

Introduction

Amazon.co.uk is the UK's leading online retailer. A one-stop shop for products of virtually every description, Amazon attracts a huge audience of potential purchasers and provides a global shop window for product creators, distributors and home-based business owners.

This factsheet explains how small and micro businesses can trade via Amazon. It outlines how traders can list and sell their items, indicates how much it costs and explains the responsibilities involved. It also covers advertising options and opportunities to make money via Amazon's affiliate marketing programmes.

Schemes for small business traders

Amazon provides several schemes for small businesses to trade, advertise or earn commission:

- **Amazon Marketplace** allows traders to list and sell their items directly on Amazon's UK website, with Amazon handling payment and, if required, fulfilment.
- **Amazon Business** allows traders to offer products and discounted pricing to business customers only.
- **Amazon Handmade** is a marketplace for hobbyists and artisan makers to sell genuinely handcrafted products.
- **Amazon's 'advertising self-service solutions'** offer traders a range of different ways to advertise on Amazon, including sponsored products, sponsored brands and Amazon 'stores'.
- **Amazon Associates** and **Amazon Influencer** are affiliate marketing programmes. Affiliates can generate revenue by referring visitors to Amazon product pages via ads and recommendations on their own websites, mobile apps and social media pages.

Amazon Marketplace

Amazon Marketplace is a fixed-price online marketplace that allows traders to sell products alongside Amazon's own stock. When people browse Amazon's website for goods, they are offered the choice of buying directly from Amazon or from a Marketplace seller. Marketplace sellers can set their own prices.

Traders can sell a huge range of items via Amazon. Product categories include books, music, DVD and videos, consumer electronics, video games, toys and games, DIY and tools, home and garden, and office products. Certain product categories require approval before they can be sold on Amazon and some products are prohibited (for example tobacco, lottery tickets, products that are 'offensive or controversial' and some alcoholic beverages).

Types of seller accounts

In order to sell via Amazon Marketplace, a trader must create a seller account. There are two types of seller account - Basic and Pro:

- **Basic** is a pay-as-you-go account designed for traders who sell fewer than 35 items per month. It allows items to be listed individually and charges a per-item fee of £0.75 when items are sold (plus referral fees and variable closing fees).
- **Pro** is a subscription account designed for users who sell more than 35 items per month. It allows items to be listed in bulk and charges a monthly fee of £25 (plus VAT, referral fees and variable closing fees).

Referral fees and closing fees

In addition to the per-item fee (Basic account) or monthly subscription fee (Pro account), sellers must pay referral fees on items sold.

The referral fee is a percentage of the total sum paid by the buyer. The percentage varies depending on the item category and is typically between 7% and 15%.

Sellers of 'media items' (ie books, music, DVDs, videos, video games and software) also pay a 'closing fee'. In most cases, this is 50p for every item that is sold. However, from January 2021, the closing fee for books is £1.00.

For more details about fees, go to <https://services.amazon.co.uk/services/sell-online/pricing.html>.

Setting up a seller account

In order to set up a seller account, traders must register online via the Amazon website (<https://services.amazon.co.uk/services/sell-online/how-it-works.html>). They must hold a credit card with a valid billing address and provide contact information and bank account details. Where applicable, they must also provide company registration details and a VAT number.

Listing items

Once registered, traders can list their items on Amazon Marketplace. There are two ways to list an item:

- **Create a listing.** This method is used for items that already exist in the Amazon catalogue. Traders can search Amazon's catalogue from their seller account or find the item via the Amazon.co.uk website. They can then create their own listing for this product by specifying price, quantity, condition and other details. Listings are published on Amazon.co.uk, where buyers can browse and purchase.
- **Create a product.** This method is used for items that do not exist in the Amazon catalogue. Here, traders must submit full details of the item. The information required will vary by product category but will typically include the product name, unique product code (UPC), description and images, as well as price, quantity and condition. The details submitted will be used to create a product detail page, which will be added to the Amazon catalogue.

Orders and deliveries

When a buyer orders an item, Amazon notifies the seller by e-mail, and the seller must then arrange delivery of the item. Orders can be managed using Amazon's 'Order Details' page, which also allows traders to download packing slips and order reports. Amazon deposits payment into the seller's bank account at regular intervals and notifies them that payment has been sent.

Amazon sellers are required to meet certain responsibilities, which include:

- Dispatching items within two working days of order notification.
- Ensuring that listings are accurate.
- Agreeing to accept and process returns and refunds.
- Showing buyers the country the goods are shipped from.
- Paying all necessary fees.

Amazon encourages buyers to rate and review Marketplace sellers. Maintaining a good feedback rating can encourage more people to buy from a particular trader. Meanwhile traders who fail to meet feedback standards can have their seller accounts suspended or cancelled.

Fulfilment by Amazon

As an alternative to packing and shipping their own products, traders can use the Fulfilment by Amazon service. Traders can send their products to Amazon, where they are stored. When an item is purchased, it is picked, packed and shipped by Amazon.

As part of this service, Amazon also handles customer service and returns. Using the Fulfilment by Amazon service can help traders make their products more visible and accessible to shoppers. For example, items sold by traders that use Fulfilment by Amazon are eligible for Amazon Prime delivery options.

Fees for the fulfilment service vary according to the type of item, the weight and dimensions, and the shipping method. Traders must pay a fulfilment fee and a monthly storage fee. For more information about fees, go to <https://services.amazon.co.uk/services/fulfilment-by-amazon/pricing.html>.

International orders

In addition to selling goods throughout the UK, seller accounts registered with Amazon.co.uk are automatically enabled to sell goods via Amazon's marketplaces in the European Union (EU). However, from 1 January 2021, as a result of Brexit, traders in the UK will not be able to use the Fulfilment by Amazon service to ship products stored in Amazon's UK warehouses to EU customers.

In order to continue to use the Fulfilment by Amazon service to ship products to EU customers after 1 January 2021, traders in the UK will need to make arrangements to store some of their stock in Amazon warehouses within the EU. If this requires traders to move products across the new UK-EU customs border, they will need to submit customs declarations.

Traders in the UK who pack and ship their products directly to EU customers, and do not use the Fulfilment by Amazon service, will also be required to submit customs declarations for all products that they move across the new UK-EU customs border.

Amazon provides guidance for sellers about the impact of Brexit at <https://sellercentral.amazon.co.uk/gp/help/external/9KF67HWNN2FQ2NJ>. See also BIF557 Moving Goods Between Great Britain and the EU.

Traders can also choose to sell globally by registering with Amazon's North American and Asian marketplaces. However, traders are fully responsible for complying with the legal and tax requirements of each country in which they hope to sell their goods. It is vital that traders research and understand local regulations before entering a new marketplace. Considerations can include:

- Consumer law
- Product compliance
- Product labelling
- Tax and customs duties
- Export controls
- Import quotas
- Intellectual property law
- Environmental requirements
- Health and safety requirements.

For more information about selling goods in Amazon's European marketplaces go to <https://services.amazon.co.uk/services/sell-online/one-european-account.html>. For information about global selling via Amazon, go to <https://services.amazon.co.uk/services/global-selling/overview.html>.

Amazon Business

The Amazon Business seller programme is a free upgrade to the Pro selling plan, which provides specialised features for business-to-business transactions on Amazon.

Benefits of the Amazon Business seller programme include:

- The ability to offer quantity-based discounts and other incentives to buyers who have registered with Amazon as business customers.
- VAT-exclusive price display.
- Amazon's VAT Calculation Service, which automatically generates VAT invoices for business-to-business Amazon orders.
- The ability to offer business customers a Pay by Invoice option, for which Amazon handles credit risk assessment, billing and payment collection.

For more information about the Amazon Business seller programme, go to <https://services.amazon.co.uk/services/reach-business-customers/features-and-benefits.html>.

Amazon Handmade

Amazon Handmade is a specialised marketplace for genuinely handmade items.

Products must be designed and produced by the seller or a small group of employees (20 or fewer) using hand tools or light machinery. Mass-produced items that are made using assembly lines or automation technology are not eligible to be sold on Amazon Handmade.

When applying to sell products on Amazon Handmade, sellers must provide information about their production process and pictures of their products to ensure that they meet eligibility criteria.

Successful applicants are automatically provided with a Pro selling account free of charge. Product listings are also free and there is a 12.24% referral fee for every item sold.

For more information about selling on Amazon Handmade, go to https://services.amazon.co.uk/handmade.html?ref=asuk_hm_home_hnav.

Advertising on Amazon

Amazon provides a range of ways for sellers to advertise their products. These include:

- **Sponsored products**, which target people browsing or searching for similar products, by placing ads within search results and on product pages.
- **Amazon 'stores'**, which are customisable web pages that sellers can use to showcase their brand and products, using pre-designed templates as well as their own videos, text and images.
- **Sponsored brands**, which are ads that appear in the search results and include the brand logo and customised brand information as well as links to a range of products. When users click on the brand logo, they are taken to the brand's Amazon Store or a custom landing page.

Sponsored products and sponsored brands are pay-per-click ads, so advertisers only pay when people click on the ads. The advertiser sets the maximum they are willing to pay per click and can set maximum daily budgets. Higher bids receive more exposure. Amazon stores are free to create.

For more information about advertising on Amazon, go to https://services.amazon.co.uk/services/advertising/overview.html?ref=asuk_sp_snav_ov.

Amazon Associates

Amazon Associates is an affiliate marketing programme that enables anyone with a website, mobile app or social media account to earn revenue by advertising Amazon products online. Adverts contain links to products sold on Amazon and if a sale is generated the affiliate earns a fee of between 1% and 12% of the purchase price, depending on the product type.

Affiliates can link to any product or offer in the Amazon catalogue. Amazon provides online tools to build product links and banner advertisements. Affiliates can access reports showing link performance, orders, and earnings.

In order to qualify for the Amazon Associates programme, the affiliate's website, mobile app or social media account must meet certain criteria. For example, it must be publicly available and include original content that is regularly updated.

For more information about the Amazon Associates programme, go to <https://affiliate-program.amazon.co.uk>.

Amazon Influencers

Amazon Influencers is an extension to the Associates programme for social media influencers with large numbers of followers on YouTube, Instagram, Twitter, or Facebook. Influencers are provided with their own page on Amazon to showcase the products they recommend to their followers and are paid a fee of between 1% and 12% of the purchase price for every product sold via the page.

For more information about the Amazon Influencers programme, go to <https://affiliate-program.amazon.co.uk/influencers>.

Further information

Amazon provides advice and information for traders and affiliates.

Website: <http://services.amazon.co.uk>

Amazon sellers' community forums

Website: <https://sellercentral.amazon.co.uk/forums>

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