# neto



# EVERYTHING YOU NEED TO KNOW ABOUT AMAZON AUSTRALIA

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### INTRODUCTION

A global marketplace with over 310 million users in over 189 countries, Amazon began selling books in 1995 and now sells 'literally everything' from electronics and clothing to television and music streaming, and even fresh food. Valued at over US\$500 billion—beaten only by Apple, Microsoft and Alphabet (Google)—Amazon now has Australia under its belt, with retailers and customers alike joining its ranks.

In this guide, we'll give you a step-by-step plan to getting set up on the Amazon platform, answers to commonly asked questions, plus it will be your go-to source for tricks and hacks to maximise your success on the platform.





# WHY SELL ON AMAZON AUSTRALIA?

#### Create a New Revenue Stream

If you're already selling via a webstore, an online marketplace, in-store, or perhaps a combination of the three, then why not add Amazon to your line up? It's simply another sales channel to open up your store to new customers and new sales, increasing your overall revenue potential.

#### **Gain Exposure to New Customers**

When you're selling on Amazon, their shoppers are your shoppers.

Getting the word out about your store can be a tough, not to mention expensive gig, and it takes a while to build momentum, so jumping on board Amazon Australia is a smart way to get access to an already existing, fast growing audience and take advantage of their multi-million dollar marketing budget.

And with billions of product searches beginning on Amazon every day, chances are if you are looking for new customers, they will be looking at Amazon. You'll gain exposure to customers who otherwise might not have stumbled upon your website and bought from you. e.g.

- ▶ Shoppers searching for specific products and finding yours.
- Shoppers who would have bought from competitors.
- Shoppers purchasing a specific product and being recommended yours as a 'similar product'.
- Shoppers who search for reviews before purchasing.

#### **Search Behaviour Is Changing**

The product search behaviour of customers has shifted in the past few years and Google isn't necessarily the first stop anymore. In fact, Amazon has established itself as the number one entry point for product searches in the US—with over half (56%) of product searches beginning on the platform and just under half (43%) of all online purchases finishing on the platform.

#### **Leverage Amazon's Reputation**

If shoppers trust Amazon as their go-to shopping platform, then they are more likely to trust your company listings on the Amazon platform and buy from you. The Amazon brand is a globally trusted and recognisable one, with a **Nielsen survey** finding them the number one brand name for reputation in 2016. They are known for delivering exceptional customer service, fast shipping and a wide variety of goods available at cheap prices—and by way of association, you can be too!

#### **Shoppers Prefer Marketplaces**

Our research shows that marketplaces are the most popular channel to buy on; some shoppers will exclusively use a single marketplace when they shop online, such as Amazon, eBay or Catch, other shoppers use a combination of channels. And marketplaces are growing fast. Our **State of Ecommerce Report** revealed that 1/3 of total sales now comes through marketplaces, and **Australia Post** reported a huge 74.8% growth of marketplaces last year. So if you want to reach these millions of shoppers and make them your customers, you need to be able to be found.

Additionally, conversion rates for marketplaces are much higher than ecommerce websites, which sit as less than 10%, compared to Australian shoppers on Amazon US (49%) (which comes in behind eBay (78%) and popular fashion marketplace The Iconic (53%)).

#### **Get in Early to Gain First Mover Advantages**

One advantage of Amazon launching a new site for Australia—separate from their US platform—is that it's a blank slate for sellers. This allows those sellers who act early to gain unique first-mover advantages, and with Amazon now blocking Aussie shoppers from purchasing on the US platform, Amazon Australia is growing fast.

For example, the Amazon marketplace utilises single product level listings generated from multiple sellers' data. Joining early will increase the chance that your data is used to help populate the listing, providing you with a unique opportunity to control how and at what price your products are displayed.

Secondly you can start **building a long term sales history-now**. Seller history is an important Amazon evaluation tool and plays a big role at Amazon in terms of winning the Buy Box (**more on this later**). **Start now** to get ahead with your product listings and sales history.



Amazon's marketplace gives customers a single storefront to search or browse for products across all of the individual retail stores it hosts. Retailers on Amazon sometimes seem more like suppliers for Amazon's brand, and it's rare for Amazon shoppers to go browsing a single retailer's products. But this isn't all bad news, rather it reinforces the importance of understanding how Amazon works, and optimising for Amazon search to give yourself the best chance of success.

In this section we'll take you through the four key areas you need to focus on to maximise your chance of success on Amazon Australia:

- 1. Select which products to sell
- 2. Getting your products seen
- 3. Win the Buy Box
- 4. Measure everything

#### 1. Select Which Products to Sell

Before getting started with Amazon it's important to decide which of your products you'd like to sell. The best way to do this is to use a combination of research and sales data:

- Research how products similar to your own perform. Is there an appetite for your products on the giant marketplace?
- Look at your own sales data when deciding which products to sell on Amazon and which products to sell through other channels, such as your online store or alternative marketplaces.

If you're using a platform like **Neto** to manage all of your sales channels, you can pick and choose which products from your webstore you want to also list to Amazon.

#### 2. Getting Your Products Seen

Amazon search is a powerful tool; just like Google searches return pages with higher domain authority, traffic and quality content, as your product on Amazon obtains more page views, sales and product reviews, it will rise within the search results. This is referred to as 'Amazon SEO', and like Google search, is determined by a range of complex algorithms. Although only Amazon knows the exact science behind these algorithms, following the steps below is a good place to start.

#### a. Optimise Your Product Listing

- Category terms and keywords Select precise categories and choose the most accurate keywords; this will help customers narrow their search and easily identify relevant products.
- ▶ Titles Write descriptive titles that include all of the important keywords, technical and product information. But don't make titles too long (consider mobile). Title formats vary for each category but as a general rule, follow the format Brand + Model + Product Type.
- Images and videos Sellers have nine image slots for each product. Pictures and videos should be:
  - Professional and showcase your product from different angles
  - On a white background
  - Well-lit
  - Occupied 85% with the item
  - Free from watermarks or text
  - ▶ 1000x1000px (recommended)
- Product descriptions Write a rich description that highlights your product's features as benefits.

- ▶ **Bullet points** Reportedly weighted more heavily than the product description, use the 5 bullet points allocated wisely by including all the necessary info. Amazon suggests:
  - A general product description
  - ▶ Materials, construction
  - Details on most important feature(s)
  - ▶ Details on other important feature(s)
  - Dimensions
- ▶ **Hidden fields** Include synonyms and abbreviations in these fields e.g. if you are selling headphones, you may want to target 'earbuds' and 'earphones'.
- Backend search terms Shoppers will only be shown a product in search if it contains all of the search terms they entered. Filling your backend search terms with relevant keywords is vital so that your product is shown for as many search combinations as possible. Consider these best practice tips:
  - Prioritise the top keywords
  - ▶ Include keywords that don't fit in the title or bullet points
  - ▶ Include colloquial synonyms and common misspellings
  - Use hyphens to avoid keyword repetitions
  - ▶ Remove plurals as both singular and plural are included automatically
  - ▶ Ignore capitalisation and punctuation

**Tip**: Research your competition and brands who are doing well in your product category, what words they are using and what sets them apart and do it better. Keep experimenting until you get it right!

Read our post 'How to Optimise Your Product Listing on Amazon Australia' for more.

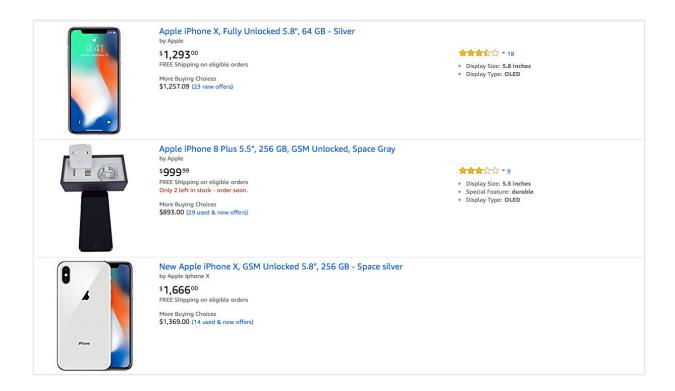
#### b. Build up Reviews

Building up positive product reviews is a key component of the Amazon game as they boost your search rankings and improve buyer confidence. These can be obtained using a variety of tactics, but we recommend starting with selling quality products and delivering quick, top-notch customer service.



#### c. Price Competitively

Price is the number one reason shoppers use Amazon. Every time your customers search for your products on Amazon, they'll see alternative suggestions from your competitors at the same time, so sellers **have to compete on price**.



Unlike your own webstore, where you can differentiate your offering with customer service and support, price is the main differentiator on Amazon, and you'll find it hard to get ahead of your competitors unless you're willing to sell your products at a lower margin. On the same token, there's no point selling if it's not profitable or unsustainable, so monitor your competitors, assess your profit margins and price accordingly.

Read more about **Amazon pricing strategies** or discover how Amazon retailer, Cycling Deal, prices their products for success.

**Tip**: Look for products that Amazon can't compete with, which of your items are selling well on eBay, and which of your competitors' items are selling well in Amazon's overseas marketplaces, and remember to check your agreements with manufacturers and suppliers to ensure you aren't pricing your products below their stated Minimum Advertised Pricing (MAP).



#### d. Customer Service

The customer is at the core of everything Amazon does; their vision statement reads 'We seek to become Earth's most customer centric company' and they've been ranked number one in customer service for almost a decade in online retail. And in line with this, maintaining good ratings can make or break your success on Amazon.

**Feedvisor's study** of Amazon shoppers revealed that 87% of shoppers on Amazon sometimes or always check seller ratings before buying, so a good rule of thumb for customer service is to be proactive, efficient, and to go the extra mile at every touchpoint.



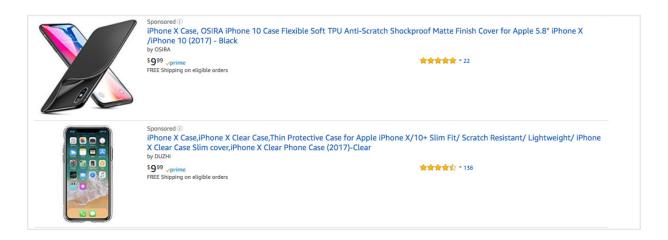
Remember, that the customers you service through Amazon are ultimately Amazon's customers, not yours. Amazon collects a massive amount of search and shopping cart data about them, but it doesn't necessarily share that data with you. So you'll need to get creative to encourage shoppers to directly share their information with you.

To learn more about delivering world class customer service check out our article '4 Essential Ways to Deliver Great Customer Service'.

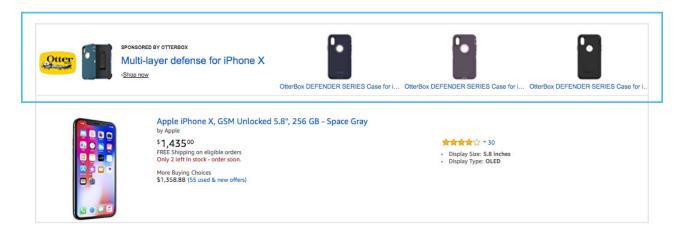
#### e. Market Your Product

Another tactic to help get your products discovered on Amazon is paid advertising. Amazon offers two types of pay per click sponsored ads:

> Sponsored Products for promoting individual listings within the feed.



Headline Search Ads for brand owners to promote their brand and product portfolio.



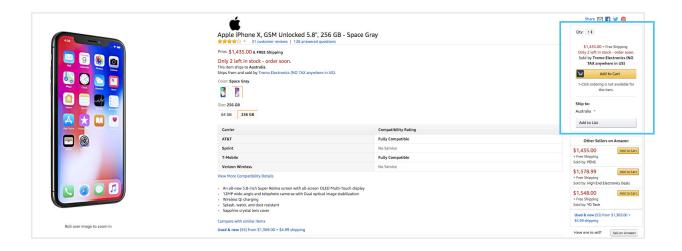
Similar to Google Adwords, you set your own budget and bid on relevant keywords to get your products in front of new customers.

**Tip**: Be sure to set goals for your campaigns, and regularly check in so that you can measure the success of your spend.

#### 3. Win the Buy Box

A reported 82% of Amazon's sales come through the Amazon Buy Box — the yellow, rectangle 'Add to Cart' button that appears on a product's main page. As multiple sellers can offer the same product for sale and there is only a single main product page, Amazon gives sellers the opportunity to compete for a 'share' of the coveted Buy Box.

So how do you win the Buy Box? No one knows for certain the winning formula, as Amazon keeps this algorithm close to their chest, but we've searched far and wide for a few pointers to increase your chances.



First, check that you are eligible to win the Buy Box:

- You have a professional seller account.
- Your items are new, not used or second hand.
- ▶ Your products are in stock you cannot win the Buy Box for products that aren't in stock, so ensure you manage your inventory effectively to ensure your most popular products are available.

Second, take a look at these four areas of your Amazon strategy, which, incidentally, are fairly similar to the tips to get your products seen on Amazon (see the pattern here?).

- Competitive pricing Although listings that win the Buy Box are typically the lowest priced, it's important to note that the Buy Box depends on both price and seller metrics, so if you have top seller metrics, then you can offer a higher price and still win the box.
- **Seller history** Merchants with longer, positive selling histories are more likely to win the Buy Box than those with shorter histories, which reinforces that the earlier you get on Amazon the better.

- Customer service and reviews Customer reviews are central to the Amazon platform, and undoubtedly affect a seller's ability to win the Buy Box. Keep your customers satisfied by:
  - ▶ Proactively communicating with them about their orders if there are delays or issues via the Buyer-Seller messaging service
  - ▶ Shipping products quickly so that they arrive by the estimated delivery date
  - ▶ Responding to queries in a timely, professional manner some sources say that replying in under 12 hours can increase your chances of winning the Buy Box
  - ▶ Rectifying problems quickly, and issuing refunds where necessary (work to minimise your your cancellation and refund rates overall)
- **Don't give up!** It can be challenging to master the Buy Box and it's easy to get defeated. The beauty of Amazon Australia is that all sellers will be starting from square one.

While the exact formula for winning the Buy Box is unknown, the above strategy will at the very least help ensure your customers are satisfied, and that can never be a bad thing!

#### 4. Measure Everything

Developing a successful Amazon strategy can involve quite a bit of trial and error. Be sure to control your trials by only testing a single variable at a time, so that you know what's actually working, and don't forget to measure your sales results before and after making any changes.



# HOW TO SELL ON AMAZON AUSTRALIA

## Ready to Reach New Customers and Sell More With Amazon?

The key to succeeding on Amazon is to first understand how it operates, and then ensure you have both a strategy and the back-office systems in place to support your omni-channel operations. With orders coming in from multiple places, you'll need to think about how you're going to manage the orders, how to control your inventory and keep stock in sync across each channel, and how you can keep product information accurate and up-to-date.

At **Neto**, we've been helping stores sell on eBay, and through online and physical channels for over eight years, and now we're helping retailers succeed on Amazon. Our platform's deep integration with marketplaces like Amazon and eBay provide a true all-in-one solution that not only centralises inventory and orders, but also ensures that you only need to set products up once, saving you countless hours and minimising errors.

#### How to sell on Amazon with Neto



#### 1. Create and maintain your Amazon listings in Neto

You can register your products to the Amazon catalogue in minutes directly from Neto. No need to spend hours fiddling with a clunky spreadsheet or days uploading products in Seller Central one-by-one, just push existing products directly to their platform.

Once you've registered your products, it's simply set and forget, with any future product changes such as prices, stock, descriptions, and images automatically synced between Amazon and your Neto store.

Learn how to configure Amazon products in Neto.

#### 2. Centralise your fulfilment activities

Manage your entire order fulfilment process for Amazon orders—from purchase to delivery—in the same platform you use to manage the rest of your retail business, bringing you huge efficiencies in both time and cost. Amazon orders will display in your Neto dashboard alongside orders from your other sales channels, as well as customer and payment information. Connect your existing shipping options to Amazon and push tracking information back to Amazon so the customer can see when their order is dispatched.

#### 3. Allocate and control stock at the channel level

If you're selling on Amazon in addition to other sales channels—then you'll want to manage your inventory in one place, otherwise, it can get very messy, fast. Once an order comes in from Amazon, Neto will decrement that item from your inventory count and automatically sync stock levels across each channel, keeping everything accurate and up-to-date without you having to lift a finger.



#### 4. Set stock buffers to protect your seller ratings

Neto allows you to set buffers for exactly what you'll sell on each channel so you don't run out of stock. As Amazon penalises accounts for running out of stock, earmarking stock for Amazon-only will prevent you running out and help protect your all-important seller ratings.

#### 5. Set rules for pricing

Ensure compliance with Amazon's strict pricing regulations by setting rules for your products' pricing so that they don't appear on any other channel at a cheaper price.

#### 6. Test new products in a low-risk environment

Amazon is a great testing ground to trial new products or product lines to gauge interest levels or determine ideal pricing.

#### **Next Steps**

#### Ready to get started? Here's what to do:

- Start a free 14 day trial on Neto
- Create an Amazon Seller account
- ► Connect your Amazon seller account to Neto
- ▶ Go!



## AMAZON FAQS

Now that we've covered why to sell on Amazon Australia and how to be successful on Amazon Australia, let's run through some of the most common questions.

#### How do I sell on Amazon Australia?

- 1. Register your seller account via Amazon Services and set up your profile.
- 2. Create your product listing and begin selling. If you are an existing Neto retailer, you will be able to sell products on Amazon from right within the Neto platform with our Amazon Australia native integration. If not, start a free trial with Neto to seamlessly manage listings, customers, sales and get one step ahead of your competitors.

#### What is Amazon Marketplace?

Amazon Marketplace provides businesses a model where they can use the Amazon platform to market and sell their own goods, similar to eBay, Etsy and Gumtree. Retailers set their own pricing and take care of inventory, fulfilment and shipping (unless they use Fulfilment By Amazon).

#### How much does it cost to sell on Amazon?

Retailers will pay \$49.95 (excl. GST) a month to sell on the Marketplace as a third party seller, and Amazon will take a 6-15% cut off the top of sales, depending on the product category. This clear pricing allows you to easily calculate your required product margin and adjust pricing as necessary.

#### What is Amazon Prime?

Amazon Prime is a paid membership service that gives members a range of benefits, discounts and fast delivery—same day or even two-hour delivery on certain items in the US.



In Australia, Amazon Prime is currently priced at \$59/year and includes:

- Access to movies and TV shows, ebooks and games through Prime Video,
   Prime Reading and Twitch Prime
- Free two day shipping in metro areas
- Free expedited shipping in rural areas (as fast as four or five days)
- Access to 4 million products on the US platform and free shipping for international orders over \$49
- > 30 minute early access to special deals

# I'm a Neto seller, will I need a separate Neto platform for Amazon?

No. Neto is an all-in-one platform, which means that you can connect Amazon to the same platform you use to manage your ecommerce store, POS and other channels. Depending on your plan, this may be included but if not, it's just \$49 per month.



## Can I control what and how much I sell on Amazon from Neto?

Yes. Our integration with Amazon allows close control over your inventory so that you can choose not only what products to sell on Amazon, but also establish buffers that save stock for other channels and ensure you don't run out on Amazon. This is

important because being out of stock can negatively impact your visibility and seller ratings. Neto will sync your inventory across all channels so you don't have to worry about managing multiple sets of inventory or running out of stock.

## Will I be able to sell in the US through Amazon Australia?

Unfortunately not. The Amazon Australia Marketplace is completely separate to the US one. The good news is that Amazon has confirmed that Australian vendors will have access to international markets through Amazon Australia. Additionally, Neto will be launching an integration with Amazon US shortly which will allow you to sell on Amazon.com.

# What's the difference between a first party and third party seller?

You have two choices for selling with Amazon; you can either sell directly to Amazon's customers on the Amazon Marketplace to the public as a retailer (third party seller), or you can sell your products directly to Amazon as a vendor (first party seller). Amazon's retail team buy products from vendors at wholesale prices and resells them under their own brand name to customers on the marketplace.

#### How do I use (FBA) fulfilment by Amazon?

Fulfilment by Amazon is a warehousing and fulfilment solution where sellers can send stock in bulk to Amazon's warehouses to store them and then when a customer places an order, Amazon will pick, pack and ship your products to customers, and take care of all of the customer service, returns etc. When customers purchase from an FBA seller over \$49 they are eligible for free delivery and your products will be eligible for Amazon Prime listings.

There is no minimum quantity or SKU count, but the caveat to this is that using Amazon FBA will actually reduce your freight volume. So, although FBA makes shipping simpler for you, it might also make it harder to negotiate cheaper deals with your existing freight partners.

Amazon FBA charges a flat fee based on product type, dimension and weight as well as monthly storage fees.



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Neto is the only Australian retail management platform that provides a complete solution for ecommerce, point of sale, inventory and fulfilment. Our integrated back-end technology enables exceptional and consistent customer experiences via any channel, be it in-store, online or through a marketplace. We automate repetitive tasks and integrate with multiple sales channels to manage orders and shipments.

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