

# How To Sell On Amazon

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Presented By: Ed Falkowitz, Certified Mentor, DC SCORE

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# Introductions

- Who are you
  - Name and Company
  - How long in business
  - What is your product
  - How have you been marketing
  - Any online selling experience
- What are you looking to achieve today



# Why Sell Online



# Why Sell On Amazon

- No Middle Man Markup
- Better Margins (Maybe?)
  - Sell at retail not wholesale
  - Need to include customer acquisition cost
  - Need to include Amazon fees
  - Need to include fulfillment costs
- Sutton's Rule



# Sutton's Rule

- American bank robber. During his forty-year robbery career he stole an estimated \$2 million, and he eventually spent more than half of his adult life in prison and escaped three times.
- Reporter asked why he robbed banks. According to Ohnstad, he replied, "**Because that's where the money is**".



# What is Amazon

- World's largest electronic marketplace
  - 2018 revenue \$233B up 31% from 2017
- Where consumers buy
  - 63% of Americans say they have bought an item through Amazon which is 92% of online shoppers. **2 out of 3 are Prime members**





# What is Amazon

- World's largest electronic marketplace
  - 2018 revenue \$233B up 31% from 2017
- Where consumers buy
  - 63% of Americans say they have bought an item through Amazon which is 92% of online shoppers. **2 out of 3 are Prime members**
- **However, at its core Amazon is nothing more than a search engine with product fulfillment capabilities.**



# Platform Options



<b>Global</b>	<b>Vertical</b>	<b>Horizontal</b>	<b>Own Website</b>
Amazon	Drugstore.com	Etsy (Unique / Custom)	
Ebay	True Facet (Jewelry)	Bonanza (Collectibles)	
Walmart	Newegg (Tech)	Wayfair (Home Decor)	

Global - Sells everything

Vertical - All products of certain type

Horizontal - Customers behave similarly

# Platform Choice

Platform	Advantages	Disadvantages
Own Site	<ol style="list-style-type: none"><li>1. Want complete control</li></ol>	<ol style="list-style-type: none"><li>1. Total Responsibility</li></ol>
Amazon	<ol style="list-style-type: none"><li>1. Everyone's first search</li></ol>	<ol style="list-style-type: none"><li>1. You are a commodity</li><li>2. Heavy competition</li><li>3. Not your customers. <u>There are mitigation techniques for this.</u></li></ol>
Ebay	<ol style="list-style-type: none"><li>1. Large Customer Base</li><li>2. Better conversion vs. Amazon</li></ol>	<ol style="list-style-type: none"><li>1. Bargain hunters looking to negotiate price</li><li>2. "Joy Bidders"</li></ol>
Etsy	<ol style="list-style-type: none"><li>1. Customers looking for uniqueness not commodity</li><li>2. Customization can mean better margins</li></ol>	<ol style="list-style-type: none"><li>1. Limited listing flexibility</li><li>2. Fulfillment responsibility</li><li>3. Clone products at cheaper prices</li></ol>

# Own Web Site



## Advantages

- No processing or promotion restrictions
- Make your own rules
- No Marketplace fees
- Control over branding and messaging
- Access to customer information for remarketing
- Can run promotions and discounts

## Challenges

- Finding you may be harder
- Need stronger promotion plan
- You need to handle Customer Service calls
- You need to store inventory
- You need to manage fulfillment
- You need to process returns
- You need to process sales
- Can be time consuming

# Amazon

## Advantages

- Largest Marketplace and exposure – 244 million active members
- 50% of all e-commerce sales are Amazon
- Customer credibility and trust
- Can have Amazon do all “back office” functions
- Referrals – but you need to pay for ads to be effective

## Challenges

- Many restricted categories
- Amazon fees can add up quickly (25% - 30% of sales with FBA)
- Lots of competition for similar products. You can be a commodity and be subject to a price war.
- Little branding control – all you can control is your pictures and description
- Difficult to capture customer email for remarketing
- Need strong promotion so people can find you.
- Customer loyalty is to Amazon not you. - Repeat business suffers.



Visit our eBay Store

Advantages	Challenges
<ul style="list-style-type: none"><li>• Very easy to use</li><li>• Not Amazon but large customer base (149 million active customers)</li><li>• Better conversion rates than Amazon</li><li>• Can go international easily</li><li>• Extensive Payment Options</li><li>• Multiple shipping options</li></ul>	<ul style="list-style-type: none"><li>• Many restricted categories – but less than Amazon</li><li>• Fees can add up quickly (10% plus advanced listing upgrade fees)</li><li>• <u>“Joy Bidders” – winning bidder does not pay</u></li><li>• <u>180 day return policy</u></li><li>• <u>Buyer can leave negative feedback even if you are not at fault</u></li><li>• Need strong promotion so people can find you.</li></ul>



## Advantages

- Customer base is aimed for hand-crafted or vintage products - 40 million active customers.
- Offer customization for higher margins
- Fewer restricted items
- Easy setup
- Strong Etsy support community

## Challenges

- Customers are looking for unique and customized products
- You need to do your own fulfilment
- You need to do your own customer service
- You need to manage your own returns
- Limited branding and customization of listing. You look like everyone else
- Lots of competition within specific categories. Also there are “clone” listings from cheaper suppliers.

# Exercise

- Break into groups
- Discuss what type or specific platform is right for you – Why?
- Discuss what you need to sell online
- Report





# What You Need To Sell Online

- Website with shopping cart
- Strong value proposition
  - Clear target market
  - Clear competitive advantage
- Strong promotion plan
- Defined social media strategy
- Defined social media maintenance plan



# What You Need To Sell Online

- Customer service communication plan
- Order fulfillment
- Inventory control
- Return and refund policy



# How Would You Deal With Negative Reviews




## Ed's Rule of Reviews

If someone likes you they tell one person. If they don't like you they tell 5 people.

Respond to all reviews (both positive and negative)

# Dealing With Negative Reviews

Do's	Don'ts
Acknowledge the issue and apologize	Get Defensive
Tactfully promote a positive image of your business	Ignore it
Be authentic and personal	Get pulled into an online battle
Take it offline	Beg for positive reviews to hide the negative ones
Once you've dealt with the situation appropriately, do use negative reviews as a learning experience. What is the change or correction you need to make.	

**Check your reviews weekly (daily is better) and respond to all (positive and negative)**

# Good Amazon Products



- Small, light, and easy to ship
- Minimum gross margin 50% / 2 X cost
- Not fragile
- Unique product – not a lot of similar products
- Not available in big box stores

# Costs To Start Selling

- Initial inventory
  - You need to estimate enough to avoid backorders while minimize inventory storage costs and having a reasonable production run.
- Open Amazon Account
- If you don't have already
  - Obtain UPC codes
    - (<https://www.gs1us.org/>)
  - Obtain excellent pictures (for each variation, like color)
  - Create logo and product branding

Number 1



# Opening Your Account

- Go to [services.amazon.com](https://services.amazon.com), select selling on Amazon. Choose your type of account

Individual	Professional
99 cents per sale	\$39.99 per month
FBA is available	FBA is available
Orders for U.S and Canada	Orders for U.S and Canada
	Bulk listing and reporting tools
	Customized shipping rates
	Promotions and Gift Wrapping



# Adding A Product

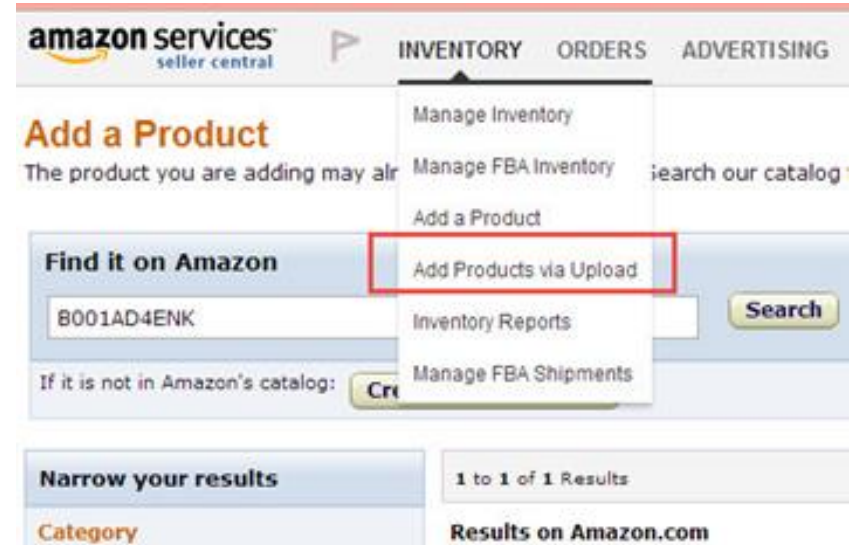
- In Seller Central select inventory dropdown, add new product, create new product listing, start from scratch.
- Choose product category
  - Watch out for restricted categories that require pre-approval before listing
- Complete product info. You can wordsmith your key words now or later.





# Adding A Product

- Complete the following to get your product listed
  - Title
  - Manufacturer
  - Brand
  - Price



The screenshot shows the Amazon Seller Central interface. At the top, there are navigation tabs for 'INVENTORY', 'ORDERS', and 'ADVERTISING'. Below this is the 'Add a Product' section, which includes a search bar with the text 'B001AD4ENK' and a 'Search' button. A dropdown menu is open, showing options like 'Manage Inventory', 'Manage FBA Inventory', 'Add a Product', 'Add Products via Upload' (highlighted with a red box), 'Inventory Reports', and 'Manage FBA Shipments'. Below the search bar, there is a section for 'Narrow your results' with a 'Category' dropdown and a 'Results on Amazon.com' section showing '1 to 1 of 1 Results'.

# Important Elements of Your Listing



- Pictures
- Description
- SEO

# Have GREAT Pictures

- Get the best you can afford
- Use a professional if you are not REALLY-REALLY good.
- White background
- Need a picture for each variation



# Have GREAT Pictures

- Requirements
  - Image size 1000 px (pixels per inch)
  - Image frame – Fill to 85%
  - Background – Pure White
  - Formats – jpeg, png, gif, or tiff
  - Color mode – RGB or CMKY
- *If you don't understand this use a professional*



# Product Description – 6 Factors

- Title
- Images
- Key Features
- Listing Description
- Reviews
- Ratings

The image shows a screenshot of an Amazon product listing for an iPhone 6 case. The listing includes a search bar at the top with the text "iphone 6 case", a navigation bar with "Father's Day Savings", and a main product image of a teal and gold iPhone 6 case. The product title is "iPhone 6 Case, Flexion™ [Euphoria Series] Ultimate Protection Scratch Proof Soft Interior Vibrant Hard Case for iPhone 6 (4.7) \*\*Lifetime Warranty\*\* (Aqua Blue/Gold)". The price is \$15.99, and the product is in stock. The listing includes a list of key features and a "Buy now" button. Red arrows point to various elements: the search bar, the product title, the product image, the key feature bullets, and the "Buy now" button.

**Keyword optimized title**

**Excellent product photography**

**Key feature bullets 'above the fold'**

# Draft Your Title, Description, Key Features

Review With Your Mentor!

The image shows a screenshot of an Amazon product page for an iPhone 6 case. The product title is "iPhone 6 Case, Flexion™ [Euphoria Series] Ultimate Protection Scratch Proof Soft Interior Vibrant Hard Case for iPhone 6 (4.7) \*\*Lifetime Warranty\*\* (Aqua Blue/Gold)". The price is \$15.99, down from \$44.99. The product is in stock and sold by FlexionDirect. The page includes a list of key features, a product image, and a sidebar with shipping and other seller information. Red arrows point to specific elements: the title, the product image, and the key feature bullets.

**Keyword optimized title**

**Excellent product photography**

**Key feature bullets 'above the fold'**

**Product Title:** iPhone 6 Case, Flexion™ [Euphoria Series] Ultimate Protection Scratch Proof Soft Interior Vibrant Hard Case for iPhone 6 (4.7) \*\*Lifetime Warranty\*\* (Aqua Blue/Gold)

**Price:** \$44.99  
**Sale:** \$15.99 (65% off)  
**You Save:** \$29.00 (64%)

**In Stock.**  
Sold by FlexionDirect and Fulfilled by Amazon. Gift wrap available.

**Ward it tomorrow, June 10!** Order within 11 hrs 2 mins and choose One-Day Shipping at checkout. [Details](#)

**Color:** Euphoria - Aqua Blue/Gold

**Key Features:**

- The FlexTech™ - our Euphoria Series Case combines elegant color and design with functional features for you.
- Superior Protection - including all-around drop protection for every angle and raised edges for screen protection.
- Elegant Design - the two-part case fits seamlessly with your iPhone 6 and is equipped with precision cutouts to maintain the original phone experience.
- Microfibre Interior - the anti-scratch microfibre interior cradles your phone inside the case, keeping it pristine through everyday use.
- Lifetime warranty - the ultimate protection for the life of your phone.

**Product Image:** A photograph of the iPhone 6 case in Aqua Blue/Gold color, showing the phone inside the case. The phone screen displays the time 3:25 and a Ferris wheel image.

**Other Elements:** The page includes a sidebar with shipping information (Ship to: Alasdair McLain-F., Boston), an "Add to Cart" button, and a "Sponsored by Mpow" section for a Mpow Swift Bluetooth 4.2 Wireless Stereo Headset.

# Amazon SEO – Optimize Your Listing

- Attract buyers not lookers
- Avoid bounces – goes to page but quickly moves on
- Have the right key words – don't overstuff



# Amazon SEO – Optimize Your Listing (continued)

- Things to remember
  - What problem are you solving
  - Think like a customer. What do they want to know.
  - What is your value added. Why you and not the competition
  - Most important features at the top
  - Address objections and questions
  - Guarantees and warranties
  - What is your differentiator?





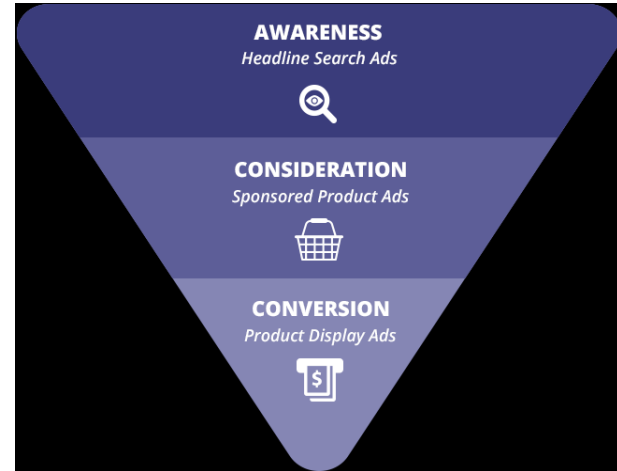
# Amazon SEO – Optimize Your Listing (continued)

- What Amazon looks at to drive rankings
  - Choose the right keywords
  - Always have enough stock
  - Watch your competition pricing
  - Avoid the text wall – opt for bullets
  - Solicit reviews
  - Backend text
  - Use FBA / Professional account



# Amazon Advertising

- Amazon PPC
  - Sponsored Product Ads (For specific products)
  - Headline Search (Brand awareness)
  - Product Display (Interest or competitive products)
- Facebook ads, Google AdWords
- Amazon Brand Registry (must have valid trademark)
- Amazon Brand Content (must have ABR)
- Use a launch service



# Amazon Advertising

- Requirements
  - Have an active professional account
  - Ship to all US addresses
  - Sponsored ads must be eligible for the Buy Box (more on this later)

# Amazon Advertising



## Sponsored Products

Target by keyword.  
Appear below search results.

- 1 Select products.
- 2 Set a daily budget.
- 3 Add keywords and bids.

 Easy-to-use reporting.

 Minimum daily budget is \$1.



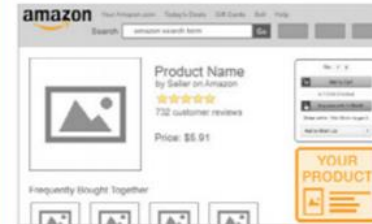
## Headline Search Ads

Target by keyword.  
Appear above search results.

- 1 Select ad landing page.
- 2 Set a campaign budget.
- 3 Add keywords and bids.
- 4 Add an image and headline.

 Easy-to-use reporting.

 Minimum budget is \$100.



## Product Display Ads

Target by product or interest.  
Appear on related product detail pages.

- 1 Choose to target by product or interest.
- 2 Select a product.
- 3 Set a campaign budget and bid.
- 4 Add your logo and headline.

 Easy-to-use reporting.

 Minimum budget is \$100.

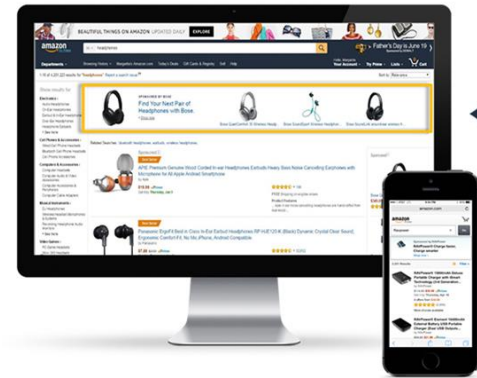
# Amazon Advertising – Sponsored Product Ads

- Appear several places around site
- Look like regular listings and promote individual listings
- Keyword targeting / bidding
- Suggested for:
  - Product visibility
  - New offers
  - Unique selections
  - Clearance items
  - Seasonal Promotions
- Most Costly
- Best for customers in decision making process



# Amazon Advertising – Headline Search Ads

- Appear as banner above recent listings
- Intended to promote brand or product portfolio. Works best for brand awareness
- Can control copy and images
- Keyword targeting / bidding/PPC
- Can control where customer lands
  - Brand page
  - Custom URL
  - Best selling product

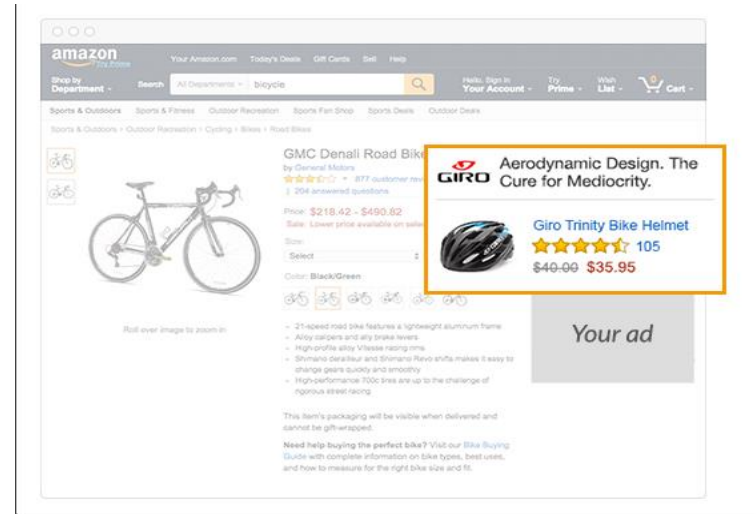


Headline  
Search Ads

Now Available in  
**amazon**  
seller central

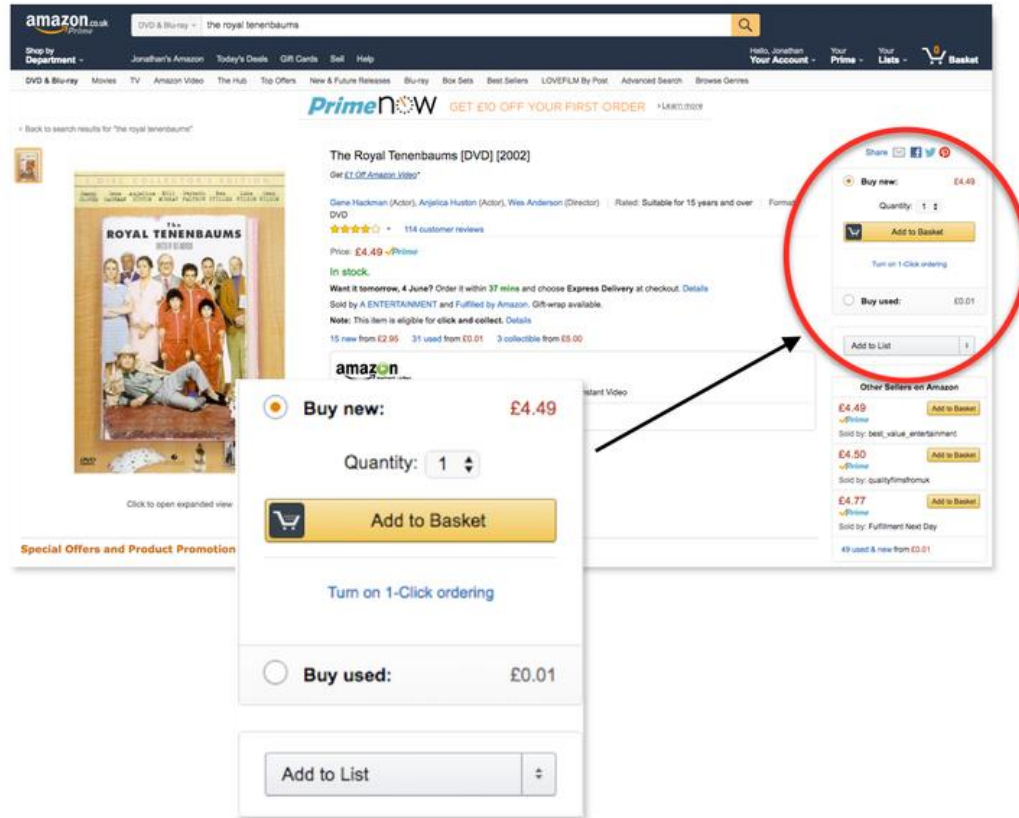
# Amazon Advertising – Product Display Ads

- Targeting
  - Similar/competitive products or interest groups
- Generally under cart information
- Customer in final decision phase – last chance to get the sale
- Limited number of pages – lower click rate
- Can add custom copy and images.



# The Buy Box

90% of Amazon's \$150 million daily sales occur using the Buy Box. Click this and the sale goes to the Buy Box owner





# The Buy Box

- When a Buy Box is selected all sponsored ads stop running.
- To win the Buy Box – algorithms are in constant flux
  - Know the factors
  - Fulfillment Method (more on this later)
  - Landed (not listed) price affordable
  - Account Health
  - Shipping time (FBM only)
  - Improve customer feedback (seller not product)
  - Maintain adequate stock

# The Buy Box – Factors



- Price – Winner will generally be the low price provider
- Fulfillment – Do you always deliver on time and quickly (FBA can help as you make Amazon responsible)
- Amazon look at other factors when these are similar amount sellers

# The Buy Box – Fulfillment



fulfillment  
by **amazon**



- Choose FBA if possible
- Reasons for not using FBA
  - Perishable or short shelf life
  - Selling a branded product with a strong warehouse and distribution infrastructure.

# The Buy Box – Landed Price



- Landed price = total price to customer. Listed price + shipping and handling (if not included)
- Prices are always changing but don't make it a race to bankruptcy. Consider your SKU profit including all costs. (more on your SKU profit later)

# The Buy Box – Account Health



- Most critical for FBM
- Factors
  - Order Defect <1%
  - Return Dissatisfaction <10%
  - Buyer – Seller Contact <25%
  - Recent customer data (most recent 90 days)
  - Valid Tracking (On time delivery) >97%



# The Buy Box – Shipping Time



- Only applicable to FBM
- Amazon will track Estimate Shipping Time Less Actual Shipping Time.
- SPEED WINS THE RACE



# The Buy Box – Customer Feedback



- This is seller feedback not product feedback
- Customers sometime leave product feedback as seller feedback – **IMPORTANT** reach out to Amazon to have this reclassified.
- If a Customer complains about packaging or delivery with FBA request Amazon to remove as it is their responsibility.

## Customer Feedback



# The Buy Box – Maintain Sufficient Stock



- Amazon does not want backorders. If you have one in stock and a competitor has 30 they win!
- If you are using FBA Amazon looks at what is in their warehouse not in route or in your possession. Have a good reorder process that considers manufacturer lead and delivery times.



# The Buy Box – Amazon Red Flags

- Dramatic Price Changes – concern about counterfeit or unauthorized products
- Price Parity Violation – offering lower price on other channels.
- Uptick in defective product complaints. – concern about misrepresented or defective products.
- IF AMAZON SEES THIS THEY MAY NOT AWARD ANY BUY BOX WINNER.



# Amazon Accelerator

- Really Amazon Private Labels
- Amazon offers
  - Onboarding Support
  - Marketing Services
  - Testing Venue



# Amazon Accelerator

## What is in it for Amazon?

- Complete control of the supply chain
- More power to force big brands into lowering prices
- Better profit margins
- Higher customer retention rates
- Better user experience



# Amazon Accelerator – Vendor Cautions

- **No-name manufacturer** - You'd be removed from a wider market, and you'd never be able to build up a reputation with your customer base.
- **One-trick pony** - The brand is theirs. So, if you designed new items to sell by yourself, you'd need to start from scratch.
- **Single-channel seller** - Multi-channel retail comes with perks. You gain experience, build a customer base, network, and improve your business acumen.
- **Putting all your eggs in one basket** - Amazon's profits may trickle down to you now, but there's no guarantee you can maintain your margins in the long run.
- **Sitting duck** - Being kicked out of the program would have massive consequences. As a member of the Amazon Accelerator Program, you're at the whim of Amazon employees.
- **Disruptor** - Selling only to Amazon means you wipe out distributors and retailers from the equation.

Join the Amazon Family of Brands

Sign up

# Fulfillment



- 38 percent of ecommerce customers said they would never return to an ecommerce store if they had a poor delivery experience.
- Do it yourself (or hire a 3rd party)
- Fulfillment by Amazon (FBA)
  - Shipping and receiving
  - Sales transaction and payment processing
  - Customer service
  - Returns
  - Eligible for Prime

# Fulfillment

- FBA Alternatives
  - Do it yourself
  - FedEx Fulfillment
  - Shipwire
  - ShipBob
  - Red Stag Fulfillment
  - FulfillmentCompanies
  - Fulfillify
  - IDS Fulfillment
  - VelocityShip
  - Ships-a-lot
  - Rakuten Super Logistics



# FBA Alternative Requirements

- **Pricing Structure:** You will pay fees according to the size and weight
- **International:** Make sure that the service is capable of shipping internationally if you sell overseas.
- **Warehouses:** See what the costs are for storing inventory and picking and packing your items in their warehouses. Also, consider the number and location of warehouses relevant to where you ship.
- **Returns:** You'll want to make sure that the service is able to easily manage your returns.

**REQUIRED**

# FBA Alternative Requirements

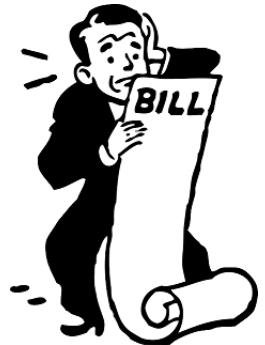
- **Customer Service:** When something goes wrong during the ordering and fulfilling process, your customers will want to be able to contact someone. Some services provide customer service for you, while others do not.
- **Customer Support:** You'll want to talk with your service provider to fix any order issues right away. Vendors provide different levels of support, you'll want to make sure you have someone you can contact when you need them.
- **Integration:** Since you're using a 3rd-party provider, you'll need to know if their software integrates with your existing systems like your webstore, marketplaces like Amazon, ERP, or accounting program.





# Summary of Fees

- Account Fee (Professional or Individual)
- Referral Fee based on sales and category – 15% typical with range of 6% to 20%
- FBA Fulfillment fee – based on category and size
- FBA Monthly Warehouse fee per ft<sup>3</sup>. Significantly higher Oct – Dec.
- Return processing fee (if free shipping) equals fulfillment fee



# Summary of Fees

- Return Administrative Fee 20% or (\$5). 80% of referral fee refunded
- Other possible costs
  - Long term storage. Inventory in warehouse > 180 days
  - Removal order fee – return inventory from warehouse
  - Unplanned service fee – Warehouse arrival without proper labeling
  - Amazon PPC ads (50¢ - \$1 auction)



# State Sales Taxes

- **State sales tax is your responsibility**
- Define which state need tax collected
- Amazon will collect (for a fee) but not pay
- There are 3rd party paying services that can help define your obligations
- If you are small you probably you may fall under de minimis rules



# Calculating Your Profitability

## You want to do this by SKU

- Sales price
- Less: product cost
- Less: prorated account fee (if Professional)
- Less: referral fee
- Less: prorated FBA storage fee
- Less: FBA fulfillment fee



# Calculating Your Profitability



- Less: return processing fee (estimate # of returns)
- Less: return administrative fee (estimate # of returns)
- Equals Product Gross Margin
- **From the margin you need to pay for your CAC (Customer Acquisition Cost – marketing cost per customer)**

# What Is An Entrepreneur?

- Someone who experiences something in life that could be done better and then takes that idea and implements a real and executable plan.
- Many people have good ideas, but very few have the confidence and persistence to see the project from concept to production to the delivery of results. For those that do, they earn the right to consider themselves an entrepreneur.
- It is the execution, not the idea that is most important.

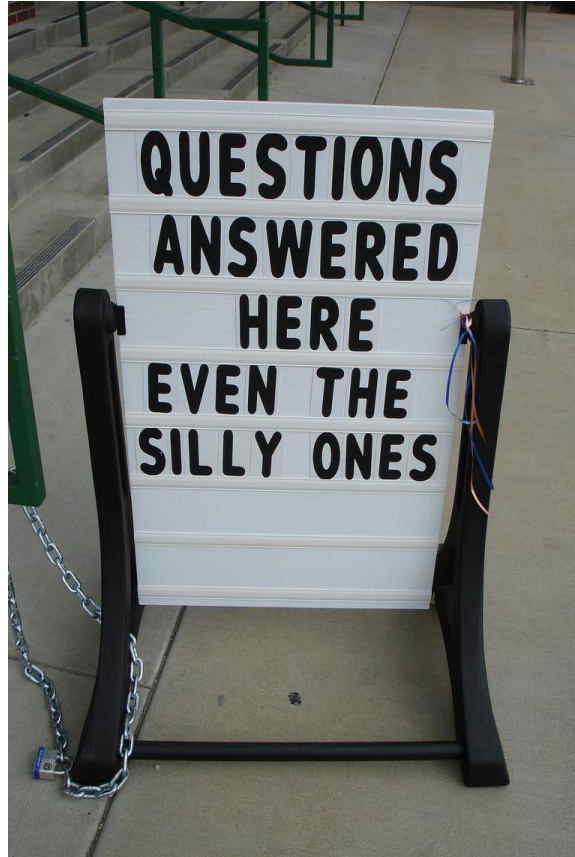


# What Will You Do?

- Break into groups
- What actions do you plan to take out of this workshop?
- When?
- Who will support you in keeping your commitment?
- Share



# Questions?





# Final Reminders

- You should have received the slide deck by email
- If you don't have a mentor GET ONE.
  - Online at <https://core.score.org/mentoring/request/0/146130?>
  - By Phone 202-619-1000
- Additional questions email [ed.falkowitz@scorevolunteer.org](mailto:ed.falkowitz@scorevolunteer.org)
- **Take Action!!!**

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