



Vendor Selling Strategy

Selling TO Amazon vs. Selling ON Amazon



Transitioning from 1P or 3P

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There are two routes you could go if you've decided you're not a fan of the vendor-only route:

1 Switch to Seller Central (sell as a 3P with or without FBA)

2 Sell as both 1P & 3P (hybrid strategy)

Switching from 1P to 3P

Before you attempt to switch fully from 1P to 3P, you should know that challenges might arise as you transition your entire business from Vendor Central over to Seller Central.

Expected Challenges:

- 90-Day waiting period for Buy Box eligibility
- 2 – 3 week waiting period to get Brand Registry account approved
- You could get blocked and or suspended

In the next few slides, we've laid out how to get around these challenges when you work with our agency.



Challenges of Switching from 1P to 3P

90-Day Waiting Period for Buy Box Eligibility

If you are transitioning to the 3P side of the business without access to an existing portal, there's a 90-day waiting period for Buy Box eligibility.

2 – 3 Week Wait to Get Brand Registry Seller Account Approved

After enrolling your brand into Brand Registry, it can take up to 2-3 weeks before your account is approved and fully functional. Without your brand being approved by Amazon's Brand Registry team, you will not have control over your product listings.

***You Could Get Blocked**

If you are an established vendor, your Amazon vendor manager can block you from creating a 3p account because Amazon Vendor Central and Amazon Seller Central are viewed as two separate entities fighting for the same business.

**Note: When you are moving your Amazon business from 1P to 3P, you can think of it as one company (Amazon) losing business to another (your company), even though it is all housed under Amazon's roof. That is why vendor managers will sometimes block the creation of the 3p & technically, they do have the final say.*



How To Get Around 3P Account Challenges

Challenge: 90-Day Waiting Period for Buy Box Eligibility

Solution: When creating your 3P account, once it is approved by Amazon, you should add this account as an approved third-party selling account in Vendor Central. This will reduce the time to get your 3P Buy Box approved.

Challenge: Waiting Period to Get Brand Registry Account Approved

Solution: When creating a 3P account under your own brand name, you should add the account under your current Brand Registry account that was previously created for your 1P account. By doing this, Amazon will see that the 3P account already has been approved by your main account.

Challenge: You Could Get Blocked

Solution: You could start up your 3P account discreetly as possible, but then Amazon may discover it, say they never approved it, and may suspend your 3P account immediately. The way to get around the “buyer’s block” is to create an entirely new line of business, that means different banking information, tax IDs, and more. This wouldn’t be the easiest approach, but it is an option if you are concerned about getting blocked.



Balancing 3P and 1P With A Hybrid Approach

About 25% of our clients implement a hybrid approach to selling on Amazon—meaning they're both 3P and 1P or they sell 1P and DF.

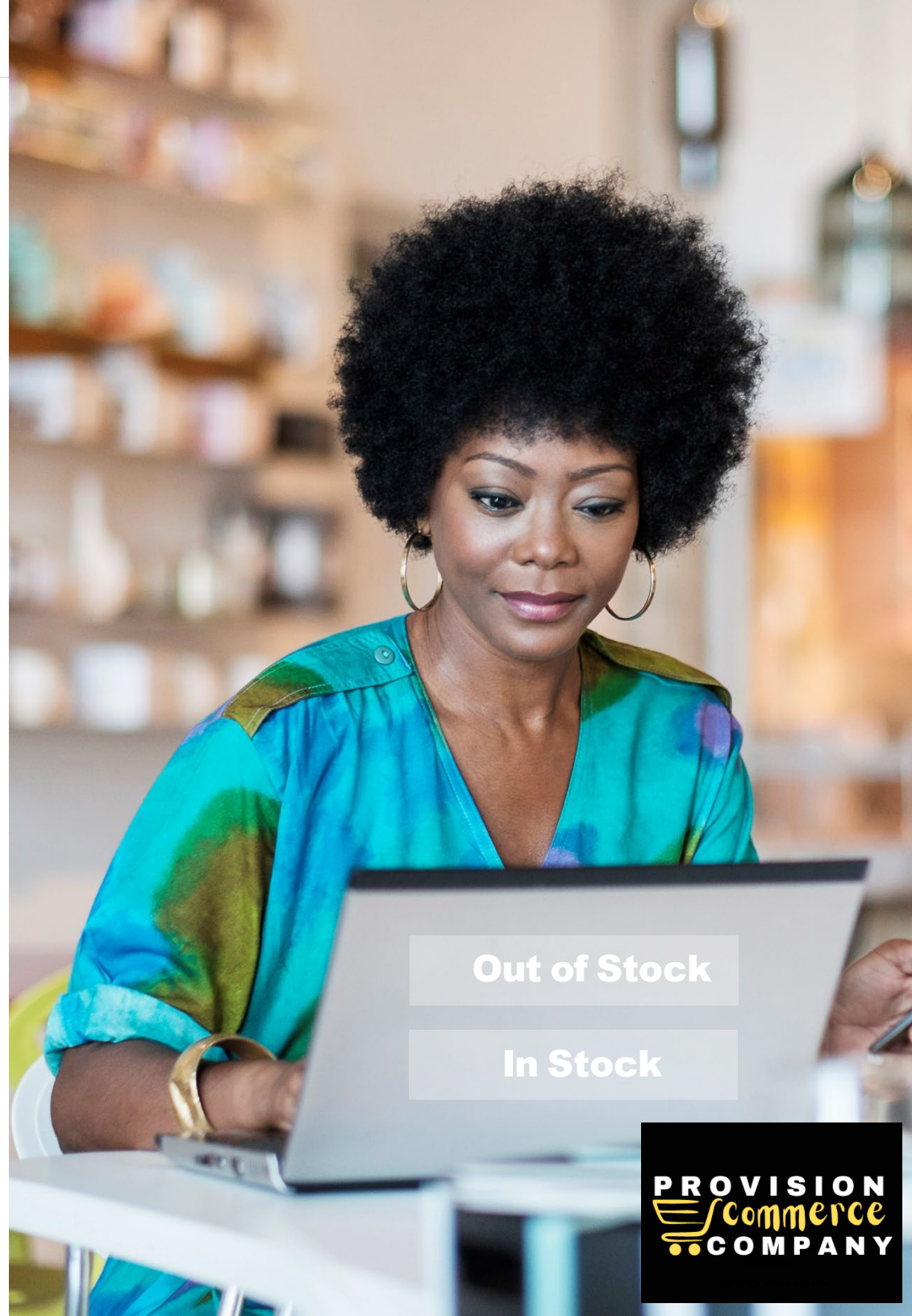
The 3P and 1P hybrid approach offers flexibility and power you wouldn't get otherwise.

For example, you'll have inventory coverage when experiencing stockouts.

Scenario #1: Let's say on the 1P side, you send Amazon some particularly popular products, and Amazon sells through them before your next shipment goes out. Welcome to the dreaded inventory stockout.

This is where the 3P side of your business will come in handy, and you can offer a backup of those products and continue to sell from the 3P side.

Scenario #2: You just launched new products and have a MAP policy in place, but one of your other customers break MAP price. Well, Amazon will lower their retail to be competitive with the other seller. With a 3P account, you can control and protect your retails by launching all new items under your Seller Central account.



Challenges With the Hybrid 3P+1P Strategy

Once 3P selling is apart of the equation, you must have a game plan in place to manage both, your 1P and 3P account, which for many vendors, is one of their biggest challenges.

This can be difficult if you're already selling across other channels, including traditional outlets. You may need to hire an internal team member to help manage your 3P side while you work along side an outside agency specializing in Amazon selling.

Here are some other challenges you'll run into with the hybrid strategy.

Product Launch Problems

When you have a new product, you're ready to launch on Amazon, where do you launch it?

Once your 3P account is fully operating, you could launch the new product on the 3P side, which will give you control over your retails and inventory. If you decide to launch new products on the 1P side, make sure your retails on all other online selling accounts are aligned to your expectations.



Challenges With the Hybrid 3P+1P Strategy Cont.

Difficulty Moving Products From 1P to 3P

If a product is performing well on 1P, some sellers want to add that product to 3P. This could potentially offer better margins, but sales could also drop off. In addition, vendor managers will not appreciate a vendor moving a high-volume driving product completely over to 3P.

Typically, vendor managers don't want their clients to open a 3P account, and in some instances, they can block it from happening.

Sponsored Products Cannibalization

If you're running Sponsored Products ads in 3P and Sponsored Products ads in 1P, they could be competing against each other and drive up your CPC.

If you're running Sponsored Product ads on both sides, you should be aware that you could be competing against yourself. Keep an eye on both advertising accounts to make sure you're putting the most money towards the highest drivers of sales.



Amazon May Ask for More of Your Catalog

If you're a manufacturer hoping to expand to 3P, you should be aware that Amazon may require that you keep best selling products on the vendor side.

Alternatively, if you're a 3P seller and you decide to expand to 1P at Amazon's invitation, you won't have as much control over what you get to sell where.

Let's say you have 20 products, but you only want to sell two on the 1P/vendor side. More than likely Amazon won't settle for just those two items.

In fact, Amazon alludes to this on their Product Availability Policy for Manufacturers:

"If you are a manufacturer and your products are sold by any other retailers or distributors, we expect you to offer Amazon Retail the option to source those products at competitive terms for sale as Retail items only."

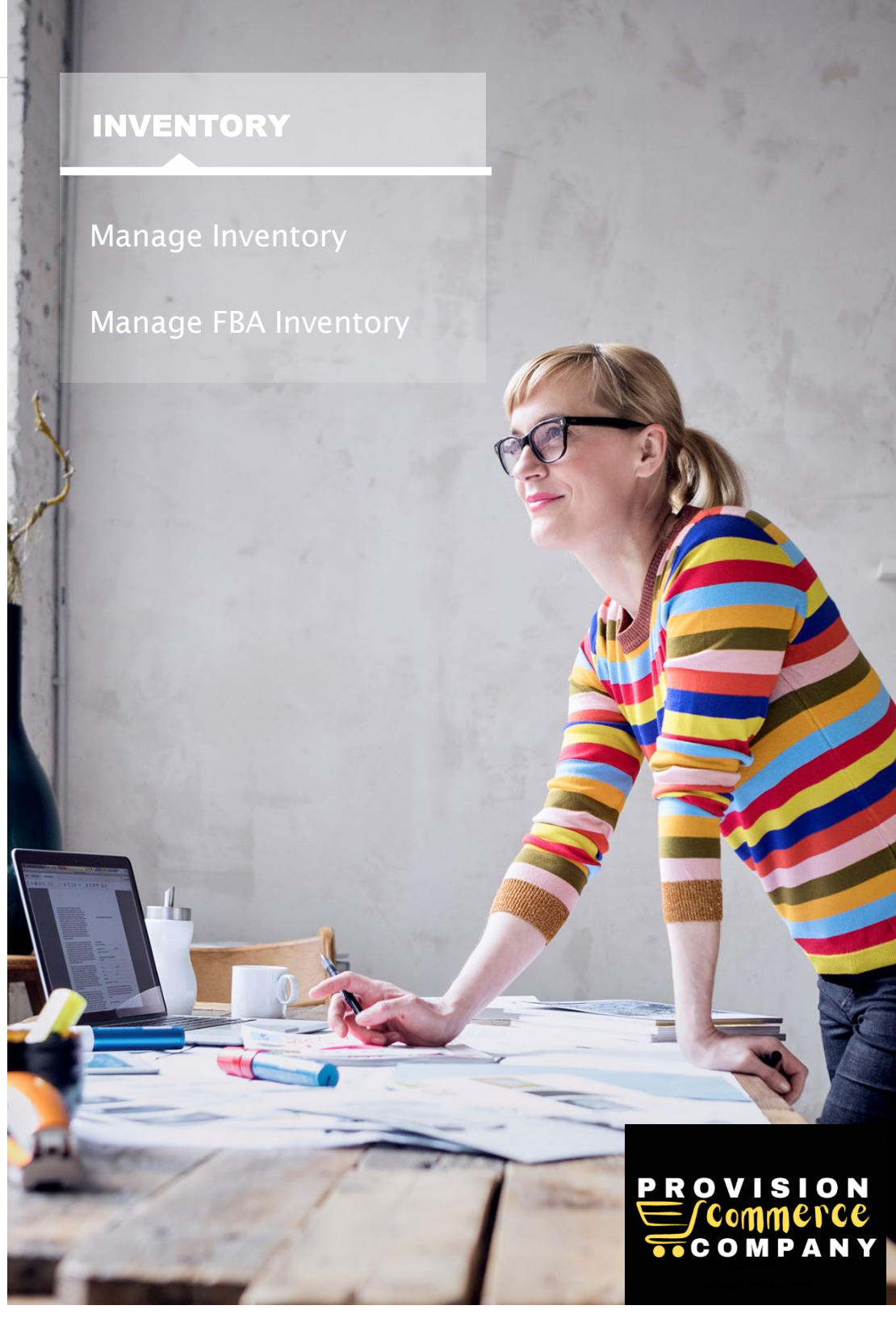
amazon.com

This clause may be vague, but it's pretty clear that Amazon wants full access to your product catalog, especially if Walmart or another retailer already has full reign over it.

INVENTORY

Manage Inventory

Manage FBA Inventory





Here are a few items that we recommend vendors not offer to Amazon on the 3P Side:

- 1 Discontinued items (unless Amazon agrees to bulk buy)
- 2 Items with limited stock or poor availability
- 3 Items with a low profit margin

Amazon May Ask for More of Your Catalog Cont.

Essentially, vendors must provide solid reasons why they cannot sell those products to Amazon.

Amazon vendor managers will most likely pass on products that are not profitable, have low retail price points (below \$10), or bundles that are not prepacked.

As you seek to manage your inventory across both 3P and 1P, remember most attempts at “getting around” Amazon’s policies don’t go well.

If you’re already a 1P vendor, you must be extra careful to legitimately manage your 3P account, and shouldn’t attempt to sneak products past your vendor manager.

The Bottom Line

There's no clear winner when it comes to 3P vs. 1P—it really just comes down to your current setup.

If you have a wholesale background, solid distribution strategy, and are already selling to multiple retailers, you're probably an ideal candidate for 1P. The transition will be simple, as you're already set up to ship products in bulk and work with Amazon's wholesale shipping requirements for vendors.

So, who's the best candidate for 3P? Evolving brands and private labels work well for this strategy because Amazon 3P is a great place for new brands to test the waters at minimal risk.

Ideally, 1P exists as a wholesale route, and 3P exists as a direct-to-consumer route. It really depends on that brand or business's setup.

But if you really want to excel on Amazon, it's time to get away from the 3P VS 1P mentality and think more about how they can both propel your brand forward.



Schedule Your Amazon Strategy Evaluation

Provision eCommerce Company's Amazon Audit is a complimentary 60-minute analysis and assessment of brand's existing Vendor Central account, advertising programs, product order (PO) volume, and profitability metrics.

[Schedule Your Evaluation](#)

