

Sales platform	<ul style="list-style-type: none"> • Invite only • Amazon as a full-time distributor: they buy inventory, price it, ship it, serve customers, and handle returns 	<ul style="list-style-type: none"> • Anyone can register • Possibility to sell products on Amazon • Supply chain management in own hands • Possibility to go for FBA (Fulfilled-by-Amazon) or even MCF (Multi-Channel Fulfillment)
Benefits	<ul style="list-style-type: none"> • Amazon brand generates confidence • Best marketing services and tools • Relatively simple business model 	<ul style="list-style-type: none"> • A lot of data for analysis • Brand registry program • Customer service in own hands
Drawbacks	<ul style="list-style-type: none"> • Amazon owns the customer and serves them • No control on the pricing • Strict requirements and limited control with the logistics • Amazon pushes heavily in negotiations with vendors 	<ul style="list-style-type: none"> • Lower priority in search • No buffer for orders - they roll in constantly • 24-hour response time required • Crazy cut-throat competition
Conclusion	<ul style="list-style-type: none"> • Good for big brands with high volumes and own production • Accelerates profitability erosion 	<ul style="list-style-type: none"> • Better for analytics and profitability per unit • Control over customer experience

Understanding the Amazon Sales Platforms

There is no need to recite the importance of Amazon as a sales channel. They were the first one to make it on a global scale, and have reached and maintained a position as an important - if not the most important - online sales platform in the world.

Amazon offers different sales platforms for the sellers. In case you are planning to enter the game (or are already in it), it is a must to understand the differences between the sales platforms. We will scratch the surface on the Vendor central and the Seller central in this blog post.

Amazon vendor central is an invite-only club. There Amazon becomes the full-time distributor for your products. They buy the inventory, price the items, sell, ship, serve customers, and handle returns. It is considered as 1st party sales by Amazon. You can spot these items on product pages with the text “Ships from and sold by Amazon.com”.

Amazon seller central is more like a marketplace. You can add items and set their prices, and deliver them by yourself (Fulfilled by Merchant, FBM). There is also the possibility to opt for Amazon supply chain (Fulfilled by Amazon, FBA). In that case a seller can also opt for Multi Channel Fulfillment (MCF), where inventory managed by Amazon can be used to fulfill other channels.

Vendor Central Pros and Cons

The vendor central platform is based on the idea that Amazon sells the product. It is their inventory, so they have an incentive to get it moving. Amazon's own algorithms prefer these products, and customers get a boost of confidence from the Amazon brand.

Amazon Marketing Services (AMS) also provides the best options to vendor central users. A+ content and some marketing tools are offered only to vendor central users. The business model is also relatively straightforward: POs are typically sent weekly by Amazon, and all you have to do is ship.

Amazon will obviously take over the customer ownership. They will also set the pricing as they see best for them. They present strict requirements for logistics – not meeting those might introduce significant chargebacks. There is also the challenge of not being

in control of inventory. Anticipating demand peaks is not possible, it is left up to Amazon to predict it.

And since you are operating under Amazon's brand, they will set the tone in all communications and customer service. Vendors can also expect a strong push from Amazon on negotiating prices and terms. Also, every geographical location requires their own vendor central contracts.

Seller Central Pros and Cons

One great thing with seller central is that significant amounts of customer data is provided with no charge! Contacting the customers for remarketing purposes is strictly prohibited. However, it can be used to understand who is buying what and where.

Also, sellers control the pricing completely. A seller central account allows for other interesting things, like enrolling in Amazon's brand registry program, and controlling unauthorized listings by retail partners or unknown 3rd parties. On top of being able to customize the customer facing messages, seller central offers a possibility to use third-party customer review applications for reminders and such, and even supports APIs.

Since Amazon will prioritize 1st party sales over 3rd party, volumes are typically lower. Customer orders roll in constantly, and there is no weekly buffer due to Amazon managed warehouse. You must have capabilities and capacity to manage the order flow. Amazon expects a 24-hour response time to customer enquiries throughout the year.

One thing to consider is that seller central business is very competitive. It has been described as "a crazy cut-throat market".

Conclusion

The vendor central can be really good for big brands with high volumes and own production. Amazon is a fierce negotiator with them, and expects better deals over time and growing volumes. Seller central is certainly better for analytics and own control over the customer experience and supply chain.

It can't be universally said that one option is clearly better than the other for most companies. Companies interested in doing business on Amazon must understand where they stand and what are the consequences of the choices they make.

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