

Amazon Marketplace Strategy

June 2018



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Introduction

In 2015, Goat Consulting began offering Amazon Marketplace business services to brands and manufacturers selling on the Amazon.com marketplace. One of the key benefits of bringing on a partner like Goat Consulting is that it gives brands and manufacturers the opportunity to work with experts who devote their entire focus to the Amazon Marketplace.

This white paper is an introduction to selling on the Amazon.com Marketplace. It discusses what the Amazon Marketplace is, how customers shop on the platform, competition for the Buy Box and the different business models for selling on Amazon.com.

We hope that by the end of reading this you have a better understanding of:

- The opportunity of selling on Amazon.com
- How Amazon.com customers shop on the platform
- The different business models for selling on Amazon

By the end of this paper, you will be able to confidently discuss how your business can benefit from the Amazon.com sales channel. If you have any questions regarding this white paper or anything Amazon related, please reach out to us at <https://www.goatconsulting.com/contact-us>.

New For 2018 Version

Amazon is an ever-changing and expanding marketplace. Goat Consulting continues to be at the forefront of changes happening on Amazon. New for the 2018 version includes:

- Updated Metrics of Prime Membership Statistics
- Added Search Results Page
- Added Enhanced Brand Content to Product Detail Page
- Added Offers Page to Buy Box Section
- Removal of Vendor Express - Vendor express is gone
- Updated Seller Central FBA Costs
- Added Seller Fulfilled Prime section to Seller Central (Merchant Fulfilled)
- Added Vendor Central Direct Fulfillment



The Amazon Marketplace

Amazon.com was founded by Jeff Bezos on July 5, 1994, with the vision to be the world's most consumer-centric company, where customers can come to find anything they want to buy online.”¹. What started as an online bookstore has evolved into a multifaceted company that runs the world's largest retail marketplace. Amazon proudly proclaims to be “the everything store” and nearly anything can be found on its website for sale. Products are listed for sale from all categories including²: books, B2B business products, electronics, art, home and garden, industrial and scientific, music, office products, outdoors, software, toys and wine — to name a few of the large, small, heavy and light items that can be bought on Amazon.com.

Amazon not only has a large base of customers, but that customer base is growing. In Jeff Bezos's annual Letter to Shareholders, he noted that there are now more than 100 million Amazon Prime Members globally and more new members joined Prime in 2017 than in any previous year – both worldwide and in the U.S. Members in the U.S.²

Amazon's 300 million³ customers easily browse through this immense catalog thanks to Amazon's easy-to-use keyword search. A major factor for how Amazon has reached this point of leadership among online marketplaces is its dedication to developing systems for increasing competition between sellers of similar products and increasing the demand from customers. We will explore this in the next section.

¹ <https://www.entrepreneur.com/article/197608>

² <https://www.sec.gov/Archives/edgar/data/1018724/000119312518121161/d456916dex991.htm>

³ <https://www.statista.com/statistics/237810/number-of-active-amazon-customer-accounts-worldwide/>



Amazon Search Terms

A customer's purchase pathway on Amazon.com begins with the keyword search. The customer has an inherent demand for "something" they want to purchase and in order to find that "something" - they think in their mind what they would call it and search it in the Amazon search bar. At Goat Consulting, we call that process of identifying what customers call a product - identifying the search term. Once the customer inputs that search term and hits enter, the Search Results Page is displayed.



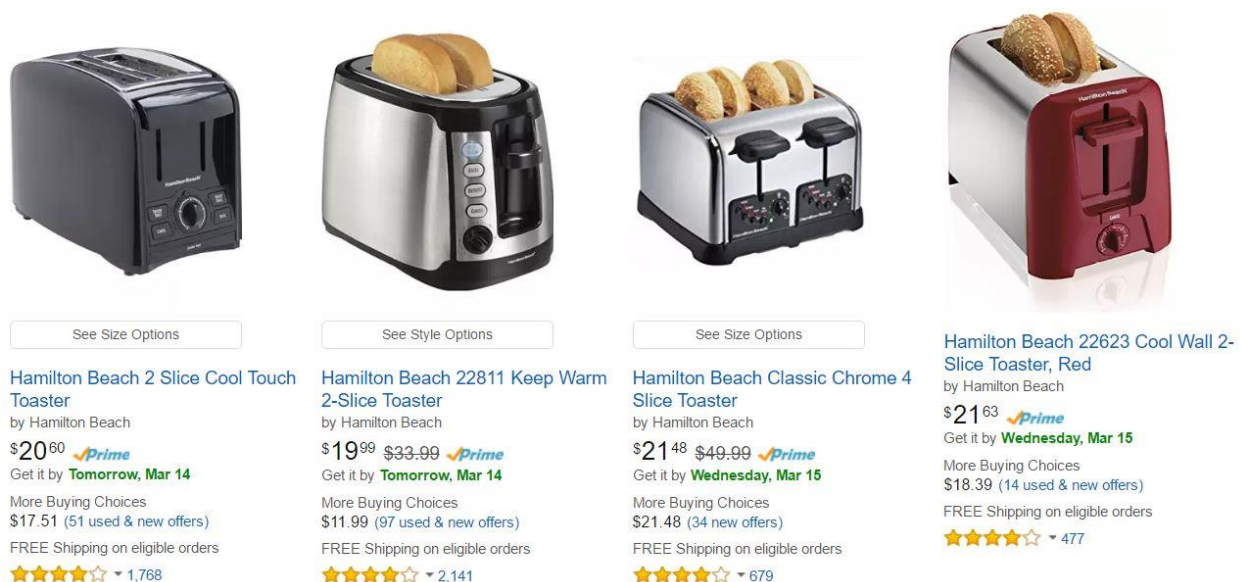
Not all customers call the same product the same thing. For example, one customer might search "iPhone case", while another customer might search "Protective covering for iPhone". Both customers are inherently searching for a similar product, however the search results page may display different products. If you took at aggregate the search terms that a customer might search to find and purchase this would be the entire market of potential customers on Amazon for your product.



Search Results Page

Amazon's search algorithm takes the search term and sorts and displays products that are associated with that keyword. Amazon's default search results are displayed based upon product listings that are relevant to the keyword and the popularity as a product. This is called the "Search Results Page." It's imperative that sellers on Amazon know what keywords Amazon.com customers are using to search for their products, so they can construct their product listing to be included in that list, or "indexed." On this search page, each product's title, image, brand name and customer reviews are displayed. This is the first stage of competition.

Different vendors and sellers targeting similar keyword searches are constantly competing to be the highest-ranked product listing. The average Amazon shopper never goes past the first page of the search results. Using a brick and mortar example, imagine you walk into a retail store looking for a toaster. This retailer sources from toaster manufacturers and permits a third-party marketplace where anyone seller that has a toaster can sell that toaster. This large 'supply' of toasters creates a mile-long aisle of toasters all competing for customer sales. The retailer wants the customer to have the best experience and be most satisfied with their purchase, so they rank the toasters by putting the most relevant, best price, and best value products at the beginning of the aisle - where most of the customers' purchases will occur.



Amazon keeps the keyword search algorithm a secret, but some factors that help in your product ranking are:

- Sales velocity (selling more than your competitors)



- High Click Rate (when customers search your product, they click on your listing from the search results)
- High Conversion Rate (when a customer searches a keyword, clicks on your product listing and makes a purchase).

Note that these factors are updated constantly to provide the best shopping experience for customers. Sellers must think about their product relative to their competition.

When the customer finds an item, they're interested in they click on the product to bring them to the item's "Product Detail Page."



Product Detail Page

The Product Detail Page is where Amazon shoppers educate themselves about the product and where vendors and sellers can tell customers why they should buy their product opposed to other products and share about their brand.



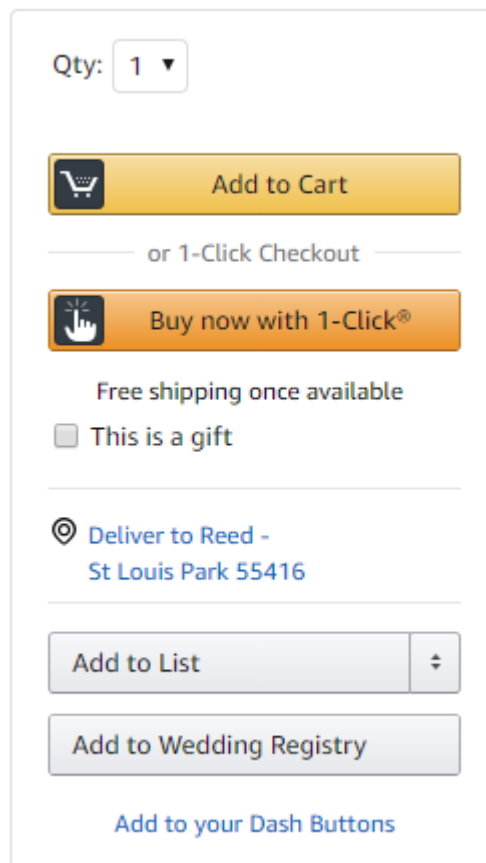
The page contains the product's retail price, title, images, brand name, bullet points and a brief description of the product. The amount of characters you can use for the title, bullet points, and description is limited, so it is important to carefully craft these points, so your customers can find your products easily and understand their value. Once a customer has decided to make a purchase, they generally go to the Buy Box to begin the checkout process.



Buy Box

The buy box is the next stage of the competition on the Amazon.com platform. The buy box is the “add to cart or buy now with 1-Click” option on a product listing, which is the most convenient way for customers to purchase the product. An aspect of Amazon that makes it different than other marketplaces is that on Amazon, more than one seller can sell the same item if it has the same UPC, EAN or GCID. If more than one eligible seller offers a product a competition begins for the Buy Box for that product, pitting different vendors of the same product against each other.

This is the second level of competition where vendors and sellers can sell the exact same product but compete against one another which reduces the price and increases the level of service on Amazon.

A screenshot of the Amazon Buy Box interface. At the top, there is a quantity selector labeled 'Qty:' with a dropdown menu showing '1'. Below this are two main buttons: a yellow 'Add to Cart' button with a shopping cart icon, and an orange 'Buy now with 1-Click®' button with a hand icon. Between these buttons is the text 'or 1-Click Checkout'. Below the 'Buy now' button, it says 'Free shipping once available' and has a checkbox labeled 'This is a gift'. Further down, there is a location selector with a pin icon, showing 'Deliver to Reed - St Louis Park 55416'. At the bottom, there are three more buttons: 'Add to List', 'Add to Wedding Registry', and 'Add to your Dash Buttons'.

To give customers the best possible shopping experience, sellers must meet performance-based requirements to be eligible to compete for Buy Box placement. If more than one seller is eligible, then they will compete for the Buy Box. Four factors go into winning the Buy Box:

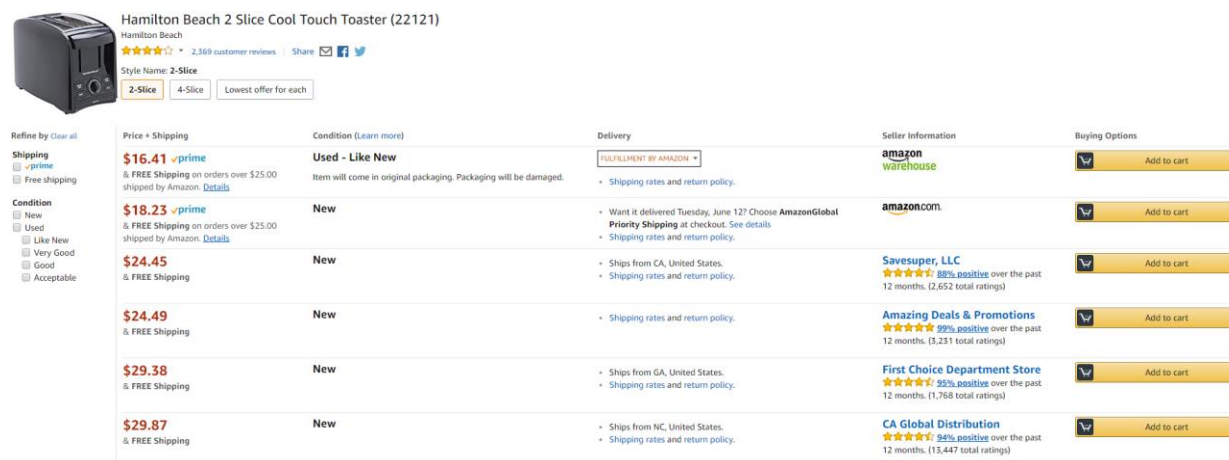


- Sold By - If Amazon.com is directly selling the product, they will win the Buy Box most of the time
- Prime Eligibility - Someone who is Prime Eligible will win the Buy Box over anyone who is not Prime Eligible, considering all other factors equal
- Price - If all other factors are equal, the seller with the lower price will win the Buy Box
- Seller Rating - This is a tiered system where the seller with the highest seller rating will win the Buy Box, considering all other factors are equal



Offers Page

As stated above, the customer generally purchases the product through the buy box. However, customers can see all the offers for that same product on the 'offer page'.



Hamilton Beach 2 Slice Cool Touch Toaster (22121)
Hamilton Beach
2,369 customer reviews

Style Name: 2-Slice
2-Slice 4-Slice Lowest offer for each

Refine by	Price + Shipping	Condition	Delivery	Seller Information	Buying Options
Shipping - prime - Free shipping	\$16.41 ✓prime % FREE Shipping on orders over \$25.00 shipped by Amazon. Details	Used - Like New Item will come in original packaging. Packaging will be damaged.	FULFILLMENT BY AMAZON • Shipping rates and return policy.	amazon warehouse	Add to cart
Condition - New - Used - Like New - Very Good - Good - Acceptable	\$18.23 ✓prime % FREE Shipping on orders over \$25.00 shipped by Amazon. Details	New	• Want it delivered Tuesday, June 12? Choose AmazonGlobal Priority Shipping at checkout. See details • Shipping rates and return policy.	amazon.com	Add to cart
	\$24.45 % FREE Shipping	New	• Ships from CA, United States. • Shipping rates and return policy.	Savesuper, LLC ★★★★★ 88% positive over the past 12 months (12,652 total ratings)	Add to cart
	\$24.49 % FREE Shipping	New	• Shipping rates and return policy.	Amazing Deals & Promotions ★★★★★ 99% positive over the past 12 months (3,231 total ratings)	Add to cart
	\$29.38 % FREE Shipping	New	• Ships from GA, United States. • Shipping rates and return policy.	First Choice Department Store ★★★★★ 95% positive over the past 12 months (1,768 total ratings)	Add to cart
	\$29.87 % FREE Shipping	New	• Ships from NC, United States. • Shipping rates and return policy.	CA Global Distribution ★★★★★ 94% positive over the past 12 months (13,447 total ratings)	Add to cart

From this toaster listing, there are 21 different sellers that are selling the same product on Amazon. These offers on this page include Amazon, who we assume acquired from Hamilton Beach for wholesale prices, other wholesale channels for Hamilton Beach, as well as any individual or company that has this specific toaster.

Amazon is 'winning the buy box' as they are the only prime eligible product and selling at the lowest price. If another seller can acquire and sell at a lower price than Amazon, they may 'win the buy box'. However, with Amazon's scale and purchasing power and opportunity of customer sales channel, Amazon can dictate the best terms with manufacturers to buy at the best price and sell at the lowest price - not only on Amazon but across any channel online or offline. A major factor contributing to the decline of [brick and mortar retail stores](https://www.foxbusiness.com/features/retail-apocalypse-24-big-retailers-closing-stores)⁴.

Now that you have a complete understanding of how customers shop, let's look at the different selling options on the Amazon marketplace.

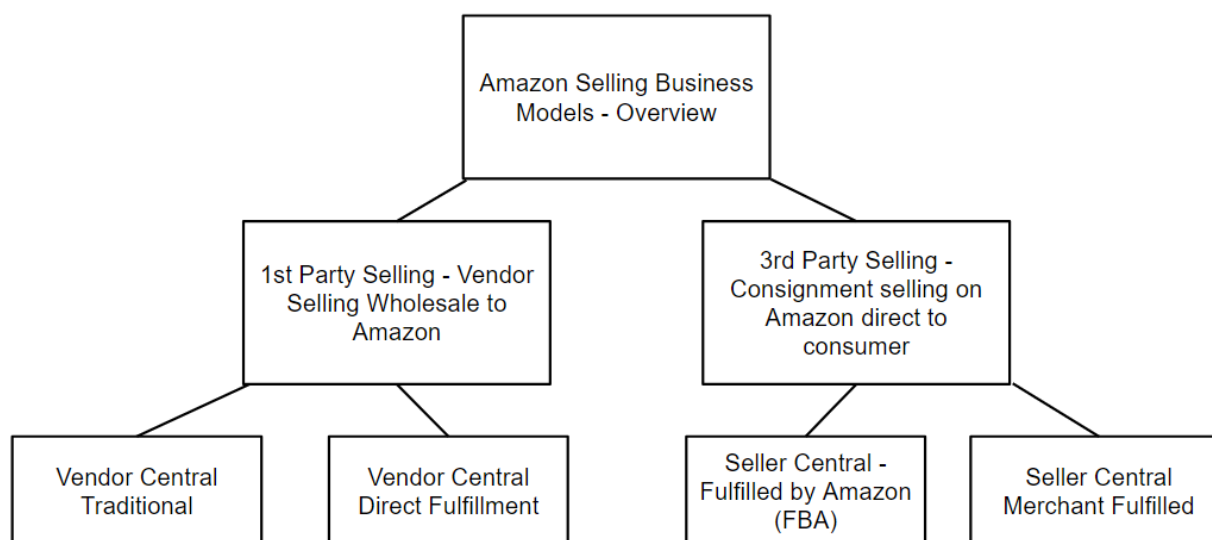
⁴ <https://www.foxbusiness.com/features/retail-apocalypse-24-big-retailers-closing-stores>



Amazon Business Models

Amazon offers multiple different business models for brands and manufacturers that want to sell their products on the Amazon marketplace. We define brands as companies that choose to sell directly to consumers and manufacturers that sell business to business at wholesale prices. This is important for brands and manufacturers to understand where they are categorized and their strategy outside of Amazon as it will have implications on how to sell on Amazon.

Product ownership, fees of doing business and fulfillment method are the main differentiation factors for selling on Amazon. For ownership of the product, the business models break into two groups. Third Party selling, which is direct to consumer retail selling, and First Party selling, which is selling products at wholesale prices to Amazon, and Amazon is the end retailer. Amazon Prime is Amazon's two-day shipping service that has become extremely popular and plays a heavy role in Amazon customers' shopping decisions. The business model chosen affects the eligibility for Amazon Prime as well as costs of doing business on the platform. Below is a diagram outlining the different business models.



Both Seller and Vendor Central have secure online platforms which allow you to manage your catalog, edit price points, upload new products, open support cases with Amazon and track important retail metrics. First, we will look at the Third Party Selling (seller central) business models which includes Fulfilled by Amazon (FBA) and merchant fulfilled. Then we will look at First Party Selling that include Vendor Central Traditional and Vendor Central Direct Fulfillment.



Third Party Selling Business Models (Seller Central)

Third party selling is a direct to consumer selling model. Brands sell their products to the end consumer using Amazon's marketplace. There are two different Seller Central business models offered by Amazon that allow your company to sell on the Amazon marketplace: Fulfillment by Amazon (FBA) or Merchant Fulfilled. Third Party Selling is a consignment strategy. The seller has ownership of the product up until the purchase is made by the end consumer. Regardless of the fulfillment method, Amazon requires the seller to pay an Amazon Referral Fee. This fee is for utilizing the Amazon channel and selling to Amazon.com customers. The fee varies based on the product category⁵ but typically 15% of the product's retail price on Amazon. Let's first look at Fulfilled by Amazon and then compare that with Merchant Fulfilled through Seller Central.

Seller Central Fulfilment by Amazon (FBA)

In this business model, sellers send inventory into Amazon's fulfillment centers for warehousing and order fulfillment still retaining ownership of the product up until the final sale⁶. Sellers are paying a service to Amazon to fulfill products, handle returns and general customer service on your products. By outsourcing your order fulfillment to Amazon, your products get the all-important Prime designation which guarantees two-day delivery to customers. This has allowed Amazon to provide 2-day shipping as they now have a network of distribution centers around the country, and they are close to the end customer. They can distribute products throughout the country and be close enough to customers to provide ultra-fast shipping - a benefit that customers shopping online want and other e-commerce sites and marketplaces cannot provide to the level of Amazon.

In this business model, brands are in full control of your product's listing and the retail price at which you set it. By utilizing this method, brands are responsible for setting the price, sending in inventory, advertising your product and editing or creating the listings copy and images. Amazon pays your account's sales balance to your business every 14 days. Amazon FBA fees and charges are taken out of this balance before it is paid out to your company.

There are multiple fees associated with using Amazon's FBA service. FBA fees are priced based on a tier system that groups products based on product weight and

⁵https://sellercentral.amazon.com/gp/help/external/200336920?language=en_US&ref=efph_200336920_c ont_19281

⁶ <https://services.amazon.com/fulfillment-by-amazon/benefits.htm>



dimension. Starting in 2018, Amazon simplified the fee schedule. Here are the current costs associated with utilizing the Fulfillment by Amazon services⁷:

Seller Central FBA - Fulfillment Fees per unit: Includes picking and packing your orders, shipping and handling, customer service, and product returns			
Product Tier Name	Max Size	Cost	Monthly Inventory Storage
Standard Size - Small (1 lb or less)	Packaged item that is 12 oz or less with its longest side 15" or less, its shortest side 0.75" or less, and its median side 12" or less.	\$2.41	\$0.64 per cubic foot
Standard Size - Large < 1lb	Any packaged item that is 20 lb or less with its longest side 18" or less, its shortest side 8" or less, and its median side 14" or less.	\$3.19	\$0.64 per cubic foot
Standard Size - Large 1- 2 lb	Any packaged item that is 20 lb or less with its longest side 18" or less, its shortest side 8" or less, and its median side 14" or less.	\$4.71	\$0.64 per cubic foot
Standard Size - Large > 2lb	Any packaged item that is 20 lb or less with its longest side 18" or less, its shortest side 8" or less, and its median side 14" or less.	\$4.71 + \$0.38 lb over first 2 lbs	\$0.64 per cubic foot
Small Oversize - Over 2 lb or exceeds standard size	Any packaged unit that is 70 lb or less with its longest side 60" or less, its median side 30" or less, and its longest side plus girth 130" or less.	\$8.13 + \$0.38/lb above first 2 lb	\$0.43 per cubic foot
Medium Oversize	Any packaged unit that is 150 lb or less with its longest side 108" or less, and its longest side plus girth 130" or less.	\$9.44 + \$0.38/lb above first 2 lb	\$0.43 per cubic foot
Large Oversize	Any packaged unit that is 150 lb or less with its longest side 108" or less, and its longest side plus girth 165" or less.	\$73.18 + \$0.79/lb above first 90 lb	\$0.43 per cubic foot
Special Oversize	Any packaged unit that exceeds one or more of the following: Over 150 lb (dimensional weight or unit weight), over 108" on its longest side, or over 165" when the longest side is added to girth. In addition, products that we determine require special handling or delivery will qualify for Special Oversize.	\$137.32 + \$0.91 lb above first 90 lb	\$0.43 per cubic foot

*Note: Amazon.com Fulfillment Fees are subject to change.

A helpful tool provided by Amazon to help estimate the costs of fulfillment is the [Amazon FBA Calculator](#). The FBA cost differences can vary widely. For example, a

⁷ <https://sellercentral.amazon.com/gp/help/external/G201112670>



small and light [computer mouse](#) has an FBA cost of \$3.20, whereas a large and heavy [Kenmore freezer](#) has an FBA cost of \$265.36.

Some additional services offered by Seller Central FBA include FBA label, prep, repackaging and inventory placement services. These additional services are packaging and shipping preparation solutions for your company. This allows brands to fulfill orders not only on Amazon but utilize Amazon as a third party fulfillment option for orders made outside of Amazon.

Seller Central - Fulfilled by Amazon (FBA) - Pros/Cons	
Pros	Cons
<ul style="list-style-type: none">• Amazon Prime eligibility• Outsourced Fulfillment• No internal Returns management• Amazon holds inventory• Retail Price Control• Self-Service Product Listing Editing	<ul style="list-style-type: none">• Could lose the Buy Box to “sold by Amazon.com”• Multi-warehouse inventory management• Assorted Amazon FBA Fees

Companies It Works Best For: **Brands.** Any size company with a strong integrated supply chain, inventory or logistics that can't support Amazon.com purchase order fulfillment. Also great for companies who want to free up warehouse and inventory storage space. However, companies need to carefully consider FBA's many fees and how they will apply to their products to truly know if Seller Central FBA will be a good fit for their company or not.

How to Get Started:

- 1) Create a Seller Central account
- 2) Write effective product copy
- 3) Upload catalog
- 4) Send inventory to Amazon's fulfillment centers
- 5) Run marketing to drive traffic to listings



Seller Central (Merchant Fulfilled)

Seller Central (Merchant Fulfilled) is similar to FBA in that sellers are selling on the Amazon marketplace. Like in the Seller Central FBA business model sellers are in total control of the product listing. Brands are responsible for setting the retail price, creating your product listings and advertising your product. This business model differs from Fulfillment by Amazon because the seller is responsible for fulfilling, processing and returning orders. Sellers do not send inventory into Amazon's fulfillment centers. The selling company fulfills all orders as they come in from Amazon.com.

One benefit of Seller Central (Merchant Fulfilled) is the ability to personalize packaging, include a personalized note and provide added customer service. Depending on your product and category, this can drive customer engagement, increase brand loyalty and set you apart from other brands and products sold on Amazon. The fees associated with doing business through Seller Central (Merchant Fulfilled) is the Referral Fee and the cost of purchasing shipping.

When a seller has a proven track record of fulfilling products, they can be eligible for premium shipping and be designated Prime if they can maintain the following metrics:

- On-time delivery rate of at least 92% for Premium Shipping orders
- Valid tracking ID for at least 94% of Premium Shipping orders
- Cancellation rate of less than 1.5% for Premium Shipping orders
- Buying all shipping labels for orders via Amazon's Buy Shipping Service
- Automatically redirect all post-order customer service inquiries to Amazon
- Adhere to Amazon's returns policy
- Offer Prime shipping benefits and guarantee delivery dates

Here is a look at the Pros and Cons of Seller Central Merchant Fulfilled:

Seller Central - Merchant Fulfilled - Pros/Cons	
Pros	Cons
<ul style="list-style-type: none">• Lower Fees relative to Seller Central FBA• Retail Price Control• Easiest business model to start selling on Amazon• Self-Service Product Listing Editing	<ul style="list-style-type: none">• No Amazon Prime Eligibility (non-seller fulfilled prime accounts)• Lose the Buy Box to prime eligible products• Seller is responsible for warehousing product



<ul style="list-style-type: none">• Ability to personalize packaging, add personalized notes and offer added customer service	<ul style="list-style-type: none">• Order fulfillment and returns provided by the seller• Returns and customer service provided by the seller
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Companies It Works Best For: **Brands.** Any size company that has a supply chain, warehouse or logistics in place that can support Amazon.com order fulfillment. Also work well for companies whose catalogs contain large or oversize products that are expensive to hold in Amazon's fulfillment centers. Companies interested in Seller Central Merchant Fulfilled need to take a critical look at their supply chain, fulfillment capabilities to make sure it is a good fit for them.

How to Get Started:

1. Create a Seller Central account
2. Write effective product copy
3. Upload Catalog
4. Share fulfillment/shipping information
5. Run marketing to drive traffic to listings



First Party Business Models (Vendor selling to Amazon)

First party selling is a model for selling to through a distributor - in this case, it is selling to Amazon. There are two different business models offered by Amazon that allow your business to establish a vendor relationship with Amazon; Vendor Central and Vendor Central Direct Fulfillment. The vendor offers their catalog to Amazon at wholesale prices and Amazon makes purchase orders and in turn, sells the products to Amazon customers at retail pricing set by Amazon.

Vendor Central

In this business model, vendors sell products wholesale to Amazon. Pricing for products is negotiated before purchase orders are initiated and made available for sale on Amazon. The product title and brand name are retained but Amazon is the seller of the product. Amazon will place POs with your company weekly or monthly. A key factor in this relationship is that once you sell your products to Amazon, they have full control over the retail price.

Amazon pays invoices for the POs between 30 to 60 days. Pricing for products is negotiated with Amazon as products are uploaded. Vendor Central is invite only. Occasionally, Amazon will pair your business with an Amazon.com buyer who will negotiate pricing with you and assist in some of the tasks associated with the migration of your product catalog onto Amazon. Sellers who use the Vendor Central business model enjoy increased sales velocity and their products receive great placement in the Amazon.com marketplace.

There are unique fees that can be incurred when using the Vendor Central business model. The most common fees incurred on Vendor Central are called chargebacks. Chargebacks are deductions on PO payments made by Amazon. Chargebacks can result from problems with either the shipping or receiving processes in transit from your location to Amazon's fulfillment centers. Chargebacks can also occur if your products are not properly packaged or labeled. Chargebacks claimed by Amazon can be disputed for 30 days following the initial claim. A chargeback can be disputed twice. If the dispute fails twice it can no longer be disputed.

A cost of doing business on Vendor Central is the Co-Op fee which covers damages, marketing, and prepaid freight.



Vendor Central Co-Op	
Fee	Purpose
Damage Allowance	Covers returns and damages, can be opted out and receive returns instead
Marketing Co-Op Fee	Covers some admin costs
Prepaid Freight	Covers sending products to Amazon

The vendor is responsible for creating and managing content for your listings and marketing your products on Amazon.com including paying for promotions through Amazon Marketing Services. However, Amazon will occasionally offer promotional marketing and ad pricing. Amazon's Vendor Central partners also get first access to Amazon's new services and programs, giving them a competitive edge on many non-Vendor Central sellers.

The process of editing listing, product and pricing information is another point that differentiates Seller Central from Vendor Central. In the Seller Central business model, you can log onto the Seller Central and manually edit any listings information directly from the platform. In Vendor Central any edits must be made by opening cases with Amazon.com customer support and submitting product edit forms and templates. This results in extended product upload and edit time.

Vendor Central - Pros/Cons	
Pros	Cons
<ul style="list-style-type: none"> • Amazon Prime Eligibility • Increase Sales Volume • No Order Fulfillment Responsibilities • No Returns or Customer Service Responsibility • Amazon Holds Inventory • First Access to New Amazon Programs & Services • EDI Compliance 	<ul style="list-style-type: none"> • Limited Price Control • Longer Edit and Upload Process for Listings • Vendor Central Co-Op Fees • Invite Only



Companies It Works Best For: **Manufacturers.** Works best with large companies and manufacturers. Great for manufacturers who are set up in a wholesale business model. Vendor Central is compliant with most EDI systems used by a business. When set-up correctly, Amazon syncs perfectly with your EDI and their POs are taken and fulfilled like anyone of your other customers.

How to Get Started:

1. Get invited to join Vendor Central by Amazon.com
2. Negotiate pricing
3. Write effective product copy
4. Upload catalog
5. Run marketing to drive traffic to listings



Vendor Central Direct Fulfillment

Vendor Central Direct Fulfillment is a business model within Vendor Central. The difference between the traditional Vendor Central approach and Vendor Central Direct Fulfillment is that the vendor warehouses the inventory and fulfills the order directly to the end customer when the purchase comes through on behalf of Amazon. This allows Amazon to outsource fulfillment of products on to their vendor business partners. Prime eligibility can be given if you show a track record of fulfilling orders within the designated Prime window.

Vendor Express - Pros/Cons	
Pros	Cons
<ul style="list-style-type: none">• Amazon Prime Eligibility• No Returns or Customer Service Responsibility• No Chargeback Fees	<ul style="list-style-type: none">• Limited Price Control• Potential for Smaller Margins• Trial Program Risk• Vendor Warehouses Inventory• Order Fulfillment Responsibilities

Companies It Works Best For: **Manufacturers.** Large to medium-sized manufacturers that keep inventory in stock at their own warehouse and Amazon has not been initiation purchase orders to warehouse the products themselves.

How to Get Started:

1. Log into Vendor Central
2. Enroll in Direct Fulfillment
3. Upload products you wish to be in direct fulfillment
4. Add the number of available units
5. Fulfill orders as they come in



Beta and Future Business Models

Amazon is an innovative company that continues to provide new ways of getting products to customers. Just as ecommerce has disrupted traditional brick and mortar shopping, there will be new business models and fulfillment methods that will disrupt the current sales and distribution methods. In a letter to Vendor Express sellers, Amazon indicated they will [no longer be utilizing the Vendor Central platform](#)⁸ as of January 1st, 2019.

We are already seeing this with programs such as: Ordering through voice-activated devices like the Amazon Echo⁹, just walk out grocery store Amazon Go¹⁰, and drone delivery through Amazon Prime Air¹¹. New ways of getting products to customers will continue to be developed. Amazon's new business models, services, and programs are typically rolled out as betas and offered to vendors before being available to all sellers.

Next Steps

Goat Consulting offers Amazon Marketplace business services to brands and manufacturers selling on the Amazon.com marketplace. Whether you are just expanding to the Amazon channel or you have been selling for some time but need some assistance, we are here for you. We hope that after reading this white paper you have a better understanding of the opportunity of selling on Amazon and you can confidently analyze which business model works best for your business. Our services consist of:

- Working with you to find the best business model for selling on Amazon
- Identifying Search Terms that customers would search to find and purchase your product
- Write effect product listing copy that increases visibility and conversion rate
- Run Amazon Marketing Services to display your product in front of the widest potential customer base
- Report on sales and advertising metrics to gain a better understanding of your brand or manufacturer on Amazon.

If you have any questions regarding this white paper or anything Amazon related, please reach out to us at <https://www.goatconsulting.com/contact-us>.

⁸ <https://www.cnn.com/2018/03/13/amazon-vendor-express-shutting-down.html>

⁹ <https://www.amazon.com/gp/help/customer/display.html?nodeId=201807210>

¹⁰ <https://www.amazon.com/b?node=16008589011>

¹¹ <https://www.amazon.com/Amazon-Prime-Air/b?node=8037720011>



Conclusion

We have covered what the Amazon Marketplace is, how customers shop on the platform, competition for the Buy Box and the different business models for selling on Amazon.com.

We hope that you have a better understanding of:

- The opportunity of selling on Amazon.com
- How Amazon.com customers shop on the platform
- The different business models for selling on Amazon

Thank you for taking the time to learn more about the Amazon sales channel.

Contributors

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Notes

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