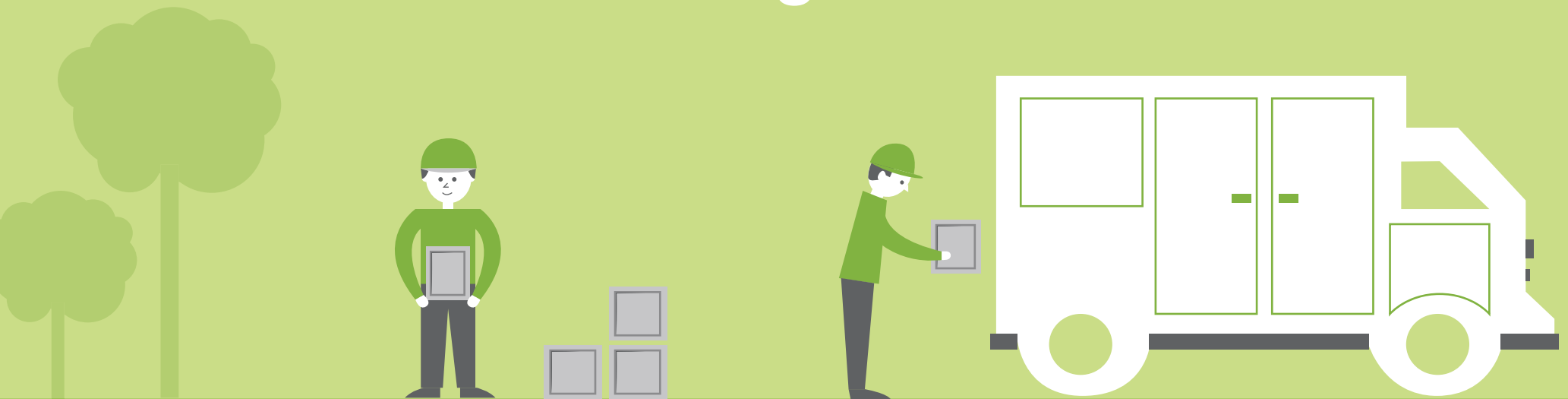


How to Succeed at
**CROSS-CHANNEL
FULFILLMENT**
Using FBA



SellerActive 



TABLE OF CONTENTS

01

Introduction

02

What Makes Cross-Channel Fulfillment A Good Choice

06

The Financial And Competitive Incentives

08

The Cost Considerations Needed For Cross-Channel FBA Success

10

Already Using SellerActive?

11

FBA Fee Schedule: Standard And Non-Media Items

12

FBA Fee Schedule: Oversize Media And Non-Media Items

13

FBA Selling On Amazon: An Example

14

Selling On eBay: Fees And Costs

15

Selling On eBay: Advanced Listing Upgrade Fees

16

Selling On eBay: An Example

17

Selling On Jet: Fees And Costs

18

Selling On Jet: An Example

19

Selling On Newegg: Fees And Costs

20

Selling On Newegg: An Example

21

Exploring The Profit Differences Across Marketplaces: A Hypothetical Example

22

The Different Approaches To Fees And Pricing

25

Is A Cross-Channel Strategy Right For Your Business?

27

Conclusion



It's well known that fulfillment by Amazon allows current Amazon sellers to realize significant improvements in order fulfillment efficiency, reduction of overhead, packaging, and other benefits by utilizing one of the most advanced fulfillment networks in the world. What many sellers may not know is that they can rapidly scale their business with minimal risk by leveraging a third-party inventory management and marketplace listing technology such as SellerActive in conjunction with FBA. This process is commonly called FBA cross-channel fulfillment, where e-commerce sellers can list their FBA inventory on other marketplaces in addition to Amazon, such as eBay and Jet.com, and seamlessly fulfill these marketplace orders via FBA. The result is customers get the Amazon shipping experience they know and love

while the seller is able to increase product visibility and build customer loyalty regardless of the sales channel used to deliver the product.

Third-party inventory management technologies can serve as a catalyst for cross-channel FBA fulfillment, allowing businesses to systematically leverage multiple marketplaces while still maintaining an excellent shipping experience and low overhead costs. However, businesses need to understand the differences between these marketplaces to determine if they can be a profitable fit for their product verticals. A strong grasp of the variations in both marketplace costs and selling potential (price elasticity and velocity) allows e-commerce businesses to make the best strategic decisions in implementing a cross-channel fulfillment strategy.

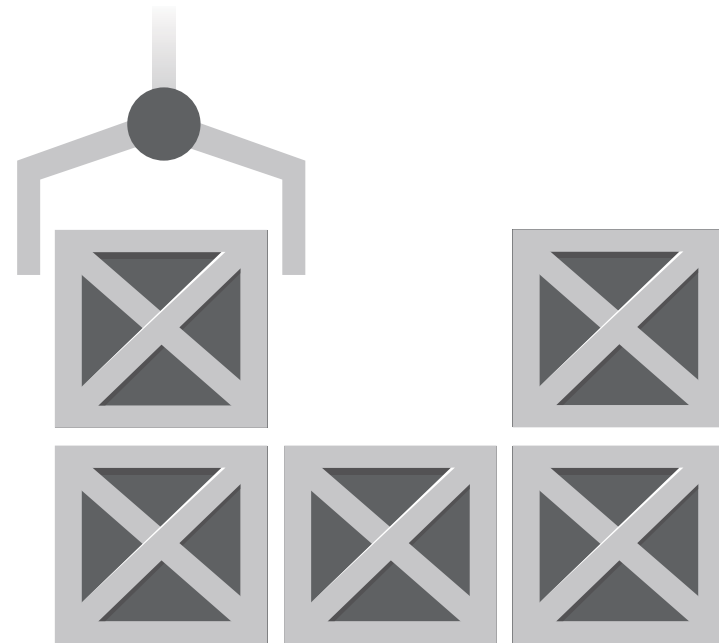


WHAT MAKES CROSS-CHANNEL FULFILLMENT A GOOD CHOICE?



An effective cross-channel fulfillment strategy can be very lucrative for your e-commerce business. You can fulfill orders through your website and a host of third-party marketplaces as well, streamlining and automating an otherwise complex process while at the same time increasing product visibility and providing an excellent customer experience. This strategy can also lower fulfillment costs, increase time savings, and free up resources for other areas of operation. Such an approach also means scalability during the busiest times of the year and strong visibility into operational costs due to Amazon clearly communicating fulfillment fees—a luxury that often doesn't exist if your business fulfills shipments itself. Using a third-party technology like SellerActive allows businesses to gain greater insight by capturing and reporting that data, another significant advantage.

FBA allows businesses to pay as they go, only being billed for the storage space and services they use. Total costs for cross-channel fulfillment through FBA start as low as \$2.57 for media and \$5.96 for non-media items.





Sellers looking to decide on the best marketplaces to incorporate into their cross-channel fulfillment strategy will need to understand the cost and fee differences between the many marketplaces available to them. While there are similarities in commissions that are charged in marketplaces such as eBay, Newegg, Jet and many others, these costs are just one piece of the data analysis that is needed. Evaluating the individual fee structures of each marketplace, in combination with your own respective fulfillment costs, will allow you to determine what marketplaces will be potentially profitable. Additionally, with the costs of order fulfillment standardized through FBA, it's much easier for businesses to make this determination.



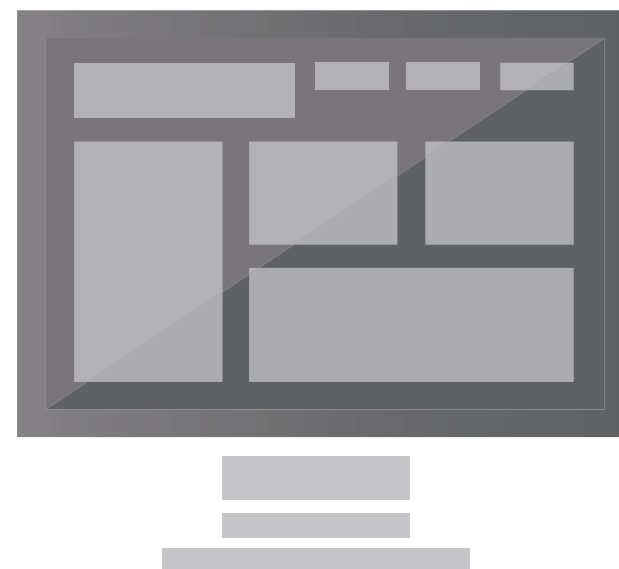


Leveraging multiple marketplaces simultaneously with cross-channel fulfillment is a strategy that can benefit merchants both large and small. Merchants with a very large and diverse set of SKUs may find that some of their products are a better fit for certain marketplaces while others are more optimal for different channels. For example, a merchant could find that their apparel product line sells the best with higher margins on Amazon, while their unique line of fragrances perform better on Jet.com. Merchants with a smaller set of SKUs may benefit just as much by simply increasing the exposure of their products across more marketplaces. In any case, when additional factors such as marketplace price elasticity and cost structure are taken into consideration, the potentially profitable options for merchants may greatly expand.





While FBA and cross-channel fulfillment are vital components for selling simultaneously across many different e-commerce marketplaces, they don't make the process particularly easy—especially when it comes to larger retailers selling hundreds or thousands of products. Leveraging technology, such as a multichannel inventory management platform, can be the key to enabling an efficient cross-channel sales strategy. With such a platform in place, retailers can automatically synchronize inventory levels across multiple sales channels, and ensure orders are quickly and accurately fulfilled. Businesses are able to get the most out of Amazon's cross-channel services, while at the same time keeping operational overhead down through streamlined fulfillment processes.



THE FINANCIAL AND COMPETITIVE INCENTIVES



One of the essential considerations to make with FBA and cross-channel fulfillment is how easily it helps businesses realize low shipping and storage costs regardless of size. The two services combined allow businesses to leverage economy of scale without drastically increasing their overhead costs. E-commerce merchants gain access to very reasonable prices—and faster delivery options—by shipping through FBA, both inside the U.S. and in a large number of other countries across the world. When a merchant can offer lower shipping costs with faster speed to its customers, it's a major competitive advantage. Just consider how Amazon has used this same advantage to dominate much of its own competition from other online merchants.

FBA and its cross-channel applications come with flat UPS shipping rates based only on weight and some fixed fees, with no variation based on shipping distance. With knowledge of how those fee structures apply to specific products, businesses can take the best approach to what marketplaces they sell on and the respective pricing strategy they will deploy.





With regard to customer experience, cross-channel fulfillment via FBA offers flexible and consistent delivery options with typically stellar customer satisfaction rates. When e-commerce companies leverage this strategy, they ensure customers purchasing their inventory receive the same high level of service regardless of marketplace. This level of consistency is valuable because it essentially guarantees inexpensive shipping costs and fast delivery for all customers, regardless of how large their orders are, whether they buy items through one or many marketplaces, and the frequency of those purchases.

Businesses must do their part to actively engage customers and make the low costs and speedy delivery of their purchases clear from the beginning of a shopping session to emphasize the great value they are receiving.

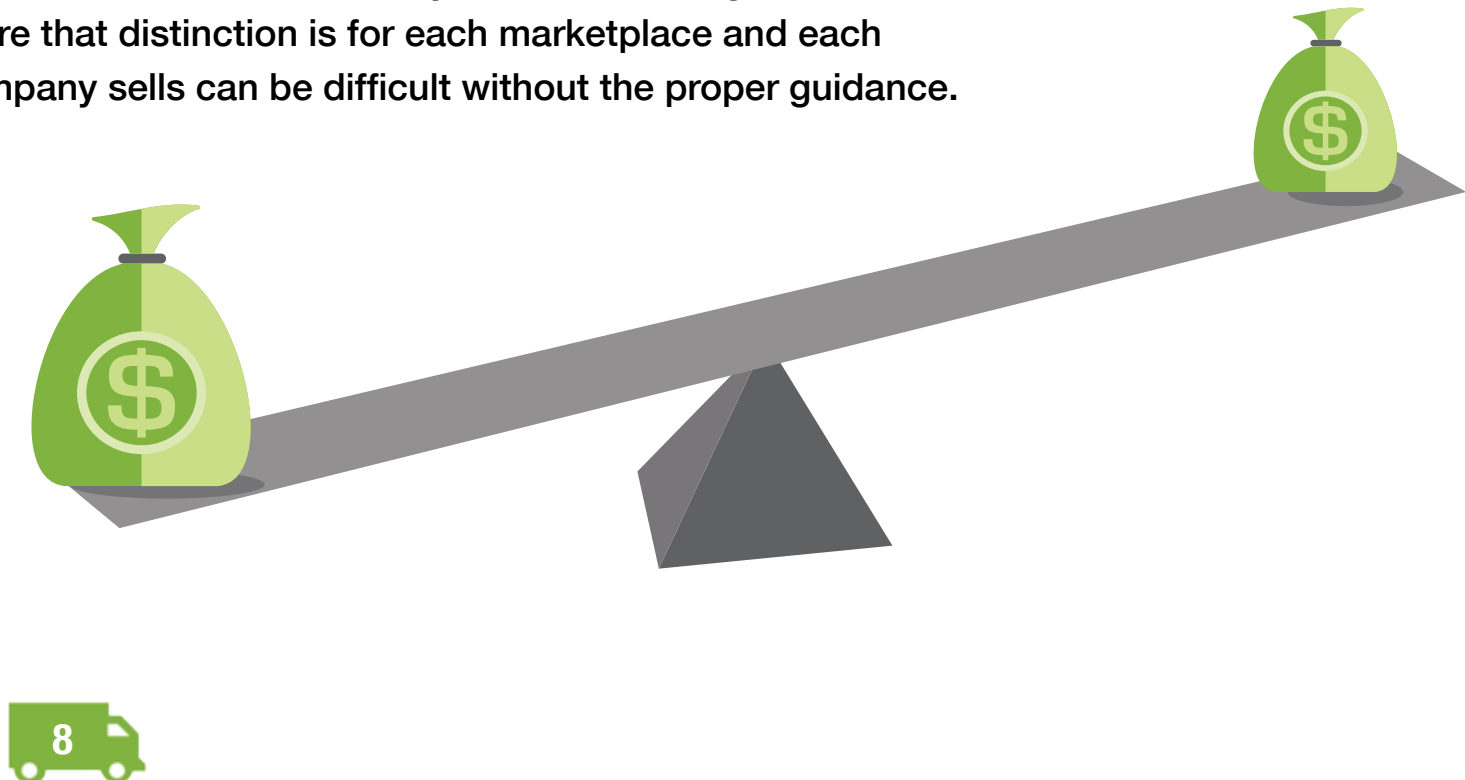


THE COST CONSIDERATIONS NEEDED FOR CROSS-CHANNEL FBA SUCCESS



Fees and other costs are a vital consideration to determine if cross-channel fulfillment through FBA is right for your business. Often, products with higher margins are more readily able to absorb the additional costs of cross-channel fulfillment in exchange for greater reach and exposure. Products with thin margins will have a more difficult time doing so.

Depending on the specific margins of each product, some marketplaces will prove profitable while others are simply too thin on margin. Determining where that distinction is for each marketplace and each product your company sells can be difficult without the proper guidance.





Costs in different markets need to be accurately calculated, added to the price of using FBA and cross-channel fulfillment and compared to other available opportunities. It may be the case that selling a certain item through a specific third-party market doesn't make sense financially, but offering it on some or many of the other marketplaces will provide an acceptable margin.

The work required to calculate total costs relative to each marketplace is significant, but e-commerce merchants will come out of that effort with a strong and detailed understanding of the potential margins for each of their products by channel. Businesses must also consider the elasticity of demand within other marketplaces based on certain product aspects, the most obvious being price. Due to variances in price elasticity across marketplaces, merchants may find that though their fees are

higher on cross-fulfilled orders, the increased fees can be absorbed with a higher selling price. For example, merchants may find that they can sell the same product on Jet.com for a higher price than on Amazon, covering their increased cross-channel FBA fees and still turning a profit in the process.



ALREADY USING SELLERACTIVE?



You can set up cross-channel fulfillment to automatically fulfill incoming orders via your FBA inventory, whether they're made through your own website or third parties like eBay, Newegg and Jet. This allows you to further streamline and optimize the process while still maintaining a high degree of control. For even greater control, you can elect to utilize cross-channel fulfillment manually via your orders page, choosing when it is used. This strategy ensures your complete control over the situations in which FBA is used for cross-channel fulfillment.



FULFILLMENT BY AMAZON FEE SCHEDULE: STANDARD MEDIA AND NON-MEDIA ITEMS



	SHIPPING METHOD					
	STANDARD		EXPEDITED		NEXT DAY	
FULFILLMENT FEE	MEDIA	NON-MEDIA	MEDIA	NON-MEDIA	MEDIA	NON-MEDIA
Order Handling Per Order	\$1.90	\$4.75	\$7.40	\$7.75	\$14.40	\$14.75
Pick & Pack Per Unit	\$0.60	\$0.75	\$0.60	\$0.75	\$0.60	\$0.75
Weight Handling First 15 lb.	\$0.45	\$0.45	\$0.55	\$0.55	\$1.50	\$1.50
+Next 16-70 lb.	\$0.45	\$0.45	\$0.70	\$0.70	\$1.75	\$1.75
+Next 71-150 lb.	\$0.45	\$0.45	\$0.85	\$0.85	\$2.00	\$2.00

FULFILLMENT BY AMAZON FEE SCHEDULE: OVERSIZE MEDIA AND NON-MEDIA ITEMS



FULFILLMENT FEE	SHIPPING METHOD		
	STANDARD	EXPEDITED	NEXT DAY
Order Handling Per Order	\$7.00	\$10.00	\$17.00
Pick & Pack Per Unit	\$3.00	\$3.00	\$3.00
Weight Handling First 15 lb.	\$0.50	\$0.60	\$1.50
+Next 16-70 lb.	\$0.70	\$0.80	\$1.75
+Next 71-150 lb.	\$0.90	\$1.00	\$2.00

*Special handling costs and limitations apply. Oversize units are commonly sent one to a package.
Shipping weight includes a dunnage factor of 10%, rounded to the nearest pound, on top of the base cost.

FULFILLMENT BY AMAZON

SELLING ON AMAZON: AN EXAMPLE



Consider a company selling a standard-size, non-media item that weighs 2 pounds and is listed for purchase at \$15 through FBA. The costs of selling such a product are as follows:

\$4.75 for order handling, \$0.75 for picking and packing, \$0.90 total for weight handling at \$0.45 per pound. Total costs to the seller for such an item total \$6.40. That leaves \$8.60 in revenue.

It's worth noting how expedited shipping costs affect the pricing, as two-day delivery is one of the significant advantages FBA provides.

The same example would break down into these costs: \$7.75 for order handling, \$0.75 for picking and packing, \$1.10 for weight handling at \$0.55 per pound. That adds up to \$9.60, a relatively small increase in cost that can easily be passed on to consumers.



SELLING ON EBAY WITH FBA CROSS-CHANNEL FULFILLMENT: FEES AND COSTS



EBay is one of the most popular sales channels for a wide variety of businesses. Consider these fees associated with the marketplace and the following example.

FIRST 50 LISTINGS (PER MONTH)		ADDITIONAL LISTINGS (PER MONTH)	
Free		\$0.30 (Insertion Fee)	
FINAL VALUE FEE		10% of the total amount of the sale. (Including both the purchase price and shipping)	

SELLING ON EBAY WITH FBA CROSS-CHANNEL FULFILLMENT: ADVANCED LISTING UPGRADE FEES



	LISTING DESIGNER	GALLERY PLUS <small>(Enhancement of photos)</small>	SUBTITLE	VALUE PACK	BOLD <small>(Text in search)</small>
Fewer Than 30 Days, Cost Under \$150	\$0.10	\$0.35	\$0.50	\$0.65	\$2.00
More Than 30 Days, Cost Under \$150	\$0.30	\$1.00	\$1.50	\$2.00	\$4.00
Fewer Than 30 Days, Cost Over \$150	\$0.20	\$0.70	\$1.00	\$1.30	\$3.00
More Than 30 Days, Cost Over \$150	\$0.60	\$2.00	\$3.00	\$4.00	\$6.00

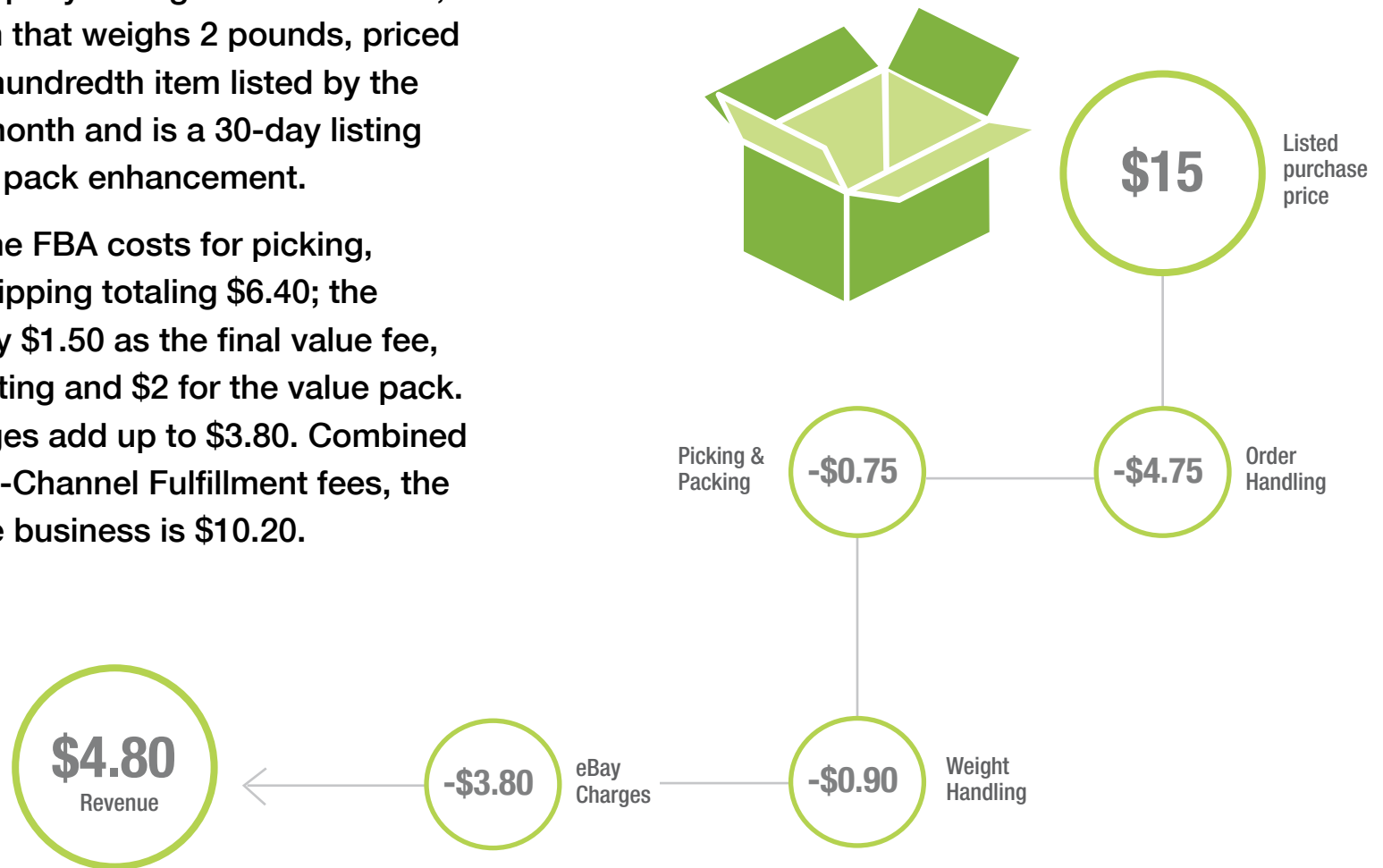
Listing in multiple categories incurs any costs listed above for the same item on a per-category basis. International site visibility costs \$0.50 for all fixed price listings.

SELLING ON EBAY WITH FBA CROSS-CHANNEL FULFILLMENT: AN EXAMPLE



Consider a company selling a standard-size, non-media item that weighs 2 pounds, priced at \$15. It's the hundredth item listed by the business that month and is a 30-day listing using the value pack enhancement.

In addition to the FBA costs for picking, packing and shipping totaling \$6.40; the seller would pay \$1.50 as the final value fee, \$0.30 for the listing and \$2 for the value pack. The eBay charges add up to \$3.80. Combined with FBA Cross-Channel Fulfillment fees, the total cost to the business is \$10.20.



SELLING ON JET WITH FBA CROSS-CHANNEL FULFILLMENT: FEES AND COSTS



APPLIANCES

15% of sale prices \leq \$300
8% of sale prices $>$ \$300



TIRES AND WHEELS

10%



OTHER AUTOMOTIVE

12%



BABY FOOD/FORMULA/ WIPES/DIAPERS

5%



OTHER BABY ITEMS

15%



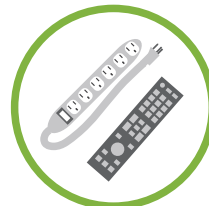
PERSONAL COMPUTERS

6%



OTHER ELECTRONICS

8%



ELECTRONIC ACCESSORIES

15% of sale prices \leq \$100
8% of sale prices $>$ \$100



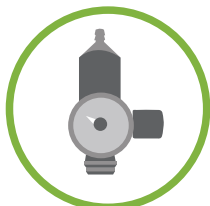
GOURMET FOOD PRODUCTS

15%



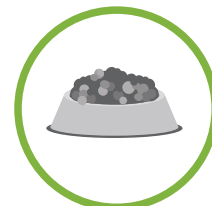
OTHER GROCERY

10%



INDUSTRIAL/SCIENTIFIC

12%



DOG/CAT FOOD, LITTER

5%



OTHER PET SUPPLIES

15%



BASE EQUIPMENT POWER TOOLS

12%



OTHER TOOLS & HOME IMPROVEMENT

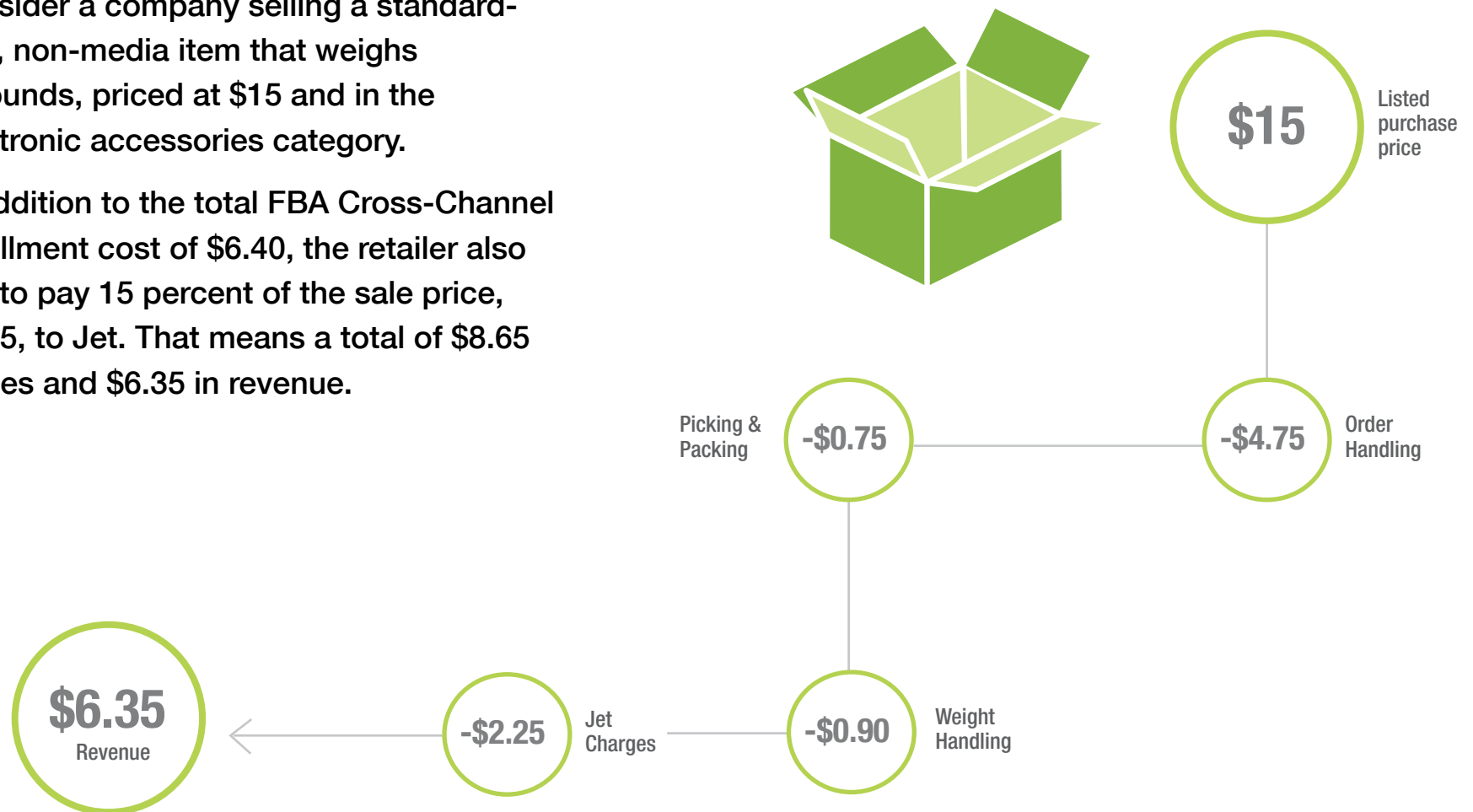
15%

SELLING ON JET WITH FBA CROSS-CHANNEL FULFILLMENT: AN EXAMPLE








Consider a company selling a standard-size, non-media item that weighs 2 pounds, priced at \$15 and in the electronic accessories category.

In addition to the total FBA Cross-Channel Fulfillment cost of \$6.40, the retailer also has to pay 15 percent of the sale price, \$2.25, to Jet. That means a total of \$8.65 in fees and \$6.35 in revenue.



SELLING ON NEWEGG WITH FBA CROSS-CHANNEL FULFILLMENT: FEES AND COSTS



	Apparel & Accessories	14%		Computer Hardware	10%		Outdoor & Garden	12%
	Appliance	12%		Consumer Electronics	9%		Pet Supplies	11%
	Arts & Crafts	13%		DVD & Videos	10%		Software	15%
	Auto & Hardware	10%		Health & Personal Care	12%		Sports Goods	12%
	Baby	12%		Home & Living	12%		Toys, Games & Hobbies	12%
	Bags & Luggage	14%		Home Improvement	12%		Unlocked Cell Phones	8%
	Beauty	12%		Jewelry	12%		Video Game Consoles	8%
	Books, Media & Entertainment	13%		Motorcycles & Powersports	10%		Warranty & Service	13%
	Camera & Photo	9%		Musical Instruments	10%		Watches	12%
	Cell Phone Accessories	13%		Office Supplies	13%		Other	13%

SELLING ON NEWEGG WITH FBA CROSS-CHANNEL FULFILLMENT: AN EXAMPLE



Consider a company selling a standard-size, non-media item that weighs 2 pounds, priced at \$15 and in the consumer electronics category.

Total Amazon FBA Cross-Channel Fulfillment costs to the seller for such an item total \$6.40. NewEgg charges a 9 percent commission on the sale, which means it receives \$1.35 from the purchase. In all, a company would have \$7.75 in costs and \$7.25 in revenue from the sale.



EXPLORING THE PROFIT DIFFERENCES ACROSS MARKETPLACES: A HYPOTHETICAL EXAMPLE



	AMAZON	EBAY	JET	NEWEGG
Gross Revenue	\$40	\$40	\$40	\$40
FBA Costs	-\$6.40	-\$6.40	-\$6.40	-\$6.40
Marketplace Costs	---	-\$6.30	-\$6	-\$3.60
Product Cost	-\$20	-\$20	-\$20	-\$20
Gross Profit	\$13.60	\$7.30	\$7.60	\$10

A pair of headphones costing a business \$20 with a baseline price of \$40, meaning a profit of \$20 minus any shipping and fulfillment costs. The item weighs 2 pounds in total, meaning it costs \$0.90 in item weight costs, \$1.90 in order handling costs and \$0.60 in pick and pack costs for shipping through FBA.

Keep in mind that differences in selling price potential mean businesses can adjust consumer pricing on specific channels to adjust for higher cost and, when feasible, to realize a higher profit.

THE DIFFERENT APPROACHES TO FEES AND PRICING



It's easy to see marketplaces like eBay, Newegg and Jet—along with many others—all have their own approaches to fee structures. Even when companies use the same general approach, as with Newegg and Jet, both following a commission-based plan, the details and percentages vary by marketplace.

In some cases, small pricing differences can make up for the higher relative costs of some marketplaces and allow retailers to use the largest number of sales channels possible. In others, the difference in fee structure or the percentage of commission assigned to a specific category may preclude some items from being sold on all channels. Price elasticity also could be a factor.

Retailers need to calculate the limits of their acceptable margins as the first step. Then they should use that margin calculation to set the price of the item and then determine the additional costs related to the specific marketplace. With that data, they can determine if an increase in initial selling price is needed. Finally, the merchant will need to determine if the marketplace will support the demand for the product at the given price point. Once the merchant is ready to move forward, they must determine their initial pricing strategy and implement it either manually or via a third-party repricing technology.



With many marketplaces incorporating percentage-based fees as either part of or the entire cost of sales for merchants, noting the small differences is vitally important to understanding product margins by marketplace. eBay's 10 percent charge on all items sold, along with its fixed costs, means retailers don't have to worry about product categorization except in terms of the option to pay more for listings in multiple categories. That also means there's no benefit to selling certain categories of merchandise for which other sales channels charge a lower commission.

On the opposite side of the issue, a retailer that specializes in high-volume, relatively low-margin sales of a product such as cellphone accessories may want to avoid or adjust their pricing strategy for a marketplace like Newegg, where this category carries the highest commission cost. Alternatively, e-commerce retailers focused on camera and photo accessories or DVDs and movies should take the commissions for these categories, among the lowest the site charges, into account.





Another critical consideration to make is the selling price potential of items on the many different sales channels. Depending on the specific product and marketplace, e-commerce retailers can find significant differences in the price elasticity from marketplace to marketplace. Discovering that you can command a higher price on one sales channel versus another allows your business to focus on the most profitable channels while still selling products at an acceptable margin on others.

This variable approach to pricing maximizes gross profit without placing too much stress on sales channels where demand will not support price increases in the short or long terms.

As McKinsey & Company pointed out, a dynamic and compartmentalized approach to pricing individual items allows retailers to address a number of business needs and customer journey considerations.

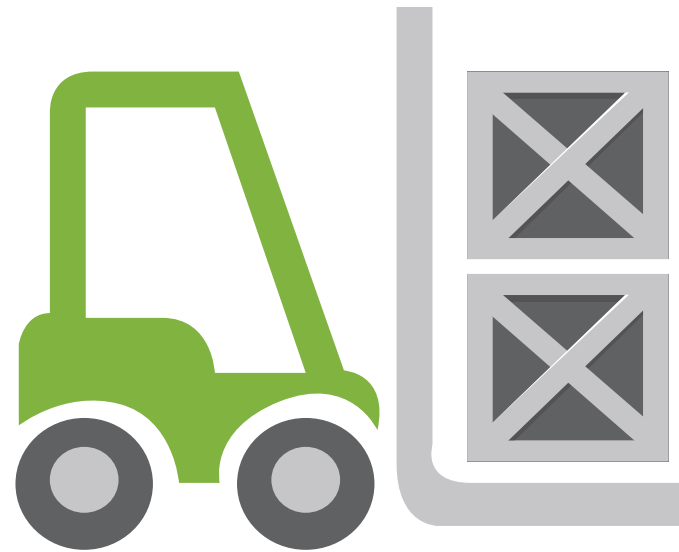


IS A CROSS-CHANNEL STRATEGY RIGHT FOR YOUR BUSINESS?



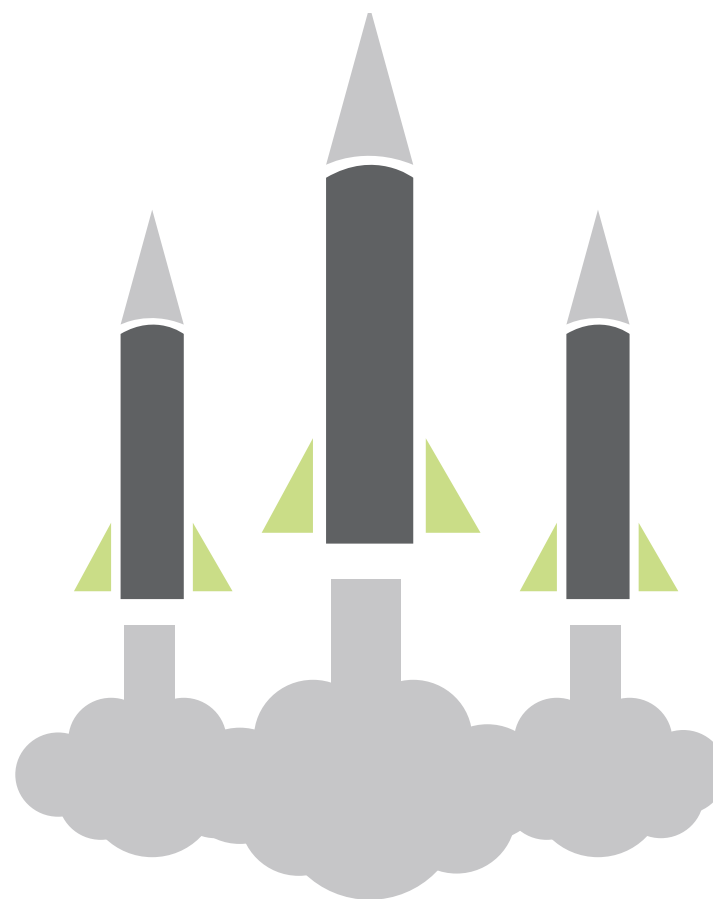
While cross-channel sales can be lucrative when properly leveraged, merchants need to make plans and consider the implications of the many facets of FBA, cross-channel fulfillment and third-party inventory management software before they begin using this business strategy. Cost calculations must be performed and have to take the unique differences of fees between different marketplaces into account as well as variability in selling prices. Businesses must determine how their current products fit into cost and revenue projections associated with these marketplaces and use that data to inform their final decision.

Merchants both large and small can benefit from FBA and cross-channel fulfillment in different ways. The advantages of leveraging economy of scale apply to e-commerce retailers of all sizes. While larger retailers have larger inventories and may benefit more in terms of finding lucrative differences in marketplace price elasticity, all companies realize improvements in efficiency, visibility, and profit when they successfully utilize cross-channel fulfillment and FBA.





The right tools to manage FBA and cross-channel fulfillment are also a critical consideration when it comes to increasing the viability of this strategy. Third-party software can make the process vastly more manageable by automating a number of manual but critical operations including inventory level synchronization, repricing, and order fulfillment. These improvements remove the need for employees to manually keep all sales channels and FBA in synchronization, potentially greatly reducing operational overhead while still ensuring a high-level of accuracy for order fulfillment. Without finding the right technology coupled with proper implementation and training, multichannel sales with cross-channel FBA fulfillment is possible but consumes far more in the way of time, effort, and resources.



CONCLUSION



FBA and cross-channel fulfillment let e-commerce merchants leverage multiple sales channels to increase exposure and sales with a relatively small incremental increase in cost. The powerful benefits of FBA are clear with its speed, efficiency, and customer experience benefits. When properly leveraged in conjunction with selling across multiple marketplaces, businesses can realize lucrative profit gains while at the same time improving operational efficiency. However, a successful cross-channel fulfillment strategy begins with merchants making educated decisions about what portion of their inventory should be sold on what marketplaces. When a merchant has decided multichannel sales and FBA are the right fit for their business, the proper technology is the final piece to make the process far easier to manage.

When done right, these combined advantages can be a great addition to net profit of e-commerce retailers large and small.

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CUSTOMER REVIEWS



Integrations

amazon

ebay

jet

Rakuten

shopify

BIGCOMMERCE

intuit
QuickBooks.

and more...

Key Differentiators

All-in-One Inventory Management

Your online inventory, orders, listings and pricing all consolidated into a single powerful platform.

No Claim on Your Profits

We'll never stake a claim on a percentage of your sales. After your initial investment, everything is included, from software to support.

Superior Support & Expertise

Get live, knowledgeable training and support from our dedicated customer success team.

"I went through several other inventory and listing management companies... **SellerActive is by far the most affordable solution and is easy to use.**"

-YouRemodel

"Great app for managing inventory across multiple platforms. **Very simple to use and saves us hours of work daily.**"

-Swimsuits Just For Us

"Without SellerActive's ability to scale our business, there'd really be no way for us to continue because we'd be so overwhelmed with orders and pricing and inventory."

-DollarHobbyz

Read more customer reviews on Capterra and Shopify.

OUR STORY

Building from within.

It's a time-starved world, and no one knows better about the need to do more in less time than online sellers.

From managing multiple marketplaces, programs, and platforms, your world is loaded with frustrations to keep you from effectively growing your business.

Jason Harra and Bryan Hockett were frustrated, too. They were successful sellers who had the vision to aggressively grow their business but were prevented by a lack of available software to help them do it—so they built their own. SellerActive was created because our founders saw the limitations of inventory management and knew the panic when something “broke” at 2:00 am. The vision for our software is to give sellers peace of mind while helping them to adapt and grow their businesses in an ever-changing market.

While SellerActive was launched in 2012, the tools and services we offer have been refined in online marketplaces for well over a decade. With outstanding support and proven technology, we'll be there every step of the way to grow your business.



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