

Ecommerce part 3 - Selling products on amazon

If you want to sell your product on amazon.com it's really simple. All you need to do is set up an Amazon Seller Account to sell your items via the Amazon Marketplace. The Amazon Seller Account allows you to upload your products to Amazon's database using either an uploaded data file or you can use the Amazon Seller Desktop software to control you product and inventory.

The fee for selling on Amazon varies depending on the type of product you are selling, but typically you will have to pay between 10-20% of the item value in fees.

What if I want to sell on my own website?

There are two options if you want to use Amazon to sell via your own website:

1. Amazon Checkout

Amazon checkout allows you to use the Amazon payments ecom engine to power your own ecommerce website. This allows customers to log in to your site using their own amazon login, and their shipping and payment information stored in Amazon is used to carry out the purchase. You can either use your own ecom system to integrate into Amazon's API, or you can use Amazons system which uses a popup window to complete purchases

2. Amazon Webstore



Amazon Webstore is a very easy and quick way to set up an ecommerce website using Amazon. You can set the webstore up 'in a matter of minutes' (according to their website, which in reality probably means a matter of hours, then a few more days messing around with it) - You don't need any programming skills to set up a web store, and you can also enable the option to allow the same products to be displayed on Amazon's main website.

In the last few weeks, Amazon have announced that they are closing their webstore service, but will continue to support current merchants on the platform for a year until they find a suitable alternative. No reason has been given for this move.

Amazon Fulfilment

For the ultimate in fire-and-forget ecommerce, you can also register for [Amazon Fulfilment](#) . The way this works is that you set up your webstore or seller account, and then send your stock to the nearest Amazon warehouse. Amazon then takes care of all the shipping, order tracking, returns, customer queries and anything else that might get in the way of your busy day.

How much does it cost to sell via Amazon?

Having an Amazon Seller is free if you have an 'individual' account with a charge of 75p per item. If you upgrade to the pro-merchant account, the monthly fee is £25.00 but the per-item fee is £0. Therefore you need to sell at least 34 items per month to benefit from the pro-merchant account.

In addition, you also have to pay a 'referral' fee. this fee varies depending on the type of product:

Table 3: Amazon referral fees per category

Amazon deducts the greater of the applicable referral fee percentage or applicable per-item minimum referral fee. See "Referral Fees" notes above.		
Categories	Referral Fee	Applicable Minimum Referral Fee (applied on a per-item basis unless otherwise noted)
Amazon Device Accessories	45%	£0.40
Beauty	15%**	£0.40
Beer & Wine	12%	--
Books, Music, Videos, DVDs	15%	--
Car & Motorbike	15%**	£0.40
Clothing	15%**	£0.40
Computers	7%	£0.40
Computer Accessories	12%*	£0.40

Consumer Electronics (excl. accessories)	Individuals: 10%**	£0.40
	Pro-Merchant Subscribers: 7%**	£0.40
Electronic Accessories	12%*	£0.40
DIY & Tools	12%**	£0.40
Grocery	15%	--
Health & Personal Care	15%**	£0.40
Jewellery	25%**	£1.25
Large Appliances (with the exception of Accessories, Microwaves and Range Hoods)	7% **	£0.40
Musical instruments & DJ	12%**	£0.40
Software	15%	--
Spirits	10%	--
Tyres	10%**	£0.40
Video Games	15%	--
Video Game Consoles	8%	--
Watches	15%**	£1.25
Everything else	15%**	£0.40

The fulfilment charge is tiny when you think that you could spend more than that on petrol going to the post office and back never mind the hassle of having to organise deliveries and set it all up.

For a typical small ecom website shipping an average of 2 orders per day costing £30 per item it will cost £32.98 for the fixed costs plus £240 for selling fees and fulfilment. That means if a site is selling £1,800 per month, its ecom charges will be £273 which works out at about 15% in total - Sounds a bit high, but if you consider that you do not have to handle any of the delivery, returns, warehousing, fraud screening, customer enquiries and stock control it means your overheads are only 15% of the retail price. All you have to do is restock the warehouse when you run low and update the product information using the desktop software every so often.

If you wanted to buy a full spec ecommerce system (with or without Amazon integration), PCI DSS compliance, secure server and ongoing maintenance will cost you far more than this. Also, having SEO on your own ecom website to the level where you get a similar level of traffic as you would on Amazon would be incredibly expensive too.