Twenty Tips for Selling on Amazon

By Skip McGrath ©2014

Amazon is the world’s largest online retail selling site. When most people buy something on Amazon they think they are buying from Amazon, but third party sellers sell over 33% of all items sold on Amazon.

I started my online selling career on eBay in 1999. In 2006 I became a seller on Amazon. Our Amazon business never really took off until 2010 when I joined the Amazon FBA program (I will explain this below). Now our Amazon business dwarfs our eBay business. We are selling approximately 6 to 7 items on Amazon for each one sold on eBay.

It is very easy to register on Amazon. Scroll to the bottom of the Amazon home page and you will see a list that looks like this:

Make Money with Us
Sell on Amazon
Become an Affiliate
Advertise Your Products
Independently Publish with Us
› See all

Click on the link that says Sell on Amazon and you will go to a page that looks like this:
Click on either the link to Sell as a Professional (recommended – for why see below) or Sell as an Individual. Amazon will walk you through the steps to get started. They are very simple and you can start selling your first items within about 5 minutes.

So let's get started with our tips for selling on Amazon:

1. **Register as a professional seller** - There are three big reasons to do this:

   1. As an individual seller Amazon charges you 15% Selling commission plus 99¢ per sale. The fee to become a professional seller is $39.95 per month, but as a pro seller you are only charged 15% --and not the extra 99¢. So if you sell 40 items per month or more, you will actually save money on fees.

   2. As a professional seller you are allowed to create listings for products that are not currently being sold on Amazon. You can also create product bundles which we will show you how to do later as they are a great way to increase your profits.

   3. Amazon has several categories that are restricted and you must apply to sell in these (Clothing, shoes, jewelry and Auto Accessories are just a few). You must be a pro seller to apply to sell in these categories.

2. **Sell with FBA** - FBA stands for Fulfillment By Amazon. This is a program whereby you send all of your merchandise into Amazon and when it sells, Amazon ships it for you. Amazon also handles the customer service, communications and returns and refunds. Since we moved from merchant fulfilled to FBA our sales have more than tripled. It is true that fees in FBA are higher than merchant fulfilled, but your merchandise will sell so much faster that you will still make greater profits. And some of those fees are offset by the cost of boxes and shipping materials which Amazon supplies
as part of the fee.

In addition consider the huge timesaving of not having to individually wrap and ship 20 to 30 packages a day. This allows you more time to do high-value tasks such as product research and sourcing.

3. **Follow The Rules** – Just like eBay, Amazon has lots of rules and regulations, but unlike eBay, they are fairly stable. Amazon does not change their rules and policies as often as eBay so once you learn them they are easy to understand and follow. Once you log into Seller Central you can access this page that has the overall Amazon policy agreement -

https://www.amazon.com/gp/help/customer/display.html?nodeId=1161302

To find specific policies on selling, log into Seller Central and click on the help button. Then type Amazon policy into the search bar. When the page comes up look in the left hand column and you will see a detailed list of the various policies related to all of your Amazon activities.

Amazon also has a great resources page for FBA sellers. Log into Seller Central first and use this link to access the resources:


4. **Win the Buy Box to Increase Your Sales** – Whenever a buyer does a search, several results come up. When the buyer clicks on one of the results, the page that comes up is the buy box. According to Amazon over 78% of all sales are made through the buy box, so winning the buy box is crucial to your success.

There are three ways to win the buy box every time:

- **Be the lowest price including shipping.** If a seller’s account is in good standing and they are the lowest price including shipping, their product will go in the buy box ahead of other sellers. Note however, if a seller is in FBA, then Amazon assumes their shipping cost to be zero. The reason for this is that Amazon Prime members get free 2-Day shipping on all products and all other Amazon buyers get free standard shipping on any item or shipment that totals over $35.

Here is an example: I am selling a set of chef’s knives for $129 + $9.90 shipping. So the total with shipping is $138.90. If an FBA seller has those same set of knives, he can price them at $137.90 - $8.90 over my selling price but, $1 under my total price and he will win the buy box because Amazon assumes his shipping cost is zero.

- **Sell an item than no one else has.** If you find a unique item and list it on Amazon, since you are the only seller, you will have the buy box every time.
• Use Amazon’s bundling Policy to Create Unique Items. If someone is selling the same item as you are on Amazon, think of creative ways to create a unique product bundle. For example, one of the products I sell is Hazelnut oil.

By creating a bundle of three cans, I created a unique item and win the buy box every time (until someone copies me which sometimes happens).

You can also combine products to create a unique item. This is a set of 4 kitchen knives I bundled together with a knife sharpener.

You can combine almost anything to create unique product bundles. The one rule however, is if you create a bundle that includes a media item such as a book or a DVD, you cannot list it in the media category and you cannot combine media products with other media products.

5. Answer Customer Communications quickly – When you get a question from a customer, Amazon wants you to answer it within 24 hours and if you do not that is a demerit against your account. You can see customer questions in your Seller Central just to the left of the page and you can set up your account so customer questions are forwarded to your email so you can answer them even if you are not currently working on Amazon. With smart phones you can even answer them from your phone.
6. If you are merchant fulfilling ship all orders within 1 business day and always enter the tracking information – Amazon requires you to state the handling time for all products and to meet that expectation. Not doing so can lead to losing featured seller status and if your numbers are really bad you can lose your account.

7. Don’t trust UPC codes when listing items – When you have an item for sale, you enter the UPC code into the Amazon page where it says Add a Product. But it is your responsibility to make sure the item you are selling is the exact same item as listed on Amazon. What happens is that manufacturer’s update their products with new features and don’t always change the UPC code. This happened to me a couple of years ago. I bought some home security camera systems from a liquidation outlet. Unbeknownst to me, the reason the manufacturer sold to the liquidator was they had improved the item by adding a recordable disk drive but they did not change the UPS code. So I listed my item and when it sold I got everyone of them returned along with a couple of bad feedbacks.

It is your responsibility to make sure that what you are selling on Amazon is exactly like the product in the listing. Not only look at the photographs closely but read the full description and the specs to make sure what you are selling is the 100% identical product.

8. Describe product accurately – this may seem like a no-brainer, but believe me if there is even the slightest difference between the product you are delivering and what you describe in your listing, customers will notice. This will lead to returns and negative feedback.

9. Ask for Feedback – Amazon buyers seldom leave feedback unless you ask them. I currently use Feedback Five. This is a third party service that automatically sends out an email to each customer telling that if there is anything whatsoever wrong with the transaction to let us know and give us a chance to fix it. The emails are sent out automatically and contain a link for them to just click on and leave feedback. After 5 years on Amazon my feedback was still under 50. After just two years of using Feedback Five, my feedback is now over 750. And those emails have helped me prevent several negative feedback situations when customers contacted me first before leaving feedback.

10. Use Larger Images and Follow Amazon Image Guidelines – Amazon now requires images to be at least 1006 pixels on a side in certain categories and encourages it in all categories. The reason is that the large size allows for buyers to use the zoom feature. Amazon also has other rules for their main image including that the product be shown on a plain white background. Log into Seller Central and Click here to see the entire listing of Amazon image guidelines.

11. Solicit Product Reviews – If someone leaves a feedback that mentions they liked the product, I always send them an email thanking them for the feedback and leaving them a link where they can leave a product review for the product. According to Amazon, positive product reviews can increase sales on those items by over 12%.
12. Reduce Storage fees with Just in Time (JIT) Inventory Management –

Just In Time refers to getting your inventory to Amazon just before it runs out. This way you minimize the time items are in storage and therefore racking u storage fees. Also this means you have less cash tied up in inventory at any one time.

Amazon offers a feature called Replenishment Alerts. You can set an alert for fast selling products. You can set the alert at the number of units or weeks of cover. I know how long it takes me to order most of my products, get them delivered to me and then to Amazon so I tend to use “Weeks of cover” for my ordering threshold. When the item reaches the specified limit, Amazon sends you an email. Here is what you see when you set replenishment alerts:

<table>
<thead>
<tr>
<th>Title</th>
<th>Condition</th>
<th>Average units shipped based on past 30 days</th>
<th>When do you want to be alerted?</th>
<th>Alert Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Inch Fire Pit (Fires) Cover - Fits Patina Landman and Jogo Fire Pits</td>
<td>New</td>
<td>2 units/week</td>
<td>When weeks of cover reaches (weeks)</td>
<td>3</td>
</tr>
<tr>
<td>Den’s St James Golf Pro Women’s Magnetic Therapy Bracelet - Tungsten &amp; Carbon Fiber</td>
<td>New</td>
<td>1 units/week</td>
<td>When weeks of cover reaches (weeks)</td>
<td>3</td>
</tr>
<tr>
<td>Salt &amp; Pepper Mill Set of Sweet, Hot and Bittersweet - 100% All Natural &amp; Gluten Free</td>
<td>New</td>
<td>1 units/week</td>
<td>When weeks of cover reaches (weeks)</td>
<td>3</td>
</tr>
<tr>
<td>Birchwood Casey Dirty Bird Multi-color 12-Inch Bull’s-Eye Target, 10 Sheet Pack</td>
<td>New</td>
<td>1 units/week</td>
<td>When weeks of cover reaches (weeks)</td>
<td>3</td>
</tr>
</tbody>
</table>

13. Raise your Average Selling Price (ASP) to reduce your fees and increase profit margins – Two of the fees you encounter in FBA are the Order handling fee ($1.00) and the Pick and Pack fee ($1.02). That totals $2.02. Now if you are selling an item for $12.99, those two fees combined take 15.5% of your margin. But sell an item for $27.95 and those two fees are only 7.2% of your margin.

Here is another example. These are three products I am selling in Amazon FBA and their fees:

<table>
<thead>
<tr>
<th>Item</th>
<th>Selling Price</th>
<th>Fees</th>
<th>Fees as a % of Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silk wrap bracelet</td>
<td>$14.99</td>
<td>$5.42</td>
<td>36.2%</td>
</tr>
<tr>
<td>Salt &amp; Pepper Mill Set</td>
<td>$89.97</td>
<td>$16.87</td>
<td>18.7%</td>
</tr>
<tr>
<td>Stick Blender</td>
<td>$144.00</td>
<td>$23.35</td>
<td>16.2%</td>
</tr>
</tbody>
</table>

So as you can see, the higher you go up in price the lower your fees as a percentage of your sale. So as you source inventory, look for products with a higher average selling price.

My goal is $35.00. I have not hit that yet but am working towards it. Currently I am just over $29 ASP. The reason is I have several fashion jewelry products that sell for just
under $20, but I keep them because they are insanely profitable. My cost on those items is between $3.50 and $6.00, so even with the high fees, I am still making good money.

14. **Label your items and shipments correctly when sending to FBA** – believe me I know from experience it is very easy to mislabel products. When you put a shipment together create some type of system to double check that each product has the correct label.

I once mixed up some bracelet labels. The bracelets were identical except for the color of the stones. I put the label for the bracelets with the blue stones on the packages of the bracelets with the clear stones and vice versa. I didn’t discover the problem until I got a negative feedback from a customer who received a bracelet with white stones when she ordered blue. I was able to get the feedback reversed, but it was costly (see next tip).

My system now involves a checklist and we do not package items in such a way that we cannot see the item through the package, which allows us to perform a double check as we are putting the items in the box to ship.

15. **Go the extra mile to remove negative feedback** – Whenever I get a neutral or negative feedback, the first thing I do is immediately email the customer with a very sincere apology and I include a $10 Amazon gift card as a token of my sincerity. I do not ask the customer to remove the feedback in that email. What happens is the customer usually writes me back tanking me for caring and for the gift card. I then answer that email and do two things. I explain how the error was made and I request that they remove the feedback.

In the case of the bracelet issue I mentioned above, the woman was still upset because the bracelet was a gift and a new one could not get there in time. So I offered to mail a replacement bracelet to her sister whom the gift was for and we even gift wrapped it and sent it priority mail so she got it in time and I did that at no charge and she finally agreed to remove the feedback.

In all honesty this works about 60% to 70% of the time. There are just some customers who are so angry they won’t budge so there is nothing you can do about that but live with the feedback. But if you can get over half of the bad feedbacks removed you can stay ahead of the game. Note: the magic number with Amazon is 95%. If you fall below that you automatically lose your featured seller status and your account is in danger of being cancelled.

16. **Pack your shipments to Amazon correctly to avoid damage, delays and penalty fees** – Amazon has some fairly strict requirements when you send items to their FBA warehouses. Here are some of their rules:

Choose the correct size box for your units. If you choose too large a container, you will need to fill it with sufficient packaging material so that the box will not collapse under the weight of heavier boxes during the shipping and receiving process. For best results,
use a new, single-wall, corrugated shipping container with a high-burst or crush-strength stamp

- Use a rigid box with flaps intact
- If you are reusing boxes from previous shipments, be sure to remove any previous shipping labels or markings to avoid confusion by the carrier.
- Wrap all items separately
- Use adequate packaging material
- Use strong tape designed for shipping
- Do not use string or paper over-wrap
- Do not use loose Styrofoam pellets for void filler.
- Use a single address label that has clear, complete delivery and return information
- Use two inches of cushioning between each of your units and the inside of the box.
- Neither point-of-sale containers nor pallet-sized boxes, also known as "Gaylord's," may be used.
- Boxes cannot be bundled together using bagging, taping, elastic, or extra straps.
- If you are reusing a retail box to ship different products (for example, a large printer box to ship smaller media products), be sure to cover or remove any scannable barcodes on the outside of the box to avoid confusion during the receive process.

There are other rules, as well that you need to know about.

- Suffocation labels – Any poly bag with an opening of 5 inches or larger requires a suffocation label on the bag.
- Poly bag your bundled items. We used to ship bundled items in shrink-wrap but Amazon now requires all bundled items to be poly bagged.
- You may not ship any glass container containing liquids or gels in glass jars larger than 4 ounces.
- Expiration Dates – If you are sending any food items (including pet foods and treats) that have expiration dates, Amazon requires an expiration date label on both the outside shipping carton and on the product. The date must be at least 6 months out when you send it to Amazon. As the product nears its date if it has not sold Amazon will destroy it.
- All of the packaged items you send to Amazon must pass a 5-foot drop test (This does not apply to products sent in the manufacturer’s retail box)
- If an item arrives at Amazon without a product label, or suffocation label or requires Amazon to do any special handling prior to storing, you will be assessed a handling fee of 75¢ per item and you will receive a policy violation warning notice.

17. Manage Your Inventory proactively – Amazon assigns sales ranks to all products based on the recency and quantity of the sale. So whenever you run out of inventory, the sales rank of that product just drops every day there is no product there. I had one product I import from China that was a big seller with a sales rank of less than 2000 in the kitchen category. Since I order them in large quantities it took a while to replace them when they ran out. Within 30-days of not having that product in stock, the sales rank sank to over 60,000. It took two months of selling just to get the sales rank back up to the 10,000 area.

So the lesson here is to manage your inventory so you don’t run out of anything. You should know how long it takes to get an order placed, shipped to you and shipped to
Amazon. This is especially important as you approach seasonal holidays when sales can suddenly accelerate quite quickly.

18. Use Amazon FBA to Fulfill Your Multi-Channel Orders – If you sell on eBay, Etsy, Sears.com or your own website, you can use Amazon to fulfill your orders from those sites. If you look at your FBA inventory page, one of the action dropdowns is Create Fulfillment Order. See image:

When you select an item and click on go, you get a page where you fill in the buyers name and shipping address that looks like this.

Since this is an actual fulfillment order I have blacked out some of the contact info. But what you do here is enter all of the buyers information and then click continue and you get a screen that looks like this:
Notice the shipping charge is $5.95. That is quite a bit less than UPS or Priority Mail. This may not be the best example as this product is quite small and light and I could also ship cheaper by first class mail, but I use an automation service called AutoMCF.com, which actually automates this process for me. When an item sells on eBay it deducts the item from my FBA inventory, creates a fulfillment order automatically and automatically puts the tracking info into eBay as soon as Amazon generates it.

19. Negotiate Exclusive Selling Arrangement with Suppliers – In tip #4 I told you one way to win the buy box every time is to have an item to sell that no one else has. One way to do this is find products and manufacturers that will give you the exclusive deal to sell on Amazon. Here is how I do that:

I attend a lot of wholesale trade shows. When I am there I look for smaller manufacturers and in many cases the owner of the company is right there in the booth. At the last Seattle Gift show we found a small jewelry company that makes everything in the USA. Both of the owners were at the show. I asked if they sold to eBay and Amazon sellers and they said they did not. So I went into my pitch.

“You know the reason most small companies like yours don’t want to sell on eBay and Amazon is that sellers start lowering your prices below what your brick and mortar retailers sell at and this get them upset with you. So what I do is represent companies exclusively on eBay and Amazon so I can hold your MAP prices.

I also look out for your brand online and let you know if anyone is doing anything to undercut the brand. And we give you approval of all our images and what we are saying about your product.

We do this for several companies and I would be happy to provide references.”

I used this very same pitch with the company at the Seattle Gift show and we now represent their entire line on eBay and Amazon on an exclusive basis.
20. Learn How To Use The Amazon Keywords tool – When you create a listing Amazon gives you a field to list keywords. Keywords are words or phrases that buyers type into the Amazon search box to find products. But there are a couple of tips most sellers don’t know.

Here is what the keyword field looks like in Amazon create a product form:

- It pays to repeat keywords in your title in your bullets and descriptions. This is the first place the Amazon search engine looks. It is OK to repeat keywords from your bullets and descriptions in the keyword field, but don’t repeat keywords in your keyword field that are in the title. Repeating a word in the title and keyword field is completely ignored by the Amazon search robot.

- Use competitor’s names as keywords. Here is an example. One of the products I sell on Amazon is a concealed carry pistol holster. One of the top brands in that market is a company called Galco, which I do not sell. So if I have a holster listed for a Colt 1911 pistol I might put “Galco 1911 holster.” This way when someone searches the term Galco 1911 holster, my holster listing will come up on the same page. Since my holster is similar but cheaper I can often win that sale.

- One of the products I sell is outdoor firepits. But some people type fire pit while others use firepit, so if I use Firepit in my title, I want to use fire pit as one of my keywords.

- Although Amazon is pretty good at correcting spelling, they are not perfect so I often put popular misspellings in as keywords. Some of the jewelry items I sell have turquoise stones in them and a popular misspelling is torurquoise, so I use that as one of my keywords.

- Basically try and think of what other words people might type in when looking for something. For example if you sell hand cream, you would want to add hand lotion to your keywords. If anything is called by different names always use all the other names for it.
Well that is it for my twenty tips. Over time I hope to grow this list as I learn more tips. So you may want to check back on this article once in a while. And if you have any tips you can think of that I may have missed, please use the contact us form on this website to let me know.

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