

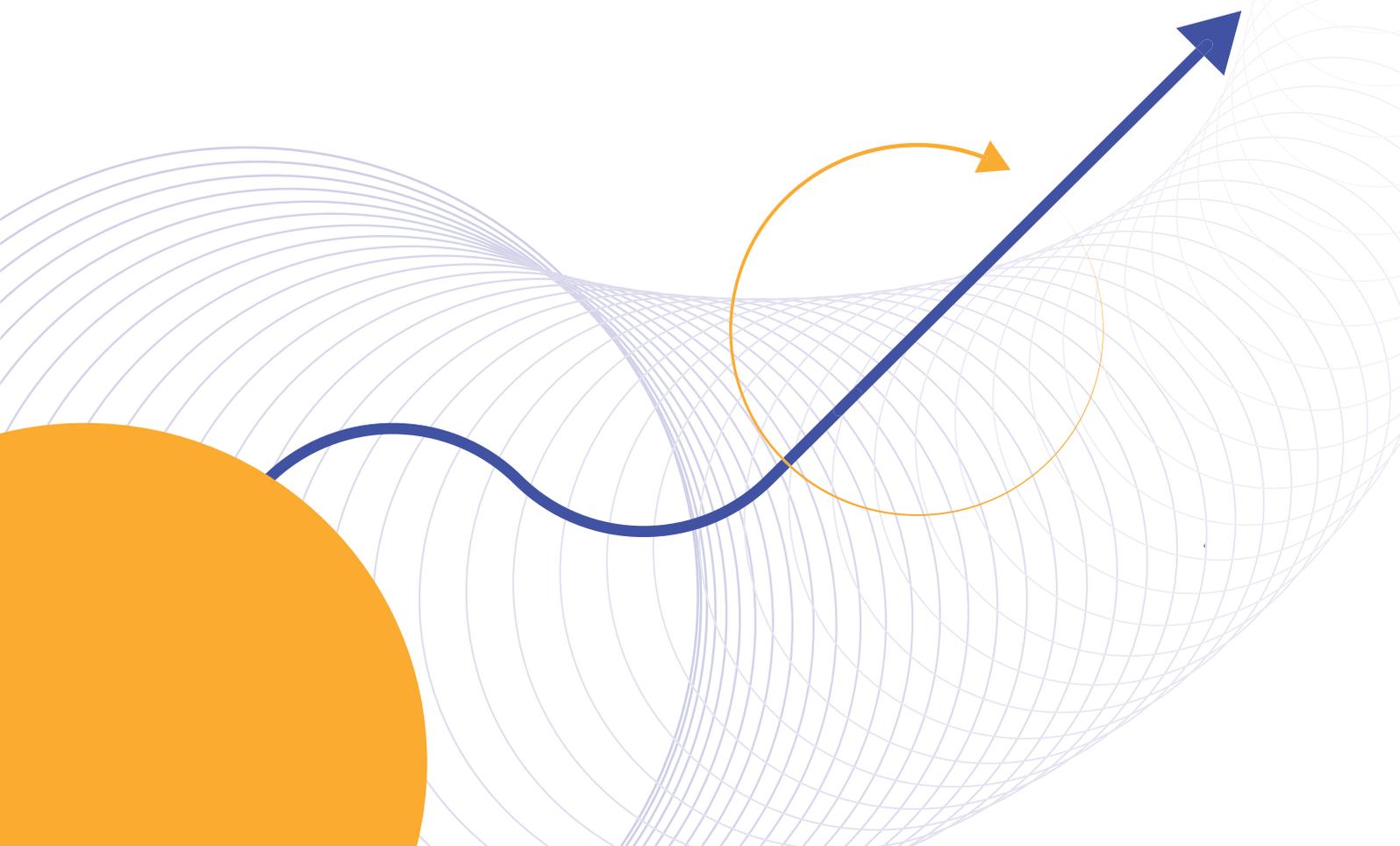


eBook

# Selling on **Amazon**

Beginners' guide

What you need to know to create an effective multichannel sales strategy for 2022–2025.



# About **Nethansa**

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Nethansa is an international team of experts helping clients manage their sales on Amazon and Kaufland.de. We combine professional account management and buyer support with a proprietary Nethansa Platform which helps automate sales on Amazon and manage pricing and stock levels.



nethansa

We help transform local businesses into global players by achieving sales success on Amazon's largest markets. Thanks to the solutions offered by Nethansa, our clients have access to 130 million potential customers in Europe!

[Discover our services](#)

# About this **eBook**

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This report has been created to show the potential of the Amazon marketplace in building a multichannel sales strategy for the years ahead. It includes data from sources such as Statista, Marketplace Pulse, Jungle Scout, BigCommerce, and our own research.



# What's **inside**?

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# Amazon compared to other global marketplaces

## Gross Merchandise Value (GMV)

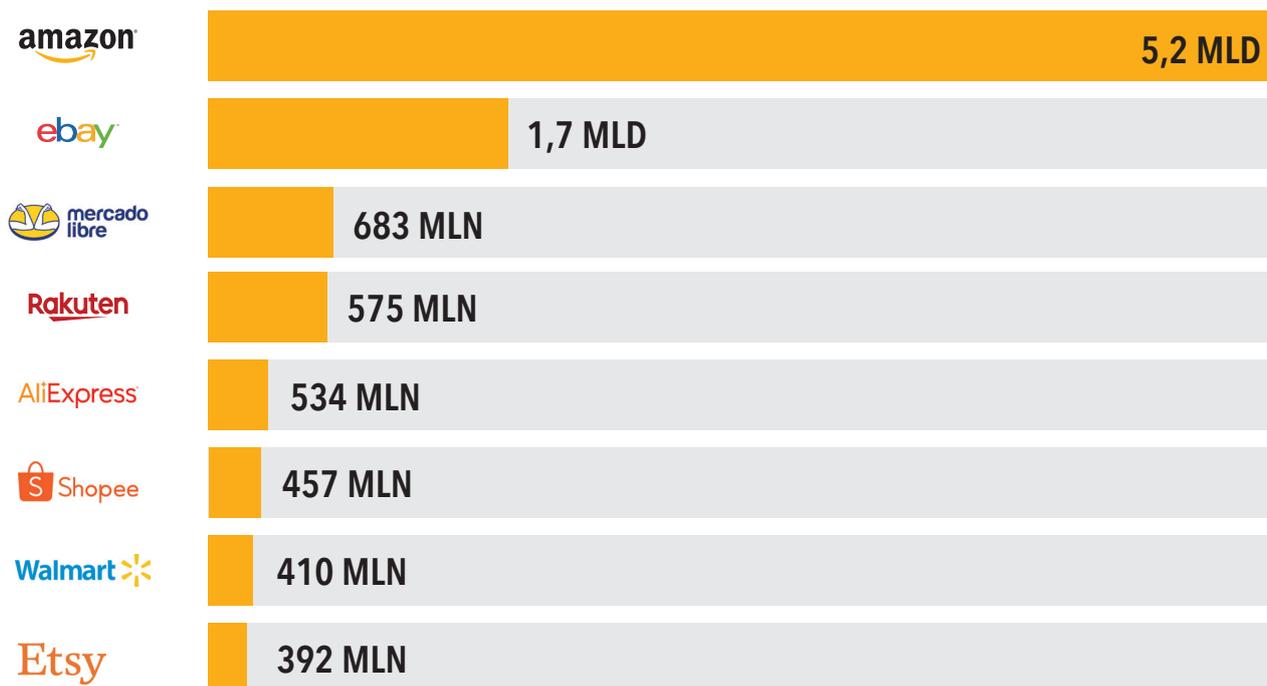
The research conducted by Marketplace Pulse shows that Amazon is the largest and most promising marketplace platform in the world. It has a critical position in the industry and is continuously expanding its business into new markets, such as Sweden or the Netherlands. Among global players, platforms which seem to be losing ground are eBay and Wish. The first one, despite being the second largest marketplace, hasn't been developed for a long time, according to experts. As for Wish, most sellers registered on that platform are Chinese traders with a small turnover. Platforms that are worth taking into account when planning a future sales strategy include Walmart and Google Shopping. Both have a great chance of success thanks to the constantly developing advertising capabilities, but they operate mainly in the United States. Interestingly, Google Shopping does not generate much interest among sellers, despite a 0% sales commission rate. The marketplace has only 7,500 registered sellers.



**Gross Merchandise Value** is a term used in online retailing to describe the total dollar value of sales for merchandise sold in a given market, over a specified period of time.

# Marketplace popularity

Amazon, eBay, and Rakuten are the three most popular global marketplaces in terms of number of visits – according to data from April 2021. The first one is light years ahead of its competitors – when compared to the next big player, eBay, Amazon has a 3.5 billion more visits.



Source: Webretailer. Data from April 2021. The analysis includes aggregated data from all the markets where the selected marketplaces operate.

Amazon.com has over  
**300 million**  
active users.

# Amazon in numbers

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## \$1.5 TN

**Market capitalisation of Amazon.com (January 2022)**, which makes Amazon the world's 5th most valuable company by market cap.



## \$110 BN

**Amazon's revenue (1/1/2021 – 31/3/2021)**

In the first quarter of 2021, the sales giant's revenue increased by more than 44% year-on-year.



## \$12 BN

**Sales during Prime Day 2021**

On Prime Day, Amazon sold \$11 billion worth of goods, up about 6% from the \$10.4 billion in 2020.



## 353 MLN

**Estimated number of products on Amazon**

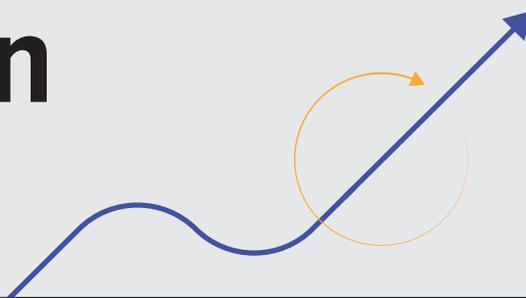


## 200 MLN

**Number of Amazon Prime members**

# 6,4 million

number of sellers on Amazon



In the first three months of 2021, 295 000 new sellers joined Amazon.

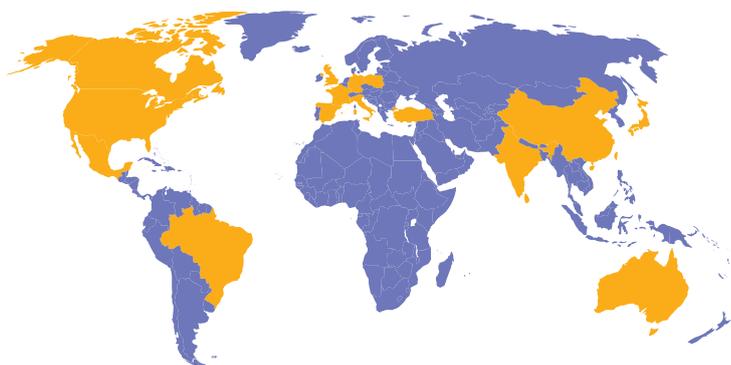
295 000 sellers means



new sellers in the first quarter of 2021

# 88%

**of consumers** identified free shipping as the major factor in their decision to purchase through Amazon.



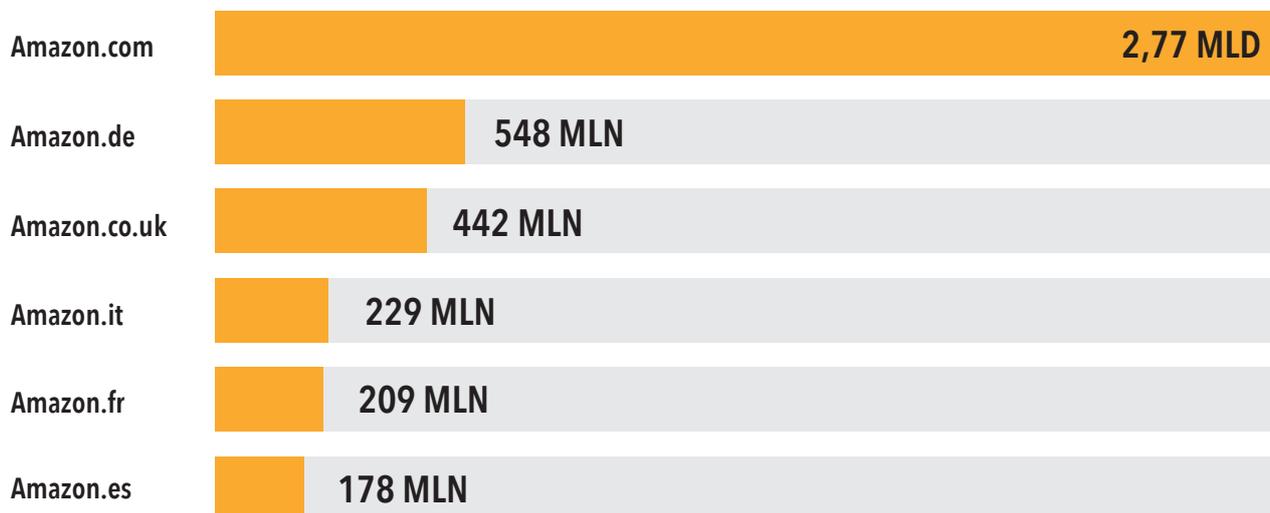
Amazon has **175** **logistics centres** in Europe and the US (as of November 2020).

# Number of visits per month

Amazon's biggest market is the United States. This is in part due to the fact that it is the platform's home market and the shopping needs of Americans are much greater than those of Europeans. In Europe, the biggest markets are: Germany, the United Kingdom, France, Italy, and Spain.



## Number of visits per month



Source: Similarweb. Q4 2021. The analysis includes data from the US market and selected European markets.



USA



Germany



Great Britain



France



Italy



Spain



Netherlands



Poland



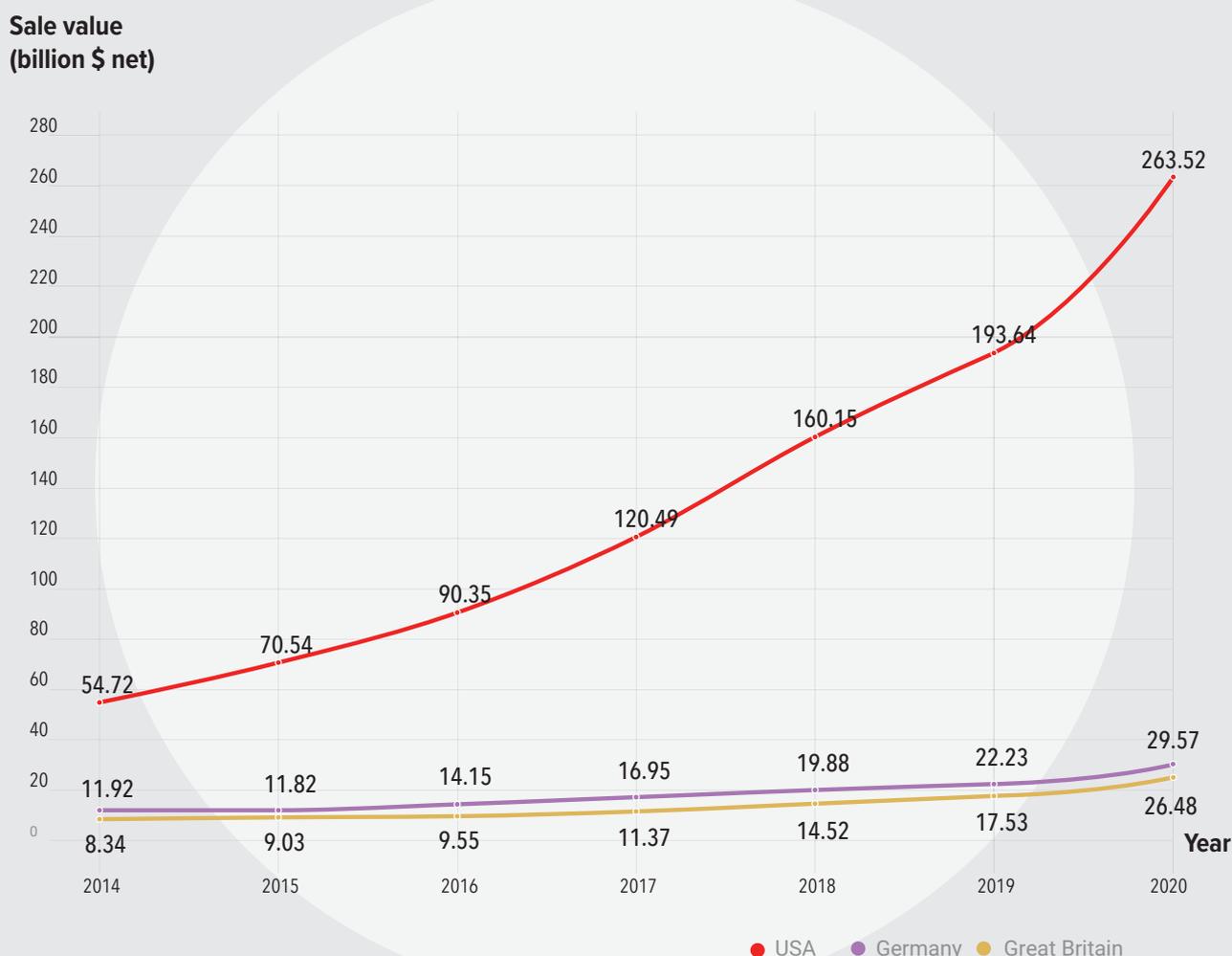
Sweden

# Top 3 countries

## – sales

The line graph shows the net sales performance of the three most prospective markets on Amazon. In 2020, the highest sales were achieved on Amazon.com where they reached \$263.5 billion. The second place, with total sales of \$29.57 billion, belongs to Amazon.de. The third most attractive market for Amazon is the United Kingdom, with \$26.48 billion in sales. Germany, the UK and other European markets offer great sales potential, which you can tap into by creating a seller's account and making your products available on the respective markets.

**Amazon's top 3 markets in terms of net sales from 2014 to 2020.**  
**Results in billion of dollars.**



# Sellers on Amazon

## General classification

There are over 9,7 million sellers on Amazon worldwide, operating on the most prospective global markets. A decade ago, the number of sellers did not exceed one million. In 2021 alone, the platform gained over half a million new sellers. This shows the giant's outstanding growth potential and market strength, even in times of crisis.

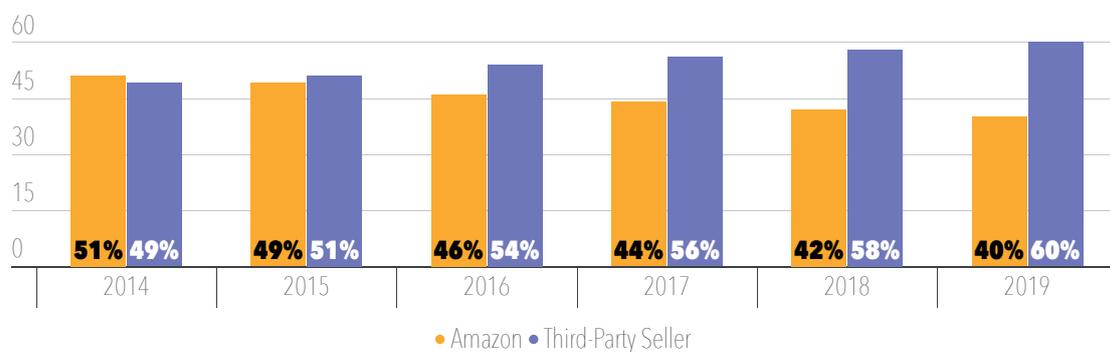
**9,7 MLN**  
sellers  
on Amazon

**1,9 MLN**  
active sellers  
on Amazon

**1 MLN**  
new sellers  
on Amazon in 2021

## The number of Amazon sellers in the last 10 years has grown 8 times!

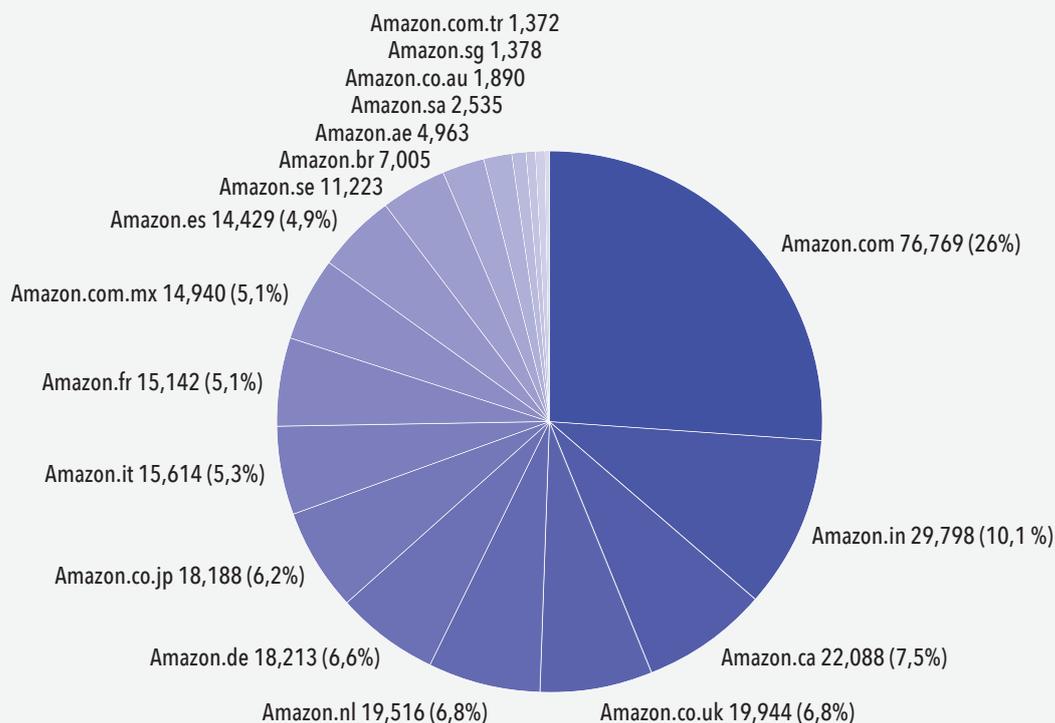
In the simplest terms, Amazon sellers are divided into Vendor Central (first-party seller) and Seller Central (third-party seller), or Mixed (first & third-party seller). In the first model, the seller sells the products to Amazon in bulk at wholesale prices. The platform then gains the rights to the received products and controls their prices. In the Seller Central model, on the other hand, Amazon acts as a sales channel for the products sold by a given merchant. This means that it is the client who is responsible for the pricing policy, shipping, sales and stock management. In 2019, the number of third-party sellers exceeded 53% and has been steadily growing ever since. In the third quarter of 2020, the sales generated by third-party sellers exceeded \$20.44 billion, and the value of sales year-on-year increased by as much as 55%.



Source: Marketplace Pulse. Participation in GMV by third-party sellers from 2014 to 2019.

# Active sellers

Nearly 1,9 million sellers are actively selling on Amazon. The number grows by 17.7% per year. A seller is considered active if they have products listed for sale on Amazon. The biggest Amazon marketplaces in terms of active sellers are the USA with 467,000 active sellers, France with 261,000 active sellers, and Spain with 257,000 active sellers. The fastest growing market relative to its size is the Netherlands (9.5% growth).



Source: Marketplace Pulse. Percentage of new sellers in the top 10 biggest Amazon markets. Sellers may trade in several different markets simultaneously, so the figures do not add up to 100%.

## Average turnover of Amazon Marketplace sellers trading on their own vs turnover generated with Nethansa

**€67 045**  
Individual seller



**€382 365**  
Nethansa Client

Source: Marketplace Pulse. Growth dynamics of active sellers in the top 10 Amazon markets.

# Growth dynamics on the main markets Amazon

	Marketplace	Active seller	Growth from 2018
	Great Britain	281,252	43,727 (18,4%)
	Germany	244,425	36,425 (+17,5%)
	Italy	216,610	51,110 (+30,9%)
	France	211,859	47,859 (+29,2%)
	Spain	203,413	52,063 (+34,4%)

Source: Marketplace Pulse. Growth dynamics of active sellers in the top 10 Amazon markets.

## The highest growth rates in the number of sellers is observed in the following markets:



mexico

+51,5%



spain

+34,4%



italy

+30,09%

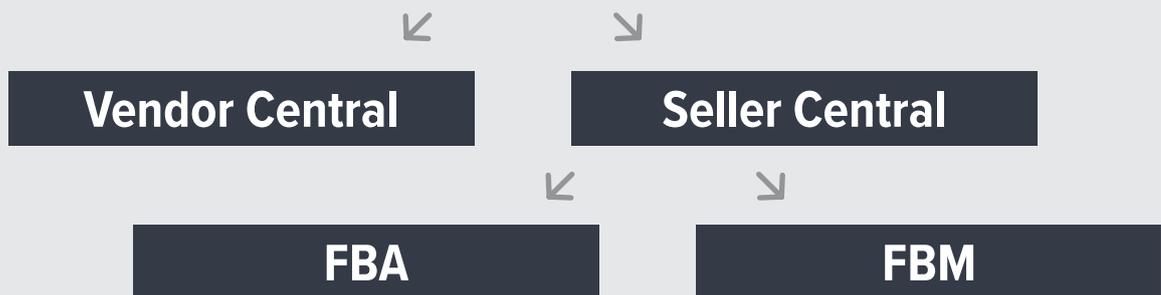


**Did you know that...?** Amazon is now available on 19 markets worldwide: the United States, Canada, the United Kingdom, Germany, France, Italy, Spain, India, Japan, Australia, China, Brazil, Mexico, Turkey, the United Arab Emirates, the Netherlands, Sweden, Poland, and Singapore.

# Order fulfillment models on Amazon

Amazon offers three basic logistics models: FBA, FBM and the mixed FBA + FBM model.

## Sales and logistics models on Amazon



### Fulfillment by Amazon (FBA)

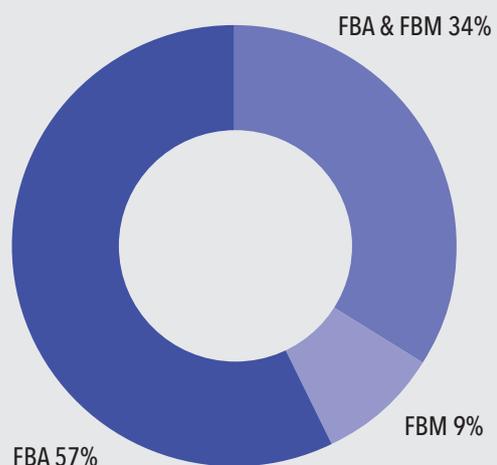
A sales method in which the seller delivers the products directly to Amazon's warehouses, while the goods still belong to the seller. Then, the products are shipped to the designated address by Amazon which is also responsible for managing customer service. The FBA program comes with an additional fee.

### Fulfillment by Merchant (FBM)

A sales method in which the seller lists their products on Amazon, but has their own warehouse, and manages shipping and customer service in-house (or through a logistics service provider).

### Vendor

A sales method in which the client delivers their goods to Amazon in bulk, and the selling process is handled by Amazon itself.



Source: Jungle Scout. Participation of Amazon sellers by selected order fulfillment models.

## **What are the benefits for the sellers who choose the FBM model?**

- very quick start and low initial project costs thanks to self-owned infrastructure,
- low risk – Amazon is treated as an additional sales channel,
- greater control over stock levels,
- less paperwork, especially for non-taxable states,
- no need to register for VAT in the country of storage,
- freedom in running your business and sales channels,
- no unexpected costs.

## **The FBM model is generally recommended to:**

- sellers who use many different sales channels,
- sellers offering premium or unique products,
- sellers with a large number of listings (e.g. several thousand different goods),
- sellers who want to start selling on Amazon.

## **What are the benefits of the FBA model?**

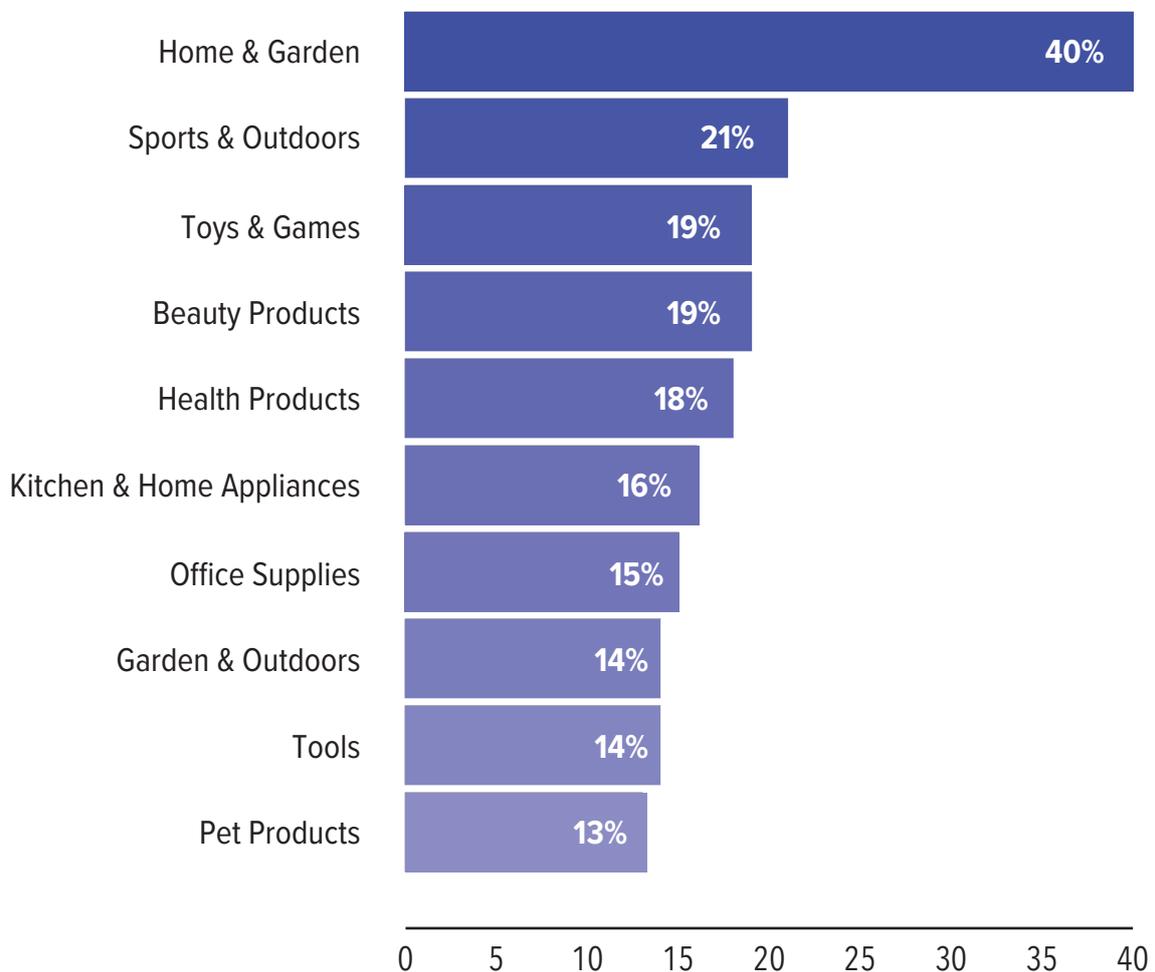
- free shipping for Prime subscribers,
- higher chance of winning the Buy Box – FBA sellers win the Buy Box when the prices of the competitors not using the FBA models are the same,
- higher conversion rates due to the fact that customers generally trust Amazon and rely on it, e.g. in terms of on-time delivery,
- simplified returns process.

## **The FBA model is generally recommended to:**

- sellers who already have some experience in selling on Amazon through the FBM model and want to scale up their business,
- experienced and conscious sellers, already registered for VAT in the countries where their goods will be stored. In Europe alone, Amazon has 7 logistics centres,
- companies that don't have their own logistics centres and order handling services,
- companies that offer “Next Day Delivery” around the world: all the goods stored in the FBA model are automatically available in the Prime subscription.

# Categories on Amazon

The chart below shows the most popular categories on Amazon in 2021, along with the percentage of sellers who offer products in those categories. The most common categories are: Home & Garden (40%), Sports & Outdoors (21%), Toys & Games (19%), Beauty Products (19%), Health Products (18%).

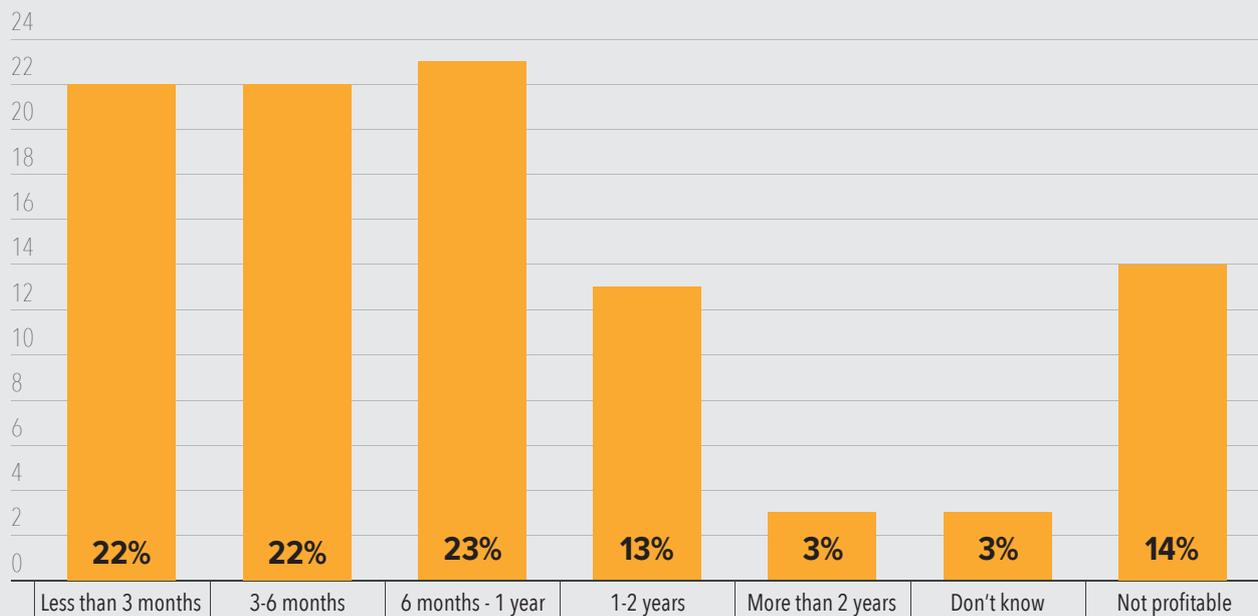


Source: Jungle Scout.

# Best practices for selling on Amazon

Selling on Amazon is not an easy task. It requires long-term planning and a good strategy. A big dose of determination is needed to generate high profits. It's quite uncommon to get "quick wins" – products that guarantee high turnover right at the moment of launching. 64% of Amazon sellers make profit within the first year of starting their sales on Amazon. Also, 44% of sellers say that their sales on Amazon in 2020 went better than they'd expected, considering the COVID-19 pandemic.

## Time needed for sellers to make profit on Amazon



**85% of Amazon sellers say that doing business on this platform is demanding and you need to have a good strategy in order to sell effectively.**

# 11 proven tactics for effective sales on Amazon

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## 1. Automate time-consuming activities and gain time for business development.

Issuing a bill of landing, ordering a courier, product matching, handling orders and returns, updating stock levels, content management – all these tasks are very time-consuming. **Nethansa Platform** is a proprietary tool that automates sales using advanced algorithms.

## 2. Create product listings in accordance with SEO rules. Ensure the highest quality of the content you share.

In order to sell effectively, you should look closely at the listings and keywords used by other sellers. Pay special attention to titles, key product features (bullet points), as well as product descriptions and images.



A good strategy is to type keywords into Amazon's search bar and see what additional keywords it will suggest.

## 3. Consciously adjust and combine the available selling models (FBA, FBM, Vendor).

Each selling model has its pros and cons. FBM is perfect for sellers who offer premium or unique products. FBA, in turn, will be a good choice for those who already have some experience and want to scale up their sales. Sellers operating in the FBA model have a greater chance of winning the Buy Box! With the right strategy, you can combine the available selling models and reap the benefits of each of them.

## 4. Communicate with your buyers worldwide.

When selling internationally, you need to have the right team in place to communicate with buyers in their native language. It is also important to offer quick response time and 365/24/7 availability. Additionally, you must be prepared to keep in touch with the Amazon team.

## 5. Make sure your products get good reviews.

Encourage buyers to rate your products! One way to do this is by including thank-you inserts in the packages sent to your customers.

## 6. Adopt an effective inventory policy.

Make sure you have enough goods in stock. If you sell seasonal products, the demand can be as much as 2 or 3 times higher in season than out of season.

## 7. Focus on winning the Buy Box.

A good ordering policy, optimal delivery time and positive customer reviews are the key factors in winning the Buy Box.



**What is the Buy Box? It is the area on the product details page where customers begin their purchasing process. Usually, the same product is offered by many sellers who compete to get into the Buy Box.**

## 8. Are you a manufacturer? Try a PPC campaign on Amazon.

Amazon offers various advertising formats, including CPC-billed ads, ads aimed at improving conversion, and brand image ads. To increase the visibility of your products, it is also worth investing in Sponsored Products ads.

## 9. Are you a reseller? Scale up your sales using a repricing tool.

Knowing your competitors' prices is key to building an advantage in selling well-known brands. Though it can be done manually, it is a very time-consuming task. Alternatively, you can trust technology to swiftly calculate the sales potential of selected products and identify the prices that will be most attractive to the customer when compared to other offers.

## 10. Don't use a one-size-fits-all strategy for all the markets you operate in!

When selling in foreign markets, you should always familiarise yourself with the specifics of running a business in that country. For example, with select products in the French market, the seller must have written permission from the manufacturer to trade on Amazon. If you do not meet these requirements, your seller account may be blocked.

## 11. When selecting merchandise to be sold on Amazon, take advantage of Big Data and sales forecasts.

There are tools available that will help you analyse the sales potential of your goods. Such tools calculate demand, identify the number of items and the prices of competitors.



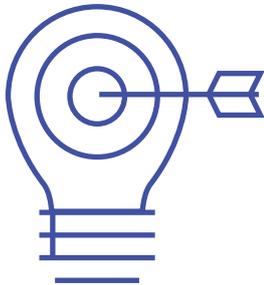
**89%**

Thanks to the Nethansa Platform, your profits may increase by up to 89%. This means that you can earn, on average, €20,000 more per month than when you are not using the Platform.

# How to start selling on Amazon?

## Before you start selling on Amazon:

- Choose the account type: Basic, Pro.
- Prepare documents that confirm your identity, e.g. a photocopy of your ID card or a transcript from the National Court Register.
- Carefully review the fees and charges you will have to pay.



## When setting up your account, choose the appropriate logistics model:

- Fulfillment by Merchant, that is processing shipments yourself or with the help of a third-party operator.
- Fulfillment by Amazon, that is storage and shipping done by Amazon.
- Mixed model.

1

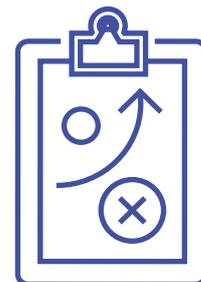


2

## Business model:

- If you sell your own products, you need to be prepared to create listings with high-quality product images.
- If you have your own online store with products from well-known brands, you can use existing product cards.

3



# How to scale up your sales on Amazon?

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1

Keep developing your product portfolio to increase sales volume.

2

Automate time-consuming tasks using the latest technologies.

3

Optimise delivery times for your products.

4

Offer free shipping.

5

Get advice from sales experts on Amazon who will help you align your growth strategy with your current sales.

# Thank you!

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We hope you found this e-book interesting and that it provided a lot of useful data regarding selling on Amazon.

Want to start selling effectively on Amazon?

**Email us!**



[content@nethansa.com](mailto:content@nethansa.com)

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