



# Pros and Cons of Selling on Amazon



## PROS



### Reach

Amazon is the most popular e-commerce site on earth, with more than 164 million active customer accounts.



### Cost

The 15-percent cut Amazon takes of each sale on its site compares favorably to the costs a retailer incurs selling the product on its own e-commerce site and may be cheaper than costs incurred selling the product in a brick-and-mortar store.



### Credibility

Amazon is among the most trusted brands in the world because of its high customer satisfaction requirements.



### Inventory Run

Amazon turns inventory about 12 times a year, or more than six times the average for a high-profit outdoor specialty retailer.



## CONS



### Direct competition

Amazon views third-party merchants as a source of expanded selection and buying options for customers.



### Customer Ownership

Amazon reserves the right to up-sell and cross-sell customers to which you sell on its site, while retailers are limited to sending transactional emails, shipment confirmation, thank you emails, etc., to customers through Amazon's encrypted buyer-seller messaging system.



### Commodization

The diversity of sellers using Amazon, eBay, Sears.com and other online retail marketplaces greatly raises the chances that many items will effectively be on sale perpetually as one seller or another lowers price to clean out their garage, raise cash or fulfill some other objective.



### Costs

While competitive on full-margin, lower-priced products, Amazon's fees can devour gross margin dollars on items priced higher than \$400.



### Accountability

Amazon almost always sides with consumers when disputes with a seller arise, and too many consumer complaints can result in Amazon pulling or restricting a seller's listing.

