
Starting An Amazon FBA Business – The Full Breakdown

This entire post will be general guidelines, in the future I will take each chapter and break it down with extreme detail.

Starting an Amazon FBA Business

What is Amazon FBA?

In short, you send items to Amazon, they sell them, package them, and ship them to the customer. They can even handle returns, customer service, and refunds. All in all, if you use the program correctly, it's a power platform to expand your business, income, and online presence. **IMPORTANT NOTE: much of the power brought by FBA is because all products you have on FBA are eligible for Amazon Prime. This includes free 2-day shipping, something almost no-one can offer except Amazon.**

Let Amazon Pick, Pack, and Ship Your Orders

You sell it, we ship it. Amazon has created one of the most advanced fulfillment networks in the world, and your business can benefit from our expertise. With Fulfillment by Amazon (FBA) you store your products in Amazon's fulfillment centers, and we pick, pack, ship, and provide customer service for these products. Best of all, FBA can help you scale your business and reach more customers—in a 2014 survey, 71% of FBA respondents reported that their unit sales increased on Amazon.com more than 20% since joining FBA.

Chapter 1

Signing Up For FBA

amazon services

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Selling on Amazon ▾ Fulfillment by Amazon ▾ Build a Website ▾ Advertise on Amazon ▾ Payment Solutions ▾ Sell Globally ▾ See All Solutions

Fulfillment by Amazon

Help Boost Your Sales with Amazon's World-Class Fulfillment

Get started

Why Fulfillment by Amazon? ▾ Success Stories ▾ How It Works ▾ Pricing ▾ Resources and Tutorials ▾

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MAKE MORE MONEY AND GROW YOUR BUSINESS FAST AND SAVE TIME AND DELIGHT YOUR CUSTOMERS BY AMAZON

Save Time and Grow Your Business With These Benefits:

FREE TWO-DAY SHIPPING WITH **amazon.com Prime**

FREE Shipping ON ORDERS OVER \$35.00

Your products are eligible for Amazon Prime Free Two-Day Shipping, FREE Shipping, and other benefits.

Prime members love free Two-Day shipping, and all Amazon.com customers can get free shipping on orders over \$35. FBA Listings on Amazon.com* benefit from customer awareness of discounted shipping—and because most FBA listings are ranked without a shipping cost, you get an edge when competing! FBA helps improve your performance-based metrics, increasing your chances of winning the Buy Box.

Plus, when you register for an Amazon.com seller account, you will be able to access Amazon's marketplace in Canada. If you also enable FBA for products you list on Amazon.ca, you can reach even more customers across North America who love Amazon's trusted fast, free shipping.

*Excludes Multi-Channel Fulfillment orders from other websites and services including Amazon Webstore

To begin your Amazon FBA journey you must sign up at the following link:
(<http://services.amazon.com/content/fulfillment-by-amazon.htm>)

Just follow the prompts and it will lead you through the sign up step by step.

Also note that there is a different sign up for people who already have an amazon seller account.

Get started

Get Started with FBA

Already Selling on Amazon? **Add FBA to your account** (Seller Central signin required)

New to Selling on Amazon? **Register for FBA today**

Let Amazon

Chapter 2

Sourcing Products

There are 4 major sources of inventory available to the standard seller:

1) **Arbitrage** (Notice I put arbitrage and not retail arbitrage, you can easily source these products online, as well.)

- Arbitrage is the art of buying low and selling high. The basic premise is buying products on clearance from one location, and then selling at a much higher price where there is a larger demand. Luckily for everyone, Amazons presence creates a demand for just about anything.
- The most common method of finding arbitrage goods is to use a barcode app (Amazon Sellers App, Profit Bandit, Scan Power) and just go through a store scanning all of the barcodes and searching for high margin products. The same method can be used online searching clearance sections on websites for good deals and comparing prices with the Amazon website.

Pros:

- Plenty of options for sourcing
- Huge product selection
- Diverse inventory
- Medium to high margins

Cons:

- Moderately competitive
- Can get confusing to start out
- Time consuming to source



2) **Wholesale**

- Wholesale is a very basic and common method of sourcing. Please note you will need a STATE TAX ID to purchase legitimate wholesale. This is an agreement that you can buy goods for resale, tax free. But, in return, you must collect sales tax for sales within your state.
- Wholesalers are manufacturers or distributors that sell in bulk at a heavily reduced price from the SRP (Suggest Retail Price). The products range from anything to everything and can be pumped out on a consistent basis. If you find good wholesalers you can often make great profit with little work sourcing.

Pros:

- Minimal time spent sourcing
- Consistent availability

- Streamlined

Cons:

- Extremely Competitive
- Low to Medium Margins
- Medium initial cost



3) Unique Goods (Garage Sale, Thrift Store, and Flea Market Finds)

- Many resellers love to scour the local thrift shops and flea markets looking for items to sell. The best part about this is finding unique and interesting items to sell online. It is best to source for FBA in this situation if you are also sourcing for eBay or other online sites. FBA has many restrictions and it could be hard to find many items in just one trip. However, if you are already out sourcing, this is a great way to add more products to your next shipment.

Pros:

- Very low cost
- Many people see this method as a lot of fun and far from “work”
- Always the chance you will find the ultimate score, the thrill of the hunt

Cons:

- Very time consuming
- There is a chance you may not find anything at all



4) **Private Label** (Manufactured Goods W/ Your Own Branding)

- Making private label products is a much more advanced method of selling and requires a high initial investment, and a high amount of risk.
- In short, private label is hiring a manufacturer (often in China) to make some kind of product with your branding and upc on the product. It can then be listed on Amazon as a unique item with no direct listing competitors. In return, if the product sells well, you are left with extreme amounts of profit, and little amounts of work.
- Finding a product to sell and a good manufacturer to make it is much harder than it sounds. On top of this, most manufactures will want an initial order of \$2,000+. This does not include shipping and import dues.

Pros:

- Potentially the highest of margins
- Consistent sourcing
- Low competition

Cons:

- Very high initial cost
- Extremely risky to start out
- Failure is probable



The sourcing options that work for you may not work for someone else and vice versa. Always take your time and learn what sourcing options are truly the best for your business. **Rule of thumb: Never spend more than 20% of your sourcing income on one product; putting all of your eggs in one basket is a good way to go out of business FAST!**

Chapter 3

The Rules and Guidelines

This is by far the most important chapter to newcomers, make sure you learn the rules before you get started. They are located here:

(<http://www.amazon.com/gp/help/customer/display.html/?nodeId=200240390>)

Get familiar with them!

1) Product Rules

The rules cover exactly what you can and cannot sell through FBA, make sure you do not source items that cannot be sold.

Most Notably:

- Counterfeit items (Can get you permanently banned)
- Hazardous Materials and Certain Liquids
- Product with Certain Types of Batteries

Preparing Product Units for FBA

- [How do I prepare units for shipment to you for fulfillment?](#)
- What product restrictions apply to products that are sent to Amazon for fulfillment?
- Why do I need to label my product?
- What is labeling?
- What is on a label?
- Which units require labeling?
- How do I print labels for my products?
- Can you add the labels on my product for me?

2) Shipment Rules

Different types of items require different preparations, failing to package items right will amount to additional fees being charged by Amazon.

- Liquids
 - Powders, Pellets and Granulars
 - Sharp products
 - Glass, Ceramic, Breakable and Fragile
 - Plush products
 - Baby products
 - Textiles
 - Jewelry
 - Small products
 - Plexiglas
 - Adult Products
- 

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All of the item types listed above require additional preparation before being shipped in.

Chapter 4

Sending In Your First Shipment

This is by far the most intimidating step for a beginner, but they fail to realize this is truly the easiest part of the whole process.

Being efficient is the key to success in this step (**I cover this in depth in the video**).

This chapter will be broken down into extreme detail in the near future. Below is a general outline of important notes.

- All items sent to FBA must be labeled or you must pay a 20 cent label fee per item.
- When you create your shipment Amazon will split the shipment between multiple locations, this is OK. Go with the locations they provide, they put your items in the warehouse they think will be the best fit to meet the 2 day shipping requirements. This is done by an algorithm based on the previous sales for the product.
- The shipping rates Amazon offers through UPS are very very cheap. I shipped 160 pounds of items for just over \$20.
- The moment items are unloaded and checked in they will go live on Amazon's website.
- If any items are lost at the warehouse Amazon will cover the full listed cost for the product.
- Monthly storage fees are very cheap; I was recently charged \$6.75 for 700 units. (**Long term storage fees are charged on items that are in the warehouse for longer than 1 year**).



This was just a quick break down of Amazon FBA. I will break down each section in further detail for people who are new. You can get all of this information and more from my video (<https://youtu.be/vVYNJOEeotQ>). If you have any questions, post them below and I will help you out.