



# HOW TO SELL ON AMAZON FBA

The ultimate guide for  
absolute beginners



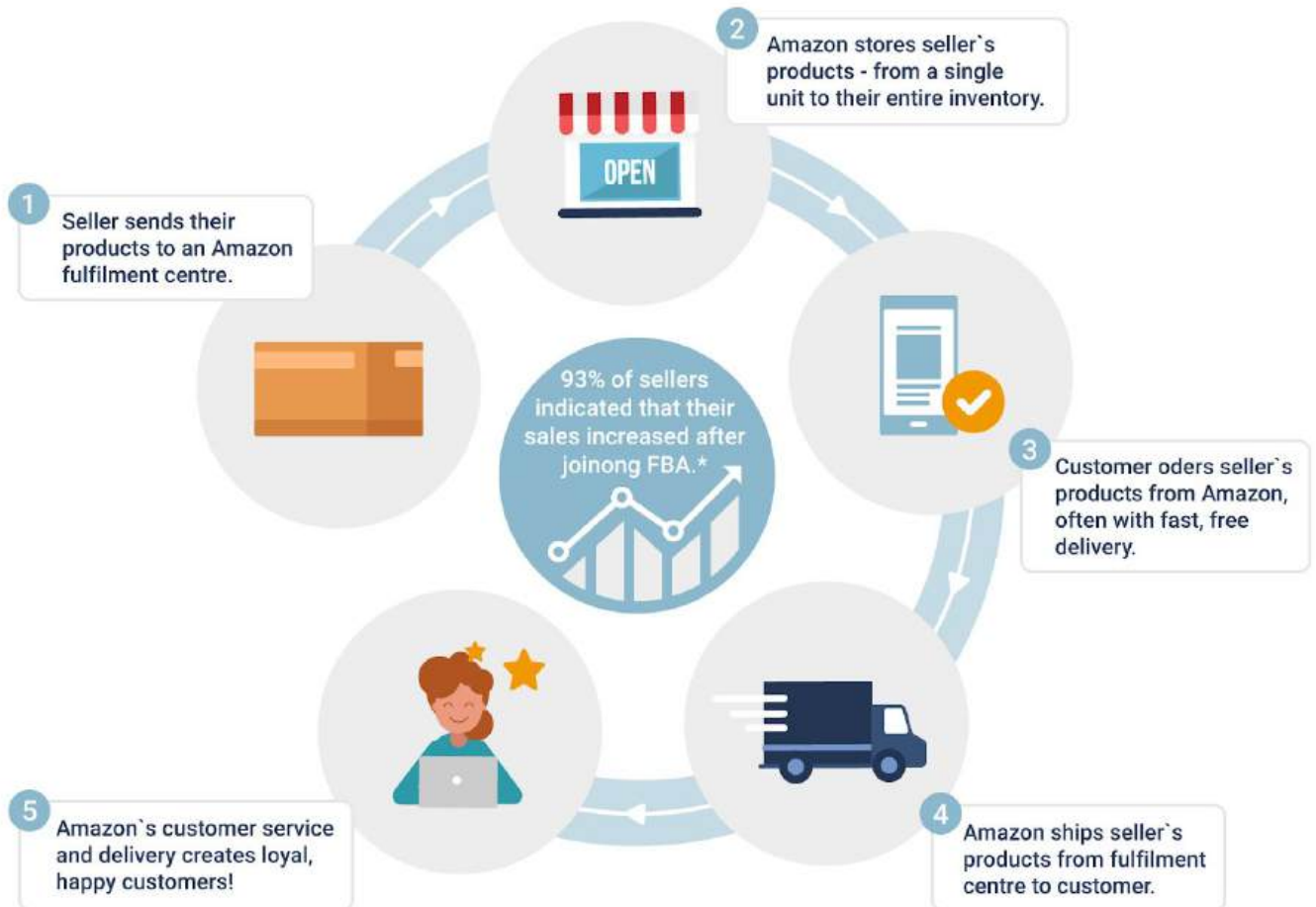
2019

# Table of Contents

1. What is FBA? How is it different from regular selling?
2. How FBA works?
3. Advantages and Disadvantages of FBA
4. How to start with FBA. Step-by-step manual
5. PRO Tip

## What is FBA?

### How is it different from regular selling?



\*Based on Q1 2013 US Seller Satisfaction Survey.

FBA stands for Fulfillment by Amazon. This service was launched by the eCommerce behemoth back in 2006 as a way for attracting small businesses to the platform.

The original mission of FBA (that did not change to this day) is to improve customer experience and give SMB companies access to Amazon's enormous resources.

Of course, using FBA is not mandatory for sellers. They can choose to use Fulfillment by Merchant (FBM) instead. Which means that every step of order processing is the sole responsibility of the seller.

Both, FBA and FBM, undoubtedly, have their pros and cons. And experienced Amazon sellers have very strong opinions regarding which one is better for different types of businesses, products, etc. But it is generally accepted that absolute beginners to Amazon selling, like the ones this guide is intended for, are better off using Fulfillment by Amazon as the starting point, since it has, possibly, the easiest model.

## How FBA works?

1. As you can see from the picture above, the FBA process is quite clear and easy. After you sign up for your Amazon account and list some products for sale, you need to send, label, pack, and set up a shipping plan in your Seller Central dashboard. And then go to your local post office and send the packages to an Amazon processing facility. And, basically, your work here is done.
2. Now Amazon will hold up its part of the deal. After receiving your package, Amazon will store it until somebody purchases.
3. A customer will look through Amazon, find your listing, and buy your product (often because FBA aids you in winning the Buy Box and offer better shipping options, more on that below).
4. Amazon will take care of shipping the ordered product to the customer.
5. Amazon will also handle all customer communication and support (including refunds and returns) until the order is finished. Then you will receive the payouts.

## Advantages and Disadvantages of FBA

As you can see, only one out of the five steps above is your responsibility. Seems like a perfect deal, why would anybody use anything but FBA. Well, the answer is simple – everything has its pitfalls.

Fulfillment by Amazon is, unquestionably, a great option for a one-man operation business. If the team is small and the resources are limited, following through with all the steps of getting your product to the customer can be very time-consuming. And potentially quite costly as well, since you will have to resort to third-party services for shipping at least, and those rates might not be cheap.

That's when the FBA team steps in and deals with the unavoidable warehousing, shipping, customer service, and refunds. So, you do not need to spend money on storage or hire additional team members. FBA also has some less obvious advantages, like:

- + **Amazon Prime and the Buy Box.** All FBA products are eligible for free two-day Prime shipping. And, according to most surveys, faster shipping is the second most important dealbreaker for customers (after the price, of course). FBA products are also more likely to win Amazon's Buy Box, so, your listing is displayed to customers more often
- + **Winning the competition.** FBA sellers are displayed higher in Amazon search results. That means that you will successfully set yourself apart from hundreds of competitors in your category. Additionally, there is a special search filter that customers can use to show FBA listings first.
- + **More sales.** Quicker shipping and Amazon's superb customer service subsequently lead to improving your reputation as a seller and a higher consumer trust rate. According to Amazon, the overwhelming majority of the Prime subscription customers will not buy a non-FBA product. And the sheer volume of sales from winning that Buy Box might surprise you.

- **Fees.** The obvious con of FBA is cost. It is not free, Amazon essentially charges you for every step of order processing. There are monthly storage fees, additional long-term storage fees, fulfillment fees. With so many fees you might wonder if it is really worth it. The answer is yes, it is worth it, but not for every product. Before listing your items, you can use [Amazon's profitability calculator](#) to see how well they will do. You might also want to also use a tool that helps avoid building-up long-term storage fees – [Inventory Health Report](#). Another potential problem is Amazon's "[distributed inventory placement](#)". This essentially means that Amazon can split and assign your products to different warehouses – you don't just send your inventory to the closest one. So, the initial shipping costs might eat away at your margin. There is a workaround for this but, not surprisingly, it also incurs fees.
- **Delays.** Despite Amazon's best effort, some delays can still occur around the busiest times of the year, like, Christmas, New Year, etc. And you cannot do anything about it.
- **Lack of control.** When handling your products, Amazon holds all the cards. It can ship via not the most cost-effective routes or improperly package the items, causing them to damage during transportation. Amazon can also mingle your products with other identical ones that are closer to the buyer. So, while purchasing from you, the customer will be getting the item that was sent to an FBA warehouse by another seller.
- **No customers email list.** This might not be an issue for you as a beginner, but, as your business grows, you might find this problematic. Amazon will not share customers' information with you and building a quality marketing email list can be hard without it.

<b>Fulfillment and Monthly Storage Fees</b>				
<b>Fulfillment Fees</b> / unit  Includes picking and packing your orders, shipping and handling, customer service, and product returns	<b>Standard-Size</b>		<b>Oversize</b>	
	<b>Small (1 lb or less)</b>	<b>\$2.41</b>	<b>Small oversize</b>	<b>\$8.13</b> + \$0.38/lb. above first 2 lb
	<b>Large (1 lb or less)</b>	<b>\$3.19</b>	<b>Medium oversize</b>	<b>\$9.44</b> + \$0.38/lb. above first 2 lb
	<b>Large (1 lb to 2 lb)</b>	<b>\$4.71</b>	<b>Large oversize</b>	<b>\$73.18</b> + \$0.79/lb. above first 90 lb
	<b>Large (over 2 lb)</b>	<b>\$4.71</b> + \$0.38/lb above first 2 lb	<b>Special oversize</b>	<b>\$137.32</b> + \$0.91/lb above first 90 lb
	<i>Add \$0.40/unit for clothing items</i>			
<b>Monthly Inventory Storage</b> / per cubic foot  Charged for all units stored in an Amazon fulfillment center based on calendar month and your daily average volume  <a href="#">Learn more about inventory storage fees &gt;</a>	<b>Standard-Size</b>		<b>Oversize</b>	
	<b>January-September</b>	<b>\$0.69</b> / per cubic foot	<b>January-September</b>	<b>\$0.48</b> / per cubic foot
	<b>October-December</b>	<b>\$2.40</b> / per cubic foot	<b>October-December</b>	<b>\$1.20</b> / per cubic foot

Picture: [amazon.com](https://www.amazon.com)

Even though we have outlined more cons than pros to FBA, it still remains a better option for a beginner if you follow the ground rules below.

## When is FBA good for you?

- When you are a beginner.
- When you only sell through Amazon.
- When you have some sales on other platforms that can be fulfilled through Amazon (Multi-Channel Fulfillment), e.g. eBay and Etsy.

## When is FBA bad for you?

- When you want to sell slow-selling, bulky or heavy items.
- When your profit is too small – less than 200-250% markup.

### **PRO Tip**

**When your Amazon business takes on, you might want to test out Fulfillment by Merchant on a limited number of your inventory to see which fulfillment option suits your business better.**



# Start selling online

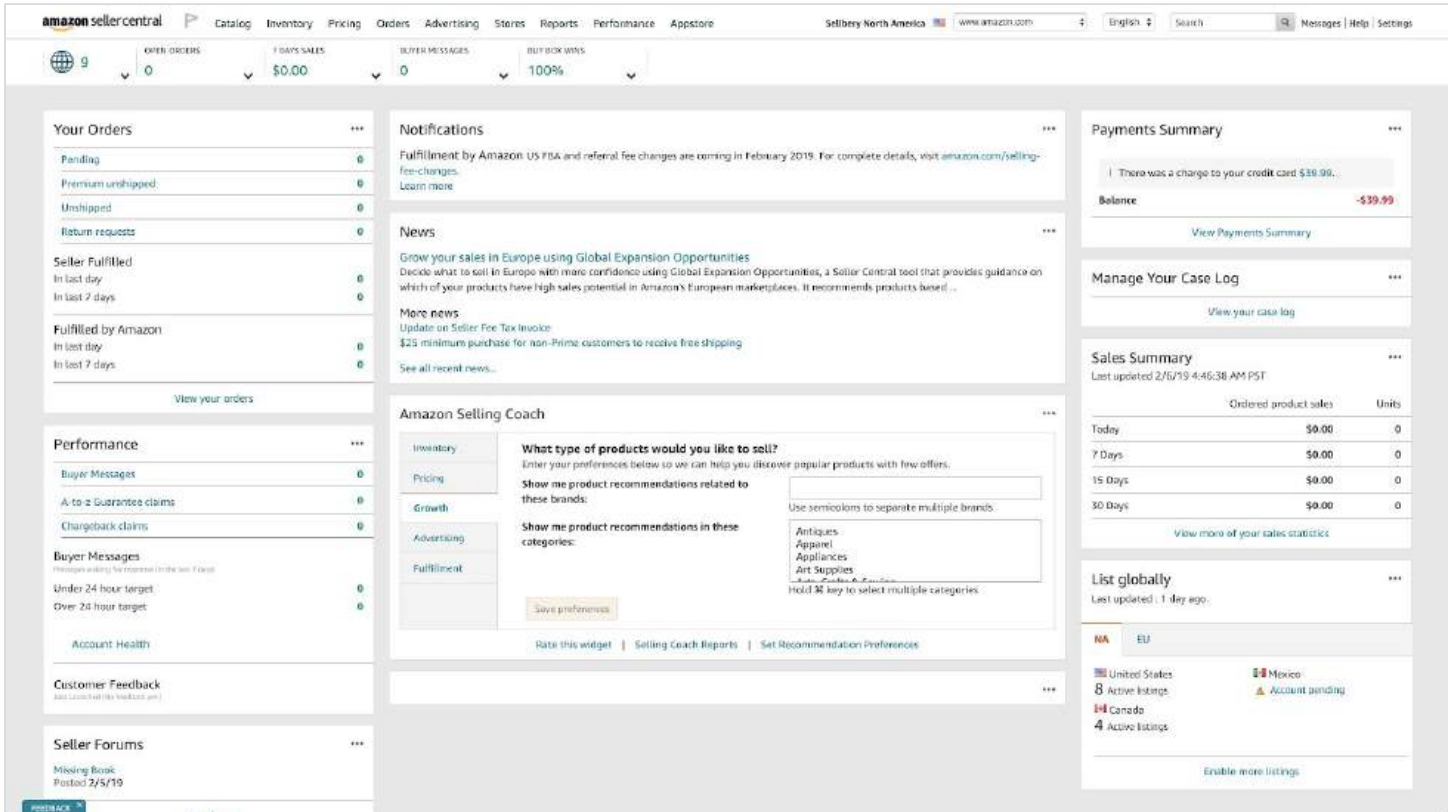
Start selling

\$39.99 a month + additional selling fees

## How to start with FBA. Step-by-step manual

### 1. Register for an account (if you haven't got one yet).

A. Go to the [Amazon selling page](#) and make sure to read all the information before registering, including the current pricing. Then click the "Start selling" button. As you probably noticed, there are two types of accounts: "Individual" and "Professional". Their conditions and pricing are different. As an absolute beginner, you can start with an "Individual" account (right now it charges \$0.99 for every sold product, 40 sold items per month are allowed) just to give yourself enough time to get acquainted with the account navigation. Because with a "Professional" account you will have to pay the seller fees (\$39.99) upfront. But you can upgrade to "Professional" at any time.

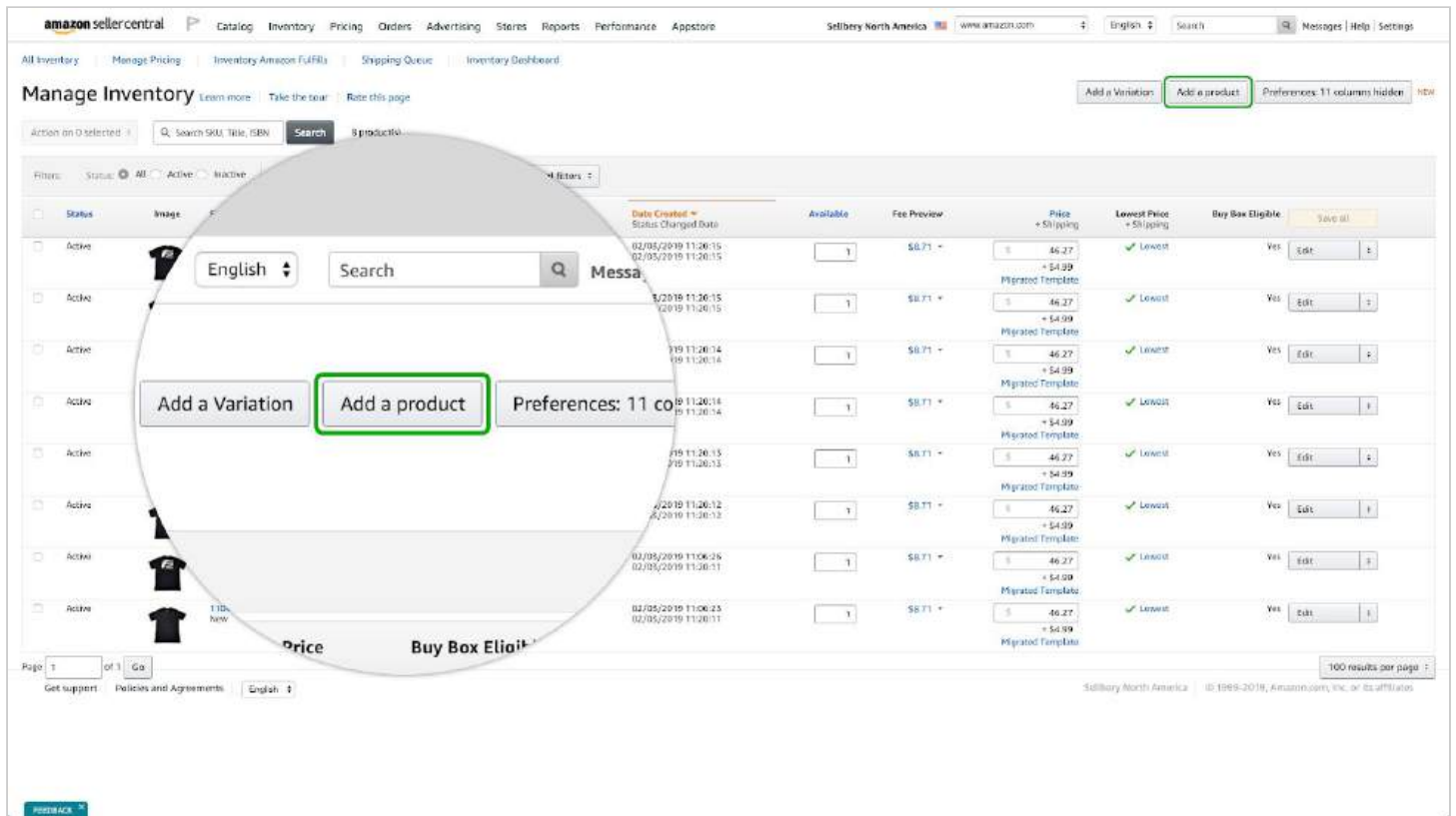


The screenshot displays the Amazon Seller Central dashboard. At the top, there's a navigation bar with 'amazon sellercentral' and various menu items like Catalog, Inventory, Pricing, Orders, Advertising, Stores, Reports, Performance, and Appstore. The user is logged in as 'Sellbery North America' on 'www.amazon.com'. The dashboard is divided into several sections:

- Your Orders:** Shows pending, premium unshipped, unshipped, and return requests counts.
- Notifications:** Alerts about US FBA and referral fee changes for February 2019.
- News:** Features articles on Global Expansion Opportunities and Seller Fee Tax Invoice updates.
- Amazon Selling Coach:** A tool to help discover popular products with low offers, including a 'What type of products would you like to sell?' section with categories like Antiques, Apparel, Appliances, and Art Supplies.
- Performance:** Tracks buyer messages, A to Z Guarantee claims, and chargeback claims.
- Customer Feedback:** Shows missing feedback and postcard statistics.
- Seller Forums:** Lists missing forum posts.
- Payments Summary:** Shows a credit card charge of \$39.99.
- Manage Your Case Log:** Provides access to case logs.
- Sales Summary:** A table showing ordered product sales and units for Today, 7 Days, 15 Days, and 30 Days.
- List globally:** Shows active listings and account pending status for the United States, Mexico, and Canada.

**B.** Make sure that you have everything ready for registration. Amazon will ask you for the following information:

1. Your business name (Individual sellers can use their full name) and Address.
2. Read the document first and then check the box "Agree to Seller agreement".
3. Your phone number. You need to have it with you for SMS verification.
4. Billing Method (e.g. a valid debit card) and Deposit. For a "Professional" account you will need a chargeable Credit Card.
5. Your tax information. Only for "Professional" accounts
6. After filling in all the information, you will be redirected to your newly created account.



## 2. List your items

**A.** Assuming that you have already chosen which products to sell, now you will need to list them in the account.

**B.** Go to “INVENTORY” tab and click “Add a product”.

**C.** A pop-up window will prompt you to search for the product that you want to sell by barcode or by name. If you do not sell anything unique or, maybe, handmade, just search for the item to save time.

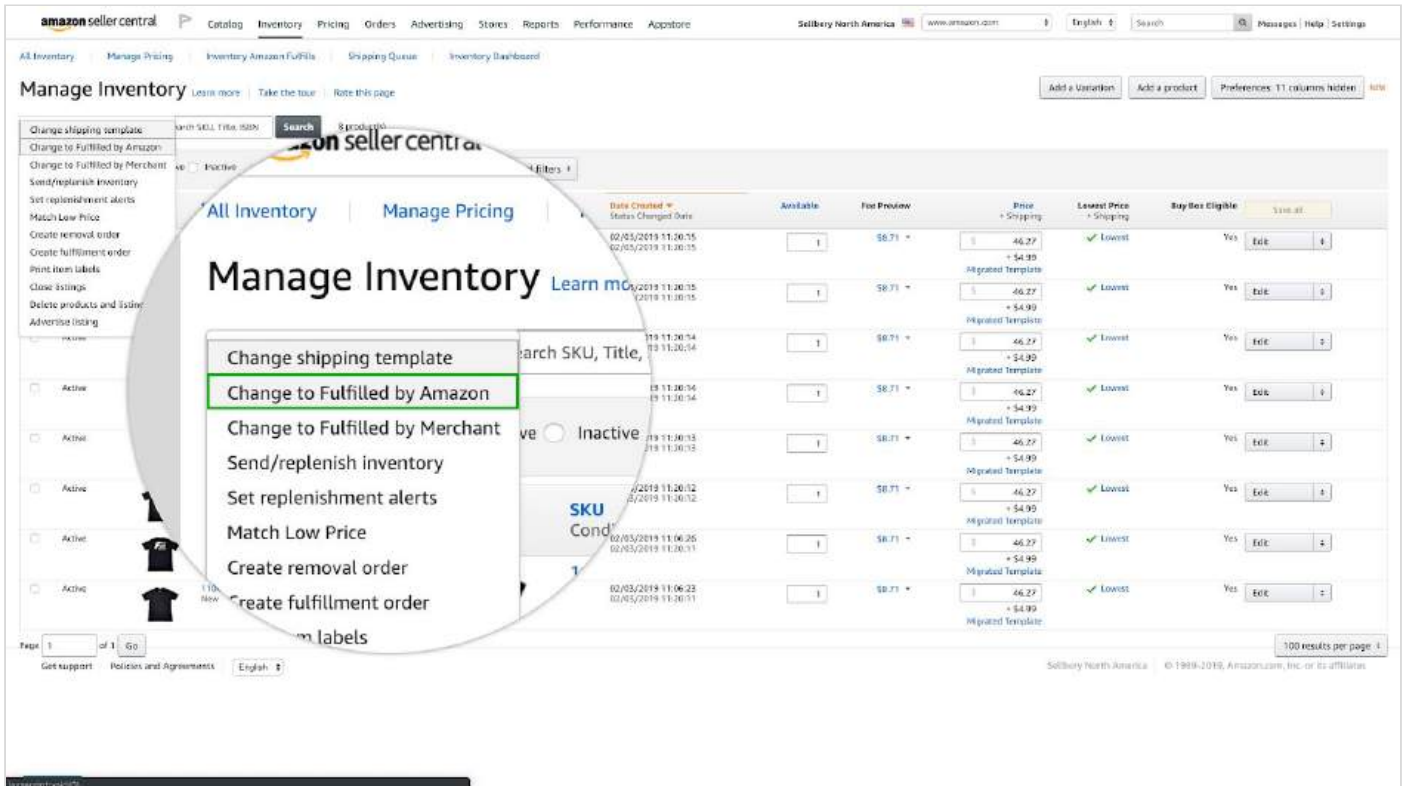
**D.** Then fill out the information fields:

1. The price of your product. How much do you want to sell it for? Make sure to count in all of the Amazon fees.

2. The condition of the product. Never lie about the condition. You cannot hide the truth forever. When the customer receives your “Used-Good” product with a whole lot of wear and tear, you are getting a 1-star review for sure. Consult this Amazon Condition Guide when in doubt.

3. Shipping method. This essentially is the step where you choose between FBA and FBM. For Fulfilment by Amazon make sure to choose “I want Amazon to ship and provide customer service for my items if they sell.”

E. The last screen just asks you to agree with the Terms and Conditions.



The screenshot shows the Amazon Seller Central interface. The main heading is 'Manage Inventory'. A circular callout highlights the 'Actions' menu, which includes options like 'Change shipping template', 'Change to Fulfilled by Amazon', 'Change to Fulfilled by Merchant', 'Send/replenish inventory', 'Set replenishment alerts', 'Match Low Price', 'Create removal order', 'Create fulfillment order', 'Create fulfillment order', 'Print item labels', 'Delete products and listings', and 'Advertise listing'. The 'Change to Fulfilled by Amazon' option is highlighted with a green border. The background shows a table of inventory items with columns for Date Created, Available, Fee Preview, Price + Shipping, Lowest Price + Shipping, and Buy Box Eligible.

### 3. Convert items for FBA selling

A. This might be a bit confusing, but even though we just chose the FBA option, you need to take some additional steps to sell through FBA. This is due to the fact that not every item can be fulfilled by Amazon or you might not want to sell all of them via FBA. So, on this step, you need to choose which ones to send to Amazon exactly.

B. Go to INVENTORY → Manage inventory → Actions. In the drop-down menu choose “Change to Fulfilled by Amazon”. From that moment on your item will not be visible until you follow through with the process and actually send it to an Amazon warehouse.

C. At this point, you will be asked to choose between two options: “FBA Label Service” or “Stickerless, Commingled Inventory”. “FBA Label Service” means that Amazon will put a label on the product for you. It does come with a small fee of \$0.20. “Stickerless, Commingled Inventory” is free. It means that there will not be a seller sticker on this item. It is good for when you sell a brand new and not unique product that

many other merchants also sell through FBA. Amazon might use your item to fulfill other seller's order and vice versa. There is a catch to that, however: if the other seller's item is bad quality, you will get blamed for it and might even receive a bad review.

**D.** On the next step, you need to choose whether to "Convert only" or "Convert & Send Inventory". If you want to add some more items to FBA, choose the former. If you want to finish the process and go to the next step, choose "Convert & Send Inventory".

## **4. Create an Amazon FBA Shipping Plan**

**A.** Now you come to the last stage of the setup – creating a shipping plan. Here you will need to provide your "Ship from" address and choose a Packing type:

1. Individual products.
2. Case packed products – choose only if you, for example, send a box full of identical items.

**B.** Add your items to the shipping plan.

## **5. Now that your shipping plan is created, go to INVENTORY → Manage FBA shipments → Continue with shipping plan.**

**A.** Here add the quantity of each item and whether your item needs prep, (note that, only a minority of items require it, e.g. inseparable sets, which need "Do not separate" sticker as prep). Also, choose who will label the products, you or Amazon.

**B.** Next, weigh your items. You can use any available scale.

**C.** Purchase shipping from Amazon

**D.** Print labels and put them onto the package.

**E.** And, finally, go to your local post office and ship your items to Amazon.

## PRO Tips

Some additional tips from Amazon experts to get your business to another level.

1. **Find good items for sale.**

Your Amazon experts will tell you that this is the most important step. And they are not wrong. Choosing a product that will sell well and will be highly profitable is the most important step. As a beginner, you can just have a look around your own house and find items for sale: maybe some old video games or board games, that you do not use anymore. Later on, when you get enough experience with Amazon, try looking into Private Labelling. This means that you find a product that is already selling well and put your own label on it. To find the well-sold products try visiting the [Bestsellers section](#) on Amazon.

2. **Create top-notch listings.**

Invest in some professional photos and copywriting for your products. If you can do all of that yourself, that's fine. But if not, nowadays it is easy to find a person on the internet who will do that for you.

3. **Do your research. Check your orders daily.**

If your products are selling well and you make a good profit, look for the next product that will do the same. If not, analyze why and try to minimize the damage. There are tons of information about selling on Amazon out there. Take your time to find the most recent and relevant one.

4. **Read Amazon Policies.**

Never just skip agreements and rules without reading them. You do not want to lose all your hard work or business because of some small rule that you never thought was that relevant. Amazon is very strict about their policies. And losing seller accounts due to banning is not unheard of. Review the most important policies from time to time to see if there are any changes.

5. **Get reviews.**

Building your seller reputation starts with getting some positive reviews. Try looking through the [Amazon's top reviewers list](#) to see if there are potential reviewers for your products there.

6. **Go multichannel.**

When you finally reach your target revenue and your business becomes stable, it is the time to scale it up. The current eCommerce trend tells sellers to expand into multichannel sales.

**Some advantages of it include:**

- You know the products well and have all the necessary descriptions.
- There will be no costs for new product establishment, i.e. research, logos, design, advertising.
- A new audience will get awareness of your brand and it will increase the loyalty of the existing customers.
- Nowadays it is possible to manage all new channels yourself, especially with the help of multichannel sales tools. A tool like [Sellbery](#), for instance, allows Amazon to be a source marketplace. That means that you can automatically download products from Amazon to other platforms in bulk with all necessary information included in the product description. Sellbery also helps count FBA fees into the total price of your products. With this tool you can also automatically synchronize orders between various channels, to manage all of them in one platform of your choice.