

2021 Amazon Guide for Established SMEs

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Introduction

Making the transition to selling your products on Amazon is the right thing to do. But we want you to understand that there's a right and a wrong way to go about it and by approaching this the right way you can avoid some of the common pitfalls and maximise your chances of success.

In this special report we will present a business case to you so that you can take an introspective look at your business to ensure that you are prepared for selling on Amazon. You need to be aware that Amazon engagement is neither quick nor simple, regardless of what you may have seen and heard in advertisements.

Depending on the complexity of your business, it could take 3 months to achieve initial engagement before you make your first sale. **SellerHelp** is a trusted supplier able to provide the necessary support to senior management and decision makers to ensure that their businesses experience success with Amazon migration.

We have over 25 years of "dot com" experience as well as transatlantic experience working in North America and Europe. We have been working with clients for a long time, ranging from shoestring startups to multinationals.

As you will see in this report, there are a number of things that can go wrong when a business migrates to selling on Amazon. You can avoid these by hiring us to identify the potential pitfalls that await you so that we can create the best plan for you to succeed with Amazon.

The Case For Migrating To Amazon For Increased Sales And Profits

Amazon is the largest online retailer in the world. It has an army of loyal customers and reaching them provides you with the opportunity to increase your sales and grow your profits. Amazon's advanced infrastructure will take care of the logistics and shipping for you and manage any returns on your behalf.

Amazon has a world-renowned reputation for providing excellent customer service, and has fulfillment centres around the globe to ensure its customers receive their orders quickly. Most companies claim to put their customers first but Amazon actually stands up to this test.

These are the main benefits of selling your products on Amazon:

There is a huge opportunity for you to increase your sales – you will be able to reach out to potential customers you could never reach using your own resources

Repeat business is possible without any further marketing spend – if you were to create your own online store, you would need to spend money chasing down repeat business from your existing customers

First class customer and fulfillment support – Amazon takes care of the customer on your behalf from purchase to delivery

Saves you time with shipping items – you will save on both cost and time of shipping orders achieved using the Amazon platform

Offers credibility – if you're a new brand, selling on Amazon helps you leverage a trusted name for your new clients

Brand launch – Amazon's global infrastructure can help position you quickly in front of hundreds of millions of potential customers



Three Business Decisions You Can Take

Getting everything set up correctly for selling on Amazon is not an easy task but you need to do this if you want to achieve optimum sales and profits with the platform. So, there are three business decisions that you can take here:

1. Do Nothing

If you sell primarily to B2B clients, you can decide to keep things exactly as they are and not use the Amazon platform to boost your sales and profits. But continuing to sell your products this way adds an extra layer in the process, especially with ongoing challenges for retail outlets struggling for footfall.

If you are a B2C business and rely on retail outlets then you are doubly exposed to the challenges of decreased footfall.

2. Blue Sky

You can decide to market directly to the consumer (D2C) if you operate a B2B model. This is risky as you are likely to alienate the B2B client base that you have built up over many years that forms the least resistance to sales.

If you operate a B2C model then you can try to increase your sales and profits by establishing your own retail store online, but you will need to invest heavily in your marketing to obtain an acceptable reach that will achieve your goals.



Three Business Decisions You Can Take

3. Goldilocks Zone

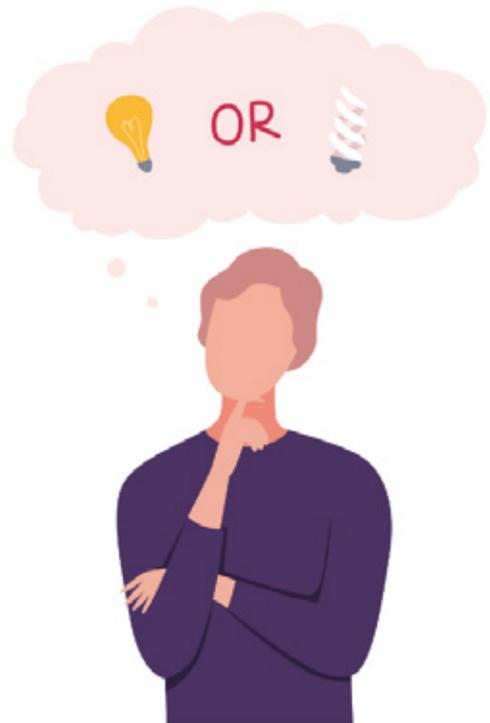
Try a migration to Amazon to sell your products directly to consumers and monitor this to ensure that you are achieving the sales and profit goals that you specifically have for using this platform.

If you decide to do nothing, you are unlikely to increase your sales and profits. The retail sector is suffering badly due to the Covid-19 pandemic lockdowns and restrictions. With customers preferring to use online platforms like Amazon to make their purchases, it is more likely that your sales numbers and profits will dwindle if you do nothing.

The blue sky approach is extremely risky for you. If you operate a B2B model then retail businesses that you have an established relationship with will find out that you are marketing your products directly to consumers. You are very likely to lose good accounts that you spent time, effort and money developing over a long period of time.

Setting up your own online store is also risky as many things can go wrong. You will need to invest heavily in your marketing to establish your brand online and attract the number of consumers you require to attain your sales and profit goals.

Going for the middle ground and migrating a portion of your sales using the Amazon platform makes the most business sense. With our help your migration will be fairly painless and we will assist you with your product listings and other marketing so that you can be confident of increased sales and profits.



The Type Of Clients That We Help

Recently we were hired by a company based in Kent that has an annual turnover of £20 million to assist them with their transition to Amazon. Their business model is mostly B2B but they do make a small number of sales through their B2C website.

The company has 19 staff members consisting of:

- **4 management / owners**
- **5 operational support staff (human resources, accounts etc)**
- **10 warehouse staff**

One of the managers at the company is the client-side project manager who deals with us. They have a large warehouse which is able to accommodate the delivery of one or two containers of product each month.

This company had been considering migrating some of their sales to the Amazon platform and when the Covid-19 pandemic hit the UK they decided that they would use Amazon as the foundation for a 10% shift in their sales directly to the consumer and to penetrate the EU market.

They knew that this would not be an easy task for them and they were aware of our credentials for successfully migrating other clients to Amazon and increasing their sales as well as our expertise and experience with Brexit (see our sister site, www.resiliencehelp.com for more information).

We were the obvious choice of consultant for them and we are currently working closely with them to ensure a smooth Amazon migration and increase their sales and profits.



Issues With Amazon Migration

There is no doubt that migrating your products to the Amazon platform can increase your sales and your profits. But this will only happen if you get the right help and approach things correctly. There are a number of potential pitfalls that you need to be aware of.

Apart from Amazon specific issues that you need to plan for in advance, you also need to be prepared internally for a successful migration to Amazon. We will tackle both of these areas in this section of the report.

Potential Amazon Migration Issues

Amazon has many rules and regulations that you need to be fully compliant with. These can vary from one country to another. If you violate any of these rules you risk restrictions in your ability to sell successfully such as suspension of certain listings, suspension of your whole Amazon account or even a total shutdown of your account. In the most serious of cases, a shutdown will result in your revenues held at Amazon to be frozen, stock to be seized and disposed of and a permanent ban from selling in the future.

You may have seen advertising online about how easy it is to sell your products using the Fulfillment by Amazon (FBA) program. They are selling training programs and want you to believe that with their training you can easily migrate to Amazon by yourself.

But most of these training programs fall short when it comes to compliance issues which are essential for the success of your Amazon migration. If you make a mistake then Amazon can severely restrict the space that they will allocate you in their warehouses for example.

Here are some of the compliance issues that you will need to deal with:

- **HAZMAT**
- **CE marks**
- **Safety documentation**
- **Other product compliance issues (such as when writing product listing descriptions, or in packaging)**
- **VAT registrations in UK and EU countries**

Many of these issues may re-occur or indeed new issues arise in the course of your selling with Amazon.



Seller Help

by e/Booster

There are other issues too such as **intellectual property**. This is something that Amazon takes very seriously (quite rightly) and you are very likely to have to prove ownership of your products and the right to sell them.

Data protection is another area that you need to get right. You need to ensure that you are compliant with GDPR rules and prove to Amazon that you have everything in place to handle customer data in the correct manner.

Amazon will require that you digitally sign a comprehensive and lengthy **contract** with them that contains several rules and regulations before you can sell any of your products on their platform. It is essential that you fully review and understand the terms of the contract and check that you are in compliance with the rules and regulations it contains.

The Inventory Performance Index (IPI)

When you become a verified Amazon seller they will allocate you an **Inventory Performance Index (IPI) score out of 1,000**. This score tells Amazon how well you are managing your account. This includes:

- **Your management of excess inventory**
- **Your FBA sell-through rate**
- **Your policy with stranded inventory**
- **Your FBA in-stock rate**

You need to ensure that your IPI score is as high as possible. When you have a high score Amazon considers you as a high performing seller. It is important to note that IPI scores can vary across the different country marketplaces.

If your IPI score falls to a low level then this can contribute to:

- **Higher storage fee costs levied by Amazon**
- **Restrictions on your ability to replenish with new inventory (reduced storage space in the warehouse for example)**
- **Potential restrictions around your ability to sell in specific categories (such as Toys) during the Christmas holiday period. Traditionally this period is the most lucrative of the year, especially for certain categories like Toys**



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We understand the parameters that make up your IPI score. The last thing you want is to establish your presence on Amazon and increase your sales and profits only to have this curtailed due to a low IPI score. Most Amazon FBA training courses do not cover this at all as the vendors do not understand it.

It can be very expensive to restore a suspended Amazon account. When you are able to restore your account it is very likely that they will place restrictions on you such as a severely reduced inventory space in their warehouses.

Amazon does not care about the reason for your reduced IPI score. They are totally customer centric and expect you to be as well. They are not interested that the person that usually responds to customer messages within 24 hours is off sick or on holiday.

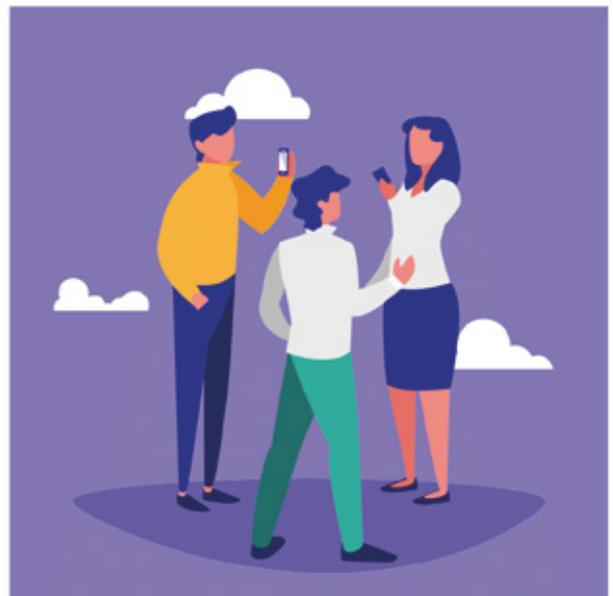
There is also the risk that hijackers can affect your product listings. Unfortunately, there are a lot of sellers on Amazon that do not know what they are doing and this can have a negative impact on your account as well.

Here are a couple of real life examples:

A seller on Amazon was selling a particular product and a hijacker changed the product photographs to another product that was totally unrelated. If you do not manage your Amazon account properly then you run the risk of being at the mercy of these “product hijackers”.

In another case, a company allowed other sellers to sell their products on Amazon. One of these sellers used completely incorrect images for a product listing. This was total incompetence on the part of the seller but resulted in a loss of sales for the company.

These things happen often on the Amazon platform so it is essential that you receive professional help from an experienced consultancy like SellerHelp to ensure proper account management. This management also includes day-to-day collaboration with Amazon’s Seller Support team to help work in partnership to resolve matters which may not seem intuitive initially.



Being Fully Prepared For Amazon FBA

It is essential that you are fully prepared to be a proficient Amazon seller and protect your IPI score. You must be setup properly for returns as any failures here can have a negative impact on your IPI score.

Managing Returns

The correct management of returns is something that Amazon will expect you to do.

You must nominate an address in the marketplace that you are selling to receive customer returns. Amazon customers can and do return products for any reason – no matter how apparently trivial. Amazon takes this very seriously as it is part and parcel of them striving to be the “most customer centric company on the planet.”

When a customer returns a product sold through the Amazon fulfillment service (Fulfilled by Amazon, or "FBA" for short) it will go back to an Amazon warehouse. Staff at the warehouse will examine the returned product to determine whether or not it can be resold. This process is not perfect and sometimes they will reject a product that is in perfect condition.

These items need to go someplace, or just be disposed of. It is recommended that the products are returned to your company for inspection, and where possible, replenished and repackaged back to Amazon. If you are based in the UK but selling in the EU, Brexit means that you have the option of having those products come back to the UK (but you may pay for duties incurred at the border) or that stock goes back to a nominated address in the EU.



If you are selling products on Amazon as a merchant (FBM) then any returned products will be automatically sent back to you for inspection. Whatever way you intend to sell your products on Amazon, you need to be setup for returns by considering / actioning the following:

- **Inform Amazon of the address for product returns in the marketplace you are operating in – if you don't have somewhere already for this then you will need an address**
- **Do you have staff available at this address to receive, inspect and repackage the returned products?**
- **If a product cannot be resold, can it be disposed of easily? What local waste management protocols exist?**
- **If you have purchased the product from a manufacturer can they take it back?**
- **Can it be sold on another channel as “used”? Is it worthwhile to do this?**
- **Are you taking the overheads of returns, unsellable items and customer fraud (this does happen) into account when calculating your profits?**
- **If you operate in different industries, have you taken the different return rates into account (e.g. 30% for fashion items versus somewhat less for kitchen utensils)?**
- **You need to accept that there is no real opportunity for customer retention (to prevent a product from being returned). A customer will most likely use Amazon's automated facility to return a product and the first you as a seller will learn about this is when you receive a notification through email that the customer has initiated this process.**



Amazon Project responsibilities

The most successful sellers on Amazon have people dedicated to the management of the account. If you mix up your Amazon project with other channels in your business then you are increasing the chances of failure. It is essential that you keep a tight focus on your Amazon account, especially in the early days. Here are some of the roles required:

- **Nominate a client side project manager who has sufficient authority to commit resources in other parts of your company**
- **Nominate an accounts person who will be responsible for the calculation of net profitability with your Amazon account and will issue VAT payments**
- **Nominate a warehouse person who is responsible for shipments of your products to Amazon (this person could also be in charge of returns as well)**
- **Nominate product owners – they will be responsible for supplying safety and compliance documentation for all of your products**
- **Nominate a marketing person who will be responsible for the product listings on Amazon which means the copy text and the provision of high quality product photographs**

Third Party Services

Using the right third party services will help you to manage your Amazon account more efficiently. There are many third party services available to Amazon sellers and we recommend that you invest in the following as a minimum:

- **Intellectual property services**
- **Legal services**
- **Automation tools that will help you with customer feedback solicitation, advertising management, P&L calculation on an SKU (stock keeping unit) by SKU basis and the optimisation of pricing**

As you grow your Amazon account you may need to use more third party services to assist in the management of the channel. There are many different software tools available that can help you to achieve this.

What If You Do Not Have The Resources In Place For All Of This?

This is OK because at **SellerHelp** we will do all of the “heavy lifting” for you. But we would still require a commitment from you of a 0.5 WTE (whole time equivalent) resource from your company to be dedicated to your Amazon project.

The amount of resource that you need to commit to your Amazon project might be more or less than 0.5 WTE depending on the number of SKUs are involved, the number of marketplaces that you intend to operate in, whether or not you have all IP resources in-house, who provides product images and listing descriptions and more.

A good starting point with the Amazon project resource commitment is to base calculations on an experienced staff member. If you pay them a salary of £40,000 a year then 0.5 WTE would equate to a £20,000 annual cost plus associated staff overheads.

We will be delighted to recommend the resource requirement that you need to effectively manage your Amazon account once you have hired us, and we have analysed your plans for selling on the channel.

Realistic Expectations With Migrating To Amazon

There is always a great deal of hype surrounding selling products on Amazon. This mainly comes from vendors of training programs and other third party services designed to help you make a success of your Amazon migration.

It is extremely unlikely that you will make a huge number of sales and associated profits in your first month on Amazon. But some third party service vendors will try to convince you that this is possible (normally relying on very costly advertising spends, or other unscrupulous methods to promote your products).

At **SellerHelp** we take an approach that is more realistic and highly compliant with Amazon’s Terms of Service. We appreciate it takes time for new product listings to get recognized and build up a sales velocity.

Amazon is a vast marketplace but it is extremely competitive. If you approach selling on Amazon in the right way then you will maximise your chances of success. SellerHelp will be by your side every step of the way to ensure that you use the right approach.

How SellerHelp will Assist You

SellerHelp are not in the business of promising miracles. If this is what you want then there are other “miracle” service providers that can help you. But please be aware that miracles rarely happen with selling on Amazon.

One of the things that we are totally passionate about and will ensure that you adhere pedantically to are the Amazon Terms of Service. Amazon has many rules and regulations and related compliance matters. We will ensure that you are totally compliant with everything and this will take some time.

You need to be aware that there are many things that Amazon do that are totally out of our control. For example, they can block the sales of a particular product, group of products or even an entire marketplace for any reason and at any time. The majority of the “miracle” service providers will not tell you about this.

What we will do for you at **SellerHelp** is to run a “clean” account which will make it a lot easier to get one of your products or your account back online, should a negative event occur. But you need to accept that Amazon makes the rules.

We will actively look for ways to leverage your Amazon account for sales elsewhere (such as using Amazon’s logistics network to fulfil sales realized through other marketplaces) but again much of this is in the hands of Amazon.





Realistic Timescales

In order to setup your Amazon account correctly there are a number of documents and other things that you will need to provide:

- **Proof of company registration**
- **Articles of association**
- **A dedicated phone number / email address for customer support**
- **Know your customer (KYC) information (very similar to what a bank would require)**

On average it takes around 2 weeks to get everything together and verified by Amazon. The initial setup of your product could take another 2 weeks. Some of the companies that we have worked with had everything set up for selling in the UK Amazon marketplace in as little as 2 weeks with our help.

For companies that wanted to set up across all EU marketplaces it took quite a bit longer as they needed to apply for EU VAT.

There can be other delays with migrating to Amazon. Examples of this are pick / pack of orders and having to obtain a valid VAT number to be able to sell your products in other marketplaces. Realistically we advise companies that it could take 3 months before you can start selling.

Selling on Amazon is not a quick fix for immediate cash flow issues.

In the final section of this report we have created two checklists for you of what you can reasonably expect to consider prior to engaging with us. There will be other requirements during our engagement, but using these checklists will help speed up your on-boarding.

We recommend that you print out the checklist pages for your convenience. Please note that Amazon may require additional information on account set up that is not included here, but may arise for any of a number of other compliance reasons. So, whilst the following can be prepared in advance of an engagement with **SellerHelp**, additional unforeseen requirements may still arise post on-boarding with us and may cause some delays to planned sales.

Amazon Account Setup Checklist

1. Business Details

- The name of your business
- The street address of your business
- Your phone number
- Your email address

2. Company Verification

- Registration proof from an appropriate authority (e.g. Companies House)
- Articles of Association
- Proof of address (a recent utility bill or bank statement for example)

3. Beneficiary Ownership Information

If any director of your company holds more than 25% of the total shares then Amazon will require you to provide:

Proof of identity (passport). Please note that citizens of most countries can open an Amazon account in most marketplaces, but there are some notable exceptions (at the time of writing, Canadians cannot open an Amazon account in the UAE. Companies wishing to sell in India or Saudi Arabia require a local citizen as a partner).

Proof of residence (e.g. driving license, utility bill).

4. Credit Card for Amazon fees

Amazon will require a credit card for their fees and chargeable services (it is easiest if the card is in the company name or the name of one of the directors).

5. Identification

- The Amazon account holder will need to provide:
- Government ID or any proof of identification (driving license, passport)
 - Proof of their address

6. Tax Information

- You need to provide appropriate VAT numbers for the countries that you want to sell in.
- At the time of writing, Amazon is in partnership with Avalara, a VAT specialist to help register and file VAT.
- Other services exist including independent accounting services, HelloTax and many more.

7. Receiving Bank Account

You will need a bank account for Amazon to send your disbursements. It is helpful to have a multi-currency account. We recommend **Payoneer** to open up bank accounts in other currencies.



Product Listing Setup Checklist

1. Unique Product Identification

You need an identifier for each product, such as GTIN, UPC, EAN, ISBN (for books). It is essential that you specify each product you are selling.

Note: GS1 membership for UK businesses is £199 per year for 1,000 bar codes. GS1 is the global registry of bar codes and maintains a close Amazon partnership. Many bar code suppliers exist for much cheaper, but this can cause significant problems to Amazon sellers who choose this option.

2. Stock Keeping Unit Identifiers

You will normally have an SKU product ID for your own inventory otherwise Amazon can generate one for you.

3. Product Specifics

- Product price
- Product condition
- Available quantity
- Shipping options
- Product weight
- Product dimensions

Note: In some cases you may need to get this information from your manufacturer



4. Product Details

- Product name
- Brand
- Category
- Description
- Images (must be compliant with Amazon requirements)
- Product IP (you may need to engage legal services to help secure IP)

Product Listing Setup Checklist

5. Keyword Research

Normally **SellerHelp** will conduct this research and create initial listings for our clients. However, clients often have in-house marketing teams which have this already available for use; if this is the case, it will speed the Amazon on-boarding process.

6. Product Certification

You will need product documents or certification coming from your supplier / manufacturer for Amazon safety compliance.

Note: Please do not underestimate how long this can take. You may need to work with your manufacturer to produce this on a 1-for-1 basis for every product that you sell.

Start Your Successful Amazon Migration Right Now

By hiring the experienced team at **SellerHelp** you will ensure that your Amazon Migration is a successful one. We have all the know-how to assist you in the development of your Amazon selling plan and to take into account all aspects of your business.

When you hire **SellerHelp** you can choose as much or as little support as you need. You can have just 60 minutes of consultancy on a single topic or secure a full range of our services which will be provided via a regular support contract.

Contact us here today for a no obligation discussion on how we can help you to achieve a successful Amazon migration for your products.

