



# Buyer's Guide Selling on Amazon.com



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## Important Notice

The content in this document is informational in nature. As Amazon.com may change their policy at any moment, we cannot guarantee that the information in this guide is always accurate.

Before you start selling products on Amazon.com, you must confirm all rules and processes directly with Amazon.

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## Part 1: Packaging & Order Fulfillment



### 1.0 Introduction

What makes Amazon.com different is that they are not only offering an online platform optimized for sales conversion, but also an integrated logistics system.

Ship your bulk cargo to one of Amazon's warehouses and they take care of the rest, sending your items to your final customers.

However, shipping to the customer is the easy part.

To manage such a large scale operation, Amazon sets strict requirements on everything from the shipping process to cargo labels.

### 1.1 Amazon FBA Product Packaging Requirements

Amazon sellers are required to comply with all product packaging requirements, which sets rules for bundles, packaging materials and label sizes. An overview of Amazon's current requirements can be found here: [Packaging and Prep Requirements](#).

**Note:** Different rules may apply to non-FBA sellers. Notice that you must always ensure compliance with all applicable product and packaging labeling requirements, regardless of whether you sell on Amazon or elsewhere.

## 1.2 Amazon FBA Export Packaging Requirements

If you are shipping your goods directly to an Amazon fulfillment center, all export cartons (outer) must be labeled on all 4 sides, with the following information:

1. The name of the Amazon distribution center, address, state and zip code
2. Your company name
3. Your company address

Each carton or pallet must also carry an Amazon shipment label. This label can be created in the Shipment Creation Tool ([Link](#)).

Amazon prefers that your cargo is palletized, as this speeds up the unloading process. Notice that your pallets must also carry the label.

**Note:** If you are not shipping directly Amazon (i.e., not using the FBA program) you do not need to comply with their FBA shipment rules. You can fulfil orders from your home / office, or use a non-Amazon fulfillment center.

## 1.3 Amazon FBA Shipping Process

Notice that Amazon do not manage any part of the shipping and customs clearance process. As such, you should work with an experienced freight forwarder.

Below follows a rough overview of how a shipment from the factory in China, to an Amazon fulfillment center can be processed:

1. Order your products according to FOB terms from your supplier
2. Cargo is shipped to your freight forwarder warehouse in China
3. Order **DDP (Delivery Duty Paid)** shipping directly to the Amazon fulfillment center
4. Ensure that the Bill of lading is as following:
  - A. the Importer of Record as the name of the importer
  - B. the Consignee as the Amazon warehouse
5. The cargo is shipped to the United States and cleared through customs
6. The cargo is forwarded directly to the Amazon fulfillment center

**Note:** If you are a non-FBA seller, you can apply the standard shipping process detailed in **Module 5/6 : Shipping, Taxes & Customs** (Import Manual).

## Part 2: Quality Assurance (QA) for Amazon Sellers



### 2.0 Introduction

Late shipments and too many returns can result in the suspension of your Amazon account. Given that two of the main problems you face as an Importer are late shipments and ongoing quality issues, this is a huge challenge.

Getting banned from Amazon means getting banned for life, as a seller. Before you even think about registering an account, you need to implement an airtight quality assurance and logistics strategy that minimizes your risks as a seller.

## 2.1 Seller Performance Targets

Amazon is looking at three primary signals, as specified below:

**“All sellers should be working toward achieving and maintaining a level of customer service that meets the following seller performance targets:**

- **Order defect rate: < 1%**
- **Pre-fulfilment cancel rate: < 2.5%**
- **Late shipment rate: < 4%**

**Failure to meet these targets may result in the removal of your selling privileges.”** ([Link](#))

In this part, we explain why you need to implement a comprehensive QA strategy to meet these targets.

### a. Order Defect Rate (ODR)

**“All Amazon.com sellers should be working toward achieving and maintaining a level of customer service that result in an order defect rate of no more than 1%. Failure to meet these targets does not necessarily put your account in negative standing, but failure to improve may negatively impact your account.**

[...]

**Accounts that fall significantly below the performance thresholds can be temporarily suspended or blocked.”** ([Link](#))

Amazon.com calculates the number of orders, return due to a cosmetic or functional defect, divided on the total number of orders.

All Amazon sellers are requested to ensure that **not more than 1% of the total number** of products are returned due to defects. If the defect rate exceeds this number, for an unspecified amount of time, you may have your account suspended – temporarily or permanently.

Maintaining a lower than 1% defect rate is not a walk in the park. In fact, a defect rate of 2 to 3% is oftentimes considered good, when importing from China. Of course, it is rather unlikely that all your customers report the actual defect rate. The number of returns will most likely be less than half of the actual defect rate.

That said, If you fail to implement a proper Quality Assurance strategy, and make a supplier selection without prior research, you may receive batches with a much higher defect rate.

Defect rates of 40 – 60% are not uncommon, and in some cases, the entire batch is defective. One shipment with such a high defect rate could ruin your business.

## b. Pre-fulfillment Cancellation Rate (In Stock Rate)

**“This is the number of orders cancelled by a seller prior to shipment confirmation divided by the number of orders in the time period of interest. When computing this metric, we consider all order cancellations initiated by the seller for any reason.”**

It's rather frustrating to purchase an item only to have the order cancelled a day or two later, due to the seller's failure to maintain a sufficient quantity in stock.

Maintaining a certain quantity of products may not sound like much of a challenge. It may not be, if you are manufacturing domestically, but buying from China requires serious planning.

**The target set by Amazon is only 2.5%.** One late container shipment could quickly result in in the fulfillment cancellation rate running way beyond the set target.

## 2.2 Quality Management

Quality management begins with a clear and well defined product specification sheet, and ends with a quality inspection. However, on an **order to order** basis, it can be summarized as following:

1. **Before Order:** Submit documentation detailing previous defects **and** inform your supplier about upcoming quality inspections. Also remind them of your accepted defect rate.
2. **During Production:** Send a quality inspection agent to check up on the raw materials and components (unassembled) to spot early quality issues.
3. **After Production:** Send a quality inspection agent to check up on the completed units and the export packaging. Everything must be up to standard at this point.

**Note:** The Import Manual is at its core a Quality Assurance process manual. To ensure that your products match your quality standards, you must apply all methods described, and execute the task lists, in the Import Manual.

## 2.3 How to Avoid Late Deliveries

Reducing the risk of late deliveries comes down to three factors:

- a. Placing your orders early
- b. Keep track of all lead times
- c. Keep track of holidays in the manufacturing country

### Supplier lead times

Production normally takes 30 to 50 days. However, you need to confirmed this with your supplier. In addition, you must also factor the following into your lead time:

1. Quality inspection: 1 to 2 days
2. Lab testing: 7 to 15 days
3. Sea freight: 20 to 35 days (depending on location) + 7 to 12 days (administration, loading / unloading and customs clearance)
4. Inland transportation: 1 to 3 days

### Place your orders early (and plan for delays)

So, how early should you place your order? That depends on your specific lead times. However, at a minimum, you should place your order 4 month before your deadline. This assumes that there will be no delays, and no quality issues.

**Note:** In case of emergency, you can order a partial shipment delivered by air. Notice that you should work directly with a freight forwarder, as this gives you more control over the shipping process, rather than booking shipments via the suppliers.

### National holidays in China

There are two major holidays in China to look out for. First, the **Chinese New Year (Read More)**, which shuts down production and logistics for up to 3 weeks, with an additional 'slow period' lasting for another 2 weeks.

The exact date of the Chinese New Year varies for each year. However, it starts in late January or early February.

That said, suppliers often stop accepting orders as early as mid January, and they are not fully operational (ready to start new production orders) until mid March.

Place your orders well before the Chinese New Year if you want to get your goods in time, and ensure that you have enough stock to last during this disruption.

Last, the first week of October is the second longest holiday in China. Production and logistics are shut down from **Oct 1 to 7**.

## Part 3: Product Compliance Requirements



### 3.0 Introduction

Products that are non-compliant with all applicable safety standards, or for other reasons unsafe, can be removed without prior notice. In this part, you will learn more about the requirements Amazon place on the sellers, when it comes to product safety.

### 3.1 Compliance Requirements for Amazon Sellers

**“Sellers are responsible for tracking and complying with any regulations issued by the CPSC.”**

Compliance with applicable US product regulations is never optional, regardless of whether or not the items are sold on Amazon.com.

However, the Amazon Seller Policy is explicitly referring to these regulations, clarifying that the seller is the sole responsible for ensuring compliance.

In addition, Amazon requires sellers of electronics (specifically devices containing Lithium batteries) to ensure that their products are compliant with all applicable UL standards.

Unlike CPSC standards and regulations, for which compliance is required by law, compliance with UL standards is not required by law. However, Amazon has still decided to make it mandatory for their sellers.

Also notice that the products, and the packaging, must comply with all applicable labeling requirements.

**Notice:** Amazon may require that you comply with product standards that are not required by law, such as UL standards.

### 3.2 Document Submission

Certain categories on Amazon.com are restricted (i.e., Health & Personal Care). In these cases, Amazon may require additional documents that prove that a product is compliant.

Such documentation may include both self issued documents (i.e., a CPSIA Children's Product Certificate or GCC) - and test reports issued by third parties.

Regardless of what products you intend to sell on Amazon, you need to ensure that you have all the required documents before you upload them.

### 3.3 Product Descriptions

Amazon product description must include information that are part of the products labeling requirements. This includes, for example, Choking Hazards Warning Labels and California Proposition 65 Warning Labels.

## Additional Resources



### Further reading on [Chinaimportal.com](https://chinaimportal.com)

- a. Amazon FBA: A Practical Shipping Guide for Importers: By Ron Berger ([Link](#))
- b. Importing Private Label Products from China and Selling on Amazon: By Rachel Greer ([Link](#))
- c. US Customs Procedures Explained: What Importers Must Know: by Kathy Rinetti ([Link](#))
- d. Amazon Product Compliance Requirements ([Link](#))
- e. Shipping Lithium Batteries From China: UN 38.3, Packaging & Labels ([Link](#))
- f. VAT for Ecommerce and Amazon Sellers in the EU: By SimplyVAT ([Link](#))

## Resources on Amazon.com

a. Product Guidelines ([Link](#))

Learn more about labeling requirements, product descriptions and more in Amazon's Product Guidelines section. Some guides apply to specific product categories, while others apply broadly to all products.

b. Selling Policies ([Link](#))

Learn more about Amazon's policy for product detail pages, seller activities and more.

c. Fulfillment by Amazon (FBA) ([Link](#))

Fees, packaging requirements, shipping processes and general rules for sellers using the Fulfillment by Amazon program.

d. FBA Packaging and Shipping Inventory to Amazon ([Link](#))

A complete guide to shipping labels, packaging and delivery to Amazon.

e. Customer Metrics ([Link](#))

Amazon use different metrics to determine how qualified you are as a seller. In this page, Amazon explains the different metrics they use, and what can happen if you fail to reach their minimum requirements.