



SHIPPING SMARTER, SELLING BETTER

A COMPREHENSIVE GUIDE TO AMAZON SHIPPING OPTIONS

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Selecting the Right Shipping Option



Having a thorough understanding of Amazon's fulfillment options will help your businesses bottom line. Customers want fast, free shipping. How can you give them that without jeopardizing your margins?

Shipping is one of many important factors that plays into your profit and reaching your goals. Based on your business model and product line, you can develop a shipping strategy that cuts costs and elevates your brand presence.

Fulfillment by Amazon (FBA)

Ideal for products with a high turnover rate and brands looking to streamline product distribution.



Pros:

- Time and cost savings on fulfillment
- Improved customer trust
- Access to inventory management tools
- Outsourced storage, customer service, and returns
- Free two-day shipping for customers
- Increased chance of winning the Buy Box
- Increased sales volume
- Maximized bottom line
- Global and multi-channel growth opportunities
- Protection for lost or damaged products

Cons:

- Potential increase in returns
- Long-term storage fees
- Lowered profit margins due to FBA fees
- Strict packing and labeling requirements
- Rigid inventory management requirements
- No direct contact with customers



Don't let FBA requirements and labeling get you down. Check out our quick reference sheet and extensive blog to give you a complete overview about FBA.



Fulfillment by Merchant (FBM)

Ideal for products with cost-effective shipping options, low turnaround rate, limited demand, and low profit margins.

Pros:

- Greater control over operations
- Potential savings on storage and shipping
- Access to Amazon's inventory management tools
- Potential to win the Buy Box
- Greater inventory control
- No Amazon storage fees
- Potentially higher profit margins
- Greater opportunity to build an independent brand

Cons:

- Extra time spent on inventory management and shipping
- Cost spent shipping every item
- Risk of incurring losses from damaged or lost packages
- Time spent tracking inventory
- Higher overhead costs
- Individual sellers pay \$0.99 per sale
- Professional sellers pay \$39.99 per month

Seller Fulfilled Prime (SFP)

Ideal for experienced Amazon sellers with high sales volumes through FBM that can affordably fulfill one and two-day shipping.



Pros:

- Applying for SFP is free
- Sellers can add the Prime badge to non-FBA eligible items
- Greater control over prices
- Greater control over fulfillment
- Increased inventory control
- Option to utilize Amazon customer service
- Choose from your own network of shipping carriers
- Avoid FBA storage and penalty fees

Cons:

- Sellers are responsible for storing products and fulfilling orders
- Strict on-time shipping requirements
- Higher shipping costs to fulfill Amazon's free shipping requirements
- Referral fee typically costs 15% of the product's selling price
- Amazon Buy Shipping Services required for 99% of orders

Understanding Amazon Shipping Policies



Familiarizing yourself with Amazon's shipping policies can help you select the shipping option that's right for you. It's more than just getting your products into customers' hands - your fulfillment method impacts inventory management, storage, packing, shipping, and handling returns.



Fulfillment by Amazon (FBA)

- Sellers prep and ship products to Amazon fulfillment centers
- Amazon handles packing, delivery, customer service, and returns
- Amazon charges sellers for the storage space they use and the orders Amazon fulfills on their behalf
- Sellers FBA fees include the cost of shipping

Fulfillment by Merchant (FBM)

- Sellers are responsible for prepping, packaging, shipping, and returns
- Discounted shipping rates are available when using Amazon's network of partnered carriers
- Sellers must pay a referral fee calculated from the total sale price



Seller Fulfilled Prime (SFP)

- Sellers must pass a five to 90-day trial period with a minimum of 200 orders to prove they meet Amazon's requirements
- Sellers stock inventory in their own warehouse or the warehouse of their choice via a third-party provider
- Sellers can choose from their own network of shipping carriers

Utilizing Multiple Fulfillment Options



Torn between Amazon FBM and Amazon FBA? Who says you have to choose? Many sellers choose to enroll popular products and best-sellers in Amazon FBA, and slow sellers and seasonal items in FBM.

The benefit of utilizing multiple fulfillment options:

- Optimize your profit margins
- Gain a competitive advantage
- Avoid costly inventory fees for long-term storage
- Avoid out-of-stock inventory
- Reach Prime and non-Prime customers
- Gain control and flexibility over product fulfillment



CASE STUDY

Unlocking Unlimited FBA Storage – Sales Soar 684% in 3 Months

By utilizing both FBA and FBM, a leading extruded plastic and rubber manufacturer boosts IPI and unlocks unlimited storage.



[Read More](#)

Calculating Shipping Costs

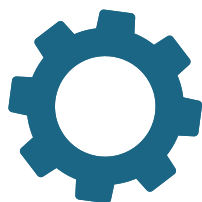


On Amazon, sellers are required to pay a referral fee, which is typically 15% of the product's selling price. Additional shipping costs vary by fulfillment method. To maximize profitability and avoid incurring losses, carefully consider the costs associated with each shipping option.



Fulfillment by Amazon (FBA)

Shipping, handling, and packaging costs are included in FBA fees. The price is determined by the size and weight of your product. Additionally, Amazon charges storage fees to maintain your inventory. These fees are divided into a monthly fee and a long-term storage fee, which is known as the FBA aged inventory surcharge.



Fulfillment by Merchant (FBM)

With FBM, sellers list products on Amazon but independently handle storage, shipping, and customer support. Amazon FBM fees are typically limited to referral fees for each item sold and shipping expenses. Fees may vary and are largely influenced by your product catalog and shipping and delivery preferences. FBM sellers choose between an Individual Selling Plan with a \$0.99 fee per item sold or a professional account with a \$39.99 monthly fee.



Seller Fulfilled Prime (SFP)

SFP sellers store products and ship orders directly to Prime customers from their own warehouse, eliminating warehouse, shipping, and handling fees. Shipping costs vary depending on the seller's selected shipping vendor. Prices may vary based on order volume, package size, and the recipient's location. Sellers must cover the cost of free standard shipping for all Prime orders.



Need help determining the best shipping option for your business?
Our experts can help!

Implementing Cost-Effective Strategies

There is no one-size-fits-all approach to shipping on Amazon. It is essential to tailor your strategy according to the unique features of your products and the capabilities of your business. To lower shipping expenses and promote your brand, there are a few key factors to consider.



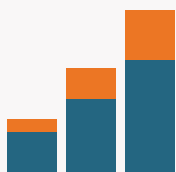
Product Type

The size and weight of your product directly impacts your shipping costs. Compare the rates of multiple carriers to determine if it is more cost-effective to use FBA or ship independently.



Sales Volume

Review your sales data. Opt for FBA or SFP if your products have a high sales volume. For new or stagnant products, FBM may be a better choice.



Profit Margins

Factor in the storage and shipping fees associated with each fulfillment method to determine which option is most cost-effective for your business.



Turnaround Rate

How quickly do your products sell on Amazon? While FBA or SFP are ideal for products with a quick turnaround time, FBM can be a more affordable option for products with limited demand.



Cost of Shipping

Consider whether it's more cost-effective for your business to ship products independently or pay FBA fees for free shipping. Keep in mind, sellers are required to provide fast, free shipping for most products.

Troubleshooting Tips



Amazon's loyal shoppers have high expectations when it comes to shipping and delivery. In order to remain competitive, sellers must avoid common pitfalls that could potentially harm their reputation and success on Amazon.

Out-of-stock inventory

If you can't keep your product in stock, you risk missing out on sales and losing loyal customers. Find reliable suppliers so you always have sufficient inventory ready to go. Review trends from previous years and utilize Amazon's inventory management tools to make sure you are prepared for heavy traffic periods like Cyber Monday and Prime Day.



Shipping delays

While FBA sellers can depend on Amazon to quickly ship products to customers, this responsibility falls on FBM and SFP sellers. Find a reliable shipper with fast shipping times that can meet or exceed Amazon's shipping requirements. Delays will inevitably impact your On-Time Delivery Rate and compromise your overall performance.



Inadequate quality control

While speedy delivery is the ultimate goal, without proper quality control you could encounter frequent costly returns and dissatisfied customers. To mitigate losses and retain loyal customers, find the best way to store and ship orders to preserve product quality. If your business isn't equipped to handle high-volume order fulfillment and customer service, consider utilizing FBA.



Overlooking valuable data

For Amazon sellers, data is your best friend. By analyzing your sales and shipping history, you can craft a sound strategy that boosts profits and avoids future pitfalls. Amazon Seller Central dashboard and data reports provide valuable information to help you determine the most efficient shipping options for your business. Identify what aspects of your business are working efficiently and determine where you can improve.



Grow as You Go

Don't tough it out alone. Having a specialized team of experts by your side can help you capitalize on valuable opportunities on Amazon. Use our Amazon Seller Shipping Guide to discover new ways to boost sales and streamline your daily operations. If you're struggling to take your business to the next level, reach out! We're always here to help.



Grab Your Free Consultation

