

LEARNING MADE EASY



Selling on Amazon[®]

for
dummies[®]
A Wiley Brand



Navigate Seller Central
and create listings

Source products, boost
sales, and grow your business

Manage inventory and
fulfill orders with ease

Deniz Olmez

Amazon consultant, Fulfillment
by Amazon (FBA) expert

with Joe Kraynak



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Selling on Amazon® For Dummies®

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Introduction

Not so long ago, if you wanted to be a retailer, you had to build a store, buy products from wholesalers to stock the shelves, mark up their prices, and sell them to whatever customers happened to show up and wander through the aisles. Amazon has changed all that. Nowadays, you can become a retailer without having to step foot out of your home or even rise from your recliner. Equipped with no more than a decent computer and an Internet connection, you can source products from China (and other countries), list them for sale on Amazon, and sit back and collect your money as shoppers across the country and perhaps around the world buy your products.

Well, maybe that's a little oversimplified and too hopeful an image of what selling on Amazon really involves, but conceptually it is that simple. Anyone can do it. Unfortunately, the fact that anyone can do it is why it has become so challenging. Millions of people have flocked to Amazon, creating what can best be described as a 21st century gold rush. As of this writing, Amazon has more than 2.5 million active sellers seeking their fortune as ecommerce retailers, and they're all competing against one another and often against big-box stores and big brands, including Amazon. To succeed as a seller on Amazon, you really need to know what you're doing and be committed to success.

About This Book

Welcome to *Selling on Amazon For Dummies*, your definitive guide to making money on Amazon. Here we lead you step-by-step through the process of selling on Amazon, from creating an Amazon Seller account to choosing products with high sales and profit potential, sourcing products from around the world, creating effective product listings, managing your inventory, leveraging the power of advertising, delivering superior customer service, and much more.

To make the content more accessible, we divide it into five parts:

- » Part 1 brings you up to speed on the basics. We take you on a tour of the entire process, covering each key topic in a nutshell. Then, we give you a primer on how to create your own Amazon Seller account and how to find

your way around Amazon Seller Central — a web-based platform for navigating the Amazon marketplace.

- » Part 2 examines what you can and can't sell on Amazon, how to research products to find those with the greatest sales and profit potential, and how to source products from retailers, auctions, wholesalers, and other suppliers for the purpose of marking up their price and selling them on Amazon.
- » Part 3 covers everything you need to know to sell on Amazon, fulfill orders, help customers find you and your products, build your own webstore, manage your inventory, and keep your customers happy. You also find out how to keep Amazon happy so that your product listings are ranked high enough in product searches for them to be noticed.
- » Part 4 carries you beyond the basics to master various ways to grow your business and improve sales and profits. Here you discover how to create your own brand and register it with Amazon to reap a host of benefits, how to use certified third-party service providers to outsource some tasks and provide you with the expertise you may be lacking, and how to expand your operations with business-to-business and global sales.
- » Part 5 features ten advertising tips, ten tips for delivering superior customer service, and ten tips for finding products with the most sales and profit potential. Regardless of your level of experience and expertise as a seller on Amazon, these tips can help you improve your game.

We can't promise this book contains everything you need to know about selling on Amazon, because that would be an incredibly ambitious goal. What we do promise is that this book covers everything you need to know to master the basics, along with guidance on how to use Amazon's learning resources to plug any gaps in your knowledge and expertise.

Foolish Assumptions

All assumptions are foolish, and we're always reluctant to make them, but to keep this book focused on the right audience and ensure that it fulfills our purpose in writing it, we make the following foolish assumptions about you:

- » You shop and buy stuff on Amazon. To succeed in selling products on Amazon, you need to know what the shopping experience is like from a customer's perspective.

- » You have some money to play with. You can open a standard Amazon Seller account for free, but you need at least a little start-up capital to buy products to sell and cover packing and shipping costs.
- » You're committed to customer service. Amazon puts the customer first, and if you're going to succeed on Amazon, you need to do the same, or you'll suffer the consequences.
- » You're willing to engage in continuous learning. You can easily list a product for sale on Amazon, take an order, and ship the product to a customer, but if you want to sell a lot of stuff and earn a lot of money, you're going to need to invest some time figuring out how to research products and competitors, build and manage your own store, create your own brand, and develop some other higher level skills.

Other than those four foolish assumptions, we can honestly say that we can't assume much more about you. The people who sell on Amazon represent a diverse demographic. You may be a sixth grader trying to earn money for college, a 35-year-old work-from-home parent supporting a family, or a 75-year-old retiree looking to supplement his social security income. You can be rich, poor, or somewhere in between. Regardless of your demographic, we applaud you for your curiosity, ambition, and eagerness to acquire new knowledge and skills, and we hope this venture is as rewarding and profitable as your wildest dreams.

Icons Used in This Book

Throughout this book, icons in the margins highlight certain types of valuable information that call out for your attention. Here are the icons you'll encounter and a brief description of each.



REMEMBER

We want you to remember everything you read in this book, but if you can't quite do that, then remember the important points flagged with this icon.



TIP

Tips provide insider insight. When you're looking for a better, faster way to do something, check out these tips.



WARNING

"Whoa!" Before you take another step, read this warning. We provide this cautionary content to help you avoid the common pitfalls that are otherwise likely to trip you up.

Where to Go from Here

You're certainly welcome to read this book from cover to cover, but we wrote it in a way that facilitates skipping around. If you're on the fence about whether to sell on Amazon or you're looking for some background information about Amazon rules, fees, account types, and so forth, head to Chapter 1. Chapter 2 provides a bird's-eye-view of selling on Amazon, which touches on key topics and directs you to other chapters for more detailed coverage.

When you're ready to get started, head to Chapter 3, where you find out how to create an Amazon Seller Account, and then turn to Chapter 4 to find out how to navigate Seller Central — the web interface you'll be using as an Amazon Seller to list the products you have for sale, manage orders and inventory, monitor your performance as an Amazon Seller, and much more.

With the basics under your belt, you can proceed through the book according to your needs. If you need products to sell, head to Part 2. If you already have products to sell and need to know how to list them on Amazon, check out Part 3. If you're comfortable with sourcing and selling products, fulfilling orders, and managing inventory, refer to Part 4 for more advanced topics to optimize your success.

Consider Part 5 bonus material. Here, you'll find 30 tips that cover everything from advertising and customer service to product sourcing.

In addition to the abundance of information and guidance related to selling on Amazon that we provide in this book, you get access to even more help and information online at www.dummies.com.

You can also choose to use this book as a reference guide, the way most people use instructions for assembly — head to Amazon Seller Central (sellercentral.amazon.com) and start poking around and doing stuff until you get stuck, and then turn to the index at the back of this book to find guidance for the task that has you baffled.

Note: Although we did our best to ensure that the step-by-step instructions are accurate and complete, Seller Central is in a continuous state of improvement, so please remain flexible. Consult Seller Central's help system and Amazon's Seller University to access the most currently available information and instructions. For more about the Seller Central's help system and Seller University, turn to Chapter 4.

1

Getting Started with Selling on Amazon

IN THIS PART . . .

Find out all you need to know about starting to sell products on Amazon, without getting into the intricate details.

Know what you're getting yourself into in terms of Amazon rules, costs, business types, product categories, and the Amazon marketplace.

Take a quick primer on selling products on Amazon that covers the bare basics, including finding products to sell, choosing a fulfillment method, listing products for sale, and delivering top-notch customer service.

Open an Amazon Seller account, so you can start listing products for sale.

Navigate Amazon's Seller Central to access your product catalog, manage your inventory and orders, and find the information and guidance to build a successful ecommerce business through Amazon.

- » Brushing up on ecommerce basics
- » Weighing the pros and cons of different Amazon business types
- » Figuring out the costs of doing business on Amazon
- » Getting up to speed on Amazon Seller rules

Chapter **1**

Laying the Groundwork

Prior to engaging in any endeavor, you're wise to pause and consider what you're about to get yourself into. You may be excited by your future prospects, which is good because your eagerness provides the energy and drive required to succeed. However, you also need to consider the likely challenges and potential obstacles that may stand in the way of success. Having realistic expectations going in improves your chances of success when the going gets tough.

Consider this chapter part preparation checklist and part reality check. Here, we bring you up to speed on the basics of selling online and specifically on Amazon, introduce you to the different Amazon Seller business types, inform you of the costs of doing business on Amazon, explain the rules, and present the different product categories and restrictions tied to certain categories.

Getting the Lowdown on Selling Online

Online retailing is the digital version of owning and operating a brick-and-mortar retail store — without the brick and mortar. Online retailing enables you to provide goods and services to consumers across the Internet, removing the traditional physical barriers between stores and shoppers. The Internet has also removed barriers of entry to the retail industry, allowing anyone with a computer and an Internet connection to sell online.

However, online retailing is still a business. As such it requires a certain level of ambition, commitment, and expertise to succeed, especially as competition increases. Before you take the leap into online retailing, examine the pros and cons and develop a general idea of where you want to set up shop. In this section, we provide the guidance for making preliminary decisions.

Weighing the pros and cons of online retailing

Many retailers — from huge companies to individual sellers — have become rich by selling products online. But achieving success isn't always as easy as it may seem. In this section, we draw your attention to the pros and cons of starting and running an online retail business.

Recognizing potential benefits

Selling online has multiple advantages over traditional retailing, including these:

- » **Low start-up costs and overhead:** You can start without having to build a store, hire employees, or develop and maintain complex operations.
- » **Easy access to customers (nationally and globally):** You can sell products to anyone, anywhere who has an Internet-enabled device.
- » **Option to outsource inventory storage:** Products can be stored and shipped from third-party warehouses.
- » **Deeper customer insights:** By analyzing shopper activity online, you gain deeper insight into what they want and the effectiveness of your advertising and promotions.
- » **24-hour sales:** You make your own hours, while customers can shop 24/7. You can sell products in your sleep!
- » **No waiting in lines:** Customers don't have to wait in line, which can boost sales.

Considering potential drawbacks

Although online retailing has numerous advantages over traditional retailing, it does have several potential drawbacks, including the following:

- » **Increased competition:** You're often competing against both big businesses and individual sellers.

- » **Lower profit margins:** According to the law of supply and demand, increased competition drives down prices, especially in popular marketplaces, such as Amazon.
- » **Higher costs:** Although overhead costs are significantly lower, you can expect other costs, such as the cost of building and maintaining an online store, pay-per-click (PPC) advertising, transaction fees on marketplaces such as eBay and Amazon, and so on. (See the later section “Tabulating the Costs” for details regarding Amazon Seller fees.)
- » **Reduced consumer trust:** Until you become an established retailer, some shoppers may not trust you enough to place an order. Selling in a trusted marketplace such as Amazon eliminates these trust issues to a certain degree.
- » **Reduced customer loyalty:** Online shoppers are fickle and usually swayed more by prices than by any feelings of loyalty to a particular retailer. However, over time, you can build a more loyal customer base.

Taking a tour of online stores and marketplaces

As an online retailer, you’re free to choose where you want to list and sell your products. You have three options:

- » **Your own online store:** You can find plenty of ecommerce web hosting services that provide the tools for setting up and maintaining your own store, such as [Shopify.com](https://www.shopify.com).
- » **Pure marketplace:** A pure marketplace, such as eBay, simply brings buyers and sellers together and facilitates and secures transactions between the two. It doesn’t carry or sell inventory of its own.
- » **Hybrid marketplace:** A hybrid marketplace, such as Amazon, brings buyers and sellers together, facilitates and secures transactions between the two, and sells products, competing with other sellers in the marketplace.



TIP

These choices aren’t mutually exclusive. In fact, you may want to build and maintain your own online store and establish a presence on multiple pure and hybrid marketplaces to extend your reach. Having your own store also gives you the opportunity to improve customer trust and loyalty.

Online marketplaces (both pure and hybrid) typically profit by collecting a commission on all sales. In exchange, they offer several advantages, including the following:

- » Diverse product selection at competitive prices, which attracts sellers
- » Secure transaction processing for both buyers and sellers
- » Access to millions of shoppers eager to spend
- » Virtually unlimited scalability to accommodate any level of growth

In this book, we focus almost exclusively on the Amazon marketplace, which has revolutionized the world of ecommerce with its superior technology, universal reach, ability to offer nearly every imaginable product, and the unmatched trust and loyalty it has earned among shoppers.

Exploring How Amazon Works

One of the big draws to selling on Amazon is how easy it is. Here, we break the process down into two stages: before you start selling and selling products. We also explain the basics of how Fulfillment by Amazon (FBA) works.

Before you start selling

Preparing to start selling on Amazon is a simple three-step process:

- 1. Figure out what you want to sell.**

Amazon has 20 product categories open to all sellers and 10 or more additional categories open only to Professional Sellers.

- 2. Decide on a selling plan.**

If you plan to sell fewer than 40 items per month, choose an Individual plan, which charges \$0.99 per item. If you plan to sell 40 items or more, go with the Professional plan, which charges a \$39.99 monthly fee and no fee per item. (See the later section “Comparing Amazon Business Types” for details.)

- 3. Register to become an Amazon Seller.**

Go to [SellerCentral.Amazon.com](https://sellercentral.amazon.com) to register and follow the on-screen prompts.

Selling products

After you're registered, you can begin to list products for sale. Chapter 9 covers the product listing process in detail, but the process basically consists of the following four steps:

1. List the product(s) you want to sell.

You have two options:

1. List products already on Amazon.

Choose products already listed on Amazon and specify the number you have available, their condition (new or used), and your shipping options.

2. List products not on Amazon.

If the product you want to sell isn't being sold on Amazon, you need to specify the item's universal product code (UPC) and stock keeping unit (SKU); write a product title and description, and provide product photos.

2. Sell the item.

Selling consists of waiting for someone to buy the item you listed. When someone clicks your listing and buys the product, Amazon notifies you of the sale. During this time, you can try to improve sales via pay-per-click (PPC) advertising on Amazon and engaging in other marketing and advertising efforts. Chapter 12 discusses ways you can market and advertise your products.

3. Ship the product to the customer.

Upon receiving notification of the sale, you ship the product to the customer or, if you use Fulfillment by Amazon (FBA), Amazon ships it from its warehouse for you. (See the next section for more about FBA.)

4. Get paid.

As you sell products, Amazon deposits payments (less Amazon Seller fees) into your account and notifies you when payments have been made.

Using Fulfillment by Amazon (FBA)

With FBA, you ship inventory to various Amazon fulfillment centers across the country and, if desired, around the world. When someone clicks your listing and orders the product, Amazon picks, packs, and ships the product for you. FBA offers several benefits, including the following:

- » You save the time and cost of picking, packing, and shipping the product yourself. (However, you pay for inventory storage and pay Amazon an FBA

fee based on the product's size and weight, as explained in the later section "Tabulating the Costs.")

- » Shipping costs are potentially lower because you benefit from the rates Amazon negotiates with carriers.
- » Your products are eligible for free two-day shipping and, in some cases, one-day shipping (for Amazon Prime customers) and free shipping on eligible orders (for all Amazon customers).
- » You increase your chance of winning the Buy Box (the box on the right of the product detail page that enables a shopper to add the product to his shopping cart).
- » Amazon processes returns and refunds for you.

AMAZON: BEYOND ECOMMERCE

Founded by Jeff Bezos in 1994 out of his garage in Seattle, Amazon has defined e-commerce and revolutionized the way retailers sell products and consumers buy them. However, Amazon has expanded far beyond the world of traditional e-commerce to penetrate even deeper into people's lives. Here are some of the notable Amazon businesses:

- **Consumer electronics:** Kindle devices, Amazon Fire TV, smartphones, and Amazon Echo
- **Digital content production:** Amazon Music, Amazon Kindle Store
- **Amazon Game Studio:** Game streaming services
- **Amazon Prime Video and Amazon Studios:** Video streaming services and original movies and series
- **Private labels:** Amazon Basics, Amazon Elements, Wickedly Prime, and so on
- **Amazon Web Services:** The world's largest cloud services provider
- **Amazon Fresh and Amazon Prime Pantry:** Fresh foods and grocery delivery services
- **Amazon Books:** Physical bookstore
- **Amazon Home Services:** A marketplaces for professional services for homeowners

Comparing Amazon Business Types

“Selling on Amazon” can carry different meanings, depending how you conduct business on or with Amazon. You may be selling on Amazon as a retailer, selling to Amazon as a vendor, selling professionally or as an individual, and so on. In this section, we explain the different business types and how they operate on Amazon.

Vendor (1P) versus Seller (3P)

Amazon *vendors* and *sellers* differ primarily by their relationship with Amazon and the way they sell in these ways:

- » **Vendors** have a first-party (1P) relationship with Amazon, selling their products directly to Amazon, which then resells the products to shoppers. Vendor status is granted by invitation only.
- » **Sellers** have a third-party (3P) relationship with Amazon, selling their products to shoppers and receiving payment through Amazon. Sellers are responsible for listing, pricing, and marketing their products, and anyone can become a seller through the Amazon Seller registration process.

Being an Amazon Vendor, has its pros and cons.

Here are the pros:

- » Products carry the “Sold By Amazon” label, evoking strong customer trust and hence increased sales.
- » Amazon offers a suite of marketing tools for vendors through Amazon Marketing Services (AMS).
- » Amazon vendors typically don’t pay seller fees, such as referral fees, fulfillment fees, and other charges.

Here are the cons:

- » Amazon sets prices, and sometimes prices are set so low that the vendor suffers a loss or may not realize the desired profit margin.
- » Launching new products may be a challenge because Amazon is often reluctant to issue purchase orders for products that have no sales history.

Meanwhile, being an Amazon Seller also has its pros and cons.

Here are the pros:

- » More control over the listing, pricing, and delivery options
- » More analytics and customer performance metrics for improving business
- » Direct connection with buyers to gather feedback and information on buyer preferences

And the cons:

- » Seller fees, including commissions and referral fees
- » Not having the “Sold by Amazon” label to instill the consumer trust that leads to increased conversions, which is especially valuable when competing head-to-head with vendor products

Individual versus Professional

When you register to become an Amazon Seller, you must choose from the following two plans:

- » **Individual:** You pay \$0.99 per item sold, no monthly fee, and you pay only when an item sells. Amazon provides access to a basic set of listing and order-management tools. As an Amazon Individual Seller, you have the option to create listings one at a time by matching your products to existing listings or by creating new listings. Amazon sets the shipping rates for orders and determines which shipping service levels sellers can offer to buyers.
- » **Professional:** You pay \$39.99 per month whether you sell nothing or a million items. You pay no per item sold fee. Amazon provides its Professional Sellers with access to additional features and tools and removes some selling restrictions.



REMEMBER

These aren’t the only fees you pay to sell on Amazon. Other fees include referral fees and shipping fees. See the later section “Tabulating the Costs” for a complete accounting.

Do the math, and you quickly conclude that anyone who sells more than 40 items a month will save money with the Professional plan. However, costs are only one difference between the two plans. When choosing a plan, consult Table 1-1 for a side-by-side comparison.