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A PARTNER THAT
DOESN'T CARE

Here's
the good,
the bad,
and the
ugly

about doing business on Amazon.
The good: 80 million customers with practically zero investment. You don't need thousands of dollars to open a store or purchase inventory. You don't even need a computer! All you need is a smart phone, a credit card to purchase goods, and an eye for what people will buy. That is unheard of in the history of commerce. You always needed lots of money to start a business. Now you don't.

In addition, as a veteran seller, you'll learn how to utilize tools Amazon provides to professional sellers to manage inventory, shipping, pricing, and marketing. In other words, the company gives you the tools to help run your business better.

The bad: Amazon doesn't care about you or any of its other 1.6 million sellers. Whether you're new or someone who's been selling on Amazon for years, Amazon's primary focus is on the consumers and, recently, on big brands.

That means the customers are Amazon's and there's no opportunity for the seller to develop buyer loyalty, ophy and business plan. The sellers are not permitted to steer customers to their stores and the online giant highly regulates any communication sellers may have with customers. In other words, Amazon zealously enforces "ownership" of its customers.

The ugly: Amazon can suspend its sellers without warning at any time. Moreover, when a seller's account is suspended, he not only loses the ability to sell his products, but Amazon also withholds his money from previous sales.

All sellers must follow Amazon's principal of "customer obsession." Even when the customer is clearly scamming a seller and claiming the product was not what he/she expected, sellers are required to keep that customer happy and avoid complaints. Amazon also expects near-perfect control over inventory, shipping, and packaging. If a seller has any doubt that his product will arrive in perfect condition, that seller should sell something else. Amazon also requires its sellers to respond to customers within 24 hours, which could pose a problem on Shabbos or Yom Tov.

All that said, if you follow the rules and put up with all the headaches, selling on Amazon is a great opportunity to make money. To answer your question, yes, you can do well on Amazon if you put in the time and work hard.

C.J. Rosenbaum is a lawyer who specializes in assisting Amazon sellers reinstate their accounts, avoid suspensions, and defeat false claims. He is currently writing a book on Amazon Law.

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BE PREPARED
AND
CONNECT

BIZBYTE
AS OF THE FOURTH QUARTER OF 2015, THE E-RETAILER REPORTED MORE THAN 304 MILLION ACTIVE CUSTOMER ACCOUNTS WORLDWIDE.
—DIGITAL STAT ARTICLES

Selling items on Amazon

has become very popular in the *frum* community. But be forewarned: While signing up as a seller is relatively easy, staying on the Amazon platform is extremely challenging, and the consequences can be dire. Amazon can bankrupt your business and force you into foreclosure. And it doesn't take much for Amazon to suspend a seller: One customer sending one complaint (such as "fake merchandise") can lead to catastrophe.

In short, Amazon looks at the seller as a product — one that is easily disposed of. To complicate matters further, rules vary from platform to platform. Something that's okay on Amazon.com, for example, may not be sold on Amazon.UK and vice versa.

While there's almost no chance you won't be suspended at some point, you can avoid 90 percent of the reasons for suspensions by keeping up to date with all of Amazon's rules and procedures. Sellers should be familiar with the online store's rules about listings, copyrights, trademarks, image compliance, condition guidelines, and more. Lastly, Amazon expects sellers to be experts on the rules on day one.

In my opinion, the best way to learn all the rules and guidelines is to participate in a professional sellers group. Being part of a group allows a seller to find out in a heartbeat about any new issues that can affect the way Amazon sellers can do well on the platform.

After I was suspended from Amazon around 18 months ago, I started one such group, a WhatsApp group that morphed into a collection of a few thousand *frum* sellers across the world. This group (sellersgroup@ gmail.com to sign up)

helps sellers work within the constraints of the rules, and provides insight on new policies. We also have direct access to former Amazon employees, who can help sellers when they get suspended or are in compliance trouble, as they know the ins and outs of the industry (from the "other side of the desk"). This may sound like a detail, but it's not. Unfortunately, there are unscrupulous people who prey on desperate Amazon sellers who have been suspended, charging \$5,000 to \$10,000 to help them try to get reinstated. In this kind of competitive environment, it's good to know there are people you can trust.

Ephraim (Ed) Rosenberg has been an online seller for 20 years, and founded ASGTG (Amazon Sellers Group Tele Gram).

BIZBYTE
FBA SERVICES AMONG SELLERS GREW MORE THAN 70 PERCENT IN 2016 ACCORDING TO LOGISTICS TRENDS & INSIGHTS THERE ARE MORE THAN ONE MILLION BRANDS FOR SALE ON AMAZON.COM, IN ADDITION TO MANY MORE ON THE AMAZON MARKETPLACES.
—MARKETPLACE PULSE

BIZBYTE

AMAZON IS THE LEADING E-RETAILER IN THE UNITED STATES WITH MORE THAN \$107 BILLION IN NET SALES IN 2015. THE MAJORITY OF THE COMPANY'S REVENUES ARE GENERATED THROUGH THE SALE OF ELECTRONICS AND OTHER PRODUCTS, FOLLOWED BY MEDIA AND OTHER ACTIVITIES.

—DIGITAL STAT ARTICLES

the question

I work at a rapidly expanding e-commerce business and keep on hearing about guys who are making it big selling on Amazon.

I'm tempted to go out on my own, but I wonder how profitable Amazon businesses truly are. Are these guys I hear about really doing so well? What does it take to start an Amazon business? What are the risks? And what's the potential for doing well?

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KNOW THE
RISKS AND STAY
FOCUSED

First, I'd like to thank Mishpacha

for addressing this important topic. As a national wholesale supplier of brand-name merchandise to Amazon resellers, I know there are many people making a very comfortable living selling on Amazon. I also know there are many people who are struggling to make a living on Amazon. As with all marketplaces, Amazon has *many* rules and regulations, and is *very* strict about sellers following the rules.

Shipping products in a timely fashion, selling authentic merchandise, and providing top customer service are just a few of the rules. Sellers who don't adhere to these metrics *all the time*, are at risk of having their accounts shut down. Furthermore, Amazon's rules keep getting stricter, a bothersome inconvenience to many suppliers and Amazon sellers. In order to succeed, my first piece of advice is to daven for *siyata d'Shmaya*. After that, make sure to follow Amazon's rules and regulations *conscientiously*; know the risks, and stay focused. Then, you can think about buying and selling well. Here are some pointers that will allow you to determine how easy or difficult selling on Amazon will be for you:

Dovid Pinter is the CEO of Savewize.com, a wholesale distribution company, and a public speaker for Parnassah Network. He also created a popular network to connect Amazon buyers and sellers.

- Buy only from legitimate suppliers and try to sell a variety of products; don't invest all your capital in one product.
- Calculate your net profit with Amazon's FBA calculator to see whether your purchases are priced within a margin that'll allow for a nice profit.
- Check the history of the product you want to sell. Price history and number of past sales can give you some idea on how desirable the product is, and how high the returns are.
- Try for exclusive sales. Either you can invest in your own

brand (otherwise known as private label), or get exclusive rights with a brand or supplier. In a somewhat similar vein, categories that aren't too heavily saturated (like pets and gifts) will have less competition and more recognition.

- Split large purchases with other Amazon sellers so that you don't get stuck with a surplus. However, make sure to agree on a predetermined price.
- Amazon restricts sales on products in certain categories. Don't buy your merchandise before checking this out.

For shipping efficiency, I advise you to use FBA (Fulfillment by Amazon) as opposed to FBM (Fulfillment by Merchant) since, unlike FBM, FBA gives you the possibility of display in the Buy Box (a box on the product page next to the "add to cart" that buyers most easily click on, trusting Amazon to deliver a trusted pick).

In sum, selling on Amazon can be profitable but it's a cut-throat business. Since all the sellers share the same page, the lowest price usually grabs the sale. However, once you're well established on Amazon, you can turn to other marketplaces such as Amazon Canada and UK, Ebay, Walmart, Jet, Groupon, Woot, and many more. Good luck.

BIZBYTE
48% OF ALL SALES
ON AMAZON ARE
COMPLETED BY
THIRD-PARTY
SELLERS.
—MARKETPLACE PULSE

Have a dilemma for our *parnassah* experts?
E-mail a synopsis to parnassah@mishpacha.com

*This column will appear
once a month.*