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## Amazon selling fees too high

I have talked a lot about the various eBay fees and how to avoid them, in this post I will discuss the different types of Amazon fees that exist and how to reduce them. I will explain the difference between an individual seller plan and a professional seller plan. Read on to understand these differences and learn how to reduce Amazon fees on your transactions as effectively as possible. Amazon has two main sales plan options, each with its own set of fees, as well as pros and cons. These options are: An individual seller plan The main advantage of this option is for people who plan to sell: items a t1 Low amounts of products Or people who simply want to test the Amazon ecommerce platform before investing money in a pro account. Disadvantages of a single seller plan The main drawbacks of this option include: Category restrictions - which is correct, Amazon limits the categories in which you are able to sell items including, as an exercise but not limited to collectibles and beauty products, manual listing - In the pro Amazon option it offers you Excel spreadsheet templates where you can compile titles and product descriptions and upload products en masse , but with the single seller's plan you are reduced to manually uploading product by product Ineligibility for the Buy Box – Since many of you may know that Amazon has a one-page rule per product, for example if 100 people sell Montblanc Cruise Ballpoint pens on Amazon there will only be one page. On the right side of that page Amazon displays a seller in what's called the Buy Box, which is the seller from which Amazon advises shoppers to buy. This is determined and redetermined every 15 minutes based on Amazon's algorithms. This box represents a high percentage of sales on Amazon, but if you are a single seller you are not eligible. The pro account comes to a monthly fthird-party9 and in contrast to the individual account does not require you to pay a commission per sale. The Amazon fee is \$1 per item, so if you're going to sell 40 times or more per month this option is the best solution. The benefits of a Professional Seller Plan Buy Eligibility - Full Eligibility to be included in the Buy Box lottery which, as I explained above, is a huge plus. Multiple product listings – This means Amazon provides you with a tool to upload tens, hundreds, or thousands of items at a time instead of creating a single listing for each product. Integrations and reporting features – This means amazon will allow you to use and integrate third-party tools such as inventory management or inventory management tools In addition, Amazon offers its professional sellers reporting tools such as professional sales plans and business reports. Promotions - The ability to run a wide range of promotions, from giveaways to buy one get one It can help you bring more products to market, generate feedback, and improve seller ranking. Multi-market listings: If you're selling in the U.S. market, you can duplicate your listings in the Canadian and Mexican markets for free. The main and unique drawback, in my opinion, is for a beginner or low-volume sellers who don't reach the 40-object brand, otherwise I would recommend the Pro Seller Plan – keep in mind that you can change or update the type of account at any time. Listing products on Amazon is free: Amazon automatically accepts rates once your item has been sold and forwards the rest to your account. These fees include: Shipping Fees Reference Fees Variable Closing Fees Note that sellers using FBA or Fulfillment By Amazon have a separate set of fees to pay and it is recommended to use the Amazon FBA calculator. Fulfillment By Amazon is a service where you ship your product to an Amazon fulfillment center and store and ship your item once it's sold. This is very affordable but comes with additional costs based on the size and weight of your product and the time of year amazon needs to store it (due to peak and low seasons). Here's a chart that summarizes these fees: let's go back to the top Amazon fees and split them: Amazon shipping rates These costs vary based on the size and weight of the product and depending on the company you're using. Amazon also offers two-day shipping, but to qualify you must meet certain requirements such as: Sell on Amazon for 90 days Have less than a cancellation fee of 1.5% Have 10 orders or more in the last 30 days in all different amazon reference rates Shipping options This is a separate fee from the individual item fee and obliges both category holders. Fees vary by item category, and some have a minimum reference fee per item, in which case you'll have to pay the highest of the two options. For example, let's say the benchmark fee for sunglasses is \$1, but the pair you're selling is a hundred dollars and the minimum reference fee per item is 4% which means \$4, so you won't pay the fee of \$1 rather higher than the two means \$4. Amazon Variable Closing Fees This is a fee amazon has invented for items they consider to fall into the mid-range category. This fee is hotly contested and loathed by most individual sellers, but alas if you want to sell on Amazon it comes at a price! The Basic vcf fees and products that are required to pay this fee are: Books \$1.35 DVD \$1.35 Music \$1.35 Software & Computers/Video Games \$1.35 Videos \$1.35 Video Game Console \$1.35 Let's delve into this starting with the three categories I mentioned above and see how you can save on these fees: Reduce Amazon shipping charges This is the area in my opinion where you have the most control and can you save most of the amount of money. There are various ways to save money on shipping: Priority Mail - If you're shipping relatively light items like phone covers or action figures you can choose to use the U.S. Post Office's Priority Mail option which provides you with a free box and most often comes out cheaper than the Rate Flat box Online Labels option – another easy trick is to print your online shipping that offers you a cheaper shipping fee and free postal tracking service that can help you improve your customer service by always knowing where your products are Free Packaging Materials – Talk to local sellers to allow you to pick up their used boxes and tissue paper or post that you're looking for these supplies on Craigslist. You will be shocked at how much money you can save a month on packaging materials. Also consider using shredded newspapers and magazines in order to protect your product and take a double dip by telling your customers that your e-business is green or conscientious from an environmental point of view. Negotiate - If you sell items from time to time, you have no leverage to bargain with, but if you ship in serious quantities, I would recommend picking up your phone at UPS or Fedex and asking them at what volume they offer customers discounts and special rates. You may very well be able to cut a few percentage points from your shipping costs. Pay attention to the volume – Fedex and UPS now charge more based on volume than weight, so by sending two smaller boxes instead of a large box you can save a good amount of money especially if this method is repeated regularly Reduce Amazon reference fees These fees are inevitable as I said above, but what you can do is carefully choose your items based on how much is worth selling in general included their shipping costs, but above all which categories have lower reference fees! Reference fees can range from 6 to 20% or \$0-2 if the item is under the minimum fee. Using Amazon's reference fee calculator, I tried to see what the commission was for 5 separate categories – this is what I found: Backpacks - 3% fee Books - 13% fee Fashion Jewellery - 20% fee Beauty products – 6% fee Baby products – 6% fee Now we can see clear discrimination against jewelry and fashion books and a clear favoring of backpacks , beauty and children's products. So, for the pure merit of choosing the correct product to sell, you can save hundreds of dollars in commissions. The best advice I have for people who deal with items that require to pay VCF is to carefully calculate whether it is worth selling these items. If you sell books for \$5 and pay over 20% in VCF, without including shipping and reference fees, you're barely making a profit. But if your books sell in the \$30 range you're in good shape and VCF is more marginal. Bonus ways to reduce Amazon Amazon rates these 3 categories there are other ways to save money and increase profitability on Amazon: increase the average selling price (ASP) – This will increase your profit margins and reduce seller fees. The main thing to remember when talking about ASP is that no matter what category you sell in, the higher the ASP, the greater the profit margins. A good ASP to aim for is about \$35. Consider the following examples illustrating the benefit of the most expensive items: a wristband that sells for \$15.00 will incur \$5.42 in fees that equal to 36.2% A blender that sells for \$5.42 144.00 will incur \$23.35 in fees which is 16.2% The most expensive item has a price-to-commission ratio that is more than half that of the cheapest item in this example. Exclusivity takes care of suppliers - Now you might think why anyone would want to give me an exclusive on their products? And the answer is simple: many people don't sell online and don't understand the internet and focus most of their attention on brick-and-mortar sales. Many of these businessmen and women can be found at fairs, for example where you can offer to be their exclusive suppliers, thus helping them to preserve the value of both their product and their brand. Once you have the exclusivity of a truly unique product, this will allow you to charge a nice price without engaging in bidding wars with competing representatives. How to reduce Amazon fees - Summarizing To quickly summarize just remember that Amazon has 3 main fees: shipping charges Reference fees Variable closing fees And that the best ways to save money on these are : Use of Priority Mail Use of online labels Use of free packaging materials Negotiation of a better rate with the postal service Splitting packages into smaller volume boxes Careful choice of Your items with low reference rates Avoid selling media-related items for not being charged VCF Raising your ASP in order to increase profit margins Surprising exclusivity agreements with retailers in order to eliminate competition I hope you have found my explanation of amazon rates informative and that my best tips for how to reduce Amazon fees helps you start saving money on your Amazon transactions. I'd appreciate your comments below especially if you have more ways to reduce Amazon fees that you'd like to share with the ecommerce community. Community.

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