.

2. DUPLICATE LISTINGS FROM COMPETITORS.

Duplicate listings on Amazon can be an effective way for competitors to divert traffic away from your product listings back to theirs.

At least once a quarter, it’s worth searching the whole Amazon catalog for duplicate listings of your items. Tools like Junglescout.com and Synncentric.com can help you compile all of the listings for your brand across the Amazon catalog.

If you find other listings of the same products, consider filing tickets with Seller Support to get duplicate listings merged.

And, if the duplicate listings were created maliciously by sellers using incorrect data (e.g., irrelevant UPCs or incorrect brand names), it may be worth also filing tickets reporting violations against those sellers.

I have seen far too many sellers confused about why their sales are dropping on top-selling items, only to find that the sales are being diverted to a duplicate listing newly created by a coy competitor.

3. INVENTORY MANAGEMENT SKILLS ARE REQUIRED

Inventory management skills require constant refinement on Amazon, whether it’s actively addressing soon-to-be stale inventory or rebalancing products based on changing customer preferences.

While I see most sellers ramping up inventory levels for the holiday shopping season, few sellers stock up enough products to cover most of January as well.

Often this leads to unnecessary stock-outs caused by higher-than-expected demand in December or inadequate time to replenish in early January when your suppliers are closed for the holidays.

Either way, I like to see sellers planning their holiday shopping inventory levels in such a way that they potentially overstock a little bit for January and February, thereby giving themselves some breathing room during those busy months.

Such an approach is especially relevant for products that are expected to continue driving meaningful sales after December.
4. TEST-BUY YOUR COMPETITORS

Test-buying your competitors’ products on Amazon is a simple way to figure out what your competitors are up to, particular with regard to how they package product, follow up with customers via email and handle customer returns (if needed).

While you and your competitors may be selling the same products, there are likely some aspects of your competitors’ overall offering that you can learn through periodic test buys.

5. PLAN FOR PRICING AND PROCUREMENT

Finally, with so many changes to competitors and prices on Amazon, I have watched too many sellers be slow in planning how to evolve their catalogs over the next three to six months.

Sellers should, at least once a month, focus a few days on the procurement of new selection, as some portion of their existing catalog will likely become unprofitable or below an acceptable margin threshold, leading to a need for better use of capital on other product selection.

This is particularly the case for resellers that don’t have exclusive sourcing relationships. It’s only a matter of time before some competitor with a lower margin threshold starts selling the same product, and makes your offers unsellable.

While a brand may think it has decent control of its distribution, Amazon is a very efficient marketplace for gray-market or diverted product to surface, leading you to find that you have to cut your prices just to match some new entrant.

For private-label sellers on Amazon, remember that your product sales successes on Amazon are an invitation for the next private-label seller to copy your product and make a lower-priced version; so keep evolving and stay nimble.

The active catalog you have today isn’t likely to be as profitable or relevant six to 12 months from now.
If You Aren’t Selling Your Products on Amazon, Someone Else Is

James Thomson, Former Business Head of Selling on Amazon at Amazon, Current Advisor, Strategist, Educator, Author for Brand Executives and Investors Focused on the Amazon Marketplace

Between Amazon Retail and third-party Marketplace sellers, Amazon made about $120 billion in the U.S. last year. The majority of those sales occurred through third-party sellers.

If you’re a brand executive, the idea of putting your products on Amazon is probably a little scary.

But the reality is that your products are going to get onto Amazon whether you want them to be there or not, and your competitors are already selling there anyway.

Whether it’s selling or advertising on Amazon, you have to figure out your relationship with this 800-pound gorilla so you can control your brand, be competitive, and increase sales.

Unfortunately, ignorance is not an option when it comes to dealing with Amazon.

Let’s take a closer look at the challenges Amazon creates for your business and see what steps you need to take to be successful in an ecommerce world that is dominated by Amazon.
Does Your Brand Have an Amazon Problem?

Let’s first define our terms. You can either sell your products to Amazon or on Amazon.

When you wholesale, Amazon:

- Owns the product
- Makes the pricing decisions
- Decides what to keep in stock

You can also sell your products on Amazon through third-party sellers, and this is where things can get a little complicated.

UNAUTHORIZED SELLERS ON AMAZON

There has been a lot of attention paid to all of the unauthorized sellers on Amazon—the companies that a brand isn’t affiliated with but finds ways to sell their products on Amazon.

When you lose control of your inventory and other companies have access to your product, the Amazon marketplace becomes a problematic channel.

You can’t control pricing because you don’t know who the sellers are, and if you don’t know the sellers, how do you ensure that the Amazon channel aligns with everything you do in every other channel you control?

PRICE TRANSPARENCY AND LACK OF CONTROL: THE WORST CASE SCENARIO

Regardless of whether or not you control your brand on Amazon, all of your retail partners can easily see what’s happening on the marketplace.

A lot of brands end up having awkward conversations with retailers who say:

“I can’t pay these wholesale prices because it’s being sold for only 5% more on Amazon.”

The brand says:

“It’s not our fault. We don’t know who these companies are.”

Unfortunately, it doesn’t matter if you don’t know who the third-party sellers are. Consumers don’t care who’s ultimately selling the products and retailers are just looking at the bottom line.

The moral of the story is this:

If the consumer can always get the product cheaper on Amazon, your brand has an Amazon channel problem.
Controlling Your Brand on Amazon

When I refer to a brand selling on Amazon, I'm talking about a company that has a U.S.-registered trademark.

When dealing with unauthorized third-party sellers, many brands think:

“Maybe if I yell loud enough at these sellers, I can scare them off.”

Brands often employ legal counsel to send cease and desist notices but rarely find that strategy to convince them to stop selling the product.

THE GRAY MARKET, FIRST SALE DOCTRINE, AND YOUR BUSINESS RIGHTS

The reality is that there are a lot of very sophisticated gray-market sellers on Amazon and they don't scare easily. They all have legal representation, and they know how to play the game of what's known as 'first sale doctrine.'

First sale doctrine is a legal concept that says anybody in this country has the right to buy a product and then turn around and resell it.

These sophisticated gray-market sellers know that they have legal protection thanks to the first sale doctrine, so you have to become more sophisticated as a brand if you want to protect your ability to control distribution.

GET A TRADEMARK TO OVERCOME FIRST SALE DOCTRINE

One important way to overcome first sale doctrine is to modify the way you enforce trademark. You can structure your trademark so that it's not just the name of your brand but also how the product is handled—how it gets moved from retailer to consumer.

There are about 75 different ways that trademark can be defined and enforced. If you can show there is potentially a trademark issue, you can get a court to rule in your favor and overcome first sale doctrine as a legitimate means by which an unauthorized seller can sell your products on the Marketplace.

When you tighten up control of your trademark, you can:

- Better control distribution and not have to rely on sending those nasty cease-and-desist letters to unauthorized sellers.
- Demonstrate that the continued selling of your products without authorization actually represents a legal issue.

The resellers are illegally selling your products and can't hide behind first sale doctrine.

Managing trademark and continuing to police it is a cost of doing business. You have to put the right kind of online reseller policy in place, and it has to include anti-diversion language that says resellers and retailers don't have the right to sell the product to unauthorized third parties.
LACK OF CONTROL IS A MOTIVATION ISSUE IN RETAIL

The simple reality is that hardly any brands in the world have complete control of distribution. Brands sell to retailers or distributors and their incentives do not align perfectly with the incentives of the channel.

As a brand, your goal is to sell a lot of product and protect brand equity, but the retailer or distributor only cares about selling a lot of product.

These businesses don't have an incentive to care about the long-term value of your brand or whether you can get the premium pricing you want because of your brand's value.

You have to figure out how to motivate your channel to do what you want to do, which is to sell your product at higher prices than a generic product.

CHANNEL CONTROL IS A BUSINESS-SAVER

While you probably can't keep your channel 100% clean all of the time, you can put enough roadblocks in the way that most of these sophisticated gray-market sellers will decide that it's too much of a hassle to sell your brand.

They'll move on to some other brand that isn't managing trademark very well.

Your goal should be to keep your channel clean enough that you can either take back the Buy Box on Amazon yourself, or at least ensure that your designated reseller owns the Buy Box most of the time.

Done effectively, your pricing gets stabilized on Amazon and it's much more consistent with your pricing on every other non-Amazon channel. And if you have consistent pricing online and offline, it's a lot easier to recruit more brick-and-mortar retailers to sell your product.

I've worked with companies who have lost their distributors because the distributors said:

"There's no point in my trying to get retailers to carry your product because you have no control over what happens on Amazon."

Once the brand got control of what was happening on Amazon, they were able to bring back distributors who could then get their products into brick-and-mortar channels.

Advertising on Amazon

We often think about Amazon as a place to sell products, but it's also a place where companies advertise their products and get indexed on Google. I find it helpful to separate the sales part from the branding part.

If you're a brand that plans on being around for a long time and understand that you will never have 100% control of your distribution, you need to factor that Amazon is a massive website where all of the listings get indexed on Google.
Amazon listings get indexed so high—typically number one or number two in organic search results—that you end up in a situation where even if your Amazon content isn’t very good, it’ll still going to get a lot of visibility. However, having lots of visibility doesn’t mean you’re going to sell more, particularly if your content is poor.

**BRAND REGISTRY IS THE RIGHT WAY TO SELL ON AMAZON**

You need to put your content in the Amazon catalog by registering it through a program called Brand Registry.

It’s a free program where, as a U.S.-registered trademarked brand, you can apply to Amazon to submit content directly and have it locked down.

Even if you choose not to sell any products on Amazon, you can at a minimum lock down the content on all listings of your brand, thereby reducing the likelihood that some new unauthorized seller that shows up with your product would be selling on a product listing that has inaccurate, incomplete, or inconsistent content.

Forget about the fact that you don’t want that unauthorized seller there in the first place. Accept that it’s probably going to happen at some point, so make sure that the content on Amazon is high-quality and consistent with everything you do in every other sales channel.

**Selling on Amazon: Challenges and Opportunities**

As you think about selling on Amazon, it’s important to be realistic.

Don’t expect that your products are going to start flying off the virtual shelf just because you put your products on Amazon.

There are 400 million products in Amazon’s catalog. The 400-millionth-and-first product that you put in the catalog isn’t going to get noticed right away.

If you want to generate sales on Amazon, you have to consider how you’re going to drive traffic to your listings. Are you going to do paid advertising on Amazon or Facebook? Are you going to email customers to let them know you’re on Amazon?

**THE CANNIBALIZING SALES MYTH**

When they’re thinking about selling on Amazon, many brands are concerned that they’ll be cannibalizing sales from their own website.

The reality is that there are very few brands in this world that will ever have the available customer base that Amazon has.

If you can figure out how to be relevant to 200 million customers on Amazon, the sales you’ll make may very quickly far surpass anything you’ll ever get on your own website.
You may be spending a lot of money to drive traffic to your website today. I guarantee that Amazon is more efficient at driving the same amount of traffic to their website, so you will have to continue to outspend Amazon to produce similar results.

The harsh reality is that Amazon doesn’t care about your product because the Marketplace likely has 10 other products like it already and is going to get the sale of one of those 10 items.

You have to consider whether you want to get a small piece of a huge pie or get 100% of a really small pie on your own website. For many brands, the answer is to pursue both.

Making this decision may come down to whether enough of your competitors are already on Amazon. You don’t want to be left behind.

THE DIP THE TOE IN STRATEGY (AND WHY IT DOESN’T WORK)

If you grew your company on your own website and it was your primary channel, you probably are hesitant to start selling on Amazon. You may try a few things with one or two products but not be totally sold on the idea.

But part of the challenge is that it’s hard to jump headfirst into Amazon with one product and expect that you’re going to get the full benefit of optimizing the listings and driving enough traffic to start to see success.

There is a point at which you have to say:

“If we’re going to sell on Amazon, we’re going to do it properly.

We’ve put all our content in, locked it down so that if somebody else tries to sell it, we at least know it’s high-quality content.”

Putting a large variety of products on Amazon rather than just one or two is a good idea because the customer demand you get on your website will never match the type of customer demand you get on Amazon.

If you put one or two products on Amazon, you’re probably not investing the time and money it takes to see success. You are essentially dabbling on a site with 400 million other products competing for attention. To succeed, you must be laser focused on driving traffic to those products on Amazon.

Remember, there are more than two million sellers on Amazon already. Even if you take just the top 1% of those sellers, that’s 20,000 sellers that know how to play the game and have been refining Amazon sales strategies for years.

Most of these Marketplace sellers know how to go to Asia and source anything they want. It’s important to consider how you will make your listings good enough to compete with the top 1% of sellers who have the means and experience to recreate your product. These sellers will bypass patent, design, and trademark to create something close enough that customers on Amazon would see their version of the product and buy it before they see yours because you’re only spending $100 a month to drive 20 people to the listing.
THE WORST SOLUTION: FEIGNING IGNORANCE

The worst way to go about selling on Amazon is to pretend that the problem of unauthorized sellers is going away anytime soon. The problem is only going to get bigger, and it’s going to start to pollute every other channel where your brand is trying to sell.

Often brands think to themselves, “I have my own website and I’ve got two or three retailers so I’m good to go.” This is a losing strategy. Amazon is here to stay, so it’s critical to understand that people are actively looking at your products to figure out how to build cheaper versions. They also know how to market it better than you do. Don’t wait to be disrupted.

Unless you have extraordinary brand loyalty for a product that’s clearly unique in some meaningful way and the only place people can buy the product is on your website or some channel you tightly control (like a franchise store), somebody on Amazon is going to make a cheaper, better version of the same product and get a lot of sales long before you make Amazon a meaningful channel for your business.

The Right Approach to Selling on Amazon

A brand needs to be in control of its pricing, and to be in control of your pricing you need to be in control of your distribution.

To be in control of your distribution, you have to have proper trademark, which we’ve already discussed.

But it turns out that if your brand is visible enough and successful enough, Amazon Retail—the first-party side of the company—will be looking at your product.

They’re thinking:

“*We could buy pallets of that SKU, and we could sell it on our site. In fact, we know that enough Amazon customers are searching for it and not able to find it, so we’re going to go out and source it.*”

So, Amazon Retail goes directly to a brand and buys a lot of products from them. B2B companies are happy about this because they understand how to do B2B sales, but they don’t understand that Amazon is a very large channel that can negatively impact their ability to have consistent pricing across channels because Amazon can also decide to lower the prices.

Amazon doesn’t have to make money selling your brand. They just need to keep satisfying customers who keep coming back to buy the product.

THE HYBRID MODEL (I.E., THE SUCCESSFUL MODEL)

Your best bet is to sell on Amazon using a hybrid model where some of your catalog is sold first-party and some is sold third-party.
There are a number of different issues to consider here.

Number one, for your best-selling products, chances are Amazon is going to find a way to source that product anyways.

If they can't buy it directly from you, they'll go to one of your distributors and buy diverted product. Or they'll find some overseas distributor that you don't really have tight control of and they'll get them to re-import the product.

Now Amazon Retail has first-party product and you didn't even sell it to them. You're not even part of the conversation with them.

If you have some products first-party and some products third-party, this hybrid model gives you access to a variety of different marketing programs.

**HOW TO GET ACCESS TO AMAZON’S TOOLS AND DATA**

Amazon has different programs for first-party sellers and third-party sellers. If you have products in both, you actually get access to all the marketing tools.

This enables you to drive traffic in a few different ways, and you can essentially move products around from one model to another.

It's important to recognize that when you're a first-party seller, you get no data back from Amazon other than how many units were sold.

If you're a third-party seller, you can at least see how many units of each product was sold per order so you can start to collect more customer data.

You don't own the customer relationship, but you can get some more information that will enable you to experiment with different types of bundles, which is very hard to do on the first-party side.

Essentially, the hybrid model gives your business more flexibility, so I recommend this approach to get the most out of Amazon.

**Final Thoughts**

There is no silver bullet to selling on Amazon, but Amazon is here to stay.

If you're in this for the long haul, you need to think about Amazon as a communication channel, a sales channel, and an advertising channel. It's truly all three.

And if you're thinking long-term, you're going to have to manage what happens to your brand on Amazon.
Think of Amazon as a place to lock down your content and get the word out about your products to a lot of customers. And if you haven’t already, it’s time to start having serious conversations about how you’re controlling distribution.

Are you selling product to anybody that shows up with a purchase order? Are you recognizing the downstream impact that’s going to create this Amazon channel problem?

In many ways, Amazon is a wake-up call to ask yourself:

"Am I actually a serious brand that wants to be around five years from now?"

If so, you need to take control of your branding, distribution, and pricing right now. The sooner you address the Amazon channel, the sooner you’ll become a disciplined brand that’s prepared to win in every channel you sell in.
There are two types of sellers on Amazon:

1. Amazon itself, which sells a vast range of products.
2. Third-party retailers, who typically specialize in one or more categories.

Since there is no limit to the number of sellers who can use the Amazon platform, multiple merchants frequently sell the same item.

These sellers are known as resellers (as compared to private label selling in which you sell a proprietary item).

When multiple resellers are selling at the same time, suddenly there is competition for which seller will win the Buy Box.
The Buy Box refers to the white box on the right side of the Amazon product detail page, where customers can add items for purchase to their cart.

Not all sellers are eligible to win the Buy Box.

Thanks to stiff competition and Amazon’s customer-obsessed approach, only businesses with excellent seller metrics stand a chance to win a share of this valuable real estate.

To get a sense of how incredibly important prioritizing the Buy Box is, consider this:

82% of Amazon sales go through the Buy Box, and the percentage is even higher for mobile purchases.

Understanding the way Amazon’s algorithms function will allow you to work toward increasing your performance on relevant variables, ultimately increasing your chances of winning the Buy Box and beating the competition.
The Changing Buy Box

1. **Competition heats up:** According to Inc.com, Amazon is removing the one-click buy button from certain product listings if it’s offered at a lower price outside of its platform. Some sellers call it “buy box suppression.” Now, “Instead of saying ‘add to cart,’ it will say ‘see all buying options.’” An Amazon spokesperson had this to say about the phantom buy boxes: “Sellers set their own product prices in our store. If a product is not priced competitively by a seller, we reserve the right to not feature that offer. Customers can still find all offers on the offer listings page.”

2. **What Happened to Perfect Order Percentage Score?** This metric, which used to have a high impact on the Buy Box, has been removed from Seller Central. We explain this further in this guide, and walk you through Shipping Time as the newest, very important factor in winning the Buy Box.

3. **Introducing the Buy Box for Books:** Amazon introduced a Buy Box for new books, allowing booksellers to compete with Amazon for the first time.

4. **An Increase in Price Wars:** This past year has seen an upswing in price wars, indicating that winning the Buy Box has become even more competitive than before.

5. **New Research About the Buy Box:** Northeastern University’s recent study explores the link between algorithmic repricing, higher prices and winning the Buy Box.

The Essential Buy Box Elements

While we refer to the goal of winning the Buy Box, it’s perhaps more accurate to say that a seller wins or loses a share of the Buy Box.

Once a merchant has passed Amazon’s minimum eligibility requirements, the Buy Box algorithm further breaks down the sellers according to different variables.

Amazon puts the competitors against each other to determine how they hold up on each variable for the same product.

For more popular items with many sellers, multiple merchants may rotate their spot on the Buy Box. If one seller is stronger than the rest, their percentage share of the Buy Box will be higher.

For example, the top-ranking seller of a product could hold the Buy Box for 70% of the day, while the lower-ranking seller could hold it for the remaining 30% of the day.

Amazon’s Balancing Act

Ultimately, Amazon tries to balance giving the consumer the best value for their money. This is done by weighing low prices with high seller metrics.

What this means, among other things, is that if you have near-perfect performance metrics, you may be able to price higher and still obtain the Buy Box.
Whereas if you have mid-range metrics, you’ll probably need to focus on offering the most competitive price.

There isn’t one magic element, but a whole host of factors that go into deciding who wins.

You might be thinking:

- Well, doesn’t that only work if I’m competing against other third-party sellers?
- But what about when the competitor is Amazon itself?
- Hasn’t Amazon perfected its customer performance metrics?

Well, it’s true that Amazon is hard to beat. But if you have great metrics, as well as very low prices, it is possible. At the very least, you can share the Buy Box with Amazon.

What Makes Your Buy Box Eligible?

What are the requirements for competing for the Buy Box?

While there’s no sure-fire formula to landing in—or winning—the Buy Box rotation, there are four minimum criteria you must meet if you want to be in the running:

1. **Professional seller account**
   
   Only sellers who have purchased a Professional Seller account (in Europe called a Pro-Merchant account) are eligible. An individual seller (in Europe: Basic account) is not.

2. **Buy Box eligibility status**
   
   Your status can be checked in Amazon Seller Central.

3. **New items**
   
   Your item must be new. Used items aren’t eligible for the regular Buy Box, though they can be sold on a separate Buy Used Box.
4. **Availability**
   
   There needs to be inventory of your listed item. Without stock, the Buy Box will simply rotate to another seller.

**Buy Box Alternatives**

Winning the Buy Box is not the only way to sell on Amazon.

The two other options are through:

1. Other Sellers on Amazon
2. The Offer Listing Page
3. Your Amazon Store Page

While these aren’t as profitable as the Buy Box, they will still give you a degree of visibility and credibility.

1. **OTHER SELLERS ON AMAZON**

   Right under the Buy Box is a listing of up to three select listings.

   These listings must still meet all the above Buy Box requirements.

   While not as visible as the Buy Box, these do have a greater chance of conversion than those prices or brands not showing up at all.

*SunBum's Amazon Store Page*
2. OFFER LISTING PAGE
This page lists all the sellers who sell a particular product, regardless of whether they’re Buy Box eligible.

Offerings are displayed in order of Landed Price (price + shipping).

Customers can also see other seller variables, including buyer feedback and rebate policies.

The Rising Importance of Buy Box Mobile

More customers than ever are shopping on Amazon via mobile.

Amazon reported that during the 2016 holiday period, 72% of their customers worldwide shopped via mobile, purchasing at extremely high frequencies.
In mobile, the Buy Box takes on heightened importance. That’s because, unlike on a desktop or laptop, the mobile site features the Buy Box directly under the product image.

Customers click “Buy now” to place their order, without the Offer Listing page being in their line of sight.

Note that there is no “Other Sellers on Amazon” box displayed on the mobile Amazon site. Only the name of the Buy Box winner is displayed.

If you care about reaching mobile shoppers, that’s another reason to prioritize winning the Buy Box.
4 Key Metrics That Amazon's Buy Box Algorithm Looks For

First and foremost, here’s a quick little takeaway for you—the Buy Box Cheat Sheet of all thematics that matter to get your brand in the box.

The Buy Box Cheat Sheet

<table>
<thead>
<tr>
<th>Metric</th>
<th>Impact on Buy Box</th>
<th>Definition</th>
<th>Best Way to Win the Buy Box</th>
<th>For Buy Box</th>
<th>Time Period That metric Impacts the Buy Box</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fulfillment Method</td>
<td>Very High</td>
<td>How the seller ships the item</td>
<td>FBA or Seller Fulfilled Prime</td>
<td>FBA/FBM</td>
<td>Current</td>
</tr>
<tr>
<td>Landed Price</td>
<td>High</td>
<td>The total price plus shipping</td>
<td>Lower is better</td>
<td></td>
<td>Current</td>
</tr>
<tr>
<td>Shipping Time</td>
<td>High</td>
<td>Time it takes to ship the item</td>
<td>Up to 2 days</td>
<td>Less than 14 days</td>
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</tr>
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<td>Order Defect Rate</td>
<td>Medium</td>
<td>Negative feedback rate + A-to-Z Claim Rate + Chargeback Rate</td>
<td>0%</td>
<td>Less than 1%</td>
<td>Last 90 days</td>
</tr>
<tr>
<td>Valid Tracking Rate</td>
<td>Medium</td>
<td>Deliveries sent with full tracking information</td>
<td>100%</td>
<td>Greater than 95%</td>
<td>Last 30 days</td>
</tr>
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<td>Late Shipment Rate</td>
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<td>Number of orders shipped later than the expected ship date</td>
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<td>Less than 4%</td>
<td>30 days</td>
</tr>
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<td>On-Time Delivery</td>
<td>Medium</td>
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<td>Up to 12 hours</td>
<td>Less than 24 hours</td>
<td>Last 30 days</td>
</tr>
<tr>
<td>Feedback Score</td>
<td>Medium</td>
<td>Total of all feedback seller has received</td>
<td>Higher is better; most recent is most important</td>
<td>Lifetime</td>
<td></td>
</tr>
<tr>
<td>Metric</td>
<td>Impact on Buy Box</td>
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<tr>
<td><strong>Customer Response Time</strong></td>
<td>Medium</td>
<td>How long the seller takes to reply to the customer</td>
<td>100%</td>
<td>Greater than 97%</td>
<td>Last 90 days</td>
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<tr>
<td><strong>Feedback Count</strong></td>
<td>Medium</td>
<td>The number of customers that have given feedback</td>
<td>Higher is better</td>
<td>Constant</td>
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<tr>
<td><strong>Inventory Depth</strong></td>
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<td>How often the seller runs out of stock</td>
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<tr>
<td><strong>Refund Rate</strong></td>
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<td>Lower is better</td>
<td></td>
<td>Last 30 days</td>
</tr>
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</table>

While there are many variables that influence your chances of winning the Buy Box and getting favored by Amazon’s algorithms, there are four that have the highest Buy Box impact:

1. Using Fulfillment By Amazon
2. Seller-Fulfilled Prime
3. Landed Price
4. Shipping Time

1. **FULFILLMENT BY AMAZON (FBA)**

The variable that has the greatest impact on the Buy Box is the product’s fulfillment method. Since Amazon considers its fulfillment service to have perfect metrics across variables, using **Fulfillment By Amazon (FBA)** is the easiest way to increase your chances of winning the Buy Box.

That’s not to say that Fulfillment By Merchant (FBM) sellers can never beat FBA sellers; it’s just harder, requiring extremely high scores across all variables and a very low price.
Even though FBA is often a smart choice, you still need to look at the big picture to evaluate whether it will save or cost you in the end.

2. SELLER-FULFILLED PRIME

Seller-Fulfilled Prime offers top-performing Fulfillment By Merchant (FBM) sellers the opportunity to fulfill their orders while enjoying the benefits of Amazon Prime.

This fulfillment method offers the best of both worlds:

- **You maintain control over your own shipment**, which is especially good for sellers with heavy products, who can use this method to bypass FBA’s extra fees.
- **You will also benefit by having a higher chance to win the Buy Box** and getting access to Prime members.

The only potential downside is that not all FBM sellers are eligible for this method. Very strong overall metrics are a must if you want to qualify.

3. LANDED PRICE

The landed price refers to the total price an Amazon product goes for, including shipping. The lower the landed price, the greater the Buy Box share.

If you have higher performance metrics than your direct competitors, you can also price higher and retain your share of the Buy Box.

If, however, your competitors have better metrics, you’ll need to price down to maintain the same Buy Box share.
4. SHIPPING TIME

The simplest metric looked at by the Buy Box is the time in which the seller promises to ship the item to the customer.

For certain time-critical products and categories, such as birthday cards and perishable goods, the impact of this metric on the Buy Box will be even higher, since customers often demand swift shipping on such items.

Buy Box Amazon Pricing Strategies: Manual vs. Rule-Based vs. Algorithmic

The go-to method of pricing for many sellers has been to lower their prices beyond that of their competitors to increase their chances of securing the Buy Box.

However, this does not always translate into higher profits for reasons described below.

There are three methods of repricing used on Amazon:

1. Manual
2. Rule-based
3. Algorithmic

1. MANUAL REPRICING

Manual repricing involves manually updating your prices for each ASIN.

It’s an ideal option for sellers of homemade or unique goods but proves inefficient and inaccurate for sellers of competitive items.

As your business grows, this method is generally considered unsustainable.

2. RULE-BASED REPRICING

Rule-based repricing examines the prices of the competition and re-prices according to predefined rules.

For example, you can set a rule that beats the competitor by a certain amount or stay in the lowest price bracket.

This method is easier than manual repricing, but it also has some major downsides:

• By only looking into competitors’ pricing, it is limited in its capabilities.
• Setting up the rules is a time-consuming task, and rules can come into conflict with each other, requiring excessive management.

Finally, rule-based replicers often leave money on the table because sellers who could afford to price higher (due to high seller metrics) and still maintain their share of the Buy Box, don’t.
Algorithmic repricing is considered the most sophisticated and revolutionary repricing option. Unlike rule-based repricing, which only focuses on the competitors’ prices, algorithmic repricing takes into account all the variables that affect your chances of winning the Buy Box.

A 2017 Northeastern University study found a direct correlation between algorithmic repricing, higher Buy Box share and increased profitability.

By monitoring a wide range of important factors, it ensures that you are striking the right balance between Buy Box share and profit. This data-driven approach has been proven to deliver the highest ROI for merchants, as it requires less effort and yields better results.

This repricing method is, however, the most expensive out of all the available options, and is, therefore, best suited for larger sellers who are already turning high profits.

**Wrap Up**

There is no one trick to beating the Buy Box, but rather a complex web of metrics to be monitored and improved upon.

Concentrating on the most important variables, such as becoming an FBA seller, having Prime-eligible products, perfecting your customer service, and understanding the way pricing works are all key to snagging that coveted Buy Box real estate.

In the end, you’re going to have to be algorithmic about your strategy—the same way Amazon is.

“If you’re that one lucky seller who gets the ‘Buy Box,’ you make all the sales,” says assistant professor Christo Wilson, lead researcher of the Northeastern University study. “So if you want to be competitive for the top-selling products, you pretty much have no choice: You have to be an algorithmic seller.”
Looking back on the past few years, I’m still amazed at the river of money Amazon has provided for so many people—from stay-at-home moms to major household brands due to Amazon’s growth.

And while it’s not always good news (nothing ever is in business), the opportunity is still very real and I believe will continue to get even better.

However, as more competition has entered the marketplace, it means sellers must bring their best cards to the table if they’re going to win.

When asked to write this chapter, I was thrilled.

I wanted to write a comprehensive guide that not only explained how Amazon’s search engine works, but the specific methods and tools my team is using today to help our clients optimize their listings and crush it on Amazon.
The type of guide that can turn you into an Amazon SEO expert in 15 minutes just didn't exist... until now.

The beauty and burden of Amazon’s search engine—aka A9—is its simplicity.

Amazon provides a very simple-to-use interface where sellers can populate all the data relevant to their product. Once you know what to put in these fields, it makes it very easy to implement any changes.

However, because A9 is a maturing algorithm, frequent and unpredictable updates are a common point of frustration for many sellers on Amazon.

In turn, I’ve done my best to include the most up-to-date recommendations and tips based on both Amazon’s documentation and our own observations after managing 1000s of Amazon listings.

However, the observations and recommendations I make in this guide are subject to change as A9 evolves. Even the best SEO software and tools can’t predict the future. Therefore, I encourage you to revisit this guide frequently and check the comments section often.

Amazon Optimizations That Get a 320% Increase in Sales in Less Than 10 Minutes

One of my favorite clients in the entire world is Debbie.

In one word, she’s awesome.

She has passion and truly believes in her products and how they can improve people’s lives.

Unfortunately, that passion didn’t translate into many sales because she wasn’t into all that “technical stuff” and she had done a poor job of building a solid listing.

In fact, she had done a very poor job—like “how have you even sold a unit?” poor job.

So, on day one my team decided to focus on three parts of her listing: images, title and backend search terms. You’ll learn why these are so important in a bit.

She made the changes and, within 10 minutes, they were updated and live. Then, we waited. Before working together, Debbie was selling about five units per day, give or take a unit or two.

The next morning, I woke up to four missed text messages.

• She made two sales before 7 a.m.—this had never happened.
• By the end of that day, she had made 16 sales. This has been the new normal ever since.
While I can’t guarantee a 320% increase in sales, I can assure you this chapter will help you bring your absolute best to Amazon so you’re ready to compete and get your products onto the first page of search results.

I’ll first cover a bit about Amazon, A9 and ranking factors in the algorithm.

Then, I’ll dive deep into how to create killer listings optimized for the right search terms that help us to compete with and crush our competition.

The One Thing to Remember for Amazon SEO

If you only get one thing from this chapter, it should be this:

*Amazon cares about buyers and selling stuff to those buyers.*

That’s it.

Yes, that is quite possibly the most obvious statement made by anyone ever.

But, if you can remember this anytime you are making Amazon product listing optimizations, and balance that with your own interests, you’ll quickly start making decisions that will help your products sell on Amazon.

What differentiates A9 from Google Search or other top search engines is Amazon is a buying platform.

As consumers, we rarely hop on Amazon just for product research. We are usually very close to the point of purchase. Amazon knows this.

In turn, Amazon will continually make changes to test what makes shoppers buy more frequently. Therefore, we need to make changes that will help shoppers convert more frequently.

This includes making our products more visible than our competitors’, so shoppers find us more often. Additionally, we need to make changes that turn browsers to buyer while keeping in mind the goal of the Amazon search algorithm.

Some things to think about when optimizing your Amazon listing include:

- Should you have more images?
- What should you put in the title?
- What price should you sell at?

Just remember, Amazon cares about buyers and selling stuff to those buyers. Help Amazon and you’ll help yourself.
Say Hello to A9, Amazon's Ranking Algorithm

I'm going to talk a bit about Amazon's search engine, but only if you promise not to start using “A9” in every other sentence when you’re talking to other sellers.

A9 is the name of the algorithm Amazon uses for product search. As mentioned earlier, it's definitely a maturing algorithm and will continue to become more complex over time. A9.com, a subsidiary of Amazon, develops the company’s search engine advertising technology.

However, for the time being, it operates on what appears to be a very simple keyword search method without much, if any, regard for how closely a product matches the query.

EXAMPLES OF THE A9 ALGORITHM IN ACTION

Let me show you an example of an Amazon product search below.

I’ve used the customer search term “Dr tobias multivitamin” and you can see there are 3 results:

When I simply add my name “Bryan” to the search, there are no exact results because Dr. Tobias doesn’t have my name anywhere in their product listing – which is nice to know, I guess.

However, over the last year, improvements to the A9 algorithm have allowed for misspellings like this to still produce related results, as you can see below.
In a more relevant example, look at the search results for “multivitamin” and the number of results that appear:

Historically, if you used a simple variation of a term, it would result in a very different search result. Over the last year, Amazon has improved their algorithm to include variations. So, now, if I do a simple variation, I should get very similar if not the exact same results.
What does that tell you?

First, that the A9 algorithm is getting smarter. Second, that you still want to populate as many relevant terms as possible for your listing to show up despite variations and misspellings to increase your visibility, sales and overall rank in the search results.

Essentially there are three things you need to optimize for:

1. Visibility
2. Relevance
3. Conversions

More simply, you want to make sure customers will see, click and buy your product. According to Amazon:

"Customers must be able to find your products before they can buy your products. Search is the primary way that customers use to locate products on Amazon.

Customers search by entering keywords, which are matched against the information (title, description etc.) you provide for a product.

Factors such as degree of text match, price, availability, selection, and sales history help determine where your product appears in a customer's search results.

By providing relevant and complete information for your product, you can increase your product's visibility and sales. Below are some general guidelines to improve your product listings."
So, let’s have a look at the different pieces of the listing and how we can start optimizing each of them.

I’ll cover the different ranking factors in the categories:

1. Product
2. Performance
3. Anecdotal

For anecdotal, there’s no supporting Amazon documentation; however, we’ve seen a strong correlation between Amazon Search Engine Ranking Position (SERP) and these factors.

The recommendations I’m going to make below are just that, recommendations. I highly encourage you to understand your contract with Amazon and their terms of service.

In particular, the [documentation on listing optimization](#).

## Product Listing Optimization

### 1. OPTIMIZE YOUR AMAZON LISTING TITLE

Your listing’s title is the most valuable real estate on your Amazon product listing. Your product title is the part of your listing that will have the greatest impact (both positive and negative) on product performance in search.

Per Amazon suggested best practices, your title should contain elements such as:

- Brand
- Product line
- Material or key feature
- Product type
- Color
- Size
- Packaging/Quantity

The secret to an effective title is how you order these elements, along with one other major ranking factor: additional target keywords.

In our experience, keyword order and keyword choice can dramatically influence Amazon product sales and rank. First let’s discuss order, then we’ll address our favorite way to determine the best keyword choices for a particular product.

Do you notice anything different between the various sponsored placements?
Yes, the number of characters in the title!

Title in organic results typically have between 115-144 characters depending on the product/category. Titles in right rail ads have around 30-33 characters and mobile titles have between 55-63 characters.

So what does that tell us?

We must place the absolute most relevant keywords first. This has both practical and algorithmic implications.

From a practical standpoint, we want to make sure every customer, regardless of search result location, knows exactly what we’re selling.

Anecdotally, the algorithm correlates higher relevance with keywords that appear earlier in the title. Therefore, we recommend making a list of your most important keywords and strategically placing them before each character breakpoint in the title.

One very common question with clients is if they should use the brand name in the title or not. This particular company has chosen to use VITA ONE at the beginning of the title. Additionally, Amazon’s style guide recommends leading with the brand name.

Frankly, this is something you should test with your own product to see what converts best. We generally always lead with the brand name to establish our clients’ brands as legitimate companies and not generic “multivitamins.”
One thing to note: don't keyword stuff your titles.

This was a common strategy a few years back. Both shoppers and Amazon are wise to this and it’s no longer effective and may result in an adverse impact to sales. The backend search terms, however, are a great place to keyword stuff and we'll cover that shortly.

Whether you have an existing listing or a brand-new one, chances are you can always make some tweaks to help optimize for more visibility and sales.

The challenge with a brand-new listing is you don't have any product data to lean on, so it’s important to see what’s currently working for your competitors and replicate that.

Fortunately, there are tools that help us determine what’s working. My two favorite tools are Helium 10 – Magnet and Keyword Inspector.

By looking at competitor listings and using these tools, we can determine the best words and placement to start with. From there, we can use Amazon PPC to gather data on which terms help our listing convert and optimize for those keywords. We call it the “optimization cycle” (sounds fancy right?).

Optimizing Amazon Product Titles: Action Steps

1. Use Magnet to research the most popular two or three keywords for your product.
2. Additionally, use Keyword Inspector to do an 'Extensive Reverse ASIN' search on your top competitor (Or, use our free ASIN Lookup Tool!).
3. Try to pick a competitor in the top three spots with the most reviews. This is generally an indication they've been selling longer, which will provide more data.
4. Once you have these 3-4 sets of data, combine them and remove any search terms that are irrelevant to your product. Then, use a word and two-word phrase frequency counter and start writing out your title based on this frequency.

A great Amazon SEO tool that can help with this is The Helium 10 Scribbles Tool.

You’ll want to make sure the title reads naturally, yet contains all of the essential elements of the product along with target keywords.

Again, look at your top competitors for guidance.

Make use of special characters, like the ones below, to add some style and naturally break up phrases:

- |  
- ,  
- &  
- –  


Next, let’s discuss the bullets and how we can further entice shoppers to buy.

**Bullets: Another Chance to Increase Conversions, Relevance and Rank**

While the bullet points don’t directly impact your rank in the search results, they are an opportunity to influence two very important factors in the Amazon SERP:

1. Conversion rate
2. Product relevance

The listing bullets are an opportunity to present the features and benefits of your product.

Most sellers will tell you they know this, yet I’m surprised how often people get their product features and their product benefits mixed up.

For example, leather seats are a feature and the feeling of luxury and arriving refreshed are benefits.

Also, just like the title, words used in the bullets will be indexed by the Amazon A9 algorithm and used to help identify your product when customers use the search bar.

However, in our experience, terms in the bullets don’t carry the same weight as those in the title.

**2. OPTIMIZE PRODUCT BULLETS**

Essentially, whatever keywords weren’t used in the title, from the master list you compiled earlier, should be worked into the bullets.

Again, Helium 10 - Scribbles is an awesome tool for building out your listing as it simultaneously eliminates words from your master list as you populate your listing details.

This is also a good time to point out products your listing may be compatible with.

For example, if you’re selling a phone case you may point out several brands and models it’s compatible with.

In most cases, these terms will get indexed so your listing can appear for searches like “Samsung phone case” or “Galaxy S7 phone case.”

Also, if you have a product warranty, most sellers will typically include these details in the last bullet.

In general, we highly recommend testing the copy and order of the bullet points. On occasion, we’ve seen different combinations result in higher conversions.

**3. CREATE PRODUCT DESCRIPTIONS THAT TELL A STORY.**

Much like the bullet points, the product description doesn’t directly impact rank. However, it is indexed and will impact visibility.
Additionally, well-written copy with a strong call to action can certainly have an effect on conversions.

This is a great time to tell a bit about your brand and product, while throwing in some valuable keywords you want indexed.

Also, make sure to include a strong call to action at the end.

Make it direct and to the point (i.e. Buy Now, Order Today, etc.).

Again, this is a great opportunity to keep using the Helium 10 – Scribbles Tool and include as many keywords as you can while still writing engaging copy.

Another tip is to make use of simple HTML. My favorite tool for converting text to HTML is Word to Clean HTML. It’s free and very easy to use. Simply paste your formatted text and click convert. You can then paste the HTML into your product detail page.

Backend Search Terms: Keyword Stuff like it’s 2014...I’m Kidding, sort of.

Way back in the early days of Amazon FBA, around 12-18 months ago, people would create the ugly keyword-stuffed titles, bullets and descriptions.

Like really ugly:

Thankfully, the market and the algorithm will penalize you for this type of behavior. However, there is a place you can stuff all of the remaining keywords from your master list: the backend search terms!

These terms are not visible to customers, yet get indexed just like the terms in your bullets and description — similar to the now-outdated meta keywords HTML tag.

This is a great place to type any terms that will compete and long-tail searches as well.
For example, if you sell a sleeping bag and couldn’t stylishly insert the terms “…for camping that fits 2 big-boned people,” the backend search terms are perfect for that.

**How to Use Backend Search Terms**

Backend search terms are also a great place to drop some Spanish terms, misspellings and words commonly used in your niche.

For example, if I sold dog accessories, I may include the top 50 or 100 dog breeds since most owners will search “dog collar for Labrador.”

As for misspellings, Amazon says they account for them but our experience shows otherwise, so we include them.

**4. UTILIZE BACKEND SEARCH TERMS.**

Just like before, keep using your Helium 10 – Scribbles Tool to knock out the remaining terms you didn’t capture in the title, bullets and description.

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**THERE’S NO NEED FOR COMMAS**

Just separate the terms with a space. Another thing to note is you don’t need to duplicate keywords in your listing.

Once a term is typed in the title, bullets, description or backend search terms, you don’t need to repeat it anywhere else.

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**5. DON’T WORRY ABOUT SELECTION**

Selection is named as one of the ranking factors, although we have not noticed a correlation between selection and the SERP.

**Performance Optimization Strategies for Amazon Listings**

**1. SALES ARE KING**

After all the testing we’ve done, nothing moves the search rank needle like sales. In particular, your sales velocity relative to your competition.

A spike in sales that your competition didn’t see will dramatically impact your ranking position.

As you can imagine, this is very can be tough to accomplish when you first list and appear somewhere on page 20—especially when only 30% of customers ever make it to page 2!
Your first option for generating sales is by driving both internal and external traffic to your Amazon listing. This is part of the full management Amazon SEO service we offer our clients.

You drive internal traffic via Amazon PPC and external traffic via outside ads like Facebook, Google AdWords, etc.

Commonly, AMZ Profit Pro clients will use one of the following strategies for their external traffic:

- Ad to Amazon Listing
- Ad to Pre-Sell Page to Amazon Listing
- Ad to Squeeze Page to Opt-In for Single Use Discount Code delivered by email
- Ad to Product Sales Funnel

Second, you can use a launch service.

Launch services are meant to create a natural spike in sales that moves the product up the ranks.

Ultimately, whether this rank “sticks” will depend on the organic demand for the product once it becomes visible on page 1 or 2. There is some controversy surrounding these services and whether they violate Amazon’s terms of service.

Instead, I recommend Viral Launch. They have a proprietary system that can help move products up the SERP without violating Amazon TOS and they happen to have great customer service.

2. PRODUCT REVIEWS ARE QUEEN

If sales are king then reviews are queen.

Amazon knows customers rely on reviews to make informed decisions about their purchases.

That is why Amazon has been cracking down so hard on fake review services where people are getting paid to write fake positive reviews — and why improving Amazon reviews is top-of-mind for many sellers.

Reviews serve as social proof and let buyers know it’s safe to spend their money on your product.

Plus who wants to “be the first to leave a review for this product?”

Additionally, reviews factor heavily into product rank in the search results.

I can recall a product one of our clients launched that started selling really well from day one with no reviews. However, it could never break past the page 5 mark.

Once the first two reviews came in, the product jumped to page 2.

Sales continued to come in and once the product received its 10th review, it hit page 1 almost the same day.
So the moral of the story is, do what you can to get honest and unbiased reviews as soon as possible.

The first thing to get in place is an email feedback sequence that communicates with buyers through the buyer-seller messaging service in seller central.

Two of our favorite tools are:

1. Feedback Genius
2. Sales Backer

With these services, you can write custom email sequences to your buyers that help develop a customer relationship and ask for honest feedback and reviews.

If you’d like to launch a discounted product campaign in order to generate sales and reviews, I highly recommend working with Snagshout (same company as Feedback Genius).

I’ve had the opportunity to speak with the owner of this service and was very impressed by his commitment to making sure their services are always operating within Amazon’s terms of service.

**Anecdotal Amazon Search Engine Optimization Strategies to Help Rank**

In this section, I’ve lumped a few ranking factor observations we’ve made that aren’t directly documented by Amazon but seem to have an impact on the SERP.

1. **CONSIDER USING FULFILMENT BY AMAZON (FBA)**
   Items that are Fulfilled by Amazon seem to rank higher than items Fulfilled by Merchant, all else being equal.

2. **USE BRAND NAMES IN YOUR AMAZON PRODUCT LISTINGS**
   It appears a brand name which also happens to contain the main keywords may help increase organic rank in search.

3. **INCLUDE SELLER NAME**
   Same as brand name, it appears seller name may help increase organic rank if it contains the main keywords for the product.

4. **FILL OUT OTHER FIELDS IN THE EDIT PRODUCT PAGE**
   Make sure to fill out all applicable fields in the edit product page as some of these have been shown to influence rank position and filtering in search.

5. **QUALITY PHOTOS HELP RANKINGS AND CONVERSIONS**
   Not only do quality photos that zoom influence conversions, which certainly impacts rank in search, it appears that more photos is positively correlated with rank in the search results.
FAQs About Ranking On Amazon

IS AMAZON.COM CONSIDERED A SEARCH ENGINE?
Yes. Although Amazon.com is an ecommerce marketplace it can also be utilized as a search engine. In many cases buyers use Amazon to compare prices and find products they are interested in purchasing.

Sellers often use Amazon for market research, when deciding new products to sell online. Additionally, with the introduction of Alexa, Amazon.com data is often used to answer voice search queries.

HOW OFTEN DOES THE AMAZON SEARCH ALGORITHM GET UPDATED?
Amazon doesn’t usually announce when there is an update to their search algorithm. Because of this, it is impossible to tell how often the Amazon ranking algorithm changes change. Luckily the core algorithm tends to be fairly stable.

WHAT IS THE AMAZON SERP?
The Amazon SERP are the results shown to users after completing a product search on Amazon.com. SERP stands for search engine results page.

WHAT ARE SOME OF THE BEST AMAZON SEO TOOLS YOU SUGGEST USING?
1. Helium 10 – Magnet
2. Keyword Inspector
3. Keywords Everywhere
4. Feedback Genius
5. Sales Backer

A Final Word
If you’ve made it this far, you’re well ahead of most sellers I’ve ever met.

You now know that Amazon’s search engine algorithm has a name and you have a solid understanding of how it works. You also know enough to be dangerous when it comes to the different components of a product detail page and the effect it can have on your rank in the search results, with no Amazon product ranking service required.

Best of all, you have practical action steps you can put into place today.

Finally, I invite you to check out Ecomm Underground for more information and video tutorials that will walk you step-by-step through the process outlined in this guide, including how to use all of the Helium 10 tools.

Until next time, keep crushing it in your business. Good luck with your Amazon SEO strategy!

For a different lesson in SEO, check out our guide for planning and executing a B2B SEO strategy.
One of the truly remarkable things about Amazon as a platform is that they do so much of the heavy lifting. What with being the world’s largest ecommerce storefront, Amazon brings droves of traffic to your listing.

What’s more, that traffic is a pool of buyers, ready to purchase, unlike anything else the world has ever seen. While eyeballs on Google often equate to browsers and researchers, Amazon attracts buyers.

A good conversion rate on an Amazon product detail page is widely considered 15%. That’s a huge number, often 3-5x that of other ecommerce sites.

This is because Amazon product page traffic is already in the purchasing mindset.

Of course, to make the most of the traffic Amazon drives to your product page, you must make sure that your listing is properly optimized—for search and Amazon marketing best practices.
Here are the most critical elements of maximizing conversions on your Amazon listing.

**WHAT’S CHANGED?**
I’ve included some updates here regarding the now lower 250 character indexing limit for backend search terms. This update occurred in late summer 2017.

There are also sections in this chapter about the new Enhanced Brand Content for product descriptions for all brands—which is currently free.

**Buyers Judge Products by the Title of a Listing**

One of the two most essential elements of an Amazon product detail page is its title. A title tells people what your product is about.

While Amazon wants your title to be short, descriptive and to the point, they do allow for between 150-250 characters.

So, there is plenty of room to throw in some keywords to help your product rank for terms buyers often use when searching for your type of product.

Here are the elements to include in your title:

- Brand name
- Name of the product itself
- Any distinguishing features such as color, size or use

For example, if you sell a blue baby pacifier, your title might look something like this:

*Deluxe Silicone Baby Pacifier – BPA Free – Comfortable for Baby – Easy for Parents – Set of 2
Pacifiers by Deluxe Baby Gear, Blue*
Your goal for the title on Amazon should be two-fold:

1. to inject a few of the best possible keywords for your product.
2. to educate customers more about your product, before even coming to your product page.

It is important not to cram your title so full of keywords that it doesn’t make sense. It should be easily readable, and shoppers should be able to tell what your product is immediately.

You can use tools such as Merchant Words, Google Keyword Planner and Simple Keyword Inspector to find relevant keywords for your product type and to estimate search volume. You can also begin typing in a keyword in Amazon’s search bar, and look at the results that populate below as ‘recommended’ search terms.

This is called Amazon’s A9 algorithm, and it is based on the most popular related terms.

Images are Emotional Recognition Tools

Another critical area of importance on an Amazon product details page are images. Images, perhaps more than anything else, can cause a shopper to either click on your listing or to keep scrolling.

To capture buyer interest and land them on your product page (where there is a 15% conversion rate!), spend the time and effort to use high-quality images for your product. If you have an independent online store, you can use images that work well there. But, Amazon does have a few of its own rules.

AMAZON PRODUCT IMAGE RULES

Amazon requires that the main image for your product include only the product that you are selling, on a white background.

This allows for the search results on Amazon to appear clear, uncluttered and uniform. Amazon tests everything, and they determined in the early days of their existence that visitors to their site bought more—much more—when products were displayed against a plain white background.
Main images should not include accessories that are not included in the purchase, models or action shots of the image, nor text or badges such as ‘Organic’ or ‘Made in the USA’.

Once a shopper is on your product page, images are even more critical, and can often be a determining factor as to whether someone purchases your product or not.

Depending on your product type and category, Amazon will allow you between 5-9 images for your listing.

Make an effort to use all of the product images offered, and don’t use inferior images just to fill up all allowed spaces. While your main image is required to be against a plain, white background, Amazon allows for other image types on secondary images.

These could include:

- Your product from different angles (side, top, close up)
- The back of a product label
- Images of your product in action
- Images that list your product’s features or compare it against other products
- Informational images with text/charts, etc.
- Images that show your product’s size as compared to a human holding it

Amazon requires that images be a minimum of 1,000 pixels x 1,000 pixels to take advantage of its zoom feature, which allows buyers to scroll over an image to enlarge it.

This is a popular feature with Amazon buyers, so take advantage of it. If you can, use images that are 2,000 pixels x 2,000 pixels, for added granularity. My favorite resource for high-quality, affordable images is iStock.

Once your listing is live, you should test your image placement to see which images elicit the highest conversion rate for your product.

To do this, track your total sessions, number of sales, conversion rate (unit session percentage) and total revenue over the course of a week, then change the order of your images, and measure the same data over the next week.

You may find that a certain image order results in a much higher conversion rate than another.

If They Can’t Read It, They Won’t Come

For buyers unconvinced by your title and images, your bullet points are your next opportunity to seal the deal.

Amazon’s bullet points are relatively straightforward. You have five spaces for bullet points, but that does not mean you are limited to five words or even five sentences.
To maximize the use of your bullets, use a short paragraph of two to four sentences and focus on the features and benefits of your product. Address any common questions or objections that might cause someone not to buy.

Remember to update these often!

If you get complaints in your reviews that come simply from a misinterpretation of the product, update your bullets (and maybe even your title) to account for that.

Use the first three bullet points to drive home your product’s most important features. Here is an example:

• **LUXURIOUS DOWN FABRIC IS SOFT & ELEGANT** Our premium down comforter hugs you in incredibly silky soft comfort. While other comforters can be scratchy and leave you tossing the covers off, you’ll want to snuggle up all night with ours.

• **ADVANCED TEMPERATURE CONTROL KEEPS YOU COMFORTABLE** One of the most annoying things about most down comforters is that they can get too hot. Our patent-pending material regulates your temperature, ensuring you stay at the optimal temperature all night, every night.

• **UNIQUE DESIGN KEEPS DOWN MATERIAL FROM SHIFTING** Using chambers woven together to prevent shifting, our premium down fill remains where it is supposed to be. You’ll never have to worry about waking up clinging to an empty comforter again.

Use the fourth and fifth bullets to answer common questions, or overcome other objections common with your product:

• **FITS ALL QUEEN MATTRESSES** Our down comforter has been designed to fit all queen mattresses. Don’t risk a bad fit with an inexpensive comforter. Insist on the best.

• **100% 90 DAY MONEY BACK GUARANTEE** If you are not satisfied for any reason, simply return your comforter for a full refund, no questions asked. You have nothing to lose.

Using all caps for the beginning of your bullets can help you to emphasize key points.

**IMPORTANT TO NOTE**

AMAZON DOES NOT ALLOW A SELLER WARRANTY.

Note that Amazon does not allow a ‘Seller Warranty’ but does allow for a ‘Manufacturer’s Warranty’ to be included in a listing.

Amazon offers all buyers protection under its A-Z Guarantee program, which all sellers are required to abide by and honor.
Engagement Isn't Just a 10-Letter Word (Or Is It?)

The product description area is perhaps your last chance to turn a shopper into a buyer on your Amazon listing.

Despite its importance on independent webstores, the product description is often overlooked by Amazon shoppers.

This might be because of its location on the page: Buried toward the bottom and without any pomp and circumstance to draw attention.

Amazon allows for basic HTML to be used in the product description, which includes:

- Bold
- Italics
- Quotes
- Line breaks
- Page breaks

You should use basic HTML markup, if possible, to highlight certain words or phrases, and to make your description easier to read, as opposed to a paragraph all lumped together.

Amazon no longer allows other forms of HTML in the product description or any other areas of an Amazon listing.

Enhanced Brand Content, previously reserved only for products sold by Amazon, and those sellers in the Vendor program, is now available for most sellers through Seller Central.

This exciting new program allows sellers to greatly enhance the Product Description section of their listing with additional photos, copy and even comparison charts.

As of the date of this publishing (December 2018), Enhanced Brand Content detail pages are available at no additional cost to sellers.

I highly recommend taking advantage of them.

You can use one of five pre-built templates for your Enhanced Brand Content, or select the customer template and use individual modules to create the style you desire.
The new EBC modules are:

- Rose
- Tulip
- Orchid
- Sunflower
- Lilly
- Custom

Courtesy of CPCStrategy
Here are two examples of Enhanced Brand Content.

SunBum’s Enhanced Brand Content on Amazon

**About SunBum**

In 2000 we started making products to protect our friends and families from the sun. Since then we’ve grown and gotten a lot bigger but we haven’t changed.

Our Corporate Office is in an old Florida beach house off 417. Our West Palm Beach office is in a groovy little house of feathers. We stay true to our roots and project that same vibe. Our packaging is full of humor, some sarcasm, we listen to sad songs. We make cool friends, we hang our deep end belts to dry. We want our Evan to become the Evan. We make products the way we like them, and we hope you like them too. Trust The Bum.

**Here are some facts.**

**Broad Spectrum**

Broad spectrum sunscreen contains active ingredients that block both UVA and UVB rays. These rays are responsible for sunburn, oxidative stress, and the development of skin cancer. All Sun Bum Original Sunscreens are broad spectrum to help protect and prevent.

**SPF Rating**

Sunscreen factor (SPF) is the number of times more protective a sunscreen is than no sunscreen at all. Sunburned skin can take up to 2 years to fully repair. So choose the right SPF for your skin, andathers it in all seasons.

**Friendly Ingredients**

Sunscreen formulations may contain various ingredients that help moisturize, protect, and hydrate the skin. Our Sunscreens are hypoallergenic and dermatologist recommended for even the most sensitive skin.

**Trust the Bum**

Sun Bum is committed to recommendations and published works by the Skin Cancer Foundation and the American Cancer Society. All of our Sunscreens are non-comedogenic, paraben-free, and recommended by the FDA.

**Apply Sunscreen**

Apply sunscreen on face. 30 minutes before going in the sun to allow for maximum absorption and protection. Keep in mind: SPF ratings are significantly decreased if you don’t reapply enough. Think 3 applications of sunscreen, don’tはどうしますか？sunscreen is on your skin is not always enough. In fact, you’ll need a little more.

<table>
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<th>Spf 30</th>
<th>Spf 50</th>
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<td>Water Resistant</td>
<td>✓</td>
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<td>15, 30, 100, 10</td>
<td>15, 30, 100, 10</td>
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</tr>
<tr>
<td>Application</td>
<td>Before and during a day in the sun</td>
<td>Before and during a day in the sun</td>
<td>Before and during a day in the sun</td>
<td>Before and during a day in the sun</td>
</tr>
</tbody>
</table>
Rollie's Enhanced Brand Content on Amazon
First Impressions Matter Most

Reviews impact an Amazon product listing in three ways and should be one of your top marketing considerations.

1. AVERAGE STAR RATING

First, reviews impact product listing placement through the average star rating that appears alongside the product in search results and at the top of the product detail page.

A product with an average star rating of 4 or 4.5 stars will typically outperform a similar product with only 3 or 3.5 stars.

In 2015, Amazon transitioned to a weighted system for measuring a product’s average star rating.

Things like the below now affect the weighting of each review. This means that the average is not simply a straight mathematical average:

• Whether a product is bought at a discount
• How long ago the review was left
• How helpful other Amazon shoppers say a review is to them

EXPERT TIP

You can make the most of your average star rating by focusing on courting organic reviews from customers who pay full price for your product.

2. MOST POPULAR REVIEWS SECTION

The Most Popular Reviews section, which is located toward the middle of the page on the left-hand side, is the area where reviews for the product that have been voted “Yes” as helpful most often.

Sellers cannot dictate which reviews show up in this section.

Customer votes, whether they have purchased the item or not, can affect which reviews show up here. Typically, the more 4 and 5-star reviews that appear in this section, the higher the conversion rate and sales will be, while the more 1 to 3-star reviews that show up, the lower the conversion rate and sales will be.
The Mountain is proof that people don’t have to buy your item for reviews to boost your ranking. In 2008, a college student left a satirical review on the brand’s Three Wolf Moon T-shirt. Since then, 40,000 people have said the review was helpful. The Mountain is a now a multi-million dollar brand.

3. MOST RECENT CUSTOMER REVIEWS.

The final place that reviews impact a listing are in the ‘Most Recent Customer Reviews’ section, which is located towards the middle of the page to the right. This section includes the ten most recent reviews, and cannot be impacted by votes of any kind.

The only way for a review to move out of the most recent section is for more reviews to be left for that product, replacing it.

To maximize your chances for successful selling on Amazon, pay close attention to your reviews. Sell a quality product, treat your customers well, take care of issues promptly when they arise and always go above and beyond.

You can comment on reviews as the seller, and many buyers appreciate a seller that is proactive about addressing issues and providing an exceptional customer experience.

If They Ask, You Should Answer

Perhaps the most underutilized marketing opportunity of an Amazon product listing is the Questions & Answers section.

Questions are submitted by customers, whether they have purchased the product or not. A unique feature is that the answers to these questions can be submitted by both other customers (again, whether they have purchased the product or not) or by the seller.

Many sellers assume that they must simply sit back and wait until customers start asking questions for this section to be utilized.

Instead, consider seeding the section by asking a colleague or friend to put a question that is common for your product, so that you can answer it.
Once questions are asked, make sure that the answers displayed to those questions are accurate. If multiple answers are provided by either customers or sellers, Amazon displays the answer that has the most votes.

Votes are submitted by either clicking on the “up” or “down” arrow next to the answer. Because anyone can submit an answer, you will want to keep an eye on this section and ensure that the answer displayed for a question is correct.

**Easy Search Terms, Easy Find**

In addition to pulling from a title and bullets, Amazon determines which keywords are relevant for your listing from the Search Terms section, which is located in the back-end of seller central.

This section is not visible to the public.

In 2017, Amazon began truncating the back-end search terms to the first 250 characters. That is to say that only these characters are “indexed,” and show up in search results.

Because of this, it is now extremely important to make sure your first 250 characters in the Search Terms field are the most relevant to your product listing.

Here are a few guidelines for search terms in Amazon:

- You do not need a comma between words, but you do need a space.
- Include both singular and plural versions of important words, for example ‘dog’ is not the same as ‘dogs.’
- Do not repeat words, or make sentences out of your keywords. For example, once you use the word ‘dog,’ there is no need to repeat that word anywhere else in the search terms section.

You’ll know you are on the right track if you end up with a search terms section that is not cohesive, meaning there are no complete sentences; it should seem like a jumbled up mess of related words.

Good job!

Here’s an example:

```
dog dogs puppy puppies premium toy toys bone rawhide bones rawhides best natural organic USA made in big chew chews
```
A Final Word

We’ve covered a lot of ground, and laid the groundwork for a great product listing—and marketing plan—on Amazon. It’s important, however, to note that a well-performing listing is part science and part art.

Testing is imperative to make sure you are maximizing the opportunity. When testing, make small changes and give adequate time to measure the impact of those changes so that you know whether to keep them or to revert to the previous version of your listing.

If possible, test only one element of your listing at a time.

If you test multiple items at once, you will not know which change impacted your listing, however positive or negative the impact.

There are a lot of critical elements to a product’s success or failure on the world’s largest ecommerce platform. Your listing is certainly a major one, and by following these simple steps, you are well on your way to an optimized and high-converting listing.
Just five years ago, I was a civil engineer straight out of college struggling in the 9-5 world.

Obsessed with escaping that constricting environment, I started selling products on Amazon. Today, I run a company that has more than 40 SKUs and a full-time staff managing my private label goods, which earn over 8 figures per year.

This chapter covers how I did it.

First things first...

**What Are Private Label Products?**

Private label products are goods and services created by one company to be sold and branded by another company.

Popular examples of private label products include Walmart’s Great Value brand, Target’s Mainstays, and Amazon’s Amazon Essentials.
If you're interested in starting your own online business, it doesn't get much better than selling private label products using Amazon's Fulfilled-by-Amazon (FBA) program.

It's pretty easy to do and there are a lot of tools in place to help you succeed. Below, I cover the nine basic steps to success.

1. **BRAINSTORM PRODUCT IDEAS**

Ideas can come from anywhere. Over the years, I've found a few cool hacks to get killer ideas for private label products.

First, whenever I'm out shopping or rummaging through a store, I keep a look out for hot, new trending products.

This is usually newer stuff; the kind of items that Wal-mart and Target haven’t started stocking. For example, I was recently in Anthropologie and saw a set of copper measuring cups priced at $25.00. I thought, “Perfect!”

Once I got home, I plugged the idea into my research tools and confirmed that it was an awesome opportunity.

A second place to look for product ideas is Amazon itself.

Dig through the departments and subcategories to look for new products (be sure to pay attention to the “Hot New Releases” columns!). Look at what other sellers are offering by checking out their Amazon storefronts and product listings.

Finally, I check out the web for cool product ideas, too.

Social media’s always got some wild, new product idea that’s going viral. And check out Kickstarter and IndieGoGo too, where brilliant inventors are finding new, innovative ways to pitch products.

2. **CONSIDER SPECIFIC PRODUCT ATTRIBUTES.**

So what sort of private label products should you try to sell?

If you’re just starting out, I highly recommend starting with products that have the following qualities:

- **Small and lightweight.** Your product should be able to fit into a small, flat-rate box (8 11/16” x 5 7/16” x 1 3/4”) and weigh no more than one or two pounds. This helps you save on shipping both from the manufacturer and later, when it is fulfilled (either by you, or by Amazon FBA).
• **Non-seasonal.** Your product’s sales should NOT be season-dependent. Examples of seasonal products include: Christmas lights, Valentine’s Day gifts, winter clothing, etc. Avoid these whenever possible.

• **Unregulated.** Certain products like food, toys, and batteries come with “red tape” that can make selling that product difficult. I recommend that you stick to stuff that’s easy to manufacture and distribute; items that don’t require a lot of legal paperwork and/or certifications.

• **Uncomplicated.** Electronics can be fun to sell, but they often come with a lot of headaches and customer service issues. The same is true for fashion and clothing products, which may require you to have multiple colors and sizes for a single SKU.

### 3. CONDUCT MARKET RESEARCH

Once you’ve found a few cool products you’d be interested in selling as private label products, you’ll need to do a little market research to determine whether or not it’s worth selling.

Back when I started selling my own private label products on Amazon FBA, you had to do it the hard way: with a spreadsheet, and a lot of time spent staring at product listings.

These days, we have applications like Jungle Scout’s Chrome Extension to help us, which can do product research for us instantly.

Here’s how it works:

1. Perform a search on Amazon.com using your product idea as a search term. For example, I’m going to look up “copper measuring cups.”

2. After the search results page loads, click the “JS” button to the right of your browser search/address bar to open the Jungle Scout Chrome Extension (you will need to have purchased and downloaded the extension for it to work).

3. Verify the product’s data. The Chrome Extension will show you the average monthly sales, average reviews per product, and more for the search’s results.

And that’s it!

Of course, you’ll need to know what sort of criteria to look for. Personally, I prefer products that sell an average of 250 - 400 units per month.

Also, I don’t want too much competition when I launch a product, so I make sure that the average number of reviews for a product is less than 100.

### 4. RESEARCH PRODUCT SUPPLIERS AND MANUFACTURERS.

Now that you have the perfect product idea, and you’ve verified the sales data using the Jungle Scout Chrome Extension, all that’s left to do is to get it made!

Thankfully, in 2019, we have Alibaba to help us get that done. If you’re not familiar with Alibaba, Alibaba is more-or-less the Amazon of China, allowing us to purchase wholesale and bulk products directly from overseas manufacturers.
And not only is Alibaba easy to use, but it’s safe, too, as they thoroughly vet all of their suppliers.

Here are the basic steps to finding potential suppliers on Alibaba for your private label product:

1. Create a buyer account on Alibaba.com.
2. Perform a search for your product on Alibaba; Alibaba’s product database works similarly to Amazon’s.
3. Find product listings that are similar to the private label product idea you wish to sell.
4. Send a message to the product supplier/manufacturer requesting more information about the product. I like to ask the following:
   a. What is the price per unit for this product when I order 500 units (or however many units need to be ordered)?
   b. Can I have a sample shipped to my location? If so, what’s the cost?
   c. What payment terms and methods do you accept?
   d. How can I customize this product?

Typically, I reach out to 3-5 suppliers for a product. From each of these suppliers, I order a sample of the product.

5. FINALIZE YOUR LOGO, DESIGN, AND PACKAGING.

Since it’s a private label product, we can put our own logo on the packaging and the product itself.

If you’re like me and not handy with graphic design, you can find professional, inexpensive graphic designers to design eye-catching logos for your products on freelance sites, like Jungle Market.

In addition, I like to make the design of the product a little different than the others already on the market.

And you don’t have to be an engineer to customize your products either. Sometimes, customization can be as simple as changing the product’s color or making a product’s handle a little longer.

Finally, I try to offer the best packaging I can.

Thoughtful packaging really improves the customer experience. Plus, you can put your brand’s website URL, helpful information, and more on your packaging, improving your marketing efforts.

6. DETERMINE YOUR FULFILLMENT STRATEGY

Of course, knowing what to sell and how to manufacture private label products is only half the battle.

We also need a way to get our products to our customers.

There are tons of ways you can fulfill your orders though. Some people fulfill their own goods from their garage or even their own warehouse. Others use third-party fulfillment centers to ship their goods.

I mostly rely on Amazon’s own internal fulfillment service: FBA.
Since its introduction in 2008, FBA’s been a game-changer for Amazon sellers.

Not only do you get access to Amazon’s 2.5 billion monthly shoppers, but Amazon actually handles your products for you.

All you have to do is send your inventory to Amazon. From there, they store, pick, pack, and ship your goods for you...not to mention the fact that they also handle your customer service.

7. DECIDE ON YOUR MANUFACTURER

Now that all of our ducks are in a row, what’s next?

We know what we’re going to sell, and how well it’s expected to sell once it’s listed on Amazon, thanks to our market research. Plus, we created a cool logo, design, and package for it, too. And we know that Amazon is going to do our fulfillment for us.

Next, it’s time to decide on a manufacturer.

You might remember, in step 4, that we recommend reaching out to 3-5 potential manufacturers for your private label product and ordering samples from each.

That part of the decision-making process is extremely important; you need to get it right.

And you can tell a lot about a manufacturer by how quickly they ship samples to you, the condition the sample is in when it arrives, and the communication involved in tracking its status.

For me, this is more significant than the actual cost of the product itself.

One mistake I want to help you avoid is going with the manufacturer that has the lowest cost, even if the quality of the product and your communication with the supplier are less than stellar.

Obviously, we want our costs to stay low, but sometimes the cheapest product isn’t always the best product.

Instead, I recommend using the lower price quotes to help negotiate prices down with the manufacturers that have better communication and fulfillment skills.

Once we’ve selected our supplier, we will arrange payment via our preferred method, as most suppliers will accept PayPal or Alibaba’s Trade Assurance to process safe and secure payments.

8. CREATE YOUR AMAZON LISTING

It takes roughly 3-4 weeks for a manufacturer to create a product, and another 1-2 weeks to ship it to the seller or the nearest Amazon fulfillment center. That 4-6 week period is the perfect time to create our Amazon listing.

First, when creating an Amazon listing, make sure you have everything ready to publish and launch in advance.
Second, great product photos are a must. And unless you have some serious photography skills, I recommend hiring a professional.

If you have trouble finding a photographer on your own, Jungle Market is an excellent place to find quality freelancers.

Next, the title. It is one of the most important elements of your Amazon private label product listing. It’s what helps Amazon determine where your product should be seen in its database.

Therefore, make sure that the keywords you use in your title are relevant!

For example, if you’re selling “copper measuring cups” and want to rank for that keyword, be sure to include “copper measuring cups” at the front of the title. Then, follow that set of keywords with the secondary and tertiary keywords you want to rank for as well.

Lastly, incorporate your products’ strongest features and benefits in the product description field and bullet points. These help customers make a purchasing decision when they click through to your page. The more your private label product meets their wants and needs, the more likely they are to buy.

9. OPTIMIZE YOUR LISTING TO INCREASE SALES

While much of the Amazon FBA private label selling process is “set it and forget it”, you still want to make sure your product listing is doing everything it can to earn sales.

Amazon’s internal advertising system - Amazon PPC - is an awesome way to draw attention to your private label product.

With Amazon PPC, you bid on “sponsored ads”, and these ads help your product appear on the first page of search results, on remarketing ads outside of Amazon, and even on your competitors’ product pages.

You can run reports via Amazon Seller Central to find out the keywords that are selling/converting, helping you determine the keywords to bid on via PPC.

Also, you can use Jungle Scout’s Keyword Scout tool to see what keywords your competitors are using to make sales.

After a few weeks of tweaking and adjusting your bids, you can double—even triple!—your Amazon sales.

Once you get comfortable with Amazon PPC and the Amazon sales process, you can use other tools to run tests on the effectiveness of the various elements of your Amazon FBA private label product listing.

A/B testing (or split testing) is an effective way to see what works and what doesn’t.
When split testing, you run two concurrent tests featuring small changes to your product listing (e.g., main image, price point, etc.). Then, automated software like Splitly helps you see what works and what doesn’t.

I’m often surprised to learn images and titles I thought were bringing in sales were actually hurting me.

How to Price Private Label Products on Amazon

A question I am often asked is how to price products effectively on Amazon.

Most new sellers instinctually set a very low (or even the lowest) price point for their product, but that’s a big mistake. I rarely, if ever, set my private label product’s price so that it is priced lower than my competitors’.

Instead, I try to make my product stand out in other ways.

Whether it’s through better design and packaging, tighter sales and marketing language in the product listing itself, or even through killer customer service offered after the sale is made, I make sure my product stands out (think ‘purple cow’!).

Still, as a rule of thumb, you should try to keep your price point within 20% of your competitors’ average sales price.

For example, if I discover that “copper measuring cups” are selling for around $25.00 on Amazon, I try not to price mine less than $20 or higher than $30.

Furthermore, I always try to launch private label products on Amazon that sell between $20 and $50.

I find that if I do less than $20, it can be difficult to turn a profit after I subtract out the cost of goods and advertising expenses. On the other hand, if I go above $50, I leave myself open to slower conversion rates and bad reviews from value-based scrutiny.

Examples of Private Label Products to Sell in 2018

Here are some examples of private label products that were found using the same ideation and research methods above.

I’ve also included screenshots of the Jungle Scout Chrome Extension Pro, so you can see the metrics for each product.
Of course, be sure to perform your own research as the market can (and will) change at any moment:

1. **HOMESCHOOL PLANNER**

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<th>Brand</th>
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<th>Price</th>
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<td>-</td>
<td>-</td>
<td>-</td>
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2. **FUNNY HAT**

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3. **COPPER MEASURING CUP**

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The Definitive Guide To Selling On Amazon
Executive Summary

If you're looking for a fun and easy way to get started selling your own branded products online, then look no further than Amazon FBA private label.

The biggest piece of advice I give to every new seller interested in this method is to simply trust the process.

Five (nearly six) years later, no matter what changes pop up—whether it's Amazon changing its terms-of-service or the market trends themselves changing—the nine steps to success mentioned above remain the same.

You can do this!

For more information on the Amazon FBA private label product process, check out Jungle Scout University, which includes hundreds of free articles and videos to help you on your way to success.
Amazon FBA has become one of the most popular ways to earn income online. In fact, there are over 2 million people selling on Amazon worldwide.

Almost anyone can list an item for sale on Amazon, whether it’s something you’ve purchased wholesale, made yourself or simply a product you no longer want.

If you enroll in the FBA program, you can automate order fulfillment by taking advantage of Amazon’s advanced shipping and fulfillment services and earn more sales from Amazon’s coveted Prime customers.

About half of all sales on Amazon come from third-party sellers. And out of the top 10,000 sellers, 66% of them use FBA.
What is Amazon FBA?

FBA stands for Fulfillment by Amazon. What that boils down to is: you sell it, Amazon ships it.

The way it work is:

1. You send your products to Amazon.
2. They store them in their warehouses.
3. When a customer orders one of your products, Amazon picks, packs, ships and tracks the order for you.
4. They also handle returns and refunds.

All this does come at a price. Amazon charges both storage fees and fulfillment fees. However, those fees include Amazon’s stellar 24/7 customer service, the cost of shipping goods to customers and access to one of the largest and most advanced fulfillment networks in the world.

Why Amazon FBA Matters: Stats to Know

Amazon has more than 300 million active customers, with 90 million Prime subscribers in the U.S. alone. Brands available specifically to Prime buyers are those that utilize FBA. And, Prime customers spend more money with Amazon.

The average customer spends $700 per year on Amazon, while Prime customers spend roughly $1,300 per year.

This means that if you use Amazon FBA and are therefore more visible to Prime buyers, you can make more money.

How Amazon FBA Works

Amazon handles all the hard work for you within FBA, so the way it works is pretty simple.

1. SEND YOUR PRODUCTS TO AMAZON

Amazon has about 100 warehouses across the U.S., some of which are over a million square feet. You tell them what products you’re sending, and they tell you which warehouses to ship your products to.

2. AMAZON Sorts AND STORES YOUR PRODUCTS

Once Amazon receives your products, they’ll sort and add them to their inventory. Your products are then stored safely in their warehouses. On the off chance that anything gets damaged in the warehouse, Amazon will reimburse you.
3. A CUSTOMER BUYS YOUR PRODUCT
Amazon takes care of the entire transaction for you. They accept payment and update your inventory automatically.

4. AMAZON SHIPS YOUR PRODUCT
One of Amazon's warehouse workers (or robots) grabs your product from storage, packs it into a box and ships it to the customer.

5. AMAZON HANDLES CUSTOMER SERVICE – WELL, A LOT OF IT
Once the customer receives your product, Amazon follows up to make sure they're satisfied with the shipment. They also handle any returns or questions from the customer.

As for any feedback you receive on your product listing, it's up to you to respond and take action.

6. YOU GET PAID
Every two weeks, Amazon totals up all your sales, deducts your seller fees and deposits your profits directly into your bank account.

That's it! Sound pretty easy? There are a few things you need to do to make sure you're successful.

What You Are Responsible For When Using Amazon FBA
Here's what you're responsible for:

1. CHOOSING WHICH PRODUCTS TO SELL
You can sell just about anything you like, but if you want to avoid storage fees, make sure you choose products that will sell quickly.

2. KEEPING YOUR INVENTORY IN STOCK
You'll need to check your inventory levels on Amazon regularly to make sure your products stay in stock.

3. MARKETING AND ADVERTISING YOUR PRODUCTS
If you're selling highly-ranked brand name products, you may not have to do this. But if you're selling your own custom products, you'll need to make sure people can find them.

There are over 350 million products in Amazon's catalog, so marketing is vital if you want yours to be found.
Benefits of Using Fulfillment by Amazon (FBA)

The FBA program is one of the top ways to grow your business and get your products in front of more people. Amazon has an army of loyal customers, which can mean increased sales for you.

Some of the biggest benefits of FBA are:

1. EFFORTLESS LOGISTICS AND SHIPPING
   If you’ve ever managed your own fulfillment, you know it can be quite time-consuming. Higher sales mean more time spent packing and shipping, or more money spent hiring someone to handle it.

   FBA allows you to outsource the entire process, taking advantage of their expertise and experience.

2. DISCOUNTED SHIPPING RATES.
   Amazon’s contracts with the major shipping carriers give them steep discounts on shipping costs. They pass those discounts on to sellers in the form of reduced shipping prices when sending your inventory to Amazon.

   Customers also benefit because many orders on Amazon are eligible for free shipping. And Prime members get free two-day shipping on all FBA products - a huge incentive that leads to higher sales.

3. MANAGEMENT OF RETURNS
   Processing returns is a pain. From dealing with upset customers to inspecting returns and handling all of the administrative aspects, Amazon takes care of all of that for you.

   They manage customer inquiries, return shipping labels and reverse logistics. They do charge a returns processing fee, but it’s worth it for the amount of work they take off your shoulders.

4. CUSTOMER SERVICE MANAGEMENT
   Amazon has a reputation for providing excellent customer service. They offer 24/7 support via phone, chat and email. That eases customer’s minds, and takes a huge load off your plate.

5. POTENTIALLY UNLIMITED STORAGE SPACE
   Using FBA means you don’t have to worry about how much or how little storage space you need for your products.

   You don’t have to pay for a warehouse or worry about what size warehouse you need. There are no inventory minimums, so you can send in as little as just one product.

   Plus, sellers with high inventory performance scores (meaning your products sell quickly) get unlimited storage.

6. QUICK DELIVERY
   Amazon has hundreds of fulfillment centers all over the world. So no matter where your customers are, they can reliably get products delivered to them within just a couple of days.
Once an order is placed, Amazon automatically figures out which fulfillment center is closest to the customer and ships their order from there.

7. FULFILLMENT OF ORDERS FROM OTHER CHANNELS

Amazon's Multi-Channel Fulfillment (MCF) service allows you to sell products on other channels (like BigCommerce) while still getting Amazon to fulfill those orders.

You can even automate the process for free by using the FBA Shipping app. It automatically sends orders from your BigCommerce store to Amazon for fulfillment. It also pulls order updates and tracking information from Amazon, sending that data to your customers from your BigCommerce store.

Disadvantages of Using Fulfillment by Amazon (FBA)

Even though Amazon is an incredible selling machine, there are a few drawbacks you need to be aware of.

1. FBA COSTS MONEY

Amazon charges both storage fees and fulfillment fees. You'll need to understand how quickly your inventory moves in order to minimize storage fees.

And you'll want to make sure your products are still profitable after paying Amazon's fulfillment fees.

2. LONG-TERM STORAGE FEES

Storage fees aren't too bad unless your items sit for over six months. Amazon is in the business of selling products, not storing them.

So they make sure you pay if your products aren't selling. If you let your inventory sit too long, you could be faced with sky-high storage fees.

3. YOU MAY SEE MORE RETURNS

The flip side of having an easy returns process is that customers are more likely to make returns.

You may see more impulse and test buys from customers, which can result in higher rates of returns.

4. PRODUCT PREP CAN BE DIFFICULT

Amazon has strict guidelines on how to prepare and ship your items to them. Products must be correctly entered into Amazon's database, properly labeled and then shipped to the right warehouses.

It takes time to get the hang of all the details when you're first starting out.

5. TRACKING INVENTORY CAN BE DIFFICULT

It can be challenging to stay on top of what products you have available, what you need to order, and what's not selling when everything is out of view.
Out of sight, out of mind. It’s especially difficult to keep inventory changes in sync if you sell on multiple channels. Fortunately, the ByteStand app can automate inventory management between BigCommerce and Amazon.

6. SALES TAX CAN BE DIFFICULT

Every state in the United States has different rules for sales tax collection. It’s simple if your business operates in just one state, but Amazon has fulfillment centers in virtually every state, and they shuffle inventory between warehouses constantly.

• So do you only collect sales tax for the state where your business is located?
• Or for every state Amazon operates out of?

There’s no easy answer. Tax partners like Avalara can help automate complicated tax rules for different regions.

7. COMMINGLING MERCHANDISE CAN BE SCARY

To increase efficiency, Amazon gives you the option of commingling, or pooling, your products with the same products from other buyers.

If you accept, you save time on labeling and prepping your products. But some unscrupulous sellers have been known to send in counterfeit or damaged products.

There have been instances of legitimate sellers receiving negative reviews and even being banned from selling on Amazon due to this.

14 Tactics to Successfully Sell on Amazon FBA

1. RESEARCH COMPETITORS TO FIND PROFITABLE PRODUCTS

Start by looking at Amazon’s best sellers. It’s best not to go head-to-head with the highest sellers as a newbie, but you can get an idea of what kinds of products are popular.

Plug those products into a service like Unicorn Smasher or AMZ Scout, and you’ll get all kinds of juicy data like estimated monthly sales, competitor intel and fee calculators.

2. BE SMART ABOUT WHAT PRODUCTS YOU SELL

Always consider the sales rank. High ranking products sell fast, but there’s a lot more competition. Low ranking or even non-existent products can be slow sellers that result in long term storage fees.

But since there’s little to no competition, it’s easier to become the dominant seller for those listings. If you know the sales rank, you’ll know what you’re up against.

3. CONSIDER BUNDLING PRODUCTS

If there are dozens of sellers on the same listing, it can be hard to win the buy box. You can get around this by creating a new bundled listing. For example, combine a popular board game with an extra dice bag.
That allows you to create a unique listing that still shows up when people search for the main product. Everyone who clicks on your listing buys from you, so no more competition. Plus, you can charge more since you’re offering an added bonus.

4. START SMALL
You don’t have to have hundreds of products to get started. Learn the ropes by adding just a few products initially.

It’s much simpler to create an organized, streamlined process when you just have a handful of products. Once the process is in place, it’s easier to scale up and add more products as you grow.

5. BUILD A BRAND
If you want to stand out from the sea of Amazon sellers, you’ll need your own unique brand. That means having a deep understanding of your target buyers, knowing how to position your brand, and creating consistently styled product images, titles and descriptions.

Creating your own online store where you control the customer experience to complement Amazon sales is the best way to do this. You can also use unique packaging and inserts to make sure your brand personality stands out upon delivery.

Packaging that encourages customers to sign up for your email list or follow social accounts is a good starting place as well.

6. USE GOOD SEO PRACTICES
Amazon is a massive, highly competitive marketplace, so it can be difficult to get your products discovered. But just like Google, Amazon is a search engine with ranking factors that determine which products to display for any given product search.

You can get higher in the search results by researching which keywords people use when searching for your products and using those keywords throughout your product listings.

7. GET EXCELLENT PRODUCT PHOTOS
Amazon requires that the main product image show only the product (no people, text, etc.) against a white background. You can then add up to eight more photos (depending on the product category).

Since your images are a customer’s first impression of your products, make sure they are perfect. Remember, people can’t hold your products when you’re selling online, so you need your photos to be as detailed as possible.

Show the product from different angles, show it in action, show close-ups of various features, and show a person holding it for scale. Consider getting 360-degree images and videos created to make product pages that more engaging.
8. OPTIMIZE YOUR PRODUCT TITLES

Ever notice how a lot of Amazon products have really long, detailed titles? That’s sellers trying to stuff their keywords in. Amazon allows up to 250 characters for titles, but that doesn’t mean it’s a good idea to use all 250 characters.

In fact, Amazon has been known to suppress product listings with excessively long titles. So the goal is to be descriptive and to the point while still getting your main keyword into the title.

Try following this format: Brand name, product name, important features like color or size. Here’s a good example: OXO Flexible 3-Piece Silicone Spatula Set, Heat Resistant And BPA Free (Green). It includes the important information without going overboard.

9. OPTIMIZE YOUR BULLETP POINTS

Once a customer clicks through to your product, one of the first things they’re looking for are your bullet points. If those bullets don’t answer their questions or contain the details they need, they’re likely to bounce.

So make sure to give customers all the information necessary to make a purchase decision. Address common questions, focus on your product’s benefits and include important product details. Just like with your title, you want to get those keywords in without going overboard.

10. CREATE AN IN-DEPTH PRODUCT DESCRIPTION

Here’s your chance to go overboard. Provide comprehensive instructions, add more product photos, throw in some videos and tell your brand story.

You want customers to understand exactly what they’re getting and who they’re getting it from when they purchase your product.

11. ANSWER QUESTIONS

One of Amazon’s unique features is the question and answer section. Anyone can submit a question about a product, whether they’ve purchased it or not, and anyone can submit an answer, whether they’ve purchased the product or not.

Most sellers think they have to wait for customers to ask questions. But you can increase engagement by getting the ball rolling yourself. Ask a friend to post a question that’s commonly asked about your product.

Then you post the answer, and customers see that you’re an involved and helpful seller.

12. GET REVIEWS

If you do nothing else on this list, do this. It’s been proven time and time again that people are more likely to buy products when they have positive reviews. When people are unsure about something, they look around to see what other people are doing or saying.
If 100 people say Product A is great, and no one’s saying anything about Product B, guess which one people are going to buy?

13. CHOOSE THE RIGHT REPRICING PROGRAM

Prices change constantly on Amazon. And although the lowest price doesn’t always win the buy box, it often does.

Most Amazon sellers use repricing software to automatically change their prices throughout the day. If you’ve only got a handful of products, you may be able to keep up with repricing manually.

But you’ll see more success if you automate the process.

Many sellers use rule-based repricers, but that often ends up in a race to the bottom, with prices eventually going so low that there’s no profit left. Algorithmic repricers are more advanced, and typically lead to higher profits.

14. USE AMAZON MARKETING SERVICES (AMS)

You know the “Sponsored products related to this item” section? Those are ads created through AMS.

This marketing tool allows you to create ads for your products and target them based on keywords or similar products. It also provides performance analytics so you can optimize your ads.

Executive Summary

Amazon’s FBA program allows any business, no matter how small, to get their products in front of millions of customers and take advantage of the largest fulfillment network in the world. It also allows you to leverage their first-class customer service and storage capabilities.

Plus, customers are more likely to trust your products when they’re backed by Amazon, so it’s a great way to get more sales and increase brand recognition.

Amazon takes a huge load off your plate by handling all this. And the best part is that FBA integrates seamlessly with BigCommerce. You can sell on both channels and have Amazon handle fulfillment and inventory management for you.

Although there are a few disadvantages to the FBA program, you can easily minimize them by using the strategies presented here.
Selling on Amazon can be an immensely profitable channel for brands. Yet, like any other channel, it is essential that you understand the fees associated with selling on Amazon to get a clear picture of your full cost—and true Amazon revenue.

Far too many Amazon sellers have played the game to win the buy box or drive an immense amount of sales on a new private label product, reducing the price so much so that no margin exists once it is sold.

Amazon changes fees for FBA, for selling on Amazon to begin with and much more.

This guide will walk you through exactly what Amazon fees are, how much you’ll be charged and how to do the proper math to make sure your Amazon revenue keeps you in the green.
What are Amazon’s Current Selling Fees?

Amazon sellers can choose between a Professional or Individual plan.

Individual sellers pay $0.99 for each item sold on the marketplace, in addition to variable closing fees ranging from $0.45 to $1.35.

Professional sellers pay variable closing fees and referral fee percentages ranging from 6% to 25% (an average of 13%). Professional sellers also pay $39.99 per month, but they are exempt from the $0.99 per item fee.

<table>
<thead>
<tr>
<th>Selling Plan Features</th>
<th>Professional</th>
<th>Individual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best for sellers who</td>
<td>Plan on selling more than 40 items a month</td>
<td>Plan on selling fewer than 40 items a month</td>
</tr>
<tr>
<td>Monthly subscription fee</td>
<td>$39.99</td>
<td>N/A</td>
</tr>
<tr>
<td>Selling fees</td>
<td>Referral fees and variable closing fees¹</td>
<td>$0.99 per item + referral fees and variable closing fees¹</td>
</tr>
</tbody>
</table>

1. MONTHLY SUBSCRIPTION CHARGES

If you are a professional seller (someone planning to sell more than 40 items per month), merchant fees are $39.99 per month.

If you plan on selling fewer than 40 items per month, your upfront fees are $0, but you pay $0.99 per product sold.

2. THE PER-ITEM FEE

Non-professional sellers (i.e. individual sellers) pay $0.99 per product sold. Professional sellers pay $0.

3. REFERRAL FEES

Amazon referral fees are based on product category. Items in several categories have a per-item minimum referral fee (i.e., sellers pay the greater of the referral fee or the per-item minimum referral fee).

Amazon will charge whichever of these two is higher for each item:

- **Referral Fee as a percentage of sale price**: It ranges from 6% to 20% (45% for Amazon devices), but it’s usually 15%.
- **Minimum Referral Fee of either $0 or $1**: Jewelry and watches are the only two categories with a rate of $2.

Here is a chart provided by Amazon to help you determine referral fees for your specific product and category.
Amazon deducts the greater of the applicable referral fee percentage or applicable per-item minimum referral fee. See “Referral fees” notes above.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Referral fee percentage</th>
<th>Applicable minimum referral fee (applied on a per-item basis unless otherwise noted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon Device Accessories</td>
<td>45%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Baby Products (excluding Baby Apparel)</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Camera and Photo[^1]</td>
<td>8%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Cell Phone Devices[^2]</td>
<td>8%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Consumer Electronics</td>
<td>8%</td>
<td>$1.00</td>
</tr>
<tr>
<td>DVD[^4]</td>
<td>15%</td>
<td>—</td>
</tr>
<tr>
<td>Electronics Accessories</td>
<td>15% for the portion of the total sales price up to $100; and 8% for any portion of the total sales price greater than $100</td>
<td>$1.00</td>
</tr>
<tr>
<td>Furniture &amp; Decor</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Home &amp; Garden (including Pet Supplies)</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Kitchen</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Category</td>
<td>Percentage</td>
<td>Base Fee</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Major Appliances</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Music</td>
<td>15%</td>
<td>—</td>
</tr>
<tr>
<td>Musical Instruments</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Office Products</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Outdoors</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Personal Computers</td>
<td>6%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Software &amp; Computer/Video Games*</td>
<td>15%</td>
<td>—</td>
</tr>
<tr>
<td>Sports (excluding Sports Collectibles)</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Tools &amp; Home Improvement</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Toys &amp; Games</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Unlocked Cell Phones</td>
<td>8%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Video &amp; DVD</td>
<td>15%</td>
<td>—</td>
</tr>
<tr>
<td>Video Game Consoles</td>
<td>8%</td>
<td>—</td>
</tr>
<tr>
<td>Everything Else</td>
<td>15%</td>
<td>—</td>
</tr>
<tr>
<td>Categories Requiring Approval</td>
<td>Referral fee percentages</td>
<td>Applicable minimum referral fee</td>
</tr>
<tr>
<td>------------------------------</td>
<td>--------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>3D Printed Products</td>
<td>12%</td>
<td>—</td>
</tr>
<tr>
<td>Automotive &amp; Powersports</td>
<td>12%, except 10% for tires and wheels products</td>
<td>$1.00</td>
</tr>
<tr>
<td>Beauty</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Clothing &amp; Accessories</td>
<td>17%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Collectible Books</td>
<td>15%</td>
<td>—</td>
</tr>
<tr>
<td>Collectible Coins</td>
<td>See <strong>Category Requirements</strong> for referral fees</td>
<td></td>
</tr>
<tr>
<td>Entertainment Collectibles</td>
<td>See <strong>Category Requirements</strong> for referral fees</td>
<td></td>
</tr>
<tr>
<td>Fine Art</td>
<td>See <strong>Category Requirements</strong> for referral fees</td>
<td></td>
</tr>
<tr>
<td>Gift Cards</td>
<td>20%</td>
<td>—</td>
</tr>
<tr>
<td>Grocery &amp; Gourmet Food**</td>
<td>15%</td>
<td>—</td>
</tr>
<tr>
<td>Health &amp; Personal Care (including Personal Care Appliances)</td>
<td>15%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Industrial &amp; Scientific (including Food Service and Janitorial &amp; Sanitation)</td>
<td>12%</td>
<td>$1.00</td>
</tr>
<tr>
<td>Jewelry***</td>
<td>20%</td>
<td>$2.00</td>
</tr>
<tr>
<td>Luggage &amp; Travel Accessories</td>
<td>15%</td>
<td>$1.00</td>
</tr>
</tbody>
</table>
| Shoes, Handbags & Sunglasses | • 15% for products with a total sales price of up to $75  
• 18% for products with a total sales price above $75 | $1.00 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport Collectibles</td>
<td>See <a href="#">Category Requirements</a> for referral fees</td>
<td></td>
</tr>
</tbody>
</table>
| Watches                     | • 16% for the portion of the total sales price up to $1,500; and  
• 3% for any portion of the total sales price greater than $1,500 | $2.00 |

**4. VARIABLE CLOSING FEES**

These apply strictly to books, music, videos, DVDs, video games, consoles and software (BMVD products), and they will vary according to category, shipping destination and the type of shipping service used.

**5. FULFILLMENT FEES**

These fees are based on product dimensions and weight. This charge is typically between $2.41 and $10 for most products, though the price is increasing in 2018.

Use [this calculator to determine what your fulfillment fees](https://fees.sellerlocker.com/) will be: [https://fees.sellerlocker.com/](https://fees.sellerlocker.com/).

**Why Amazon Sellers Need This Multidimensional Methodology**

Beyond the fees, however, the biggest reason most businesses lose so much on Amazon is because they’re using one-dimensional metrics to determine profitability.

You can’t tell a person’s health by simply checking their heart rate, so why would you do the same for your Amazon business?

To effectively evaluate your profitability, you must analyze every aspect to determine your overall inventory health.

This is what we call the **Multidimensional Methodology**.

Check out the infographic below for a visual walk-through, and then read through the methodology and how to do it following the graphic.
HOW TO DETERMINE THE HEALTH OF YOUR
AMAZON BUSINESS
Introducing Multidimensional Methodology

Sounds boring, right? But what if we told you it could save you millions? Brands selling on Amazon are losing $$$ by incorrectly calculating their profits. Here’s how to determine your profitability on Amazon per SKU.

DIRECT COSTS
These are the brains of your business. This is what you use to determine baseline cost and margins per SKU across all channels. They include your acquisition costs per SKU, including inbound and outbound shipping and wholesale costs. Without a baseline cost, you wouldn’t be able to make profitable decisions for your brand.

INDIRECT COSTS
This is the heart of your business. This is what you expend on mostly non-product-related business functions, including utilities, insurance, bookkeeping, payroll and benefits, business travel, corporate business tax, product samples, web development, warehouse costs and everything included in your overhead cost allocation. Without these functions, your business would be missing its pulse.

AMAZON FEES
This is what keeps you breathing on Amazon. These are your Amazon sales commission, FBA fees, FBA inbound shipping fees, commission on returned product, storage fees, return shipping costs (both from customer to Amazon fulfillment centers and from fulfillment centers to you), and returns disposal costs. Refuse to fill these lungs, and your Amazon business will quickly suffocate.

RETURNS-RELATED COSTS:
This is where your digestive feedback loop comes into play. Is what you’re selling resonating? Is it quality? Was the packaging done well? You’ll know the answer if you’re having to repurify too much in terms of cost for handling returns once they are received, including what write-down or write-off costs you have by not being able to sell returned products as new condition products.
ANNUAL CHECKUP

Most businesses come in at $1-$3 per unit. If you are higher, evaluate how to streamline your overhead costs.

OVERHEAD ALLOCATION COST =

indirect costs
(over trailing 12 months)

sum of total # of units sold
(over trailing 12 months)

HOW TO PERFORM REGULAR SELF CHECKUPS

Here’s what to measure to have a pulse on your profitability per SKU. Are you in the green?

INVENTORY TO SALES COSTS

Indicates overall health of your inventory, as well as highlighting your sell through rate.

\[
\text{Inventory Value} \times \frac{\text{Revenue past 30 days}}{\text{Average wholesale cost}}
\]

GROSS MARGIN RETURN ON INVESTMENT

A ratio higher than 1 means you are selling the merchandise for more than the total cost it took to acquire it.

\[
\text{Gross margin} = \frac{\text{Revenue} - \text{Cost of goods sold}}{\text{Average inventory cost}}
\]

INVENTORY TURNS

A low turnover rate implies poor sales and, therefore, excess inventory.

\[
\frac{\text{Cost of goods sold}}{\text{Average inventory value}}
\]

CASH TO CASH CYCLE

The longer your cash to cash cycle is, the more time your cash flow is tied up. This means you are losing out on potentially more profitable investments.

\[
\text{Days inventory outstanding} + \text{Days sales outstanding} + \text{Days payable outstanding}
\]
What is Multidimensional Methodology?

The Multidimensional Methodology will help you determine your profitability at the SKU level so you can make the most informed business decisions, including:

- Pricing
- Inventory management and restocking
- Returns management
- Vendor negotiations

First, we’ll go through the most effective methods to measure profitability on Amazon, and then we’ll get into the specifics of how you can squeeze the most profit out of each dollar you invest.
Know Your Costs

If someone were to ask you if you knew your exact costs at the SKU level, would you be able to say yes?

Even the most organized sellers are missing out on hidden costs affecting their bottom line.

Let’s get started with a review of the minimum list of costs that should be considered in your financial model:

1. Direct Costs
   Your acquisition cost per SKU, including shipping.

2. Indirect (overhead) Costs
   Warehouse costs, utilities, insurance, bookkeeping, payroll and benefits, business travel, corporate business tax, product samples, web development, etc.

3. Amazon Fees
   Sales commission, FBA fees, FBA inbound shipping fees, commission on returned product, storage fees, return shipping costs (both from customer to Amazon fulfillment centers, and from fulfillment centers to you), and returns disposal costs.

4. Costs For Handling Returns Once They Are Received
   What write-down or write-off costs do you incur by not being able to sell these returned products as new-condition products?

Determining Your Overhead Allocation Cost Per Unit

To calculate this, add up your indirect costs over the past 12 months, and divide that sum by the number of units you sold in the last 12 months.

Use this number as a rule of thumb – it should be consistent on a month-to-month basis.

Here’s the calculation to use:

\[
\text{Overhead Allocation Cost} = \frac{\text{Indirect costs (over trailing 12 months)}}{\text{sum of total # of units sold (over trailing 12 months)}}
\]

You may want to refresh this calculation every six months.

Let’s say, for example, that you calculated a $2 overhead allocation cost per unit sold. This is how much money you have spent on the sale of the item before you have purchased or sold it.

Typically, we see overhead allocation costs between $1 – $3 per unit.

If your overhead allocation cost is higher than that, it may be time to evaluate your individual business expenses and determine how to streamline your costs.
However, her return on her investment is three sales per month.

Based on the high overhead allocation cost for that particular unit compared to her other SKUs, she will have to determine if that SKU is worth continuing to sell.

**Take a Look at Your Amazon Fees**

All Amazon fees can be pulled in one-to-two-week time frames out of Seller Central (Seller Central > Reports > Payments > All Statements View).

Keep in mind your FBA fees will be higher for heavy or large items. Also be sure to monitor any slow-moving SKUs, as stale inventory can cause you to rack up additional fees.

Lastly, while some of your expenses may be SKU-specific, some are not. Once expenses are calculated by individual SKU, the remaining costs should be allocated across all units sold.

This is a very simple approach to profitability calculations and will provide you the minimum amount of information you need to monitor your costs day-to-day, or month-by-month.

To summarize, let’s review your costs:

- Wholesale cost
- Inbound/outbound shipping
- Amazon commissions
- FBA fees
- Overhead cost allocation
- Returns-related costs

Unfortunately, if you don’t have a constant pulse on your profitability by SKU, it can be difficult to make the necessary changes to vendor negotiations, inventory management or product sourcing promptly.

By moving toward a model of profitability by SKU (updated every 3-6 months), having a decent understanding of the overhead allocation cost that you should be applying to all current sales, and knowing the impact of product returns on your SKU-level and overall profitability, you can become a smarter seller.

This knowledge will help inform and educate future buying decisions.

If Kathy’s Cat Toys is selling a lightweight feather toy that is incurring minimal FBA fees, has low overhead costs and sells like hot cakes, Kathy knows to reorder that toy.

However, the Cozy Cat Castle that is heavy, large and slow-moving is a SKU that Kathy should consider no longer purchasing or even remove from FBA so as not to incur more fees.
A lot of smaller brands choose to track all of these calculations through spreadsheets, but this can be extremely inefficient and time-consuming.

Most successful mid-market sellers decide to employ a third-party software to automate this process and help them determine their true profitability.

Identify Trends That Are Costing You Money

1. Returns
While some products may have a high return rate (e.g., 20% of orders are returned), you may easily be able to resell all of those items as ‘new’ condition a second time if a customer doesn’t open or tamper with the product before returning it.

Other products may have low return rates, but are a complete write-off if returned (e.g., software, vitamins, underwear).

If you are forced to resell the SKU as ‘used’ following a return, there is a write-down cost incurred by not being able to generate the revenue you would have received were the item in ‘new condition.’

For example, if you are selling an iPad and the customer chooses to return it, you would have to sell the item for a lower price as ‘like new’ or ‘used.’

As products are returned, you should be tracking not only the proportion of each SKU being returned but also the cost per return regarding write-downs or write-offs.

This can be found in Seller Central reports or automated through third-party software.

It’s crucial to monitor return rates and return-related costs because occasionally those costs will actually be high enough to warrant removing the products from your catalog.

Alternatively, you may have the option to push part of that cost onto your distributor/supplier with whom you share the returns-related cost data.

For example, let’s say Molly’s Marionettes have seen a large number of returns. After Molly does a returns analysis, she finds that she is losing money.

Once she removes the problem product from her catalog, she sees a 10% increase in profit the next month.
2. Stockouts

Inventory stockouts (when listings are out of stock) happen to even the most experienced Amazon sellers and have the potential to be one of the biggest leaks in your profitability bucket.

**HOW MUCH ARE INVENTORY STOCKOUTS COSTING YOU?**

Let's go over an example of just how much of an impact stockouts had on Steve's Sporting Goods.

Steve is an established Amazon seller with over 5,000 products, and his top seller is a pair of high-end soccer cleats. The cleats have been flying off the shelves and are selling at an average of 60 units per month, with a profit of $50 per unit.

On average, Steve is out of stock on these cleats an average of 2.5 days per month, equaling a loss of $1,500 in profit over the course of the year ((2.5 days x $50/unit) x 12 months in a year = $1,500). While this may not seem like a lot, let's consider Steve's business as a whole.

Using the Pareto Principle, or the 80/20 rule, we can assume that 20% of Steve's inventory generates 80% of his profits, so 1,000 of his 5,000 SKUs. If we estimate that on average, his profit per SKU sold is $10 and he sells 10,000 of his top 20% of SKUs.

If Steve were able to cut his average stockout time per month in half, he would make an additional $50,000 of profit each year.

**WHY STOCKOUTS HAPPEN AND HOW TO PREVENT THEM**

**Scenario 1: An Increase in Customer Demand**

Some changes in demand will be unpredictable, like when Kate Middleton wears a particular dress (known as "the Kate Middleton Effect") and sales shoot through the roof.

**How to Prevent this Stockout Scenario:**

Not all stockouts can be remedied with the same solution. First, take a look at the type of product you're selling.

Since the “Kate Middleton Effect” is hard to predict, the best solution is to build a buffer into your buying strategy and buy extra stock to prepare for scenarios like these. Keep in mind that this strategy has drawbacks as well. If your product doesn't sell, you risk paying those pesky FBA storage fees.

**Scenario 2: Annual Seasonal Variations**

Every retailer knows that when spring begins, winter boot sales become slower than molasses in January and rain boots and sandals begin to fly off the shelves.

For many sellers, this often results in stockouts.
Scenario 4: Changes in Demand Resulting from Competition

There are two potential causes for this scenario:

1. **How to Prevent this Stockout Scenario:**
   It's crucial to regularly monitor your sales volume, price changes and variations in sales velocity for your SKUs. This will help you catch the first scenario as quickly as possible so you can adapt your strategy. Depending on your competition, you may want to increase your price to get even more of a profit margin out of this temporary spike in sales. Competitors jumping on a listing is becoming more and more of a common occurrence.

   To properly prepare for this particular situation, always be on the lookout for opportunities to diversify and expand your portfolio so that losing a few SKUs won't make or break your business.

   The more diverse you are at the brand, supplier and SKU levels, the lower your risk.

   Always scout for new brands to sell so that if your best supplier begins to sell directly to Amazon or if your supplier cuts you off completely, you have more profitable products to rely on in your portfolio.

   **Scenario 3: Complications with Your Supplier**
   Occasionally, you will run into supplier issues that are outside of your control. For example, Nike decides to discontinue your best-selling running shoe or your wholesaler ran out of stock.

   **How to Prevent this Stockout Scenario:**
   Be your supplier's best customer and maintain open lines of communications with them at all times. This way, you can be alerted in advance to any changes in their product line or SKU volume and adapt your strategy accordingly.

   Most importantly, you'll know if any of your best-selling items are about to be discontinued, giving you the ability to buy up a bunch of extra inventory so you can continue to enjoy these sales for as long as possible.

   **Scenario 4: Changes in Demand Resulting from Competition**
   There are two potential causes for this scenario:

   1. Your Kitchen Aid blender has been struggling to sell for weeks and all the sales have gone to your competitor, Kelly's Kitchen Supplies. All of a sudden, Kelly runs out of stock and you're the top seller on the listing. This causes demand of your blender to go through the roof and you are not able to keep up, causing you to go out of stock, too.

   2. The opposite scenario happens when Amazon sees the success you are having with your KitchenAid blender and begins to sell the same SKU. Now you are never able to win the Buy Box, no matter how low you go with your price.

   **How to Prevent this Stockout Scenario:**
   If you are selling seasonal items, you'll want to monitor changes in your historical sales rank and stay on top of other factors, like weather patterns, to help predict inventory levels. This can be tracked through spreadsheets or third-party software.
Know Your Metrics

Key Performance Indicators (KPIs) are crucial for the success of any business.

These metrics can help you evaluate your success at reaching key targets, allow you to spot trends or problem areas and assess your overall performance.

They are used across all industries but are particularly useful for retail businesses.

The most successful Amazon sellers know to segment their analysis by brands, suppliers and buyers, and review metrics for each of these areas at least once a week.

Here are the most important KPIs to evaluate the health of your Amazon business:

1. INVENTORY TO SALES RATIO

   **INVENTORY TO SALES COSTS**

   Indicates overall health of your inventory, as well as highlighting your sell through rate.

   Inventory Value

   Revenue past 30 days

This key metric covers multiple areas of your business. It indicates the overall health of your inventory and highlights your sell-through rate.
2. INVENTORY TURNS

INVENTORY TURNS
A low turnover rate implies poor sales and, therefore, excess inventory.

\[
\text{Cost of goods sold} \quad \frac{\text{Average inventory value}}{\text{Cost of goods sold}}
\]

This ratio shows how many times a company’s inventory is sold and replaced over a period of time. A low turnover rate implies poor sales and, therefore, excess inventory.

3. GROSS MARGIN RETURN ON INVESTMENT (GMROI)

GROSS MARGIN RETURN ON INVESTMENT
A ratio higher than 1 means you are selling the merchandise for more than the total cost it took to acquire it.

\[
\text{Gross margin} \quad \frac{\text{Average inventory cost}}{\text{Gross margin}}
\]

GMROI is a ratio used to evaluate inventory profitability. A ratio higher than one means you are selling the merchandise for more than the total cost it took to acquire it.
4. CASH TO CASH CYCLE

Cash to Cash Cycle measures the amount of time it takes for capital invested to go from cash to the production and sales process and then convert into cash again through sales. This metric looks at the amount of time needed to sell inventory, the amount of time needed to collect cash owed, and the length of time the company is afforded to pay its bills without incurring penalties.

The longer your cash to cash cycle is, the more time your cash flow is tied up. This means you are losing out on potentially more profitable investments.

5. DAYS OF INVENTORY (DOI)

\[
\text{Days inventory outstanding} + \text{Days sales outstanding} + \text{Days payable outstanding}
\]

This KPI will help you see the average number of days an item is held in inventory before it is sold. It’s extremely useful in determining order quantity to ensure you are not overstocking or stocking out of your inventory.

Days of inventory (DOI) is much higher for companies not tracking KPIs.
Profitability Leaks

Tracking your metrics is key because the dollars are in the details. While these details may seem minute, when the mistakes add up they can make or break your business. Here are some commonly missed profitability leaks unique to Amazon sellers:

- **Returned items that are lost or damaged**: Occasionally, items returned by customers are either lost or damaged in transit and the seller of those items never receives them.
- **You don’t receive your refunds**: When a customer returns one of your products to Amazon, Amazon immediately refunds the customer the amount they paid for the item. However, occasionally that refunded payment never makes it back to the seller’s account.
- **Amazon does not receive your shipments in full**: It’s common for parts of your shipment to get lost or damaged along the way to Amazon’s fulfillment centers. It’s crucial to confirm the SKUs you sent over to FBA match up with the shipment Amazon has received.
- **The SKU quantity sent from your vendor is incorrect**: Check, check and re-check again that the quantity you receive from your vendor is the same as the quantity you are expecting.

Now that you know about some of the most common profitability leaks and the key metrics you need to pay attention to in order to evaluate your true profitability, let’s talk about how to squeeze the most out of each dollar you invest.

Use Your Profitability Analysis to Squeeze More Out of Your Dollar

1. **VENDOR NEGOTIATION**
   Lay all of the facts out on the table and perform an audit on all of your suppliers. This will help you spot areas where you can negotiate to get better deals. For example, the seller in the example below should be able to leverage their large sales volume and five-year relationship to negotiate better payment terms.

2. **PRODUCT SOURCING**
   Now that you know your most profitable SKUs using the metrics we outlined, use your findings to inform your future buying decisions. Also, remember that the more diverse your portfolio is, the less risk you have of seeing a large drop-off in profit in case one of your product lines is discontinued or your brands go out of business.

3. **HISTORICAL PROFITABILITY TRENDS**
   If you identify that your pink oven mitt sales have been decreasing over time, it’s time to consider whether or not you want to reorder that product. Remember that all products have a life cycle—the key is to pay attention to trends.

4. **CONSIDER THIRD-PARTY SOLUTIONS**
   Seller Central’s reports are often not thorough enough and spreadsheets can be a pain to update and manage. Save time by automating processes that can be more effectively managed by technology. If you are interested in learning more about how you can automate the processes outlined above to identify your true profitability at the SKU level, contact the good folks over at Teikametrics.
You’ve seen the headlines and the data and the stories across the board. Selling on Amazon makes some people and brands a lot of money.

That’s because Amazon is a selling behemoth, attracting nearly 50% of all online product search traffic, with more than 70% of all U.S. consumers having bought from Amazon in the last 6 months.

Let’s just say that when consumers end up on Amazon.com, they are very close to being ready to pull out their credit card (or just one-click pay).

In total, Amazon’s share of the ecommerce market is expected to hit 50% by 2021. That’s in just a short 2 years.
And the number of third-party sellers on Amazon (i.e. sellers that are not Amazon) continues to rise, even as Amazon launches additional product lines of its own.

There is no better time than the present to launch your brand on Amazon, or to grow your brand presence and revenue through Amazon. Let’s dive in to why – and the how.
Get Enthusiastic—Amazon is a Huge Opportunity

Amazon is the future. It’s time to get on board and excited about it. Don’t just make Amazon part of a growth strategy. Make it the growth strategy for your business. I’ve worked with an old-fashioned manufacturer that has been in business for several generations. Within 18 months they were selling more on Amazon than through their traditional channels.

How did they do it?

They didn’t mess around when it came to selling on Amazon.

They tossed their whole product line on Amazon, identified the services they needed to outsource and created new internal processes specifically for Amazon.

According to recent industry figures and Statista, Amazon is the leading ecommerce retailer in the U.S. with close to 178 billion U.S. dollars in 2017 net sales.

The majority of Amazon’s revenue is generated through ecommerce sales of electronics and other products, followed by third-party seller revenues, subscription services and AWS activities.

Let’s look at a few stats:

- Electronics & media is the most relevant category with a net sales share of over 50%.
- Furniture and appliances are the second more purchased item at 18.85%, followed by food & personal care at 14%, toys, hobbies & DIY at 12.5% and fashion at 3.4%.
- Over 80% of net sales are generated in the United States.
- 43.13% of Amazon’s traffic is direct.
- 23.73% of Amazon’s traffic is through search.
- Amazon’s net sales revenue in 2017 topped $177 Billion, a 30% increase from 2016.

With 53% of Amazon’s items being sold through third-party retailers, and with a double digit sales revenue increase YoY, Amazon is a good bet to grow your bottom line.

Here’s how.

Determine Your Selling Strategy

There are two ways to sell through Amazon:

1. Sell directly to Amazon
2. Sell on Amazon yourself

Let’s break each of these down and look at a couple case studies so you can determine which is right for you.
1. SELL DIRECTLY TO AMAZON

Don’t try to beat Amazon at its own game.

Amazon is growing its direct catalog, so swim with the tide—not against it.

Aside from Amazon becoming your customer instead of your competitor, selling directly to Amazon eliminates the job new sellers are worst at, i.e. forecasting and marketing your product become Amazon’s duty.

Also, many items sold by Amazon sell for more and faster, all things being equal.

There will be a margin difference for FBA sellers that are not competing against Amazon here.

In other words, selling unique goods on Amazon currently not already sold there is how you make the most margin. Re-read the chapter about why re-selling is the least practical method to Amazon success to understand why this is.

So, let’s see: selling directly to Amazon puts you on the right side of the future, is easier and leads to more sales. Keep in mind; this doesn’t mean it is right for everyone, but it certainly is an option.

One Seller’s Growth with Selling to Amazon:

![Shipped COGS Chart]

The promotion of your products remains your brand’s responsibility unless you pay Amazon to do it for you. According to James Thomson, former head of Selling on Amazon, “If you sell to Amazon, Amazon doesn’t promote anything unless you step up and pay big marketing dollars. Promoting your brand remains your responsibility.”

EDITOR’S NOTE

According to James Thomson, former head of Selling on Amazon, “If you sell to Amazon, Amazon doesn’t promote anything unless you step up and pay big marketing dollars. Promoting your brand remains your responsibility.”
2. SELL ON AMAZON YOURSELF

This isn't necessarily a contradiction to the previous section. Start by selling on Amazon yourself if you find it easier to get up and going, or use this to complement your sales to Amazon.

Selling on Amazon along with selling to Amazon keeps Amazon honest and doesn't allow the whims of their algorithm to lead to stockouts of your products. Selling to Amazon also allows you to jump-start sales of new products by giving Amazon's bots the confidence they need to start bringing it in themselves.

EDITOR'S NOTE

This practice is not recommended for most sellers, especially sellers that are novice to selling on Amazon. Consult an Amazon consultant before using this method.

A Case Study: How to Sell to — and on — Amazon:

A sheet metal factory in the industrial space wanted to come out with a line of consumer products to sell on Amazon.

Based on some cursory searches on Amazon for sheet metal products and knowing the limits of their machinery, they created a simple folding work bench to be used in congested garages and sheds.

It was made with the machines they already had, hardware they were already buying and sheet metal they already stocked.

Actual Factory
Their initial production run was four units.

Yup, four.

The total cost of labor and materials was less than most people’s weekly grocery bill. They put up an Amazon listing and sold two units in the first week.

**Actual Amazon Listing Taken Shortly After Product Went Live**
After that first week and with lifetime sales of only two units, the sellers, who had created an account to sell directly to Amazon, offered the product directly to Amazon.

The price offered to Amazon was similar to the net amount the company received from Amazon when selling through Seller Central.

Since selling commission and shipping costs were no longer part of the equation, the sellers could sell their product to Amazon for significantly less than $149.95 without actually cutting into their margin.

Within a week of submitting the product, the company received an order from Amazon for five units.

**Although Amazon’s Order Had Not Yet Shipped They Still Promoted the Product**

Despite only two sales, the product moved to the third result in relevant keywords, in a similar position to items with as many as 138 reviews.

Of course, a sale of five items to Amazon is small time, but the idea of going from product concept to the top of the rankings on Amazon in a few weeks is possible.

It is highly unusual, but it is doable.
HOW TO MAKE MONEY ON AMAZON – CHECKLIST:

1. Identify what items make sense for you to sell on/to Amazon.
2. Check if the items are already sold on Amazon. Check interest and competition.
3. Compile the necessary information to submit those items to Amazon. Collect pictures, feature data and descriptions.
4. Identify the processes an Amazon order will follow.
5. Search for and implement software services that simplify these steps.
6. Outsource any tasks that are not already performed and core to your business.
7. Create and document processes.
8. Submit the product data to Amazon (Seller Central or Vendor Express).
10. Practice makes perfect. Test, learn and iterate to help drive sales.

Once you have become familiar with the inner workings of Amazon, you should take a step back.

Look at your business with just Amazon in mind and figure out which services or methods provide you the most benefit.

1. DROPSHIPPING WITH FBM

Adding non-stock or custom items to Amazon and then dropshipping to customers can add to your revenue, but it can also help reveal new trends or overlooked items that should be stocked as part of a standard offering.

If you are setting up to dropship already, there is nothing to lose. Here is a list of dropship companies that you may be able to source products.

All costs, including Amazon’s, are variable and since items can be added to Amazon with little setup, even the administrative hassle is minimal.

Think this seller has 2,000 sitting on a shelf? No, but if someone preferred to buy on Amazon, they would get the sale.
Amazon allows this seller to be available to millions of shoppers and only produce an item once it has actually been sold.

**Amazon Price Discrimination:**
Not sure how to price your items, especially newly launched products?

Play around by adjusting the price on Amazon to see what the effect has on volume. Because pricing is relatively instantaneous, it is possible to offer a product at a variety of different price points so that in a few days or weeks a brand or retailer has a better idea of the optimal price.

This can be helpful because price tags and price sheets have a perceived permanency in the minds of consumers, but online prices do not.

Take advantage of this to test prices for better Amazon margins or velocities, and to optimize those numbers for sales outside of Amazon, like in a retail store or website.

If I didn’t know any better, I would think that the top two organic results for “Pour Over Coffee Stand” were really the same product sold at two different prices to test two different pricing strategies.

**Hint:** they are.
2. FBA FOR ITEMS SOLD OUTSIDE OF AMAZON

FBA is simply just that. Items are fulfilled by Amazon. There is the implication that these items are likely also sold on Amazon, but that does not have to be the case.

Many sellers use Amazon’s fulfillment services to pick, pack and ship items that were sold elsewhere like a retail or online store. This is done even when they may have stock in their warehouse.

Amazon’s shipping rates with the major carriers are so low that, even with the additional charges for picking and packing, their total shipment cost can be lower than negotiated carrier rates for many mid-market firms. This can be true even for shipments within a company’s own state.

EDITOR’S NOTE

Sellers often use this service so they don’t have to split inventory for Amazon and non-Amazon channels. James Thomson, former head of Selling on Amazon warns, “If you use FBA to fulfill orders outside of Amazon (called multi-channel fulfillment), Amazon raises the shipping costs, and you aren’t likely to see much cost saving at all.”
Additionally, Amazon has extremely low 2-Day and Next Day rates, so during the end of the Christmas season, many sellers are able to offer quick shipping for reasonable prices by leveraging Amazon's buying power.

**Cost to Ship from a Warehouse Compared to Amazon Shipping the Same Item**

Why not have Amazon ship every unit if you can save 25% in shipping fees, the cost of labor and materials by having them do everything?

Here’s an example from my own product set.

![Example of cost comparison](image)

**Offering Competitive Products**

Odds are that you have competition—and that they are pretty successful, too. Why not cash in on their success by offering their products on Amazon as well?

Not only might you get better insight into their sales numbers and product features, but you’ll be getting paid to do it.

More sincerely, you probably have holes in your product line:

- You don’t carry a certain color
- They have metric versions you don’t
- They have a unit that sells for under $100 and your cheapest offering is $119

Even if you don’t offer the whole line, you may be able to generate more sales on your own site and on Amazon by extending your product line to include items your competitors offer for which you don’t have a substitute.
Look at these four different clothes dryer lint traps from four different manufacturers.

The only way to make money off of every version sold on Amazon is to win the Buy Box for each one like the seller below, Professional Grade Products.
3. AMAZON PRIVATE LABEL

Consider offering a line of products on Amazon [that is only available on Amazon](https://www.amazon.com).  

What makes a product unique, technically?

To Amazon, a unique UPC. To most customers, a specific model number.

That’s it. Not a different patent number, manufacturer or even color.

Whether it is a specific bundle or the same item as normally available, but in a different box, many sellers see the best results by having a unique offering on Amazon.

Often, dealers or brands are only concerned about their products and not a brand’s or reseller’s version of a similar product.

In the example below, Vortex is selling the same product, but at a different price point to try to be true to their main “premium” brand, but also get more volume through a generic brand item.
The HUGE Opportunities in Private Labeling on Amazon

In the late 2000s, and continuing on today to a degree, most brands that had traditionally dominated big box retail channels shied away from selling on Amazon.

They feared having their items sold on Amazon would diminish their brand and annoy their existing retail partners.

This led to holes in Amazon's catalog in many high-velocity categories because the brands that dominated that space everywhere else were not represented on Amazon.

Naturally, new “Amazon Only” brands are continually created to fill that space.

Can you create the top brand on the world’s top marketplace? We are in a rare moment in time when you really might be able to.

In a search for “flashlights,” for instance, why isn't it dominated by Maglight or Rayovac, like many retail stores would be? Have you ever heard of any of these? Some aren't even branded!

EDITOR’S NOTE

As a private label seller, you are still responsible for respecting existing trademarks and patents, and doing appropriate testing on your products.
Processes You Should Automate and Software to Help

Many new sellers make the mistake of focusing on the small stuff. They are so eager to succeed on Amazon that they put all their effort into fine-tuning a single or handful of listings even though it makes almost no difference to the customer.

There is no software program that reshuffles your product images in different orders, rearranges your bullet points and A/B tests “cozy” versus “comfy” as adjectives in your listing title.

Yes, you want good listings with beautiful pictures. You want to generate some reviews.

But, with competition always on the same page and just a click away, remember that five minutes negotiating a better price with your supplier or using a cheaper shipping service is more valuable than spending 100 hours perfecting an Amazon listing.

Here are some tools you can use now.

1. **REPRICING**

   Automatically change your price for an item (with parameters you set up front) to optimize sales velocity.

   - **Appeagle**: Inexpensive way to automate pricing, but very limited. Basically, it lowers your price from a base level if your competition lowers theirs.
   - **Feedvisor**: Very expensive algorithmic repricer that optimizes your margin by trying to win the Buy Box most of the time and takes into account other factors that affect who wins the Buy Box aside from price. Unlike any other repricer, it will raise your price (again, within limits) if you can still win the Buy Box despite the higher price. It also has a bunch of other great reporting and tools.

2. **INVENTORY MANAGEMENT**

   Keep track of your Amazon vs. non-Amazon inventory and know when to reorder from suppliers.

   - **Stitch Labs**: Great integration of sales and inventory when selling across multiple channels, like a BigCommerce site and Amazon.
   - **RestockPro**: Simple but accurate and customizable methods for knowing where your Amazon inventory is, how much it is worth and when you need to reorder more.

3. **FEEDBACK MANAGEMENT**

   Keep your product and seller reviews frequent and positive.

   - **Feedback Five**: Automatically send emails to buyers requesting feedback.
4. LOGISTICS SNAFU RECOVERY

Get credited when shippers or Amazon make mistakes.

- **Refund Retriever:** Scans your FedEx and UPS bills for charges that should be waived due to them not honoring their guarantees. 100% variable cost (they simply get a portion of what they recover).
- **Refunds Manager:** Audits your inbound shipments to Amazon to file claims for discrepancies (and they do happen). 100% variable cost (they simply get a portion of what they recover).

5. SHIPPING

All ground services available for orders from all channels on one screen.

- **ShipStation:** Easy set up, few bugs and integrates with any existing shipping accounts. Also, allows non-Amazon orders to be fulfilled with inventory at Amazon fulfillment centers with one click. I ship orders from my phone with their app daily.

6. SALES TAX

Compile sales tax data and file all in one place.

- **TaxJar:** Simple, effective and low cost. Not what you associate with taxes.

7. WAREHOUSING

Store or even process your Amazon inventory as needed.

- **Flexe:** Rent local storage space for as little as $5 per day. Take on larger orders or stock up for the holiday season without flooding your store or warehouse.
- **FBAPrep:** Send your items (even straight from overseas) to be organized, QA’ed, packed and shipped directly to Amazon’s warehouses according to Amazon’s requirements. This allows you not even to touch the products you sell on Amazon.

8. COMPETITIVE RESEARCH

See how your product sales stack up.

- **Jungle Scout:** Follows your Amazon searches and seamlessly provides data regarding estimated monthly sales volume. Use this to find new products or estimate your market share.
The Benefits of Outsourcing Tasks to Help You Increase Sales

Listen, a lot of Amazon experts and courses will emphasize the value of pictures, bullet points and listing titles. I am not saying those are not important.

They are, as is:

1. Customer service
2. Compliance
3. Advertising
4. Listing management

You need to make sure all of these things get done and are done well. But, you certainly don’t have to do them yourself.

1. INCREASE EFFICIENCY

Are you genuinely adding value to or eliminating waste within the process (like using Amazon integrated shipping software or automating sales tax reporting) or are you trying to “hack” Amazon?

Make no mistake, Amazon doesn’t want to be tricked, so even something that works, for now, may not work in the future.

Stick with proven productivity enhancers like the software programs out there for sellers like you. And always gut check yourself: “Are you productive or busy?”

Focus on productive to get the most efficiency.

2. FREE UP TIME FOR MORE IMPORTANT BUSINESS ACTIVITIES

The more you outsource, the more you can focus on increasing your margins, finding and negotiating better prices on products and with services and building out your longer term strategy for increased revenue.

If you are bogged down in the details, you can’t see the bigger picture.

3. START NEW PROJECTS QUICKLY

Test fast. Fail fast. Course correct.

Amazon is constantly coming out with new tools and products. For instance, Store Pages, Enhanced Product Content, Amazon Homemade and more. As a general rule of thumb, in a large technology company invests in building something out, it isn’t a bad idea to be an early adopter on the tool.

Doing this can help you to gain early visibility, traffic and sales and the company works to market the new tool.

And, you can’t keep track of all the updates if you’re head is too far in the weeds. Outsource manual, repetitive tasks and focus on growth.
Ideas and Services That Can Use to Outsource

Write about.

1. USE FIVERR
Fiverr is easy to set up, has great results and is only $5.

- Need the backgrounds removed for some product shots? 5 bucks.
- Want someone to research relevant keywords and add them to your listing? Just 5 dollars.
- Need someone to scrape data from your site to add to your Amazon listing? $5.

EDITOR’S NOTE
This site also has a bad rap for having been the destination to get fake product reviews. Do not pay for product reviews on Amazon.

2. USE UPWORK
Thousands of people with Amazon experience are available for custom jobs through Upwork. The general process is:

1. Search for people with a particular skill set or simply post a job description and wait on applicants—usually you will have two dozen within 24 hours.
2. Select candidates, submit any interview questions
3. Choose a person to hire

There are extensive reviews on most freelancers and Upwork has programs that allow you to monitor progress and keep the workers honest. Many are well-versed in Amazon-specific tasks and can be hired for a single job or on an ongoing basis.

Users can create a stable of freelancers that have delivered well in the past, helping you to build a network that is more and more efficient over time. The productivity gains here are substantial.

3. USE FREEEUP
Don’t have time even to worry about hiring people for specific Amazon activities? Of course not, you have been reciting your mantras.

Freeeup was created by an Amazon expert who created a corral of hundreds of Upwork freelancers. Freeeup assigns and manages your team freelancers based on the complexity of the Amazon services. If you need to create listings, fulfill orders, advise on reorders and handle customer service, you can try to recruit all those people or just send a message to Freeeup and they will handle it all.
4. HIRE A CONSULTANT

Software and outsourcing services can help you execute your plan, but what if you need help developing your plan?

This book should give you a working knowledge of how to concoct an Amazon strategy, but invariably each business has its complexities and complications.

There are a handful of good Facebook groups and message boards, but for tailor-made solutions, consider reaching out to someone who walks the walk.

Executive Summary

In all, growing your sales on Amazon starts with getting smarter about your selling strategy as well as how you spend your time.

1. Determine if you will sell to Amazon or on Amazon
2. If you will private label, if you will use FBA or you will fulfill yourself or through a 3PL solution that can get your products ready for FBA.
3. Then, focus on outsource manual, repetitive tasks so you can focus on growing margins through negotiation and finding better tools.

Now you’re ready to build yourself a 7-figure Amazon business.
If I asked you to name the biggest Amazon story of the last year, what would you say?

- Perhaps you’d answer with “Alexa, Echo, AI, and in-home assistants.”
- Or maybe you’d say “The acquisition of Whole Foods and the move into grocery delivery.”
- Or maybe “HQ2 and cities vying for Amazon’s arrival”
- Or “Amazon’s big private-label push, especially with Amazon Basics and apparel.”

Good cases can be made for why any of those Amazon endeavors (and others) might be contenders for the biggest Amazon story of the last year.

But for me, as someone who’s done Amazon-related work for a decade and who writes about Amazon as my job, I’d argue that the biggest Amazon story of the last year is the rise of Amazon Advertising.
In fact, I’d argue that it’s an even-bigger, more-important story because of what it isn’t—namely a consumer-facing retail product or a service such as Prime.

But if you didn’t see this coming, you’re not alone.

What Amazon Advertising actually is turns out to be far more sophisticated than many thought. It is essentially a double sale.

Here is what I mean:

• **THE FIRST PART OF THE SALE IS THE PPC ELEMENT**, the part where Amazon merchants bid on keywords that can win them premium position of their products (a banner on the top of search results, called out in a box in the sidebar, placed amongst high-ranking products in search results, etc.). This makes Amazon money.

• **THE SECOND IS WHEN SHOPPERS BUY THE DISPLAYED PRODUCTS** because what they were seeking appeared in that key spot and got their impression, click, and conversion into a sale. Those sales take place on Amazon, and make Amazon money.

So, Amazon Advertising is a double sale (as explained above) and a triple win for Amazon that goes like this:

• The buyer finds the product that is theoretically the best match.
• The seller with the best-matching product sells more and moves up in rankings.
• Amazon captures the ad fees and a part of the sale.

Needless to say, if you are an Amazon shopper—and really, who isn’t now?—you’ve likely bought one of these promoted products.

Amazon does an incredibly good job making the products appear like organic search results while also calling them out as “Sponsored.”

And if you are an Amazon merchant, you’ve likely dabbled with Amazon Advertising in Seller Central or Vendor Central.

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For merchants, the question now is not: “Are you using Amazon Advertising?” That ship has sailed.

Now it’s a question of: “How good are you at using Amazon Advertising?”
If you’re merely average, you’re going to get beaten by competitors who:

• Find keyword opportunities
• Bid smarter
• Manage their budgets better
• And/or who outsource their Amazon Advertising to experts

It’s not enough to run ads on Amazon, merchants have to work those ads so that the ads work well for them.

And like any advertising marketplace, as popularity increases, so does price and competition. Here’s where we stand as of December 2018 with Amazon Advertising:

• **AMAZON CONSOLIDATED ALL OF ITS ADVERTISING OFFERINGS INTO ONE UMBRELLA PROGRAM** at Advertising.Amazon.com, making the options available to 1P vendors and 3P sellers more plentiful and accessible (and thus more competitive) than ever before. In short, many sellers and vendors are already participating in advertising, with more jumping in every day.

• **SPONSORED PRODUCTS ADS ARE AVAILABLE TO ALL SELLERS** on both Seller Central and Vendor Central and have become the PPC go-to for Amazon advertisers.

• **SPONSORED BRANDS ADS (FORMERLY HEADLINE SEARCH ADS) ARE RISING IN POPULARITY** as they are now available to all brand-registered sellers and they offer placement opportunities differing from Sponsored Products Ads as well as a link to a brand’s Amazon Store.

• **PRODUCT DISPLAY ADS HAVE GAINED TRACTION** given that they appear on competitors’ product detail pages.

• **AND OF COURSE, BID VALUES GET MORE EXPENSIVE** as more sellers partake in ads.

**HOW DO YOU STAY COMPETITIVE AT AMAZON ADVERTISING?**

The answer is by being like Amazon itself: Not relying on the status quo.

Here’s how:

• **FIND KEYWORD OPPORTUNITIES** that aren’t already played out in terms of usage and bid escalation. If everyone is bidding on the same keywords, no one wins save for Amazon who collects the ever-increasing auction price. Look for not-necessarily top-ten or high-price keywords but those which show up enough and convert well for you and your competitors. Where can you find these? In the User Search Term Report (literally a list of words that shoppers are using to find products) and via reverse ASIN look-up where you’ll find keywords associated with any ASIN and how they rank. You’ll quickly train yourself to recognize opportunities others have missed.

• **DON’T BE AFRAID TO SPEND MONEY TO MAKE MONEY.** If a keyword is a true winner, it’s probably worth those extra cents on the bid. Don’t lose it over pennies. And feel free to use Bid+ if you really want to be covered in the event a bidding war heats up. Also remember that while you want to keep your ACoS manageable, the lowest ACoS isn’t always desirable. You’re looking for the sweet spot for ROI so don’t cheap out.
• **DON'T JUST RELY ON SPONSORED PRODUCTS ADS** (if you can help it).
  - If you’re a 3P brand-registered seller on Seller Central or you’re a vendor on Vendor Central, you have access to Sponsored Brands Ads (the new version of Headline Search Ads), which means there’s less competition than there is with Sponsored Products Ads. SBA placement is great for both sales and branding as it can take shoppers to your whole Amazon Store or brand page.
  - As Product Display Ads aren’t available within Seller Central (even to brand owners), there is even less competition there as they are entirely for IP vendors.

Mix it up and see what works. Just like with stocks, think diversification. Experiment and let the data dictate which kinds of ads are best for your products.

• **RUN AUTOMATIC SPA CAMPAIGNS AS WELL AS MANUAL ONES.** Again, strength in diversity. Sure, with manual campaigns you have more control over Ad Groups and negative keywords, but don’t dismiss auto campaigns as useless. Run them and let the Amazon algorithm work its magic. As well, check your auto campaigns and I guarantee that you’ll find that they’ve pulled in keywords that you hadn’t considered before (not to mention competitors’ ASINs where you can view their product listings and find even more keywords).

• **GO BEYOND THE TOOLS AVAILABLE IN SELLER CENTRAL AND VENDOR CENTRAL.** Both of these hubs are essential, but they’re jam-packed and they serve hundreds of purposes and they offer no competitive edge. If you’re serious about Amazon Advertising, try an application or platform that is strictly for Amazon Advertising.
  - That’s why we made Ignite (including Ignite Plus for ad agencies and PPC consultants, as well as Ignite Managed Services for sellers who’d prefer to turn their Amazon Advertising over to our PPC experts). The amazing thing about Ignite is that when it comes to everything discussed above, Ignite helps with all (and so much more such as providing data-driven keyword and bid suggestions). And it does it all from within one scalable, easy-to-use platform. That means that you get the advantages you need for effective Amazon Advertising and you save time by doing it all from one app.

Finally, and most importantly: stay curious and hungry

Look for opportunities, however small, and leverage those to differentiate your ad campaigns from those of your competitors. The differences add up quickly and they are the very stuff that will help you win more top spots that lead to sales (not to mention brand awareness and organic ranking and sales).

Never stop learning about advertising and never stop testing and optimizing. Read about Amazon PPC, attend webinars, and stay involved in your campaigns.

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Amazon Advertising is a living organism, which means that it changes. What worked yesterday won’t work tomorrow, so you need to keep up with education and campaign adjustments.
This is not a set-it-and-forget-it sort of thing, at least not if you want to drive revenue and build a brand. Treat Amazon Advertising like you treat your product listings and never ever stop optimizing and looking for opportunities.

Wherever you are in your Amazon Advertising journey, I hope that this chapter provides you with:

- A solid understanding of the many moving parts that make up Amazon PPC
- Clarity and knowledge that informs, educates, and empowers you to level up as a seller
- Practical tips and techniques that give you the edge over your competition

Let's get started.

**Welcome to Amazon Sponsored Products... Now What?**

Amazon states that:

> “Sponsored Products and Sponsored Brands allow advertisers to promote their products or brand to make it even easier for customers to discover and purchase products on Amazon.”

That tells us what they allow and what the do, but what exactly are they?

The question is really twofold:

- **What is Amazon Sponsored Ads?** Broadly speaking, Amazon Sponsored Ads is the Pay Per Click (PPC)/Cost Per Click (CPC) division of Amazon Advertising (Advertising.Amazon.com). Amazon currently has six divisions within its advertising umbrella. Sponsored Ads is the most accessible and available, and thus, the most widely used.

- **What are Amazon Sponsored Ads?** More specifically, these are ads that occupy premium auction-won positions wherein a product or brand is advertised in spot deemed preferable to organic search results (while also being included in the organic results).

Thus, when we talk about Amazon Sponsored Ads, we are talking about an advertising offering wherein products are displayed prominently because the merchant has won premium position by outbidding competitors vying for the same keywords.

And every time a potential buyer clicks on that sponsored ad, the seller pays for the click (hence, PPC).
WHAT KINDS OF ADS ARE AVAILABLE AND TO WHOM?

In keeping with what is known as “Amazon’s Virtuous Cycle,” the more a merchant does for Amazon and customers, the more the merchant is rewarded with options and opportunities, and in turn, the better able the merchant is to sell more, which benefits both the merchant and Amazon.

And of course, the more money that Amazon makes from a brand or a product, the better the product does in relevance and ranking, which perpetuates the winning cycle. Selection increases prices drop, customers also win.

And customers winning is Amazon winning.

In terms of advertising, this means that Amazon offers the most (and best) offerings to 1P vendors with whom Amazon has a direct supply relationship and can negotiate large-volume orders.

These IP vendors may use the full suite of Amazon Sponsored Ads, which includes:

1. Sponsored Products Ads
2. Sponsored Brands Ads (formerly known as Headline Search Ads)
3. Product Display Ads

3P sellers who own their brands and have registered those brands with Amazon’s Brand Registry may partake in Sponsored Products Ads and Sponsored Brands Ads.
Because 3P sellers who resell products or otherwise do not own their brands or have them registered with Amazon are less connected with Amazon’s direct interests (and often compete with Amazon), they are limited to Sponsored Products Ads.

However, Sponsored Products Ads are still a powerful vehicle for driving sales, overtaking competitors, and expanding. And that, along with their availability to the largest number of sellers, is why we will focus most on them.

Amazon PPC Advertising: Who Gets to Use Which Tools

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<tr>
<th></th>
<th>Sponsored Products Ads (SPAs)</th>
<th>Sponsored Brands Ads (SBAs), formerly Headline Search Ads (HSAs)</th>
<th>Product Display Ads</th>
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<td><strong>1P Vendors</strong></td>
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<td><strong>3P Sellers</strong></td>
<td>Available</td>
<td>Only Available to Brand-Registered Sellers</td>
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Sponsored Products Ads: A Must-Do For All Sellers

What can sponsored products ads do for you? Quite a bit.

1. **SPONSORED PRODUCTS ADS INTRODUCE YOUR NEW PRODUCTS TO THE MARKETPLACE.**
   They give visibility for your product launch so you can start selling and earning. With that in motion, you can start accumulating reviews (grab a free trial of Seller Labs’ Feedback Genius to maximize reviews).

2. **SPONSORED PRODUCTS ADS BOOST YOUR PRODUCT SALES AND RANKINGS THROUGH THE HALO EFFECT**
   As you sell items through the Sponsored Products Program, your sales and your rankings will improve. These improvements will help your organic search position and you'll capitalize on those.

That’s the halo effect; as you advertise and make sales using Sponsored Products ads, that tends to drive organic sales as well.
3. THERE’S NOTHING LIKE SPONSORED PRODUCTS ADS TO ATTRACT AND ACQUIRE NEW CUSTOMERS

Sponsored Products ads are an amazing tool for acquiring new customers who then make repeat purchases and become loyal to your brand (especially in the consumables marketplace).

4. SPONSORED PRODUCTS ADS JUST HELP YOU SELL MORE

If none of the above applies to you, you can just use Sponsored Products ads to get sales. Any time that you can pay one dollar to make two dollars is a great exchange.

I need to stress that all of the above are not simply nice extras or benefits, they’re necessities in today’s ultra-competitive sales environment.

It’s not enough to run Amazon Sponsored Ads, you have to do it better and smarter than the competition if you are to succeed.

And that is going to take some education, some practice, and going beyond Amazon’s Campaign Management tool in Seller Central in Vendor Central.

Let’s Start with Some Basic Amazonomics Truths

Chris Perry
THE GENERATOR empowering Leaders of Change in eCommerce and beyond

ADVERTOCRACY: Simple, yet important observation that as Amazon Advertising has expanded in revenue and presence on Amazon platforms, almost nothing above the fold on Amazon is an organic search result anymore.

With 54% of all product searches starting on Amazon, 65%+ of all clicks staying on the first page, continuous automation of purchasing via subscriptions and order history, increased pressure from private label and national brands as a result, voice and more competition for the ever-shrinking digital consideration set is skyrocketing. While their Digital Shelf was originally a shelf democracy, it’s becoming more and more an advertocracy where you have to pay to exist and survive.
IF YOU'RE NOT CURRENTLY RUNNING SPONSORED PRODUCT ADS . . .

You're gifting your competitors with an enormous advantage.

Simply put, their products are getting better placement and more impressions than yours are.

Sure, you're saving a little money while the competition spends it, but they're getting the sales, the page-one placement, the reviews, and the rankings.

IF YOU ARE CURRENTLY USING SPONSORED PRODUCT ADS . . .

You may be reaping some rewards but you're probably spending too much time working with frustrating Amazon reports and Excel pivot tables.

And you're likely spending too much money trying to outbid your competitors.

Ask yourself who wins in a scenario where you and your competition are all using the same Amazon-provided data.

Without any seller having a proven advantage, the real winner is Amazon as the entire field is continually upping bids and paying Amazon more in ad fees only to jockey for an unattainable edge.

The increase likely comes from a combination of more sponsored ads and more prominent placement.
What is an Impression on Amazon?

An impression is counted when Amazon shows a shopper your product ad (on either a search results page or on a product detail page).

Placement depends on relevance and bid—you’re not charged for impressions, only clicks.

IMPORTANT TO KNOW

Incentivized reviews (banned in October 2016 but still used by “feedback farms” who often recruit on social media) served many purposes, not least of which was vouching for a product and giving it credibility.

Five stars and a glowing review communicated to potential buyers “Yes, out of a field of hundreds of options of this type, this one is legitimate and the one you want and can trust.”

Sponsored Products Ads, while not a like-for-like replacement for incentivized reviews, communicate a similar message—not with written testimonials but by first-view placements and placements amongst and alongside organic best matches.

WHY SPONSORED PRODUCTS ADS WORK

Amazon has banked big on the Sponsored Products Program and it shows in how the company has parceled out the on-screen real estate to give Sponsored Products Ads prime placement within the Amazon app, on the mobile browser side, and in the native-site desktop/laptop environment.

In addition to running in the most-choice locations, the ads are almost anti-ads in that they work not by standing out as we expect of ads, but instead, by blending in and looking like organic search results with placements that suggest that they are some of the best matches.

This way in which Amazon has steered and tiered search results is well considered and sellers must embrace that this is about being first on search-results display as much as it is about being first to market.
In order to sell, you've got to be seen but simultaneously- not seen as an obnoxious ad. You need your products at the top of the list of search results, well integrated into organic listings, in sidebars, and on competitors’ detail pages.

This visibility and integration is what Amazon Sponsored Products is all about.

You may have the best product in the world, one that matches everything for which a shopper is searching, but none of that means anything if the product detail page languishes toward the bottom of the listings, or worse yet, not on the first page.

Sponsored Product Ads Campaigns

Before we dive into setting up campaigns and running them, we need to define the parts that make up the whole and we need to understand how those parts interact and how their success is measured.

It's important to understand a campaign structurally and organizationally and to be on the same page regarding terminology, jargon, and the oh-so-many acronyms.
WHAT IS AN AMAZON SPONSORED PRODUCT ADS CAMPAIGN?

The highest-level grouping within Amazon Sponsored Products ads organization. A campaign should be thought of as a container, a vessel holding one or more Ad Groups and their contents.

We recommend one product per campaign just to keep things clean and clear. It’s easy to link that product to the campaign advertising it: simply connect via ASIN/SKU.

Within any single campaign, you’ll select or set the following:

- **CAMPAIGN NAME:** Make it easy on yourself and pick a campaign name that is simple and descriptive and easy to remember.
- **TARGET ACoS:** Average Cost of Sale (ACoS) is a metric that Amazon created to indicate the cost-effectiveness of your advertising campaign. It is the amount spent on advertising divided by the revenue attributed to the advertising. A lower percentage is better. If you don’t know where to start, we suggest 25%.
- **TARGETING TYPE (Automatic or Manual)**
  - **Automatic:** Amazon’s algorithm picks keywords based on your listing content and competitor products. Although not required, we suggest having a low-budget auto-target campaign in place as it will help you discover new keyword opportunities.
  - **Manual:** You control the keywords based on what you know and what Ignite suggests via a database comprised of tens of millions of keywords and user search terms. You will want to create broad-, phrase- and exact-match targeting ads to attract shoppers using specific search terms to gain the edge on the competition.
- **DAILY BUDGET:** What you’re willing to spend on advertising a campaign during a 24-hour period.
  - For an auto-target campaign, we suggest a starting daily budget of at least $5.00–$10.00.
  - For a manual-target campaign, we suggest $20.00 per day to start.
- **AD GROUPS:** Think of these as smaller containers within the larger campaign container. Within any single ad group, you’ll select or set the following:
  - Keywords and Match Types.
  - Default Bids.
  - Negative Keywords (You can also set these up on the larger campaign level).
WHAT ARE AMAZON SPONSORED PRODUCT AD KEYWORDS?

These reside within an ad group and they are the words that you tell Amazon are related to your product. You base them on the words/phrases for which you think people search (user search terms).

When we talk about a keyword in the context of Sponsored Products, we'll also be referring to its match type, which affects how the keyword is picked up in a user's search.

Keywords become more nuanced as you dive deeper into Sponsored Products. A top-level keyword will have several user search terms rolled into it.

WHAT ARE AMAZON SPONSORED PRODUCT AD USER SEARCH TERMS?

Words/phrases that shoppers input into Amazon searches.

Amazon then matches up user search terms with keywords in order to display the most-relevant products. This is where the different match types (broad, phrase, exact) connect with different versions of keywords.

Here's an example user search term report found in the Ignite Advertising Platform.
WHAT ARE THE AMAZON SPONSORED PRODUCT KEYWORD MATCH TYPES?

1. AUTO-TARGET MATCH PROS AND CONS

Only used within Auto-Target campaigns. Amazon’s Algorithm picks keywords based on your listing content and competitor product listings.

<table>
<thead>
<tr>
<th>Pros:</th>
<th>Cons:</th>
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</thead>
<tbody>
<tr>
<td>• Quick-and-easy method.</td>
<td>• You sacrifice control for ease.</td>
</tr>
<tr>
<td>• Amazon generates these keywords based on its data collection, which, needless to say, is pretty vast.</td>
<td>• You’ll get some duds in the mix and those will cost you.</td>
</tr>
<tr>
<td>• You’ll get some keywords you wouldn’t have thought of.</td>
<td>• Amazon has no incentive to scrutinize or minimize these because Amazon earns when a keyword garners a click.</td>
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</table>

Auto-Target Example Product: Apple Slicer

Some of the keywords suggested by the Amazon auto-target campaign include the following, a list that seems a little disconnected and even bizarre at times:

- b0199sxmte
- vitamin blade
- potato peeler
- potato cutter
- apple corer
- apple peeler
- fruit peeler
- pampered chef chopper
- fruit cutter
- peeler with grip
- pie carrier
- potato chopper
- b01mqdal0a
- gourmet chef
- B00ezqqo8m
- get rid of love handles
- mandoline slicer
- pampered chef

But remember that Amazon is no slouch when it comes to collecting data and knowing its customers.

That said, these keywords are indeed, in some way, connected to the apple slicer product connected via ASIN/SKU. It’s just a matter of how closely connected and if one thinks that pursuing that connection in the form of advertising is worth the time and money.
2. MANUAL-TARGET MATCHES: THINK OF THESE AS A LITERAL BULLSEYE TARGET

- **Broad Match:** Must include specified keywords but they can be in any order and it allows for other words before, after, and in between. This sort of match is the outside ring of the bullseye, the widest and most spacious and easiest to hit but not the most accurate or rewarding. Matching these keywords with a shopper’s user search terms could result in a good match that results in a sale but it could also result in a not-so-good match and the user going elsewhere for a better fit.

**IMPORTANT TO KNOW**

What are considered conversions?

*Conversions (Orders) are counted when a shopper purchases your product as a result of clicking on the Sponsored Products ad.*

Even if that shopper purchases a quantity of 15 units of the product, it still counts as a single conversion because an order is counted per transaction rather than per unit. Amazon displays your ad -> shopper sees it (an impression) -> shopper clicks ad (a click) -> shopper buys product -> the ad has been converted to a transaction/order.
• **Phrase Match**: Consists of specified words that must be together in sequence (allows for slight misspellings, plurals, and other words before or after). This sort of match is the middle ring of the bullseye, which is to say, you’re narrowing the field and getting more accurate at matching your keywords with user searches. This is more valuable match than a Broad Match because the likelihood of your product being what the shopper wants is higher, and thus, the likelihood of a conversion is increased.

• **Exact Match**: The exact word/phrase just as the user searched for it (allows for plurals, misspellings, prepositions). Bullseye, your aim is true! An Exact Match is the best type of match and the most valuable because it means that you hit the specifics of the small center ring and nailed what the user was looking for exactly. You and the shopper are in sync and this is likely to result in a conversion from ad to order.

• **Negative Keywords**: These work like a blacklist. They are words that you expressly do not want to bid on. They are managed at the campaign level and more specifically at the ad-group level.

**WHY WOULD A SELLER NEED OR WANT TO USE BOTH AUTO-TARGET AND MANUAL-TARGET CAMPAIGNS?**

There is no doubt that if you really want to make the most of Sponsored Products ads, well-managed manual-target campaigns are the way to go.

You get more data and more control over that data, which in turn, allows you to fine tune your campaign and optimize for higher conversions and lower ACoS.

That said, auto-target campaigns are not without their merits—when used in conjunction with manual-target campaigns. Auto-target campaigns are a great way to easily and cheaply collect data without being heavily involved in order to do so.

If you run a low-budget auto-target campaign as a complement to a manual-target campaign for the same product, you will pick up some interesting keywords and user search terms and you will be able to work those into your manual-target campaigns and to do so to your advantage.

**OK, but why a higher daily budget for the manual-target campaigns?**

Think of manual-target campaigns as vacuuming up the most and the best keywords, user search terms, stats, and data.

Now think about the little crumbs and things that got missed during first pass, stuff you can’t even see sometimes. Auto-Target campaigns sweep those up for you.

Which is more valuable in terms of what it collects—the vacuum (manual-target campaigns) or the broom (auto-target campaigns)? The vacuum.

So manual-target campaigns are where you want to put the bulk of your budget.

**Why no daily budget but default bid for manual-target campaigns?**

Because while you need to set a daily cap on spending, you’re going to set your default bids at the more specific ad group and keyword levels so you can really prioritize your winners.
HOW AMAZON SPONSORED PRODUCT ADS WORK

- **A CAMPAIGN** is the highest-level grouping within Amazon Sponsored Product Ads organization/management. A campaign should be thought of as a container, a vessel holding one or more Ad Groups. Settings at Campaign Level:
  - Daily Budget
  - Targeting Type (Auto or Manual)
  - Campaign-Level Negative Keywords

- **AD GROUPS** are components that comprise a campaign. They can be thought of as smaller containers within the larger campaign container. Settings at Ad Group Level:
  - Keywords and Match Types
  - Default Bids
  - Ad-Group-Level Negative Keywords
  - Links to Product Ads (Connect via ASIN/SKU)

- **KEYWORDS** are the words that you tell Amazon are related to your product. You base them on the words/phrases for which you think people search. You can stick with your Default Bid for the Ad Group or you can bid different amounts on specific keywords. Keyword Match Types:
  - **Negative**: Like a blacklist, words you express do not want to bid on.
  - **Auto-Campaign Amazon-Suggested Target Match**: This is a separate campaign wherein Amazon’s algorithm picks based on your listing content, competitor products, maybe image recognition.
  - **Manual Campaign Keyword Targets**
    - **Broad Match**: Like a blacklist, words you express do not want to bid on.
    - **Phrase Match**: This is a separate campaign wherein Amazon’s algorithm picks based on your listing content, competitor products, maybe image recognition.
    - **Exact Match**: The exact word or phrase (allows for plurals, misspellings, prepositions).

- **RELATED PRODUCT ADS** are the corresponding product listings (title and image and basic details connect via ASIN/SKU) for the items you are trying to sell through this campaign.

UNDERSTANDING PPC VALUE: BIDS, BIDDING AND BID+

The Amazon Sponsored Products Program is Pay-Per-Click Advertising (PPC), which means that you are charged for a click regardless of whether or not the shopper purchases a quantity of one, a quantity of 15, or none at all.

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What you’re really doing in PPC advertising is not buying clicks but trying to outbid your competitors for the ad placement and visibility that will lead to a click and then convert into a transaction.
Historically, all things were indeed considered equal and a bid just needed to be higher than all others in order to be shown.

## Bids: The Straightforward Story

A bid is a seemingly simple thing but its effects are many and powerful. In PPC, a bid is defined as the maximum dollar amount you are willing to spend per ad click.

It’s not necessarily what you will pay, it’s the most you are willing to pay.

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You set this number at the ad-group level or you can get more granular and set specific bid amounts for individual keywords within the ad group.

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### GET STARTED WITH BIDS, THEN GET BIDDING BETTER

Amazon will get you started with a suggested bid (the dollar amount they recommend you bid, based on the number of competitors and their bids for a keyword, in order to win the ad auction). This is helpful as it gives you a sense of the larger field and going rates. However, that’s not enough to stay ahead of the competition (remember that they are getting the same suggestions from Amazon based on the same data). If you want to lead rather than just keep up, turn to Ignite for advice. With keyword suggestions and recommended bids based on the historical and real-time information it’s collecting and analyzing, Ignite can guide you and help you bid smarter and win more ads.

**Example:** Your bid on the Exact Match Keyword of “Apple Slicer with Safety Shield” is $1.00. You are willing to pay up to $1.00 to win Sponsored Products placement when a user enters that search term. Of all of your competitors selling similar products, many have bid on that same keyword but the highest of those bids is $0.75. All things being equal, you will win that bid and you will pay $0.76 per click (a penny above the second-highest bid). By willing to go $0.25 higher than your competition for that keyword, you only have to pay a penny more than he or she was willing to pay in order to win.

Historically, all things were indeed considered equal and a bid just needed to be higher than all others in order to be shown.
But with Sponsored Products ads, the highest bid doesn’t always win. Why not?

Because Amazon is trying to sell a product (any ad revenue is extra) as quickly as possible and with the greatest customer satisfaction and the fewest product returns.

In order to do that, Amazon matches the best ad copy with the right keywords in order to put the right product in front of the right shopper.

Amazon determines the quality and relevance of an ad. Here are some things that we know about how Amazon determines ad quality and relevance with regard to Sponsored Products.

• Amazon removes ads that aren’t Buy Box eligible.
• The remaining ads are analyzed for relevance (category is crucial—if a product isn’t listed in the correct category, the ad and product will not be relevant) and ranked in an order that takes into account the bid value and the probability of the ad getting clicked (Click-Through Rate is a determiner of this). Ad Rank Position = Bid x CTR

Amazon Bid+

When enabled within a manual-target campaign, Amazon Bid+ will automatically boost ad group or keyword bids up to 50%.

And because a seller has paid a premium on top of the bid, Amazon will display ads won with Bid+ in the top row of the search results page.

So if you’re using Bid+, you’re telling Amazon that you want that top spot and you’re willing to pay for it.

Be aware that your average Cost Per Click (CPC) will increase by using Bid+ but your daily budget constraint won’t increase as that is fixed until you change it.
By the same token, that product that Amazon has deemed less desirable will have to come in with a higher bid if it is to win for that ad.

Putting Theory Into Practice: Time to Go Live

At this point, you understand Sponsored Products campaign components, structure, and organization. Keywords, match types and user search terms have been covered. And you’ve gotten a taste of how Amazon operates their PPC program and how bidding works.

We’re now at the juncture where experts get into their personal takes on PPC theory and strategy (often in the form of paid publications or seminars). There’s value there, but that’s not how we think that your time and money and efforts are best spent.
We built Ignite so that Amazon sellers could spend more time innovating products, bringing them to market, selling their wares, growing their businesses, and building their brands; and less time learning about the new, hot PPC strategies of the moment and working with frustrating tools and complicated reports in Seller Central.

So, let’s look at how to put all of this in to practice.

**COMBINE WHAT YOU KNOW WITH WHERE YOU WANT TO GO**

Running a successful Sponsored Products Ads campaign is the result of knowing what you want to achieve and mastering the resources that make that possible.

**Clarify Your Aims and Set Your Goals**

- Are you looking to try Sponsored Products Ads for the first time because you know that your competition is using them?
- Are you on the precipice of launching a new product?
- Trying to increase your conversion rate on an existing product?
- Looking to bring your ACoS below a certain amount?
- Trying to reduce time and frustration spent managing Sponsored Products Ads?
- Up your ranking by 50 places?

All of these (and so many more) are great reasons to get involved with Amazon Advertising, but you must ask yourself what you want to accomplish and by when.

Without knowing this, you’re merely pitching money into mystery metrics and shuffling numbers and hoping for the best.

**Grab Your Tool Kit and Build Better Campaigns**

While it’s true that Amazon’s Campaign Manager provides many advertising resources, it’s also true that the tools offered there are less than optimal, often proving cumbersome, confusing, and limited.

Campaign management can (and we believe, should) be easier and faster and smarter, not to mention empowering and downright fun rather than a chore.

**YOUR AMAZON ADVERTISING ADVANTAGE**

Ignite is a fully integrated Amazon Sponsored Products ad-management platform. The software is a balance of art (the look and feel and capabilities that sellers told us that they wanted in a campaign-management app) and science (historical data on millions of products and even more keywords and user search terms as well as intelligent suggestions based on this data).

It’s everything you can do with Amazon’s Campaign Manager, but cleaner, easier, faster, smarter, and with exclusive features that give you, and nor your competitors, the best placements and most sales.
Easily Create a Killer Campaign or Spark New Life Into an Existing One

We often hear from sellers that while they’re not happy with the Amazon’s Campaign Manager, they’re afraid to move away from the platform because they don’t want to have to start their existing campaigns all over and lose the history that they’ve built there.

The good news is that Ignite gives you a fresh start without making you start all over. Nothing is lost, everything is carried over.

How to Get Everything Set Up

Connect your Amazon account and marketplaces to Ignite (Ignite supports Sponsored Products management for 7 different Amazon marketplaces—within one interface).

This automatically adds your products to Ignite so you can create new advertising campaigns immediately.

As you’ll see when you connect, the Ignite interface is fully integrated with Amazon so there’s no toggling between apps and accounts and your Ignite creations and edits are reflected immediately on Amazon.

If you have existing campaigns in Seller Central and you want to centralize and consolidate those for easier management, import them into Ignite and watch the clutter become clarity as Ignite scans your campaigns, organizes them, and presents them cleanly and logically.

Ignite will then begin archiving your campaign data for historical analysis. This means you’ll get a campaign’s lifetime history as opposed to other platforms’ standard 30-60 days worth of data. That big-picture long-term perspective matters when making decisions going forward.

Configure Your Campaign and Give It a Name

If you’re brand new to Amazon Sponsored Products or you’re an existing user and you’d like to set up a new campaign, you’re ready to do just that and you can have it up and running within minutes.

Here you’ll choose a marketplace, campaign type, targeting type, and a name for your campaign.
A seller is shooting for lowest ACoS percentage possible. But an ACoS percentage between 25%–40% is generally good.
This is where you can put a little of your own art into the campaign based upon what you know about your product, your competition, the larger field, and of course, your goals.

Now select a product to advertise and add it to the campaign (it’s as easy as adding it to cart). We recommend one distinct product per campaign.

If you have a product with variations such as different colors, you can use a single campaign for all of those. Right from here you can integrate your product into Ad Groups.

Create Your Ad Groups
This is where you’re going to create your ad-groups for your keywords.

Recall here the target graphic from earlier in this chapter and how it displayed the three main match types—Broad, Phrase, and Exact—in concentric rings with Exact Matches as the bullseye.

With that in mind, we recommend that you create an ad-group for each of the three match types. Ignite can even do this for you by automatically creating the groups, populating them with the appropriately matched keyword suggestions, and even setting the default bid for all of those groups.

Keep in mind that all of this is under your control in an manual-target campaign and it’s really easy to reconfigure anything (or everything) as you see fit.
Determine Keywords and Match Types
Here’s where Ignite really starts to shine.

We’ve taken all of the data that we’ve collected over our many years in the industry—data about millions of products and user search terms and keywords and how those keywords rank, data that is constantly being added to and updated—and we’ve made it a built-in feature of Ignite.

So when you attach your product to a campaign, Ignite recommends keywords for the broad, phrase, and exact match ad groups.

In addition to the most-relevant keywords and how we recommend grouping them, Ignite also lets you sort those keywords by position and score so that you know exactly which words you want to put your money on.

Better still, Ignite suggests which keywords you should make negative so you don’t incur any costly misleading clicks on those.
Now, wait for the results
After setting up an Ignite campaign, you’ll likely want to get back to it within 24 hours and see what the software has turned up and make immediate adjustments to your campaigns.

Resist the temptation to tinker.

While collecting data with Ignite doesn’t take nearly as long as it does with Amazon, it still takes some time and there is, of course, the up-to-48-hour delay just for Amazon to show sales. If you want see stats such as impressions and clicks and get more familiar with the Ignite interface, check in and do so. But in terms of making changes, sit tight, and resist the urge to tinker so early.

Give the tool 5-7 days to collect the necessary data, analyze it, and make recommendations based upon the information it has parsed. Trust the process and let the tool do the heavy lifting behind-the-scenes.

Executive Summary

Amazon Sponsored Product Ads are a necessary aspect of selling on Amazon, especially if you are serious about growing your revenue through the marketplace.

Like all PPC platforms, Amazon Sponsored Product Ads are increasing in price and competition. Tools like Ignite—though there are many others—can help you to automate this process and save money and time.

Of course, many sellers prefer to manage their campaigns on their own. And that’s perfectly fine, too. Use this guide as a helpful resource in understanding how your Amazon Sponsored Product Ad options, targeting choices and more.

And good luck!
It's no surprise that Amazon is a major player in the ecommerce space.

With more than 310 million active customer accounts worldwide, Amazon is considered one of the largest and most valuable brands in the world.

And for many, Amazon is the go-to place to shop for just about anything at any time. Our 2018 Omnichannel Buying Report revealed that 78% of global consumers made a purchase on Amazon in the last six months.

The expanse doesn't stop there. Websites with Amazon Pay added allow users to pay using their Amazon account, which provides a quick and streamlined buying experience by eliminating the need for inputting your credit card, mailing address, and other information.
Having made its debut in 2007, Amazon Pay is no stranger to the game.

- In 2016, Amazon reported in an interview with PYMNTS that 33 million people in 170 countries had used Amazon Pay to make a purchase. Nearly a third of the transactions made by those customers were done via a mobile device, with an average transaction size of $80.
- Active merchants grew more than 120 percent year over year in 2016, while Amazon quickly expanded into France, Italy, Spain, and then India in 2018.
- Amazon Pay has no intentions of slowing down, either. Midway through 2017, Amazon announced Amazon Pay Places, adding the option to pay using Amazon into brick-and-mortar stores and restaurants.

Amazon Pay Quick Facts (by Tearsheet)

- In 2016, more than 33 million customers in 170 countries used Amazon Pay to make a purchase.
- Payment volume nearly doubled in 2016, reaching peak volume on Nov. 28, when customers in the U.S. and the U.K. were offered Cyber Monday deals.
- Over half of Pay with Amazon customers are Amazon Prime members, who are known to spend more. (A report from Consumer Intelligence Research Partners found that Prime members spent $1,300 per year compared to $700 for non-Prime members.)
- Active merchants grew 120 percent between 2015 and 2016 as Amazon Payments expanded support for new areas, including government payments, travel, digital goods, insurance, entertainment, nonprofits and charities.
- The average Pay with Amazon purchase was $80 in 2016, and the largest single transaction that year was $40,000.
- A Forrester Research poll last year of retailers found that 58 percent were interested in Amazon Pay but had no plans to roll it out in the next 18 months. Another 38 percent said they were not interested in it at all. By contrast, 76 percent of retailers polled had either already added Apple Pay or were planning to do so.

When it comes to online shopping, one of the of the greatest pain-points for shoppers is the complexity around detail input.

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*From a study conducted by ComScore*
Amazon Pay alleviates this friction by allowing customers to skip over their credit card details and shipping address, simply paying by inputting their Amazon login details.

The tides of mobile shopping are turning as different demographic groups enter the age of shopping online. After surveying nearly 3,000 global consumers, we discovered that Gen Z shoppers are 2X more likely to complete an online purchase using a mobile wallet like Apple Pay, Amazon Pay or Google Pay than the average global consumer. As the world shifts to a more online environment, this trust and familiarity with mobile applications will only continue to grow.

Amazon Pay installations and usage grew rapidly in mid-2016 across top 10,000, top 100,000, and top 1,000,000 websites on the internet.
But for retailers, adding yet another payment option at checkout is a serious decision. What could go wrong?

- Too much of a good thing: from a user experience standpoint, presenting too many options to the shopper may result in choice paralysis.
- The fees associated with alternative payment options may skim at your bottom line.
- Information security remains a constant worry of online shoppers. In their eyes, each payment option could open up a door to a breach or hack.

So, why Amazon Pay? How does Amazon Pay work? and what are other retailers saying about it? That’s what we set out to uncover.

**What is Amazon Pay?**

Amazon Pay is a payments processing service that allows shoppers to use their Amazon account to purchase at other online stores.

Instead of manually typing in their credit card number and shipping/billing addresses, the checkout process uses the details from the shopper’s Amazon account.

This results in customers spending more time shopping and less time checking out.

**Amazon Pay Fees**

Amazon Pay fees are transaction-based and consist of two parts: a domestic processing fee and an authorization fee.

- Domestic Processing Fee: 2.9% (3.9% if payment is issued outside of the U.S.)
- Authorization Fee: $.30

Payments are also subject to applicable tax.

Customers who use Amazon Pay are automatically protected under the Amazon A-to-Z Guarantee. There are additional fees and policies around refunds, pay places, and charitable transactions. Visit the Amazon website to learn more.

**These Brands Make it Big with Amazon Pay**

Online stores using Amazon Pay and BigCommerce are seeing more and more customers choose Amazon Pay over other payment methods due to the flexibility on different devices and the preexisting trust with the Amazon platform.

We sat down with several BigCommerce merchants and learned about how they use Amazon Pay to ramp up their sales.
PlayBetter is a one-stop-shop for outdoor adventure apparel and gear. We spoke with Chris Regan, their Director of Customer Happiness, to discover how the Amazon Pay button wins business.

Why did you add the Amazon Pay button?
Customers are looking for a streamlined checkout experience and with so many online shoppers already having their credit card information stored within their Amazon account, offering this simple and secure pay option was a no-brainer.

How has the button been working?
It’s great! Customers seem reassured when making large dollar purchases as we frequently see it used on our higher-end items.

Many of our customer reviews state how easy the checkout process was and I think Amazon Pay has a lot to do with that.

Since adding Amazon Pay in 2017, it’s been used on over 500 orders with an average order value of over $1000.
2. MOUNTAIN CREST GARDENS SEES MORE THAN 15% OF 2018 ORDERS USE AMAZON PAY

Experience Mountain Crest Garden’s site
Since 1995, family-owned Mountain Crest Gardens has expanded their succulent offerings to over 650 different varieties. Their VP, Matts Jopson, weighs in on how Amazon Pay has changed the way their customers shop.

**Why did you add the Amazon Pay button?**

*We added the Amazon Pay button primarily to make checkout as seamless and simple as possible for new customers.*

*Especially for mobile users, anything that can reduce steps and friction reduces abandoned cart rates. Even on desktop (which still generates the most revenue for us) lots of customers are already logged in to Amazon on their browser, so checkout is literally a few clicks.*

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**What were your results?**

*We see lots of customers checkout with Amazon Pay, especially new customers.*

*There's plenty of positive feedback in our Shopper Approved reviews about how convenient it was to use Amazon to check out. Over 15% of our 2018 orders used Amazon Pay.*
Serious Shops is a collection of distinctive and unique products like puzzles, plush toys, and specialty beverages. To keep up with the ecommerce shuffle, Co-President Adam Moore is always looking for ways to streamline and secure the checkout experience.

**How was the Amazon Pay button implementation process?**

*Implementation was painless—really, not much more than the flip of a switch. We inserted the button at all entry points to the checkout process and we added our bank details via our Amazon Pay merchant account.*

*Each day, Amazon Pay automatically funds our account.*

**Would your recommend Amazon Pay to other stores?**

*We would absolutely, and without hesitation, recommend adding Amazon Pay to any store.*

*The benefits are numerous (improved conversion, better customer experience, streamlined checkout, daily funding, increased customer confidence, brand recognition, ...) and the added costs are nil.*

*If store owners are looking for ways to optimize store metrics and improve customer experience, adding Amazon Pay is pretty low hanging fruit.*
4. FOR CROSSROPE, MORE PAYMENT OPTIONS = MORE REVENUE

Switch up your exercise routine with a high-intensity jump rope workout. CMO Srdjan Popovic chatted with us about what added value the Amazon Pay button brought to their ecommerce site.

Why did you add the Amazon Pay button?
We wanted to provide our customers with multiple payment options and we felt Amazon Pay was a great option for today’s consumers.

How has the button been working?
It’s been working well and we’ve noticed through our screen recordings that the purchasing process is very fast and smooth.

It has processed more than $70k in revenue for us.
5. BEAUTIFIEDYOU SEES A DECREASE IN CART ABANDONMENT

Los Angeles-based BeautifiedYou has provided luxury, high-end, and physician-dispensed skin care products since their beginning in 2010. Co-Founder Jimmy Nguyen tells us about how easy it was to add Amazon Pay into their BigCommerce store.

How has the Amazon Pay button been working?
*The button has been working great. We have seen an increase in overall conversions, especially conversions directly attributed to Amazon Pay.*

How was the implementation process?
*Very easy. It took one minute after we received our credentials.*
6. ADDED BRAND CREDIBILITY AIDS PERFECTLY PRISCILLA BOUTIQUE'S GROWTH

A fashion retailer with a positive mission and trendy pieces, Perfectly Priscilla is experiencing monumental growth with support from their customers. According to Co-Founder Tommy, adding the Amazon Pay button was an easy and quick way to gain even more business.

Why did you add the Amazon Pay button?
*We added the button because it makes the checkout process much faster and easier and also lends credibility to our brand.*

Would you recommend Amazon Pay to other stores, and why or why not?
*We would recommend Amazon Pay to other stores because it’s a seamless checkout process for most of your customers.*

How Can I Integrate Amazon Pay on My Website?

Adding an Amazon Pay button into your website is a fast process that can quickly help improve your conversion rate and grow your business by creating a seamless shopping cart experience.

Below are the steps to take to add Amazon Pay to your website.

1. SETUP YOUR AMAZON PAY ACCOUNT
*Register your Amazon Pay account.* Once you’re registered, you’ll need to login to Seller Central on the Amazon website to complete your account setup.

Experience Perfectly Priscilla’s website
2. ENABLE AMAZON PAY ON YOUR WEBSITE

Enable Amazon Pay in your site control panel. For BigCommerce websites, this takes just a few quick steps.

3. GO LIVE

After testing the button in sandbox or preview mode, you will be ready to go live and officially add the button to your site’s shopping cart experience.

Executive Summary

For retailers that are looking to quickly diversify payment options and optimize the shopping cart experience for users, Amazon Pay is a super-quick way to get great results.

In an age of high mobile engagements and increased efforts to improve website UX/UI, add-ons that bridge the gap between your site’s native commerce experience and the trusted power of Amazon are important to staying relevant, building your brand, and delighting your customers.

Legacy retailers who are struggling with shopping cart abandonment and low conversion rates must look to innovative solutions to help maintain and build business.

For businesses considering adding an Amazon Pay button to their BigCommerce website, our integration makes it seamless to add and takes minutes to be up and running. It’s a surefire way to gain more sales.

What types of results has your store seen by using Amazon Pay? Leave a comment below and let’s chat.
Fifty-five percent of all online product searches begin on Amazon. Last year, the retail giant surpassed $107 billion in total sales. That is over $12,000,000 in sales every hour on average.

Amazon Prime alone boasts over 54 million members and counting. If Prime were a country, it would have 8,000,000 more people than Spain and be the 27th most populous in the world. Those are just Amazon Prime members.

These mind-blowing stats are indicative of an undeniable fact: Amazon isn’t going anywhere. Many online sellers fear that Amazon is going to cut into their profit margins and inhibit—or outright squash—growth. And let’s be honest: depending on your business model, those fears can be justified.

But Amazon’s dominance offers an upside that is proving lucrative for savvy e-commerce pros who have figured out how to make Amazon work for, not against them.

Amazon’s control of market and mindshare isn’t a closed ecosystem. They make it quite possible to leverage their advantages for your own business. You simply have to know how to play the game. That’s why we rounded up these 56 experts who know how to win on Amazon and have been doing so for years. Expedite your learning on selling on Amazon by tapping into their expertise below.
Get more reviews (and then more after that!)

David Tendrich, CEO & Co-Founder, Reliable PSD
“Get. More. Reviews. I don’t care how many you have. Get more.”

People buy the product on Amazon that has the most positive reviews. When we’re scared about making a decision, our brain falls back to certain factors and uses that limited information to make a decision. That first factor we fall back on is social proof.

We look around at everyone else and see what they think is a good idea. If a product has 10x more reviews than other products—we literally have to resist our biology to buy a different one that has less reviews and therefore more risk. So get reviews. Give away as many of your product as you have to in exchange for fair and honest reviews.

Kaleigh Moore, Freelance Writer
“Build up positive reviews—and incentivize customer ratings if you have to.”

These are so important and can make or break a sale, not to mention the impact they have on ranking within the platform.

David Feng, Co-Founder and Head of Product, Reamaze
“Amazon is a reviews-driven ecosystem.”

It’s vitally important to solicit for reviews effectively and reward customers post-purchase for contributing. Brands should also invest in SEO optimization, especially for Amazon, as it’s a highly competitive environment for pricing, descriptions, reviews and alternative products.

Finally, you need to understand Amazon’s pricing structure and adjust your pricing with it. For example, offering a significant discount from time to time or running a daily deal can get you enough brand exposure and attract repeat buyers. That, combined with great reviews and optimized SEO, can make for a winning strategy.

Sweta Patel, Director of Demand Generation, Cognoa
“Nothing is more effective than reviews on other platforms.”

When we were selling mobile device products on Amazon we created an ubiquitous effect by promoting our reviews on all of our other channels. These channels include:

- Facebook
- Twitter
- Touch of Modern
- Ebay
- Other publications through the display network
Reviews play a significant role in ranking on Amazon.

Annie Cushing, Founder, Annielytics
"Engage with reviewers in a helpful, non-defensive manner."

Most of them will work at some level. Beyond that, really consider promoting Amazon through marketing channels typically reserved for your own website.

Jordan Brannon, President and COO, Coalition Technologies
"There are a million review generation tips out there."

Amazon listings can be SEO'd. They can be advertised using PPC. They can be promoted via email and social. Also make sure you’re planning ways to segment Amazon sales away from other sales channels to avoid creating your own competition.

Emil Kristensen, co-founder & CMO, Sleeknote
"The most important thing on Amazon is ratings."

Make sure to have an automated process for gathering ratings from your customers. The Amazon algorithm that determines search rankings is highly influenced by product ratings, which is why ratings should be of high priority for your brand.

Another way is to think of your Amazon product site as an SEO site. This means you should include relevant keywords in your copy but be careful of keyword stuffing because search engines penalize this.

Catalin Zorzini, Founder, Ecommerce-Platforms.com
"Selling more on Amazon all depends on how many quality reviews you receive."

You have the ability to locate some of the more influential reviewers on Amazon, then you can give them 99% discounts in exchange for a review. The cool part is that many of the people that complete these reviews are willing to write quite a bit about the product, so other customers receive better information.

Brett Curry, CEO, OMG Commerce
"Get reviews! Quality and quantity are necessary."

It’s also better to have a few not-so-great reviews mixed in as long as your overall rating is strong. It makes your listing look real. If all you have is a few 5-star reviews, customers will assume it was you or your mom who reviewed your product. Several studies show that products with more reviews outperform products with fewer reviews, even if the product with fewer reviews has a slightly higher average rating. More reviews—more confidence.
Jacob Firuta, Content Manager, LiveChat
“Reviews from past customers give you the credibility you wouldn’t otherwise get.”
It’s an extra portion of word-of-mouth that boosts your offer. It’s in your best interest to get as many of them as possible.

Have a customer that’s raving about a particular product? Ask them to provide a review. Happy customers won’t mind and it can significantly increase the number of reviews you get.

Dennis Yu, CTO, BlitzMetrics
“You can go with paid options, of course…”
But nothing beats working toward getting tons of legitimate 5-star reviews.

Justin Mares, Founder, FOMO
“Focus on reviews.”
Positive reviews drive higher conversion rates and drive rankings. Email your customers after they purchase asking for Amazon reviews and watch your rankings go up!

Optimize your Amazon product page for Amazon SEO

Casey Armstrong, CMO, ShipBob
“Understand how Amazon SEO works.”
Their algorithm is much simpler, yet different than Google’s and they utilize different factors. Understand that, then do you keyword research accordingly.

Maddy Osman, SEO Content Strategist, The Blogsmith
“The principles of onpage SEO can be applied to many mediums: websites, Pinterest, and Amazon (to name just a few).”
So take the time to do your keyword research, as well as competitor research. Both of these activities can provide a useful new perspective of what “success” looks like on Amazon.

Lon Safko, CEO, LonSafko.com
“Keywords are critical.”
You have to anticipate the most important words your prospects will search. Then, good images, and especially good copy with a strong what’s in it for me, and a call to action.
Ryan Bemiller, Founder, **Shopping Signals**

“Understand that reviews and SEO play a large part in getting your product listings in front of more people.”

Amazon is a search engine as much as it is a marketplace. People search for products on Amazon. And Amazon has ranking factors to help it determine which products to show, in which order, when someone performs a search. So do some research on Amazon’s SEO factors. Things like title, subtitle, description, questions and answers, and even pictures all factor in on how a product will rank.

Pay attention to keywords that people will use to find your products, and look at what keywords your competitors are using. Reviews also play a big part in your ranking on Amazon. The frequency and overall number of reviews you get will help Amazon determine your rank. Be careful not to break Amazon’s terms of service with respect to soliciting reviews, but do try to solicit reviews. You’ll need them. Especially early on when you’re trying to get some traction for a new product.

Bill Widmer, **Ecommerce SEO & Content Marketing Consultant**

“Write long, detailed product descriptions. At least 1,000 words.”

Not just fluff, either—add LSI keywords. Again, [keyword research](#) is CRITICAL here. Also, have a presence off of Amazon. Build a brand, start a blog or YouTube channel, and help people see you as more than just “Amazon.” It’s the best way to grow, besides the obvious things like great pictures/description and competitive pricing.

Josh Mendelsohn, VP Marketing, **Privy**

“Product content is the key to success.”

Following their best practices around descriptions, categories, titles, and A+ content will help you dominate search results.

Ross Simmonds, Founder, **Foundation Marketing**

“Invest in quality product shots.”

While it’s always important to understand the value of optimizing for search rankings and getting positive reviews—first impressions matter on Amazon.

The number of new entrants into every category is through the roof. If you want to stand out, it’s time to invest in not only building your own brand to help support an increased amount of search, but also time to invest in high-quality visuals to give a quality first impression.

James Thomson, Partner, **Buy Box Experts**

“Optimize your listings with proper images and content.”

Those will help customers make better decisions....only then should you be spending any money on advertising. Otherwise, you are spending money to drive traffic to poor listings...yikes!
Chris Van Dusen, CEO, Parcon Media
“Use Amazon’s Keyword Tool to optimize your copy around long-tail keywords that are less competitive.”
Sell more through Amazon on your own site by using the Pay With Amazon button. Consumers trust Amazon more than you and they have their credit card details already stored for easy checkout.

Jason Dea, Director of Product Marketing, Intelex
“Try as best as you can to focus on your customer experience and conversion rates.”
Although you’re limited in what you can do on Amazon, anything you can do to optimize your marketplace listings for conversion will catch the eye of the Amazon search algorithms.

Kevin Rizer, Host, Private Label Podcast
“Optimize your listing!”
Proper title, bullet points, description and great images can drastically improve your sales.

Danna Crawford, Owner, PowerSellingMom.com
“Include quality, accurate, detailed descriptions.”
Buyers appreciate more than just the “pre-filled” descriptions of items.

Erik Qualman, #1 Best Selling Author, Equalman.com
“The key to success on Amazon is optimizing for their search algorithm.”
Also, influence buyers by having good ratings and reviews around your product. There are many ways to accomplish this, but one critical thing to do is to comment/reply to all your current reviews.

Think BIGGER than Amazon to drive more sales on Amazon

Daniel Wallock, Marketing Strategist, Wallock Media
“Don’t just be an Amazon brand.”
I mean that just because you’re selling on Amazon doesn’t mean that you can’t promote the products with content, influencer campaigns, and get your products featured in the press. If you’re looking to increase sales on Amazon, I would look away from paid advertising and instead look at using inbound marketing tactics to bring traffic to your products.

You can drive hundreds of visitors per day to your Amazon store or product pages just by creating a strong presence on niche forum sites, Facebook groups and other social media channels.
Larry Kim, Founder, Wordstream

“Diversify!”

They’re not the most vendor-friendly platform and make changes from time to time that aren’t in the best interests of sellers. Not saying Amazon isn’t a big deal, just suggesting that Amazon should be just one pillar of four or more major channels including Facebook Ads and Google Ads—and, of course, your own direct web storefront.

Drew Sanocki, Private Equity Operating Partner, Empire Growth Group

“For direct-to-consumer players, think of Amazon as customer acquisition.”

Choose some small AOV top sellers and make sure you put them on Amazon. Encourage follow-on purchases through your own site in order to capture more customer data, up-and cross-sell, and increase overall LTV.

Ned Nadima, Growth Manager, Rare.io

“Master the art of branding.”

Whenever customers search for products on Amazon, the search engine displays many similar products. Understanding how to position your brand properly will help you stand out. This includes product pictures, pricing, product description, reviews, etc. In order to accomplish the feat, you must nail your target market. Deeply understand your target market and you will succeed.

Rieva Lesonsky, CEO, GrowBiz Media/SmallBizDaily.com

“Amazon also allows you to sell your service on Amazon.”

When people buy products, your service can be offered as an add-on and everything is handled through Amazon. This is something I know from personal experience. We bought a ceiling fan and at the same time I bought the installation from a local small company. Payment was handled through Amazon and then the company called me to set up an appointment.

Don’t compete on price! Unless you have a tool for it

Scott Ginsberg, Head of Content, Metric Digital

“Protect yourself with strategic pricing.”

Try setting up your campaigns in a way where the customer’s search discovery process, i.e., when they are first introduced to your brand on Amazon, is always under a certain price. Set custom labels that tier products by prices, exclude as many skus as you need to, and you’ll be sure to keep third-party retailers from stealing your customers by offering cheaper rates. By choosing not to bid on certain products that are beyond a specific price point, you can still beat the competition on Amazon.
Rupert Cross, Digital Director, 5874

“Don’t compete on price—it’s a race to the bottom and it’s easy to become a busy fool.”

Instead, focus on improving your rating by responding to all of the messages that matter, as this a sure-fire way to ensure customers value you as a seller and choose you over somebody else. Sync your stock to avoid overselling.

Michael Ugino, Co-founder, Sellbrite

“The #1 rule of retail economics will always be that you make your money on the buy.”

Thus, driving additional sales, even at less than your target price, will allow you to ultimately buy more and lower your sourcing costs. The best way to drive additional sales on Amazon is by using a repricing tool (with price floor limits of course) to constantly fight for, and win, the buy box.

Are you ready to sell on Amazon? Better know the basics

Joseph Hansen, Founder, Buy Box Experts

“Control your distribution and your product detail pages.”

Brands that have their pricing levels at close parity with other channels and don't have dozens of unauthorized resellers competing for buy box share have the best chance at success. They're able to build momentum on the channel and utilize advertising to increase their product sales and organic visibility over time.

Pat Petriello, Head of Marketplace Strategy, CPC Strategy

Brands on Amazon must have a granular, sophisticated, technology driven advertising solution in place in order to compete on today's Marketplace.

Donald Pettit, Sales & Partners Manager, SalesWarp

“If you’re looking to expand sales on Amazon, do it carefully.”

Make sure you have the bandwidth and necessary resources to take on additional orders. For example, an inventory management system can help prevent overselling items, and order management systems can help ensure timely deliveries.

Stock-outs and late deliveries can result in poor customer reviews, or a suspended Amazon account. Additionally, try partnering with other brands and use Amazon as a laboratory for new offerings. For example, an apparel retailer partnering with smaller universities to offer branded products on Amazon that customers couldn't find elsewhere.
Jason Boyce, Co-founder & CEO, Dazadi
“The Amazon channel should have its own team and its own procedures within your organization.”

With roughly half of the online market share in the USA, you just can’t succeed on Amazon unless you have a dedicated team with dedicated time and expertise on this channel. There is so much to unpack here that it would take a book to share everything, but focusing on the best-sellers on the Amazon product categories pages can help you know if your items are priced well enough to gain sales and profits.

Andy Eastes, Founder and CEO, SKUVault
“Focus on decreasing inventory errors like mis-picks, mis-ships, and out-of-stocks.”

Order & inventory accuracy, as well as fewer customer mishaps, are both highly determining factors for winning the Buy Box and gaining access to the Prime Merchant-Fulfilled program.

David Potts, Founder and CEO, SalesWarp
“Amazon rewards sellers who can ship quickly and accurately.”

Our clients are, often, best of breed in their segments. They provide fast fulfillment and avoid oversells or cancellations, and as a result, Amazon rewards them with prime seller advantages.

Market on Amazon the Amazon way (FBA, Buy Box + More)

Eric Carlson, Co-Founder, 10X Factory
If your main sales channel is BigCommerce, you can segment your email list and visitor lists after a certain period of time (i.e. 60 days and never purchased from your site) and drive them to Amazon. Surprisingly, these old leads that might never purchase on your website but want your product and trust Amazon. Do this:

1. Send them a promotion for Amazon
2. Sync them with a Facebook custom audience
3. Then, send clicks to your products on Amazon

Jonathan Gabriel, CEO, Private Label Movement
“No question - build a proprietary customer list.”

You can start for little money with product inserts directing your most loyal customers to a Facebook group or website to grab their email. More advanced sellers with greater resources can run Facebook ads to a squeeze page for easy email grab using ClickFunnels. This email list is critical for future product launches and to create Lookalike audiences on Facebook.
Brian Nolan, Co-founder & CEO, Sellbrite
“Sponsored Products are a great way to drive additional traffic to your Amazon listings.”
You can significantly level the playing field in terms of visibility against long-established competitors.

Bill Bailey, CEO, Nodal Ninja
“FBA – Fulfilled by Amazon.”
Amazon sells 24/7 and setting up a FBA account on products you know will sell well will certainly increase your sales. FBA comes at a higher cost so a little Googling prior to doing this is best advise. Having an Amazon store as well will help to keep abreast of the competition, which most likely is already selling on Amazon.

Aaron Houghton, Co-Founder and CEO, BoostSuite
“Use paid search promotions inside Amazon.”
And use your brand name and best performing keywords from Google Adwords.

Harrison Dromgoole, Content Creator, Ordoro
“Focus on the buy box.”
Unless you’re selling truly unique products, you’re likely competing with other sellers to be the merchant behind the “Add to Cart” button. There are two big ways to get in Amazon’s favor—and, Amazon being Amazon, they center around shipping.

Utilize Fulfillment By Amazon, their fulfillment service, to store and ship orders, and if you’re a quick-shipping, high-volume e-retailer, try to qualify for their Seller Fulfilled Prime program, which guarantees access to lucrative Prime customers.

Aaron Agius, Managing Director, Louder Online
“Give Amazon’s suggested PPC campaigns a try.”
I’ve seen a number of clients test them compared to the campaigns they built themselves based on tons of keyword data, metrics, etc., and still have Amazon’s auto-generated campaigns produce a higher ROI. If it works for your brand, that’s time you can spend elsewhere.

Daniel Townsend, Managing Director, Plum Tree Group
“With more than 2 million sellers worldwide selling on Amazon, gaining the necessary visibility to succeed can be difficult.”
However, all hope isn’t lost. Amazon’s latest release, headline search ads, may help new and experienced sellers by putting their products front and center in Amazon search results. Headline search ads are pay-per-click ads that help sellers target customers based on specific search terms.
Once campaign parameters are set (keywords, bid amount and daily budget), headline search ads appear at the top of search results—a powerful opportunity to outrank similar products (aka healthy competition), drive shoppers to your listings and increase sales.

Jan Lastuvka, CEO & Co-Founder, MonkeyData
“Sell with Fulfillment by Amazon (FBA).”
Not only does this reduce work in handling orders, FBA products will appear in Prime-filtered searches. Also, products which are Prime eligible have higher conversion rates than those that do not. On top of this, having FBA products will allow you to tag on to the success that Amazon has built with its brand and align your business to their reputation.

William Harris, Ecommerce Consultant, Elumynt
“Amazon has a lot of similarities to Google Shopping—they are keyword and price driven.”
If you’re doing well on Google Shopping, export the list of keywords and see what you’re doing the best at – then use that to bid on those keywords on Amazon to get some initial traffic flowing through and see if those keywords are going to work on Amazon as well.

Go Unique or Fail

Emil Kristensen, CMO & Co-founder, Sleeknote
“If someone is selling the same items as you on Amazon, then you should consider creating a unique offer by bundling products together in new configurations.”
The beauty of this is that your bundle will be listed as a unique product by Amazon, and when you’re the only seller carrying a listing, you’ll be able to win that all-important spot in the Buy Box.

Jason Greenwood, Founder, Greenwood Consulting & eCommerce Manager HealthPost NZ
“Stay in niches that Amazon will not play in.”
Niches that are high touch & where you can value add through the experience.

Brita Turbyfill, Gray Loon
“Unique products.”
If you sell a variety of products, that may or may not be unique from your competition, focus on selling the more unique products on Amazon and building up your product reviews. Once you have several products that have a lot of positive feedback, then even if you have other products that your competitors have, you may build more of a loyal following based on those few unique products.
Peter Attia, Founder, **Dicey Goblin**

“The biggest tip I have for Amazon is try to tack on an extra item with your listing.”

Normally if you’re selling an item on Amazon, other sellers can be on that same listing. That means you’re not guaranteed to get the sale for that item, especially if you’re not the lowest price. We skirted around this by selling board games with a simple extra dice bag or expansion for the game. This allowed us to have our own unique listing that would still show up for the main product in Amazon search.

This gave us more flexibility with the price, because we weren’t trying to compete with other sellers for the same item. Plus, every purchase that came through that listing went straight to us.

Kunle Campbell, Founder, **2X Ecommerce**

“Endeavor to own your brand and listings on Amazon.”

Competing with other retailers (including Amazon) on price is almost always certainly a race to the bottom. A single product listing with 10 sellers means that sellers can only really differentiate themselves by price alone. This is a dangerous position to be in as a retailer and in business. You may eventually sell at your desired target price, but this may mean making a trade off in keeping stock longer with reduced inventory turnover.

In Australia? The clock is ticking!

**Sammy Gibson, Director, Neon Poodle**

“We need to do it!”

Amazon has only just arrived in Australia and at the moment we don’t have a presence and we are potentially missing out on many orders and expansion. This will be our main focus in the coming months.

The Short & Sweet of It

**Raheem Sardar, Founder & CEO, RewardCamp**

“Use these tactics.”

Sellers are able to successfully charge higher prices for the same product using the following tactics on Amazon:

1. Brand your product
2. Register your brand with Amazon
3. Use high-quality images and videos
4. Use your branding on product images, packaging, description, title, etc., so that it stands out from the competition
5. Get lots of reviews
Now that you know how to sell on Amazon, fully understand the vast potential of tapping into Amazon's 304 million (and growing) active user base and you know how to successfully market products to drive growth for your business.

The why isn't in question.

The only issue remaining is how to make it work as part of your day-to-day business operations from an actual implementation and technical perspective.

Improving efficiency and output for our customers is what makes us so excited to showcase our seamless solution for selling on Amazon directly from BigCommerce.

With multi-channel retailing, one of the most common issues has always been the logistics—keeping track of orders and inventory across multiple touchpoints without bouncing between Excel and different software programs — all while trying to optimize each channel.
Maintaining this kind of incompatible system is a major drain on your finite time and bandwidth.

Beyond the inefficiencies, there are serious consequences when this patchwork solution inevitably fails or introduces unnecessary errors.

BigCommerce has built a solution so you can simultaneously scale your Amazon sales and ecommerce shop from one central hub.

Our seamless integration with Amazon allows you to list products directly from your BigCommerce Control Panel without the aforementioned copying, pasting and merging of Excel spreadsheets and data exports across your entire company.

Plus, with our two-way inventory sync, you'll always have an accurate snapshot of your entire inventory database—which updates in real-time.

### PRO TIP

With Channel Manager, you can manage product listings for your online store, Amazon, Facebook, Google Shopping and Pinterest.

### Selling on Amazon with BigCommerce

Here is exactly how BigCommerce stores can be easily configured for selling on Amazon today.

**REQUIREMENTS**

Our requirements are broken out in 3 different subsections:

1. Merchant Settings
2. Store Settings
3. Product Settings

**MERCHANT SETTING REQUIREMENTS**

To use our Amazon Integration within Channel Manager, you must:

- Have an Amazon Seller account on a Professional Selling plan. If you don’t have one, sign up at Amazon Seller Central.
- Have a unique identifier (MPN or other standard ID) for products not already available in Amazon’s catalog.
- Have at least one image per product. The primary image of your product is called the “MAIN” image.
- Enable Track Inventory by Product and have a stock level greater than zero in order to initially list. Amazon listings that run out of stock will show as “Out of Stock” on Amazon.
STORE SETTING REQUIREMENTS

Your store’s default currency must be USD. You must have shipping to the United States enabled in your shipping settings.

PRODUCT SETTING REQUIREMENTS

Currently, products can be listed only in these Amazon categories. Additional categories will be available in future updates.

SELLING ON AMAZON PRODUCT CATEGORIES

- Arts, Crafts & Sewing
- Beauty & Personal Care
- Clothing, Shoes & Jewelry (requires approval)
- Electronics
- Grocery & Gourmet Food (requires approval)
- Health & Household
- Home & Kitchen
- Patio, Lawn & Garden
- Pet Supplies
- Sports & Outdoors
- Tools & Home Improvement

How to Sell on Amazon with BigCommerce

1. THE NEW PRODUCT LIST

Pick and choose which products are listed on your storefront and which are listed on Amazon.

You can also manage product listings for all your other channels, like:

- Facebook
- eBay
- Instagram
- WordPress

The new product list features a Listed On column that shows you which channels a product is included on, its current status (e.g. visible, pending or rejected), and any errors that may be preventing the product from being included on a particular channel.
When you check one or more products, the Bulk Actions menu appears in the top right of the product list, allowing you to edit, export, list, delete or hide products en masse.

- Bulk edit selected
- Export selected
- List products on channels
- Hide products on channels
- Delete selected

2. MANAGING LISTINGS

How to create Amazon Listings:
Go to Products › View and click Storefront › Create Listing next to the product you want to list on Amazon.

Channels will set to Amazon. Select a Product Listing Category.

By default, your new Amazon product listing will use the same name, description, brand and price details your product has in your BigCommerce store.

Optionally, you can override these to be specific to Amazon. These edits are only reflected on Amazon.com—not on your BigCommerce store or other marketplace listings.

Save your changes. Once saved, your product will show an Amazon status of Pending. After your product has been successfully listed, its listing status will change from Pending to Active.

New and updated listings can take up to 30 minutes to appear on Amazon. Images can take up to 24 hours to appear on Amazon.

How to hide Amazon Listings:

- To hide a product from Amazon, check the box next to it and select Hide products on channels from the Bulk Actions drop-down.
- Check the box next to Amazon, then click Hide products.

3. CHECKING ORDERS FROM AMAZON

Orders received from Amazon are listed on your Orders screen with an Amazon icon.

Since billing is handled by Amazon, orders from Amazon come into your BigCommerce control panel with the shipping address also listed as the billing address when looking at the expanded order details.

Amazon does not include the real email address of the customer.

Instead, they share an automatically generated anonymous email address.
Per Amazon's policy, this address may not be used for marketing purposes.

Partial shipments for orders from Amazon are not supported, so you won't be able to modify the quantity shipped when creating shipments for Amazon orders.

Full and partial refunds are managed from your Amazon Seller Central dashboard.

4. CUSTOMER EXPERIENCE ON AMAZON

Once your products are listed on Amazon, the browsing and checkout flows are controlled by Amazon.

If your offering is featured in the Buy Box, your business is listed as the shipper and seller.

If your offering is not featured in the Buy Box, you may be listed as an “Other Seller.”

When a customer purchases one of your products, they will receive an email confirmation from Amazon. All order emails are handled by Amazon.

Your new Amazon order is brought into your BigCommerce control panel, and they’re shipped the same as you would any other order that comes in through your storefront.

BigCommerce will update the order’s status on Amazon when you create a shipment or change the order status.

Visit our Knowledge Base article about Selling on Amazon for Frequently Asked Questions and a complete breakdown of how to manage your Amazon listing.
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- Tracey Wallace, Editor-in-Chief at BigCommerce
“Becoming a successful seller on Amazon is very hard work, along a path filled with surprising pitfalls. This ‘No BS Guide’ hit the bull’s eye by helping new and intermediate sellers make sense of the operational skills they must develop to grow into profitable, long-term Amazon sellers.”

- James Thomson, Former Business Head of Amazon Services and President of the PROSPER Show

Whether you are just getting started or have been selling on Amazon for years, learn how you can grow Amazon as a revenue channel, increase sale and scale your Amazon business.

YOU’LL DISCOVER:

- How to win the Buy Box, where 82% of Amazon’s sales happen
- Why mobile matters most — 70% of Amazon customers made purchases on Amazon’s mobile site — and how to optimize for it
- Pitfalls that trip up even the best Amazon sellers out there — and how to avoid each and every one of them
- How you could lose on Amazon by winning — and other tips and tricks to avoid a double-sided sword
- Pricing and repricing strategies for both resellers and private label sellers alike — plus tips to make you more money, faster
- How to get a 320% increase in sales in less than 10 minutes (hint: Amazon SEO exists)
- Growth hacking tips and tricks that could earn you $5,000 for every hour you spend selling on Amazon

Find everything you need to start selling and winning on Amazon both today and into the future.

"I’ve never seen a more complete guide for Amazon sellers...ever! This is literally a Who's Who of multi-million dollar sellers and subject matter experts. The information in Chapter 7 alone would have saved us $1000s during our first 6 months selling on Amazon."

- Bryan Bowman, Founder, AMZ Profit Pros