

EBOOK

# Charting Your First Amazon Expedition

How to start selling on Amazon, choose the right strategies, and get great results.



# People can't get enough of Amazon.

There are currently 150 million Amazon Prime subscribers.<sup>1</sup> On Prime Day 2020 alone, small and medium sellers generated \$3.5 billion in sales.<sup>2</sup> And it isn't just consumers. Research suggests that nearly three-quarters of business buyers research prices on Amazon Business, and more than half plan to increase their spending on the platform.<sup>3</sup>

If your business doesn't sell on Amazon or has only dabbled in selling on this marketplace, Amazon represents a straightforward opportunity to grow revenue. It gives you access to a pool of customers actively searching for your product, and each Amazon sale is an opportunity to redirect a buyer to your website and gain a loyal customer. It's no surprise, then, that Amazon has already added more than 1 million new sellers this year.<sup>4</sup>

Of course, Amazon and Amazon Business aren't right for everyone. For example, some complex products don't lend themselves to Amazon's marketplace, and some businesses face significant risks—exclusive and luxury brands, for example, risk brand dilution. Most merchants, however, should take the time to consider seriously whether Amazon is right for them. And, if it is, they should build a strategy for success rather than adding products to Amazon in an ad hoc fashion.

**This eBook looks at who should be selling on Amazon and provides helpful advice for crafting a winning strategy and administering your new Amazon store.**

# The risks and rewards of selling on Amazon

Amazon is designed to be a giant conversion engine for simple, straightforward products that are easy to compare head to head. At a high level, successful Amazon sellers offer simple products from popular or discount brands. They also tend to sell in at least some of Amazon's most popular categories

On the consumer side, these are the 10 most popular Amazon categories:<sup>5</sup>

- Electronics
- Clothing, shoes, and jewelry
- Home and kitchen
- Beauty and personal care
- Books
- Cell phones and accessories
- Movies and TV
- Pet supplies
- Sports and outdoors
- Groceries and gourmet foods

On the business side, popular products include office supplies and equipment, kitchen and bathroom supplies, electronics, and books. Ideally, these products should be simple and not require any custom configuration.

Discount products also tend to do well on Amazon Business. Most business buyers on Amazon Business are from price-conscious small businesses that may not qualify for individualized attention from larger brands. They are generally looking for bargains even at relatively small order volumes.

## Brands that face risks on Amazon

For some merchants, however, selling on Amazon can present risks. For luxury brands, simply appearing on Amazon can compromise their products' exclusive image. Some luxury brands handle this by selling only older or overstocked products on Amazon while selling their most popular products only in their stores or on branded websites.

Another type of seller that faces risks on Amazon is the experiential seller that emphasizes its buying process as a differentiator. Amazon is engineered to provide a simple, generic shopping experience across a broad category of products. It is not designed to allow vendors to stand out by making it very easy—or fun—to buy.

Finally, businesses that offer a unique or groundbreaking product can face two significant issues. First, it may be difficult to find the right keywords for the product. More critically, once they've attracted customers' attention, they may also attract the attention of potential competitors who will then try to replicate their success.

## Businesses that don't fit Amazon's business model

Some brands and products, of course, do not make sense on Amazon at all because they don't mesh with Amazon's business model. For example, B2B sellers with highly complex, expensive, and configurable products—such as enterprise software and fabrication equipment—don't succeed on Amazon because their products must be customized for each individual buyer. The same is true for high-end consumer products like bespoke clothing, cars, etc.



# Crafting your Amazon strategy

Your overall Amazon strategy starts with your main reasons for being on the platform. For many businesses, the overarching goal is to increase revenue. Here are some other common reasons to sell on Amazon:

- Test market response to new products or messaging
- Diversify the customer base
- Experiment with Amazon advertising

The goals you identify will determine which products you choose to sell on Amazon and how you position them. This section covers some things to consider as you develop your Amazon go-to-market strategy, no matter what you're hoping to achieve.

## Overcome channel conflict.

If you sell through distributors, retailers, or other channel partners, you will want to consider how selling on Amazon could benefit or otherwise affect them. For example, you may want to share some of your Amazon sales data with your partners. Or you may want to offer a special subset of products on Amazon, distinct from those offered by partners.

No matter how you position your Amazon sales goals, you will probably want to disclose your decision to sell on Amazon or Amazon Business to partners. You should also be prepared to address partners' possible concerns well before you post product listings.

## Establish a dynamic pricing strategy.

Price competition on Amazon is a feature, not a bug. The platform is designed to encourage competition and drive prices down. On Amazon, you need to set prices that are competitive—but not so competitive that you fail to make a profit or undercut your pricing in other channels. You also need to consider the 30 percent fee you'll pay to Amazon with every sale.

As you build a reputation on Amazon, you'll also become eligible to be featured in the Buy Box, which makes it easy for customers to compare products on Amazon. [The Amazon Sales Channel extension in Magento Commerce](#) can help you to apply dynamic Buy Box strategies automatically, so you never miss an opportunity. Learn more about developing [Buy Box strategies](#).

## Could Amazon become your competition?

Amazon has many private-label brands that it promotes aggressively, often elevating their private label listings above paid ads or mingling them with more popular offerings from third-party sellers.<sup>6</sup> They also use their sellers' performance data to determine which categories to compete in. This means that finding extreme success on Amazon could, in certain scenarios, lead to Amazon becoming your competition.

In some ways, having Amazon as a competitor is a good problem to have. If you're doing so well that Amazon wants to get in on the action, you are doing something right—and customers who are loyal to your brand will most likely stick with it. However, to minimize the risk of inspiring unwanted competition from Amazon, you may want to consider the following:

- Use Amazon to offload excess inventory in established product categories
- Avoid pioneering new categories or selling your latest viral sensation on Amazon
- Consider selling your best-known and most iconic products exclusively through your stores and websites



## Test and optimize product content.

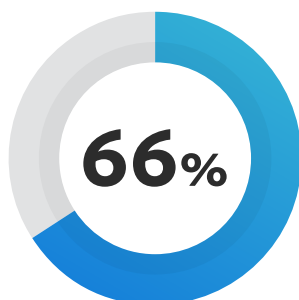
Today, Amazon functions as a search engine as well as a commerce platform. Product descriptions must be written with Amazon search terms in mind. Optimizing product copy for the Amazon search engine is tricky and can require some research. Often, the best approach to generating Amazon traffic via keywords placed in your product content is to test multiple keywords and product descriptions. You could also hire an agency to increase your odds of rapid success.

You'll also want to choose your product and brand imagery carefully, making sure it complies with Amazon specs. And you should take advantage of every opportunity Amazon gives you to add enriched content such as "From the manufacturer" statements and video shorts. The one thing you shouldn't do is copy and paste product information from your website to Amazon, unless your content is already optimized for Amazon's search engine.

## Experiment with advertising.

Amazon is not just a marketplace—it's also a massive advertising platform. In fact, advertising on Amazon can also raise awareness of your brand outside of the marketplace. This is known as the "Amazon halo effect." Advertising on Amazon can be a good way to test messaging and get your product in front of customers who've purchased competitive products.

When you start selling on Amazon, running some ads can be a good way to test your assumptions about who your customers really are and which target audiences are a good fit for different products. Of course, it can be tricky to craft a successful advertising campaign. If you can afford it, expert advice can often improve your results.



**66%**  
of Amazon's top revenue  
sellers use Fulfillment  
by Amazon.

## Connect with customers.

Amazon does not share customer contact information with its third-party vendors. This means that a sale on Amazon doesn't necessarily mean a new name for your customer database. To turn Amazon transactions into customer relationships, you need to be creative.

For example, you may want to place an offer—perhaps a discount or a free item—in your physical product packaging or documentation that includes a QR code linking to your website. Your offer should be both memorable and powerful enough to inspire quick action. You'll also want to encourage happy customers to leave reviews on Amazon.

## Choose the right fulfillment method.

Amazon offers a fulfillment service called Fulfillment by Amazon (FBA). 66 percent of the top 10,000 Amazon sellers by revenue use FBA.<sup>7</sup> At a high level, it's a simple service: Amazon holds your inventory and handles getting shipments to customers in exchange for a fee.

For many Amazon sellers, FBA is a good deal. Amazon has lots of experience with fulfillment logistics, and using FBA can protect your brand by minimizing shipping delays and other customer frustrations. FBA also minimizes the amount of customer support you'll have to do. If you're a smaller seller, FBA can help you level the playing field with bigger companies that have established fulfillment operations. For all sellers, it can help you reach new markets where you may not have a convenient warehouse, store, or other facility.

## Measure performance.

Measuring performance on Amazon can be a challenge because the data Amazon provides tends to be anonymized and aggregated. For example, you typically can't use Amazon data to enrich your customer profiles. You can, however, compare your Amazon sales to your web store and other channels, and look at the conversion rates of different Amazon keywords.

Metrics to consider include total revenue, average order value, average units per transaction, and average unit selling price.

# Managing your Amazon listings

Once you're selling on Amazon, you'll need to actively manage your listings. It can be a major hassle just to keep product information and pricing up to date and to get all of your Amazon sales information into your eCommerce, ERP, and other systems. Many merchants do this manually, which can be especially time-consuming if you're implementing any kind of dynamic pricing strategy or if your products change seasonally. And unless your data is completely or frequently synchronized, your inventory database will sometimes be inaccurate, leading to incorrect product listings and back orders.

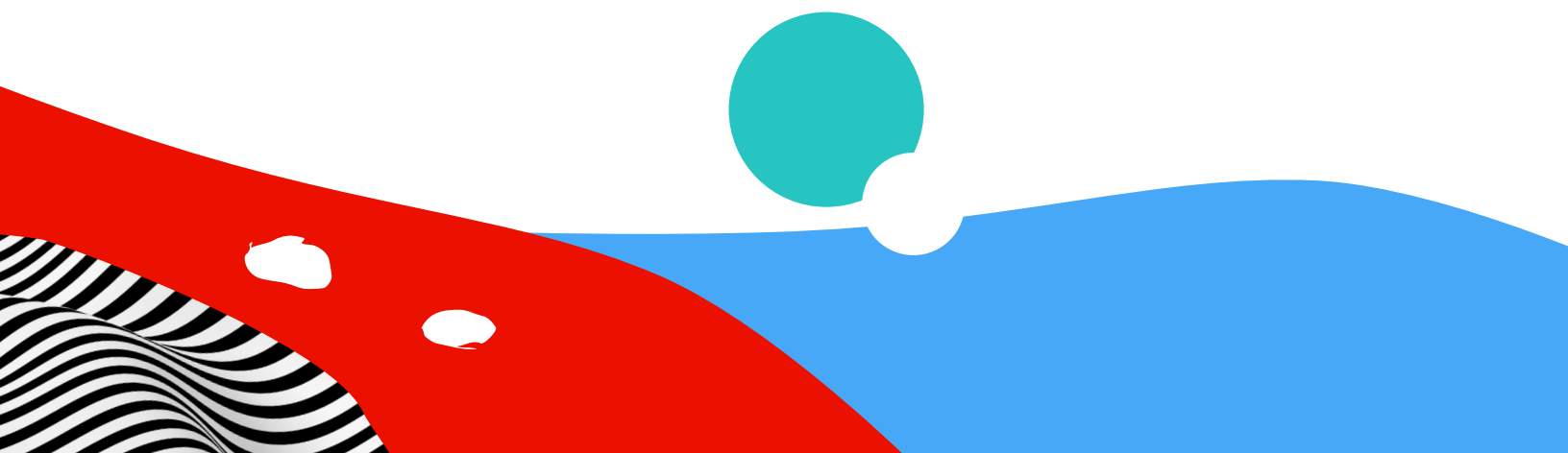
If possible, use a commerce platform that can connect to your Amazon Seller's account and automate product and pricing updates as well as data transfers. For example, [Amazon Sales Channel](#) is a Magento Commerce extension that lets you manage your Amazon and Amazon Business listings and pricing strategies from the same admin screen you use to manage your commerce site. This can save you hours each month and allow you to adopt more advanced pricing strategies to win the Buy Box while protecting your margins.

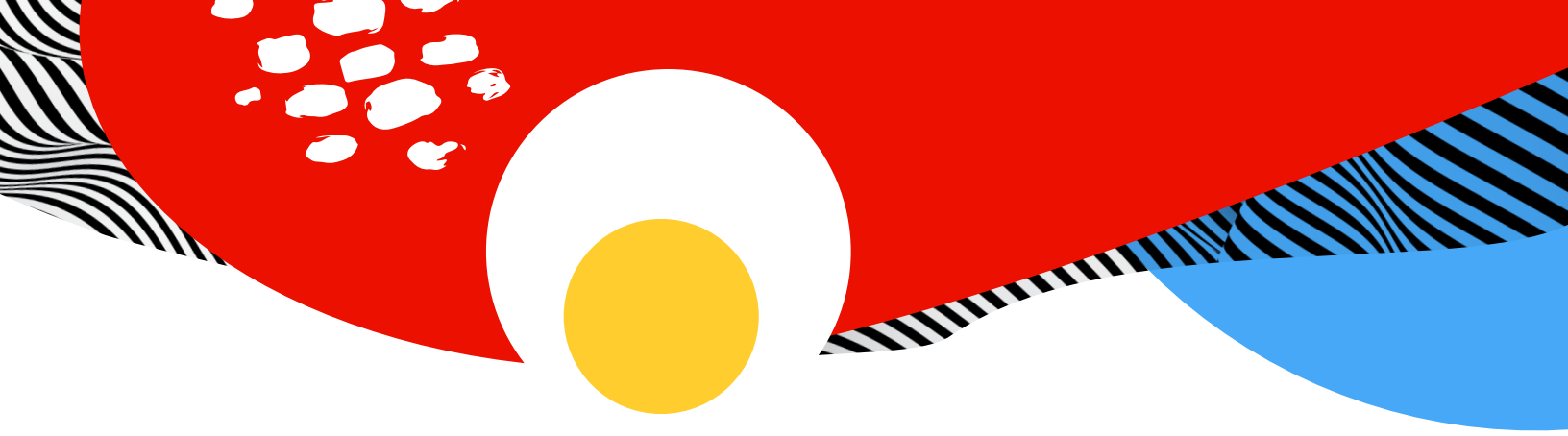
## What to look for in an Amazon selling extension for your eCommerce platform

Many merchants say the reason they hesitate to sell on Amazon or Amazon Business is that they don't have enough people to do everything it takes to manage their listings—update product information, adjust pricing strategies, synchronize inventory, and track orders.

Today that's no longer an issue. There are now extensions that can automate all aspects of your Amazon sales within your eCommerce platform. When considering these solutions, look for:

- **Intelligent pricing**, so you can automatically reprice your Amazon listings to increase the chances of winning the Buy Box
- **Listing management** that lets you easily control which products sync to your Amazon marketplace using listing rules
- **Fulfillment management** that supports both self-fulfillment and fulfillment by Amazon (FBA)
- **Order management** so you can easily manage all your orders from a centralized location
- **Inventory management** that automatically maintains synchronization between your catalog and Amazon listings





## Take the next steps.

Without a solid strategy and the right tools, selling on Amazon can be complex. But it doesn't have to be. Remember, Amazon has built a winning brand by hiding complexity from shoppers. Choosing simple products and crafting product listings that incorporate proven Amazon keywords can help set you up for success.

Moreover, with the right eCommerce platform and the right integration, selling on Amazon could be a breeze. Learn more about how an Amazon-focused extension can help you manage your Amazon sales listings, keep track of your inventory, and stay competitive on your pricing strategies:

[Amazon Sales Channel](#)

## Sources

<sup>1</sup> <https://www.cnet.com/news/amazon-now-has-over-150-million-paid-prime-members-worldwide/>

<sup>2</sup> <https://www.clickz.com/key-insights-amazon-prime-day-2020-highlights-on-sales-and-funding/263874/>

<sup>3</sup> <https://www.digitalcommerce360.com/2019/09/24/b2b-buyers-are-primed-for-more-amazon-business/>

<sup>4</sup> <https://www.marketplacepulse.com/amazon/number-of-sellers>

<sup>5</sup> <https://www.statista.com/statistics/639155/popular-amazoncom-sales-by-category/>

<sup>6</sup> <https://www.propublica.org/article/amazons-new-competitive-advantage-putting-its-own-products-first>

<sup>7</sup> <https://www.feedbackexpress.com/amazon-1029528-new-sellers-year-plus-stats/>

### ADOBE EXPERIENCE CLOUD

Adobe Experience Cloud is the most comprehensive suite of customer experience management tools on the market. With solutions for data, content, engagement, commerce, personalization, and more, Experience Cloud is built on the world's first platform designed specifically to create customer experiences. Each product is built on a foundation of artificial intelligence and works seamlessly with other Adobe products. And they integrate with your existing technology and future innovations, so you can consistently deliver the right experience every time.

### MAGENTO COMMERCE

Magento Commerce is the world's leading digital commerce platform. With Magento Commerce, you can build engaging shopping experiences for every type of customer—from B2B and B2C to B2B2C. It's built for enterprise on a scalable, open-source platform with unparalleled security, premium performance, and a low total cost of ownership. Businesses of all sizes can use it to reach customers wherever they are, across devices and platforms, including marketplaces. It's more than a flexible shopping cart system. It's the building block for business growth.

