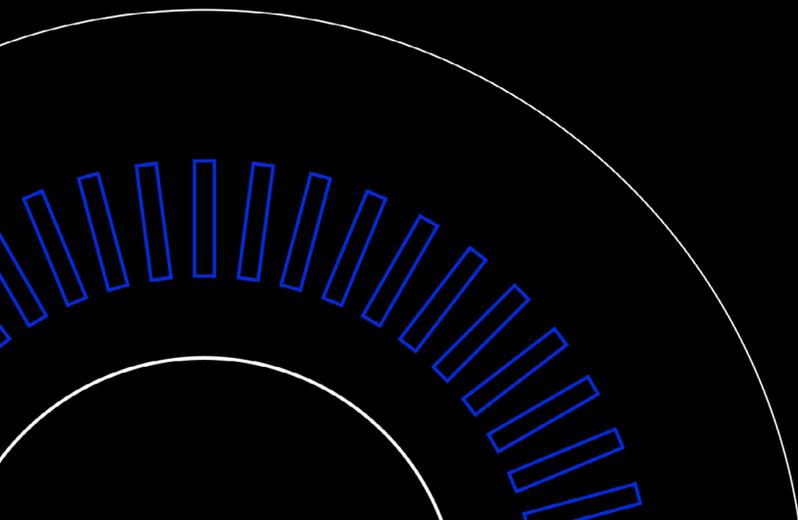
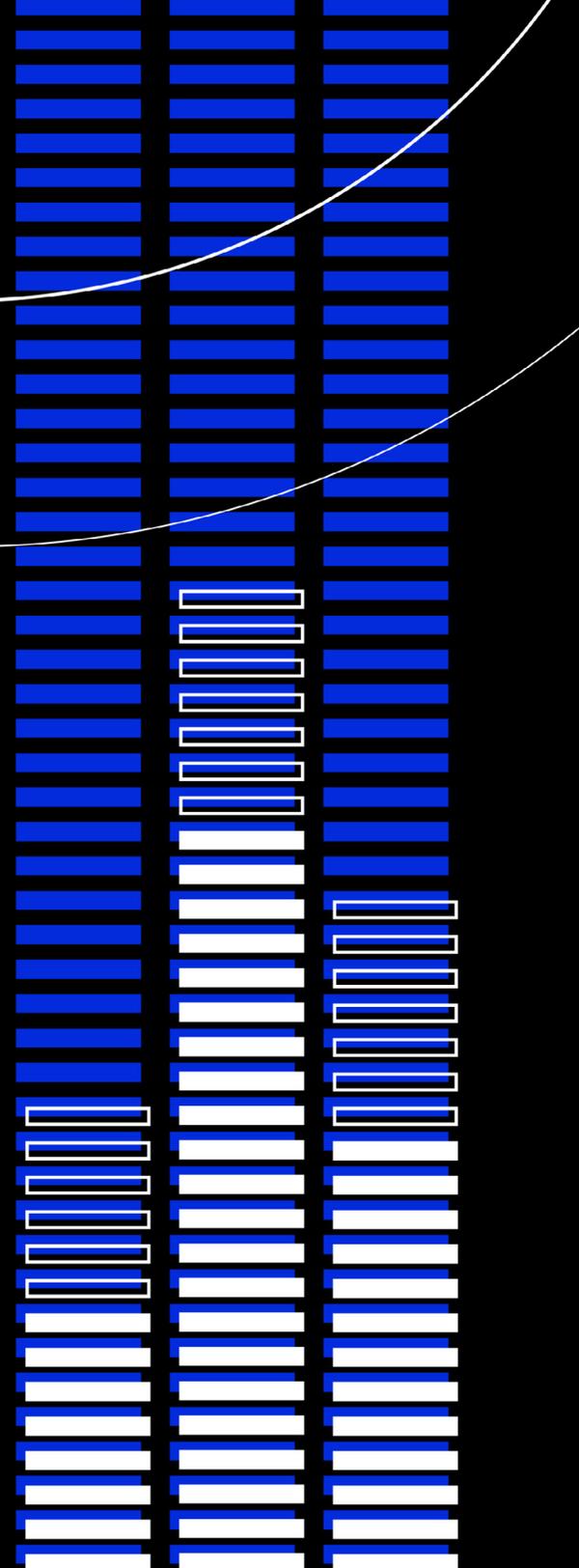


JungleScout

The State of the Amazon Seller 2021



About the Report

Jungle Scout's State of the Amazon Seller is a study of nearly 5,000 entrepreneurs, brands, and businesses of all sizes that have leveraged the massive global retail platform of Amazon.

This research explores the current state of selling on Amazon in 2021, including who sellers are, what and how they're selling, and how they are responding to ecommerce growth and major shifts in global economics.

By regularly analyzing the makeup of Amazon sellers, sales and fulfillment methods, sales and profits; motivations and challenges, and product and category trends, we can better understand the role and value Amazon's millions of third-party sellers play in an increasingly digital and connected world.

Responses reflect a diverse group of Amazon sellers, aspiring sellers, and former sellers from around the world, though they may not be a statistically accurate geographic representation. They are not exclusively Jungle Scout users. See methodology for more information.

About Jungle Scout

Jungle Scout is the leading all-in-one platform for selling on Amazon, with the mission of providing powerful data and insights to help entrepreneurs and brands grow successful ecommerce businesses.

Using the data

We encourage you to explore Jungle Scout's State of the Amazon Seller Report, and to share, reference, and publish the findings with attribution to "Jungle Scout" and a link to [this page](#).

For more information, specific data requests or media assets, or to reach the report's authors, please contact us at press@junglescout.com.



Table of Contents

Ch. 1 Selling on Amazon in 2021 / 4

- By the Numbers
- Timeline of Amazon
- Seller Plans & Goals
- Ecommerce Escalation

Ch. 2 Amazon Sellers: The Basics / 9

- Types of Sellers & Businesses
- Profile of a Seller: Demographics

Ch. 3 Business Models & Strategies / 12

- Amazon Business Models
- Fulfillment Methods
- Global Marketplaces

Ch. 4 Trending Products & Categories / 16

- Amazon Product Categories
- Sourcing
- Product Volume
- Pricing

Ch. 5 Sales & Profitability / 20

- Sales
- Profits

Ch. 6 What it Takes to Sell on Amazon / 23

- Time
- Money
- Marketing Investments
- Motivation & Success Factors
- Aspiring Amazon Sellers
- Former Sellers: Why Not Amazon?

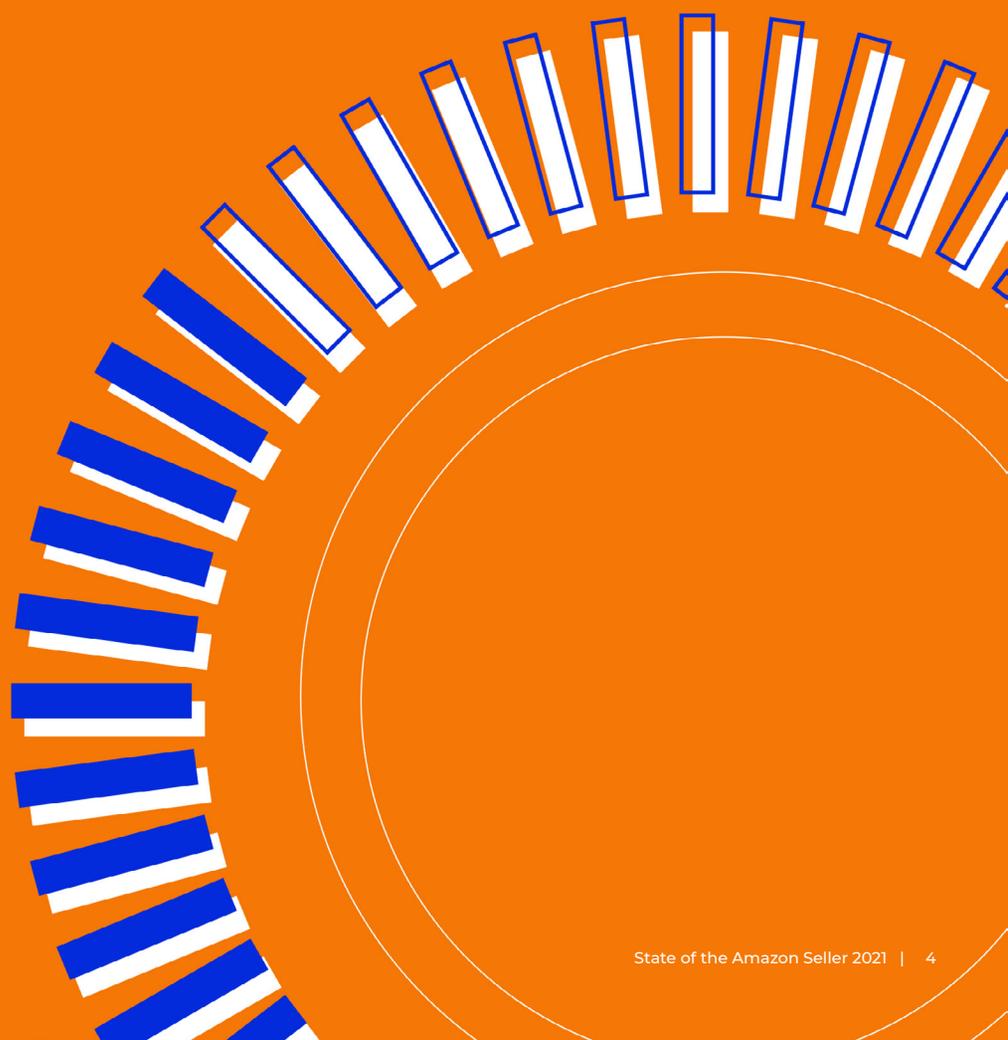
Ch. 7 Challenges / 30

- Impact of COVID-19
- Selling Challenges
- Working with Amazon

Ch. 8 Methodology / 34

Chapter 1

Selling on Amazon in 2021

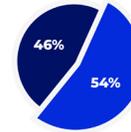


By the Numbers

\$ 386,000,000,000
Amazon's annual revenue¹

Third-party (3P) Amazon sales account for

54%
of Amazon's revenue⁴



85%
of Amazon's 3P sellers are profitable

92% of Amazon sellers use Fulfillment by Amazon (FBA)

Amazon.com sees nearly

3 billion
visits per month²



300 million
customers worldwide

1.5 million
new sellers could join Amazon in 2021⁵

62%

of consumers start their online searches for products on Amazon³

2.4 million
active sellers worldwide⁵

1. Amazon Investor Relations 2. SimilarWeb 3. Jungle Scout Consumer Trends Report 4. Statista 5. Marketplace Pulse

Timeline of Amazon

1994

Amazon is founded by Jeff Bezos



1995

Amazon launches as an online bookstore



1997

Amazon holds its initial public offering (IPO)



2006

Fulfillment by Amazon (FBA) launches, allowing third parties to sell on Amazon



2005

Amazon Prime is introduced with free 2-day shipping in the U.S.



1998

Amazon starts to sell more products (other than books)



2015

First Amazon Prime Day



2016

Amazon revenue from third-party sellers exceeds its own for first time



2019

Tariffs on goods from China cause U.S. sellers to reconsider suppliers, adjust their prices, and/or expect lower profits



March - Amazon freezes shipments of non-essential items from FBA sellers, cracks down on price gouging, and waives some FBA storage fees

2020

COVID-19 pandemic spreads worldwide, leading to closure of many physical stores, creating supply chain issues, and highlighting the demand for health, safety, and other essential and stay-at-home items



July - Amazon delays its annual Prime Day

October - Prime Day(s) kick off holiday shopping season, compete with Walmart and Target seasonal sale events



2021

Amazon announces record-breaking holiday season (as does Walmart, among others)



The COVID-19 Era

A surprising 44% of Amazon sellers say their businesses performed better than expected in 2020 because of the COVID-19 pandemic. However, many were negatively affected in some way due to supply chain, inventory, shipment, or other issues. (See Chapter 7 for more on COVID-19's impact on sellers.)

And more than one-third (34%) said that Amazon Prime Day being moved to October effectively started the holiday shopping season; 13% said their business performed better than expected because of the date change.

“People who previously did not shop online have now learned to do so and maybe even discovered how easy it is compared to shopping in person. I think this new habit of shopping.”

32-year-old seller in Colorado, USA

“I predominantly sell used books, so the market did pick up when bored people were stuck at home.”

60-year-old seller in California, USA

“Sales were great, however supply chain, and logistics such as shipping times, affected everything negatively.”

37-year-old seller in North Carolina, USA

“I am in the party market. Orders dropped by 50%, returns went up by 20% as a lot of parties were cancelled.”

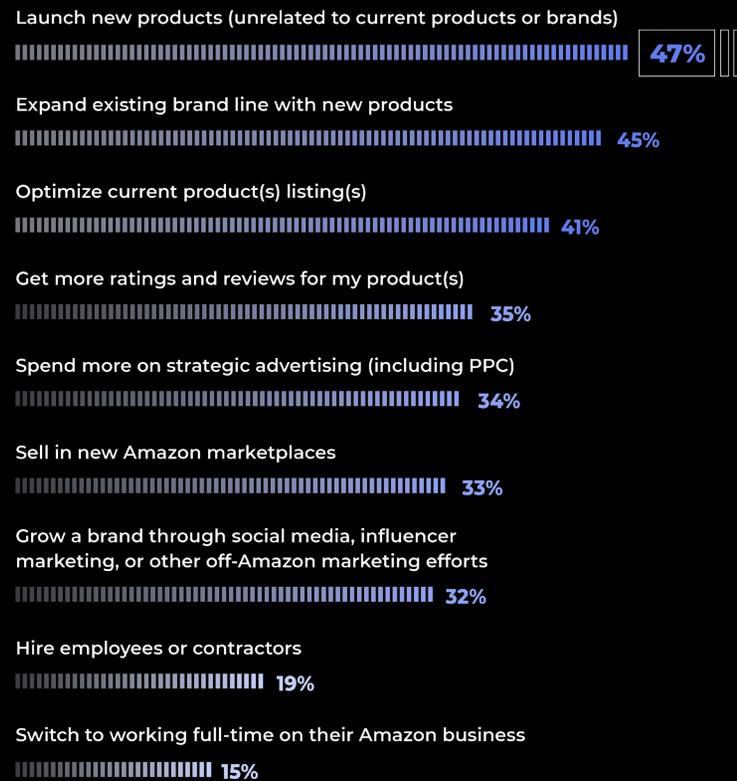
26-year-old seller in Nigeria

Seller Plans & Goals

Nearly all Amazon sellers — 96% — plan to expand their Amazon businesses in 2021.

In 2021, sellers are focusing more on in-demand products than expanding a niche of related products under a cohesive brand, pointing to the overall importance of leveraging Amazon product data to determine high-demand, low-competition products.

Top Ways Sellers Plan to Grow Their Amazon Businesses in 2021



33% of Amazon sellers said they plan to start selling on other online channels/ecommerce platforms in 2021, and 21% plan to launch their own ecommerce store.

“Hopefully, I’ll start my own brand and expand to Europe.”

45-year-old seller from Argentina

“I think I’ll be able to triple my sales in 2021, turn a profit and hire a second virtual assistant.”

33-year-old seller from Florida, USA

“By the end of the year I will be able to quit my full-time job.”

44-year-old seller from Minnesota, USA

“Branding is going to become more and more important. Off Amazon traffic will take more and more importance.”

28-year-old seller from Germany

Ecommerce Escalation

As 1 in 3 Amazon sellers are planning to expand to other online marketplaces in 2021, and as ecommerce itself is growing massively, 2021 is seeing a shift in how brands approach ecommerce in general.

Top Alternative Ecommerce Marketplaces for Amazon Sellers (Currently):



Another 7% sell in a brick-and-mortar store, and all other marketplaces have fewer than 5% of Amazon sellers using them.

Top 10 Ecommerce Marketplaces Amazon Sellers Are Interested In:



All above marketplaces appeal to 5% or more of Amazon sellers; all others, including Poshmark, Groupon, and Craigslist, appeal to fewer than 5% of Amazon sellers.

Walmart's Ecommerce Growth in 2021

39% of Amazon sellers are considering selling on Walmart in 2021.

Of these,

- 95% sell in the U.S. Amazon marketplace, and 59% sell in at least one other North American marketplace (Canada or Mexico)
- 27% have achieved lifetime sales of over \$1 million, and 78% report average monthly sales over \$1,000
- 87% consider themselves intermediate- or expert-level Amazon sellers
- 54% have more than 10 active product listings on Amazon

One-third of Amazon sellers (33%) think Walmart's online business will be strong competition for Amazon in 2021, and 22% are worried about competition from Walmart.

"Walmart is definitely emerging and has proven itself to have an online industry and is actively growing each year."

24-year-old seller from Canada

"Their brick-and-mortar presence gives an edge - if they execute correctly. The interface is terrible but can improve. It's time Amazon has competition."

41-year-old seller from Maine, USA

"They have improved their listings and entire dashboard and have less selling fees than Amazon. If they can continue that pattern I believe they will overtake Amazon."

32-year-old seller from California, USA

Read more about how to sell on Walmart's ecommerce marketplace [here](#).

Chapter 2

Amazon Sellers: The Basics

Who sells on Amazon? From aspiring entrepreneurs to small business owners to ecommerce veterans, from brand managers looking to take advantage of the massive Amazon opportunity to agencies helping their clients seize a new sales channel, and many other people and businesses all comprise Amazon's diverse sellers.

Amazon sellers consist of these third-party sellers as well as "first-party" or "1P" sellers who sell their products to Amazon as a vendor, and — of course — Amazon itself.

People of diverse backgrounds, skill sets, and interests can find success on Amazon. In fact, respondents represent men and women of every age from 18 to 80+ and across 70 countries.

Types of Sellers & Businesses

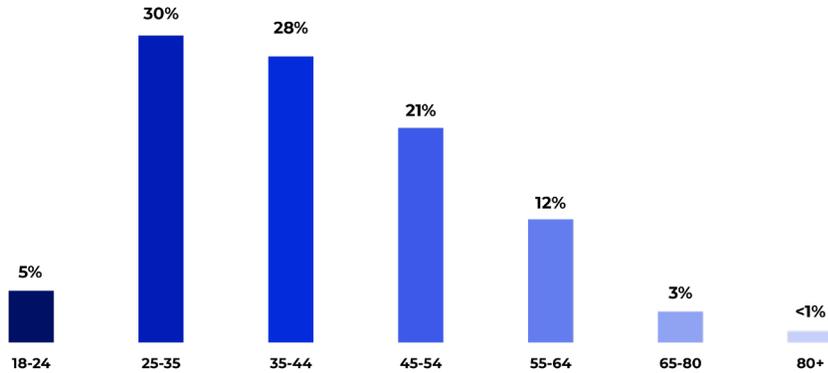
Types of sellers:

- **First Party Seller ("1P"):** Sell to Amazon as a vendor and use Vendor Central
- **Third-party seller ("3P"):** Sell on Amazon's platform and use Seller Central
- **Agency:** Work with sellers as a consultant or partner, helping manage their Amazon businesses

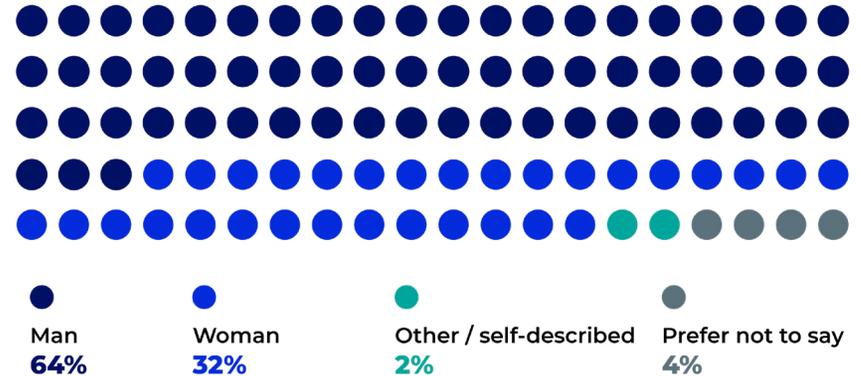
Others include digital media creators, Kindle Direct Publishing, and Merch by Amazon.

Profile of a Seller: Demographics

Age: The median age of an Amazon seller is 39. While the majority of Amazon sellers (58%) are between 25 and 44 years old, more than a third (36%) are over age 45.

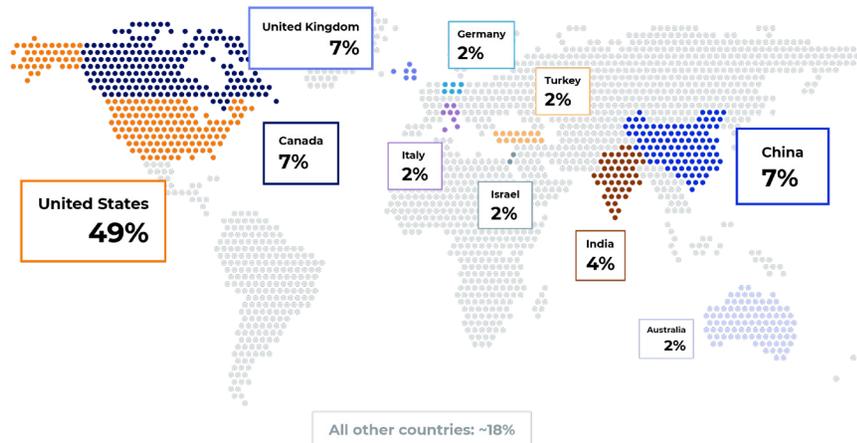


Gender: Nearly two-thirds of all sellers on Amazon are male.



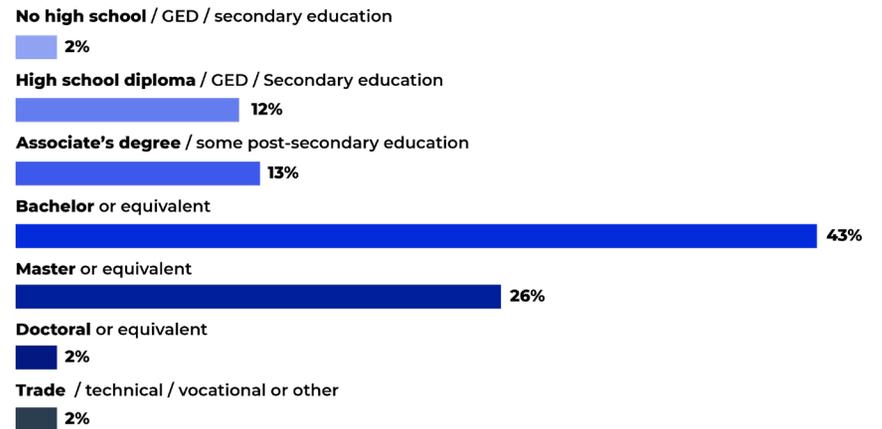
Read more about the differences between male and female Amazon sellers [here](#).

Location: Nearly half of Amazon sellers (49%) live in the U.S.



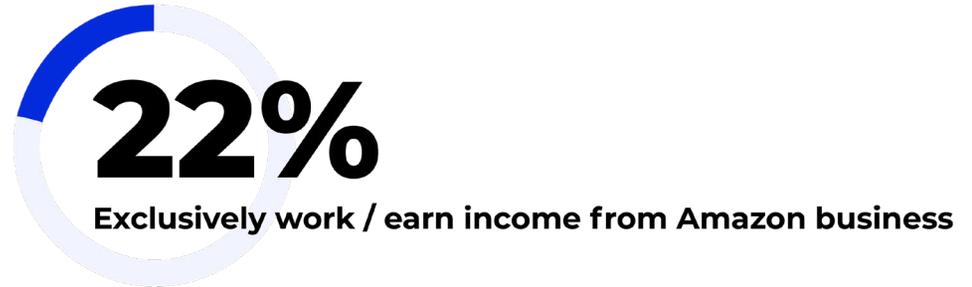
*Based on survey respondents

Education: 71% of Amazon sellers have a bachelor's degree or equivalent.



Read more about educational backgrounds of successful Amazon sellers [here](#).

Employment



A large majority of Amazon sellers (70%) have other work outside their Amazon businesses; in fact, 36% have full-time jobs (40+ hours per week).

Nearly half of Amazon sellers are self-employed and live off their ecommerce/retail businesses (47%); 22% earn income from their Amazon businesses alone.

Read more about the demographics of Amazon sellers [here](#).

34%
of Amazon sellers have a business partner.

27%
have one or more full-time employees.

Chapter 3

Business Models & Strategies

How do Amazon sellers run their businesses? There are a handful of sales models a seller or business would consider, depending on whether they already have a product to sell, where they live, and their own level of experience with retail and ecommerce.

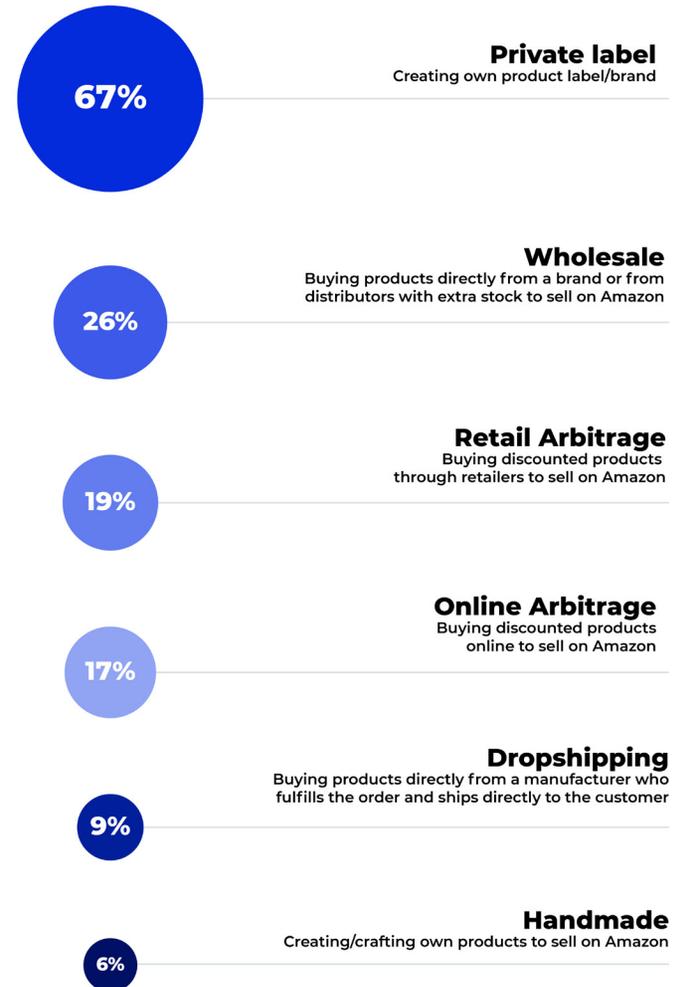
To sell on Amazon successfully, however, the business model must have an effective fulfillment method and must be competitive enough to survive within one of Amazon's global marketplaces.

Amazon Business Models

Among third-party sellers on Amazon, private label is the most common sales model. It involves an entrepreneur or business identifying a product with high demand and low competition, finding a manufacturer to produce the product (often with marketable improvements), and branding and promoting the product on Amazon. However, other sales models are gaining in popularity and may be easier for aspiring entrepreneurs to start their Amazon selling journey.

See more about how to sell private label products on Amazon FBA [here](#).

Top Amazon Business Models



Read more about which business model is the most profitable, which is most time-consuming, and other differences [here](#).

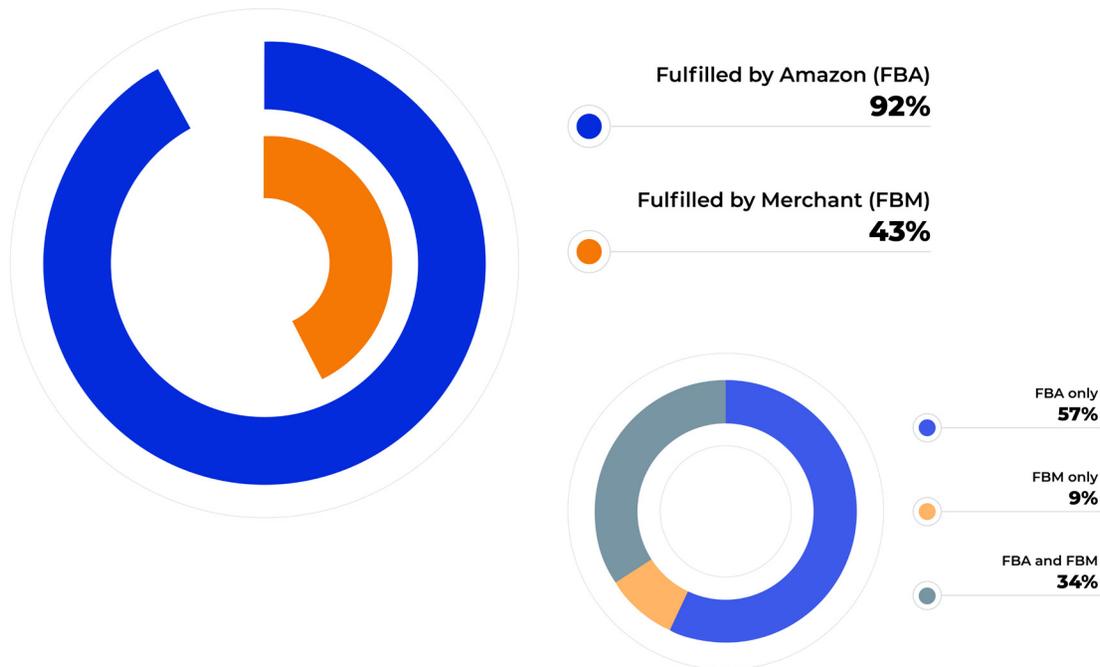
Fulfillment Methods

One of the defining features and benefits of Amazon's model is its fulfillment. Because Amazon offers Fulfillment-by-Authority (FBA), any individual who can create or source a product and create a seller account on Amazon can have Amazon do the legwork (for a fee) — and have a fully functioning ecommerce business.

Alternatively, an entrepreneur or business can list products on Amazon but opt to fulfill the orders themselves, handling all storage, shipment, and customer service for their product sales on Amazon. This is Fulfillment-by-Merchant (FBM).

Most third-party sellers on Amazon use FBA, or a combination of FBA and FBM. However, during 2020, sellers began to use FBM more, likely due to limitations of Amazon's warehouses during periods of high demand due to COVID-19; 43% say they use FBM all or some of the time, compared to 34% from the previous year.

Amazon Fulfillment Methods: FBA vs. FBM



FBA vs. FBM: What are the key differences?

Fulfillment by Amazon (FBA): A method of selling on Amazon in which a seller relies on Amazon to fulfill their orders

Once the seller (or seller's supplier) sends their products to Amazon's warehouses, Amazon will store the inventory and ship it directly to a customer (often through 2-day Prime shipping) upon receiving an order. Amazon also manages customer support and returns.

- FBA is most popular among private label sellers, while FBM sellers are more likely to use other sales models.
- FBA sellers spent more money to launch their Amazon businesses than FBM sellers because they often need to purchase the products.

Fulfillment by Merchant (FBM): A method of selling on Amazon in which a seller lists their products on Amazon, but manages all storage, shipping, and customer support themselves (or through another third party)

- FBM sellers typically launch their Amazon businesses faster than FBA sellers.
- FBM sellers often have more product listings on Amazon than FBA sellers.

Read more about FBA vs. FBM [here](#).

Global Marketplaces

Among Amazon's 17 active global marketplaces, the U.S. marketplace receives most focus from global Amazon sellers, largely because it was the first marketplace established and is the home country of 26-year-old Amazon. However, Amazon's global reach continues, with marketplaces in 18 countries (including a new one in Sweden).

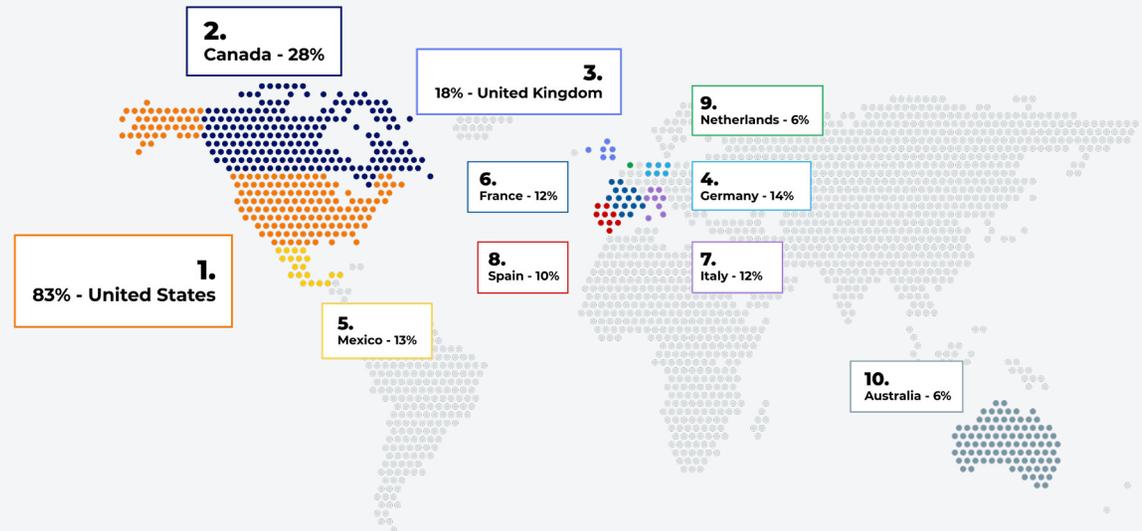
Amazon sellers notably increased their sales to Canadian and Mexican marketplaces throughout 2020 and many plan to continue growing their businesses internationally in 2021.

Many sellers operate in multiple global marketplaces simultaneously.

- **54%** of Amazon sellers do business in more than one marketplace
- **32%** of U.S. marketplace sellers also sell in Canada, and 16% in Mexico
- About **half** of U.K.-based Amazon sellers also operate in neighboring German and French marketplaces
- Amazon closed its marketplace in China in 2019, and it opened a new marketplace in Sweden in late 2020

Top Amazon International Marketplaces for Third-Party Sellers

1	United States - 83%	10	Australia - 6%
2	Canada - 28%	11	Japan - 5%
3	United Kingdom - 18%	12	India - 4%
4	Germany - 14%	13	United Arab Emirates - 2%
5	Mexico - 13%	14	Singapore - 1%
6	France - 12%	15	Turkey - 1%
7	Italy - 12%	16	Brazil - 1%
8	Spain - 10%	17	Saudi Arabia - 1%
9	Netherlands - 6%		



Read more about the different Amazon marketplaces [here](#).

Chapter 4

Trending Products & Categories

What are the most popular and profitable categories and products to sell on Amazon in 2021? While 2020 was a whirlwind year for demand, with essential products for health, safety, and stay-at-home lifestyles surging, 2021 could continue to favor similar products or bring further changes, depending on consumer priorities.

Amazon Product Categories

While Amazon offers everything from groceries to digital books and music to subscription boxes and even cars, third-party sellers focus on tangible, consumer-friendly items they can produce and sell via their own private label with relative ease. Home & Kitchen products are the most common by a wide margin.

In addition to high demand and low competition, Amazon sellers look for the right products to sell based on: categories with fewer restrictions and requirements, more durable and less risky products (to avoid damaged goods or unhappy customers), items that can be easily manufactured and affordably shipped, and products with reasonably steady sales year-round, among other things.

Top Amazon Product Categories for Third-Party Sellers

1. Home & Kitchen - **40%**
2. Sports & Outdoors - **21%**
3. Toys & Games - **19%**
4. Beauty & Personal Care - **19%**
5. Health, Household & Baby Care - **18%**
6. Kitchen & Dining - **16%**
7. Office Products - **15%**
8. Garden & Outdoor - **14%**
9. Tools & Home Improvement - **14%**
10. Pet Supplies - **13%**
11. Clothing, Shoes & Jewelry - **13%**
12. Books - **12%**
13. Grocery & Gourmet Food - **12%**
14. Arts, Crafts & Sewing - **12%**
15. Electronics - **12%**
16. Baby - **12%**
17. Industrial & Scientific - **8%**
18. Automotive Parts & Accessories - **7%**
19. Appliances - **5%**
20. Cell Phone & Accessories - **5%**
21. Handmade - **4%**
22. Video Games - **4%**
23. Apps & Games - **4%**
24. Luggage & Travel Gear - **3%**
25. Computers - **3%**
26. Musical Instruments - **2%**
27. CDs & Vinyl - **2%**
28. Collectibles & Fine Art - **1%**

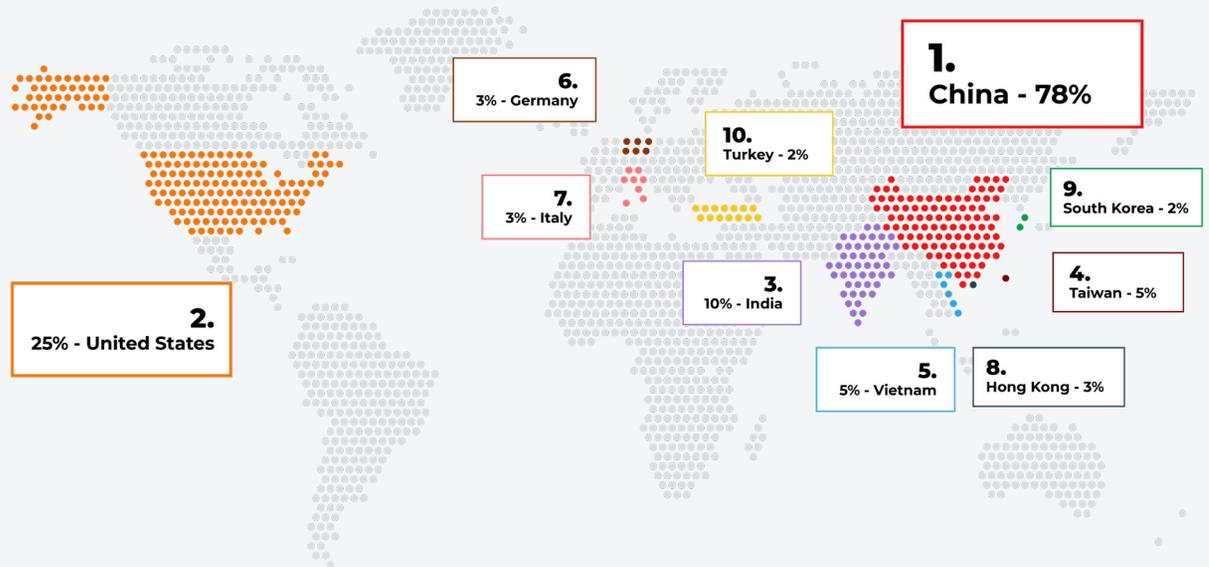
Read more about top Amazon product categories, including the competition and profitability of each [here](#).

Sourcing

Nearly all private label products on Amazon are sourced from China, which has remained the leading importer to the U.S. for many years. However, several countries (Vietnam, especially) have begun to appear as major global suppliers for the U.S. in particular.

Top Global Supplier Countries for Amazon Products

- 1 China - 78%
- 2 U.S. - 25%
- 3 India - 10%
- 4 Taiwan - 5%
- 5 Vietnam - 5%
- 6 Germany - 3%
- 7 Italy - 3%
- 8 Hong Kong - 3%
- 9 South Korea - 2%
- 10 Turkey - 2%



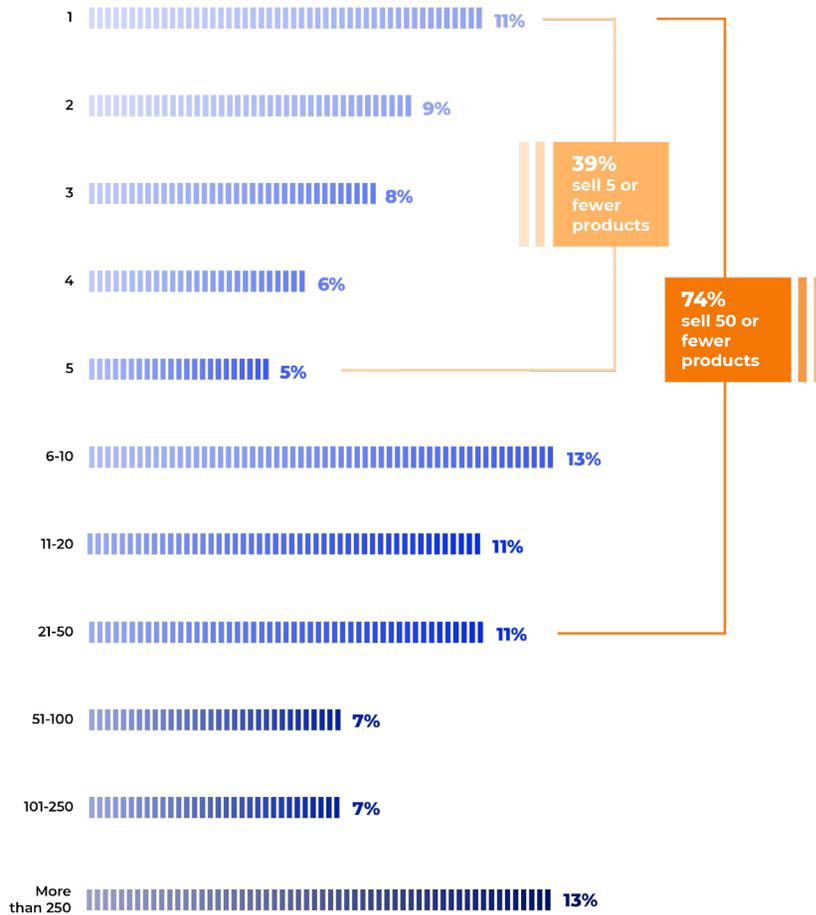
*Summarized percentages exceed 100% because many sellers source from different countries. Sellers self-identified supplier countries, including Taiwan and Hong Kong.

Read Jungle Scout's [Global Imports Report](#) for a comprehensive analysis of global suppliers by country and product category, and see recommendations for where to source various types of products [here](#).

Product Volume

The vast majority of sellers on Amazon (74%) sell 50 or fewer products, and 11% of sellers only have **one** product on Amazon.

Number of Products Per Seller



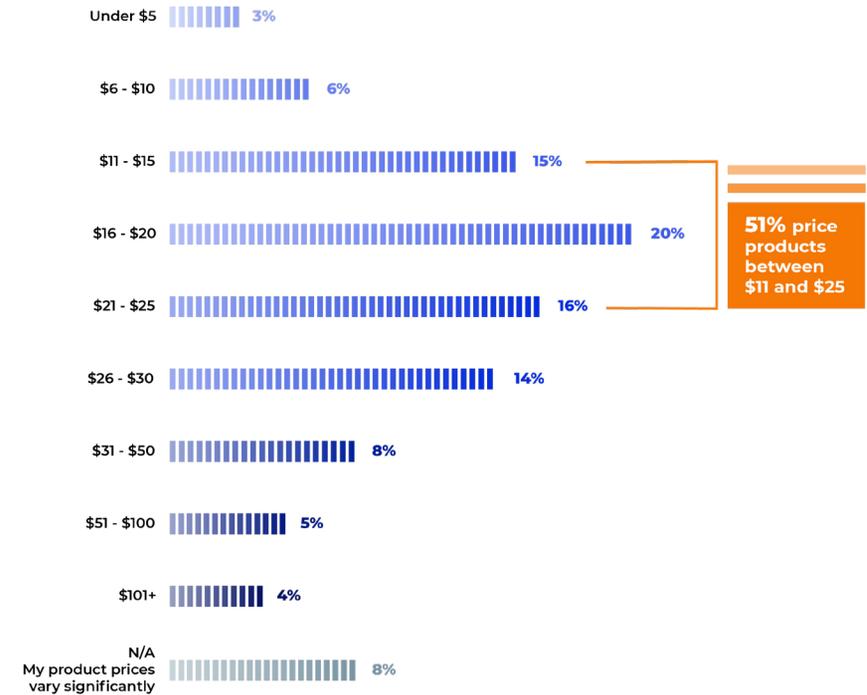
*Products with multiple variations selling on the same listing considered as 1 product

Pricing

Sellers must consider the cost of producing and shipping the product (often from China), advertising, and pricing against the competition — not to mention considering **what consumers are willing to pay for products on Amazon**. Typically, private label sellers on Amazon can expect to spend $\frac{1}{3}$ of the cost of their product on the product itself, $\frac{1}{3}$ on Amazon fees, and will pocket the remaining $\frac{1}{3}$ as revenue.

More than half of products third-party sellers sell on Amazon cost between \$11 and \$25, and the median product price is \$21.

Average Amazon Product Price



Read more about Amazon fees and pricing strategies [here](#).

Chapter 5

Sales & Profitability

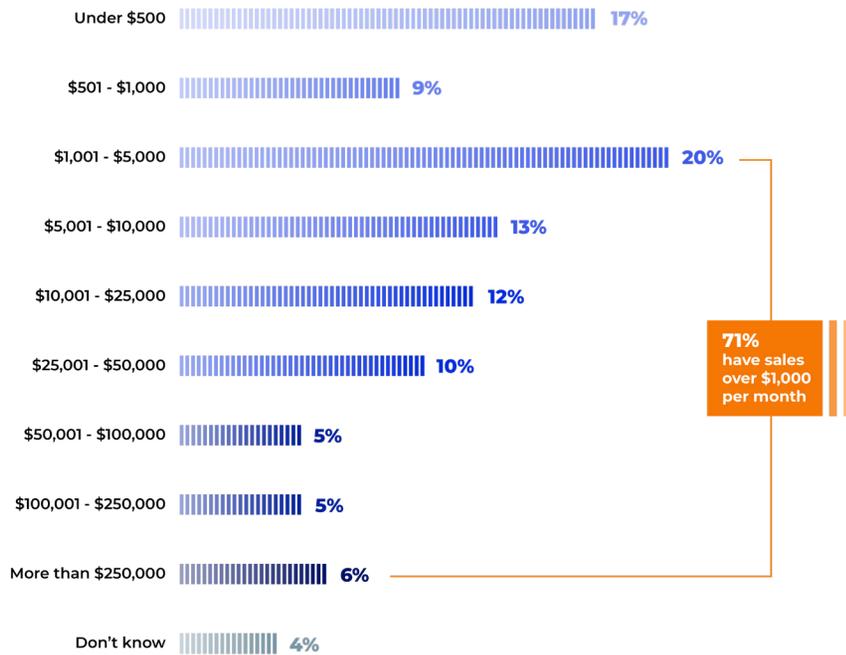
Amazon sellers have far greater profit margins than most other small businesses. So how much money can third-party sellers expect to make through their Amazon businesses, how quickly can they expect to be profitable, and what factors — such as the type of product they sell and what fulfillment method they use — make a million-dollar seller?

Sales

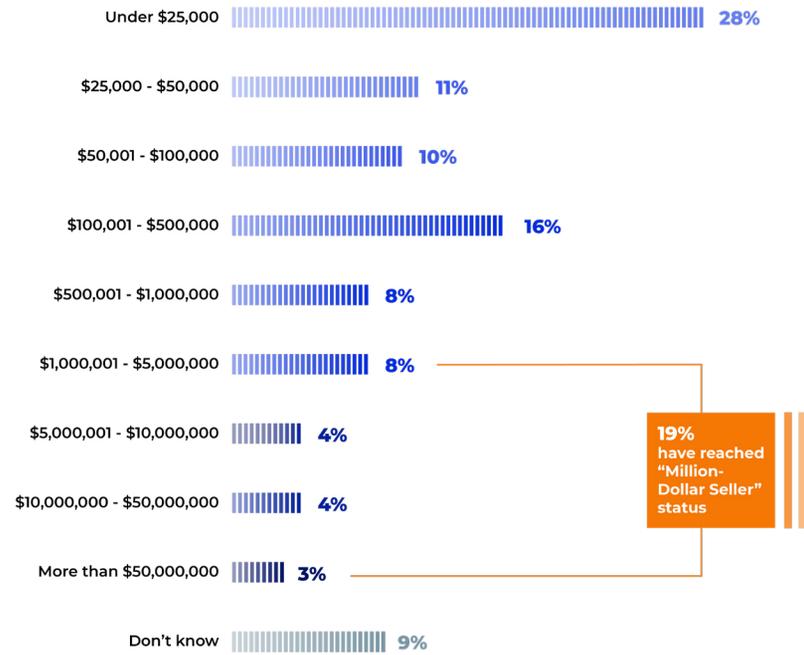
Half of Amazon sellers (50%) see more than \$5,000 per month in sales, and one in four (25%) sees sales over \$25,000 per month.

Selling on Amazon as a third-party seller is a relatively new venture, making the lifetime sales some sellers have earned particularly impressive. More than half of sellers (50%) have reached lifetime sales of more than \$50,000, and one in five (19%) have exceeded \$1 million in lifetime sales.

Average Monthly Sales



Lifetime Amazon Sales to Date



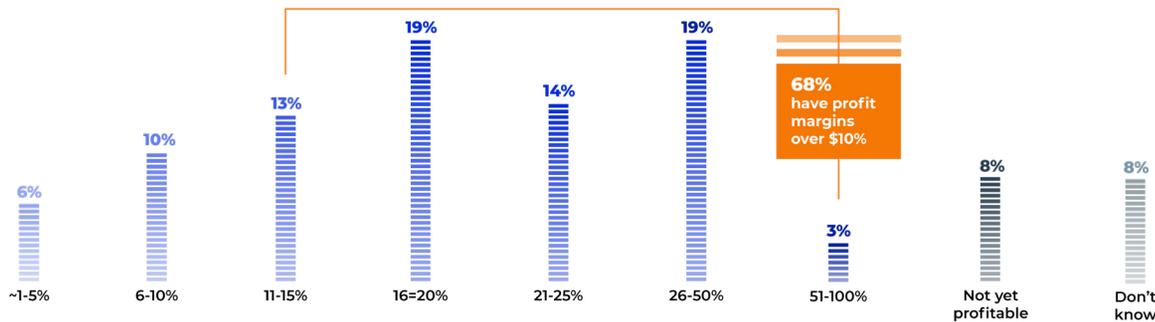
Profits

While small businesses often struggle to achieve profitability at all in their first few years, Amazon sellers see relatively high profit margins*. More than two-thirds of sellers (68%) are earning profit margins higher than 10%, and 36% are earning profit margins above 20%.

One in five Amazon sellers (20%) have seen lifetime profits of more than \$100,000 — not bad for what many start as a “side hustle” and when “lifetime” really refers to just 2-3 years. Further, 6% of sellers are millionaires from their Amazon businesses alone.

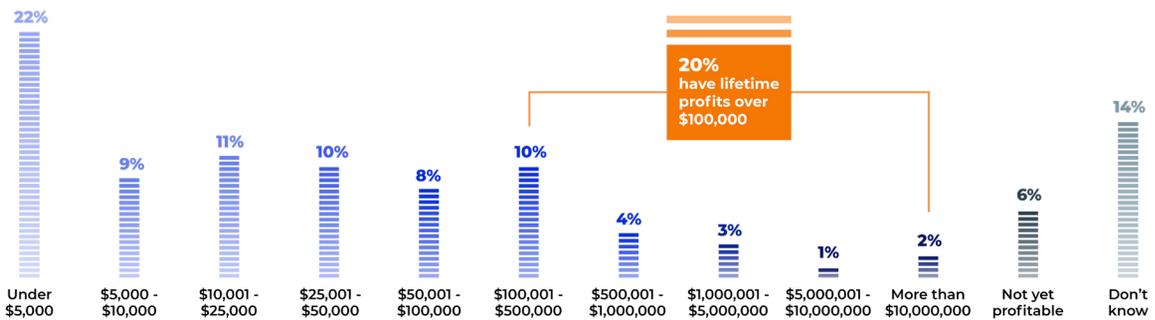
And 62% of sellers say their Amazon profits increased during 2020.

Profit Margin



*Refers to net profit margin before tax.

Lifetime Profits



Read more about how much money Amazon sellers make [here](#).

Million-Dollar Amazon Sellers: How Are They Unique?

- **81%** of million-dollar sellers use the private label sales method—a 10% increase from 2019.
- Million-dollar sellers tend to have above-average experience selling on Amazon; **42%** have been selling for 5 years or longer, compared to only **21%** of overall sellers.
- In terms of startup investment, million-dollar sellers spend similar amounts of money to other sellers, but they launch their businesses faster and become profitable sooner. **44%** got their business up and running in under six weeks, compared to **31%** of all sellers.
- They sell more products and charge more for them. **41%** of million-dollar sellers have an average product price over \$25 (versus 32% of overall sellers), and **34%** manage over 250 active listings on Amazon (versus 13% of overall sellers).
- **60%** of million-dollar sellers believe having the time to commit to their business contributes to their ability to be successful selling on Amazon.

Chapter 6

What It Takes to Sell on Amazon

Generally, what sellers say is the secret to their success varies.

Ultimately, time and intrinsic motivation are essential to any business venture — and some Amazon business models will require a financial investment to purchase inventory or to advertise on Amazon.

A lot of sellers struggle to launch their first product and start seeing revenue. Two-thirds (66%) admit to feeling “stuck” at some point in their launch process. In fact, while 54% of sellers say their first product launch was successful — that is, it sold enough inventory to turn a profit after accounting for the cost of goods, any fees, shipping, etc. — others didn’t succeed until their second or third launch attempt.

And 64% of sellers agree: selling on Amazon is not a “get rich quick” tactic.

It takes perseverance and fieldwork (actually selling) to learn the ropes — just like any business. Fortunately, you can start small on Amazon — even for free.

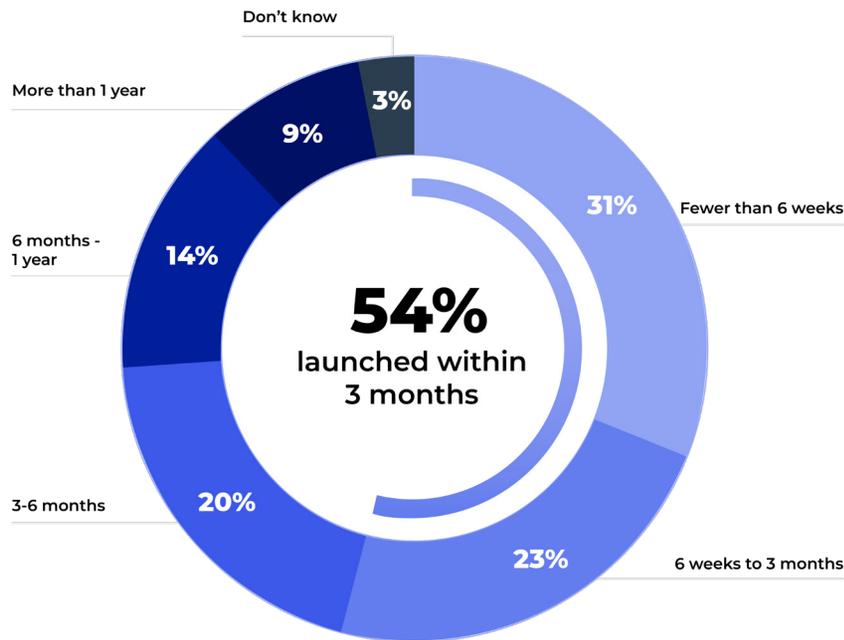
Read more about how to start selling on Amazon with little to no money [here](#).

Time

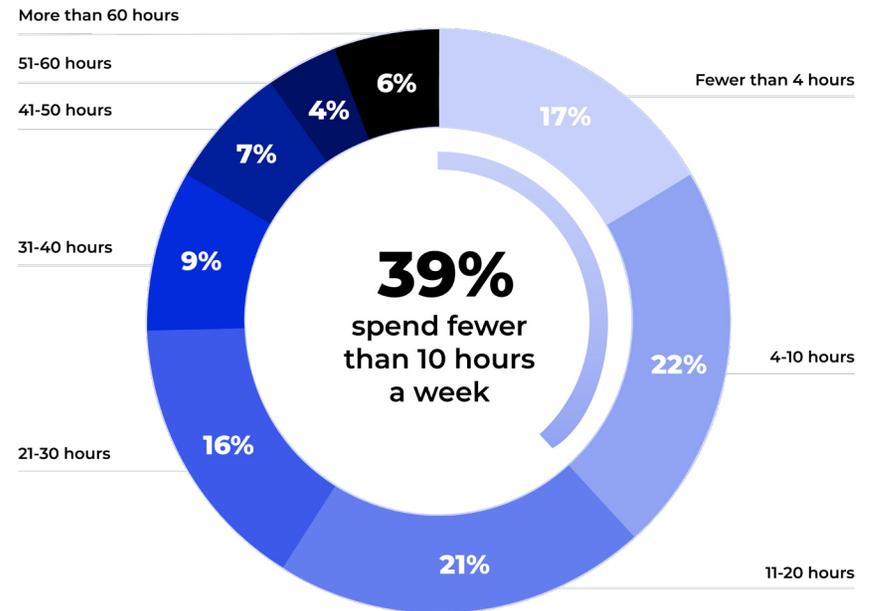
Any successful business — including ecommerce ventures like selling on Amazon — requires time to research the marketplace, identify a profitable opportunity, and manage the logistics of getting the product to the customer. Using FBA reduces much of that time for sellers (at a cost), but sellers must still monitor their business’s performance, reorder inventory, manage advertising and promotions, and generally stay competitive.

The majority of sellers have been able to get a fully functioning business set up on Amazon within just 3 months, and most can manage their business with fewer than 20 hours per week.

Time It Takes Sellers to Launch a Business on Amazon



Time Sellers Spend Each Week on Their Amazon Business



Money

The majority of sellers (58%) spent less than \$5,000 to start their business on Amazon — including cost of products, Amazon fees and storage, and advertising — and 28% spent less than \$1,000.

Most sellers also funded their own Amazon businesses, though 1 in 3 sought loans from banks, family, or other lenders. In 2020, some people who received

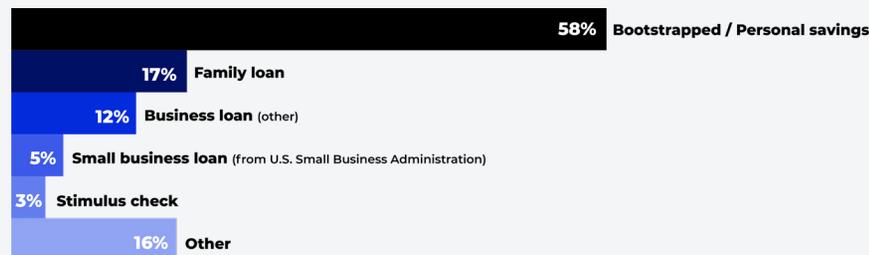
government stimulus payments due to the economic effects of COVID-19 used those checks as an investment in their Amazon business.

And the payoff is high; 60% of sellers are profitable within a year of launching a business on Amazon.

Money Sellers Spend to Start a Business on Amazon



Funding Sources



Time It Takes to Turn a Profit

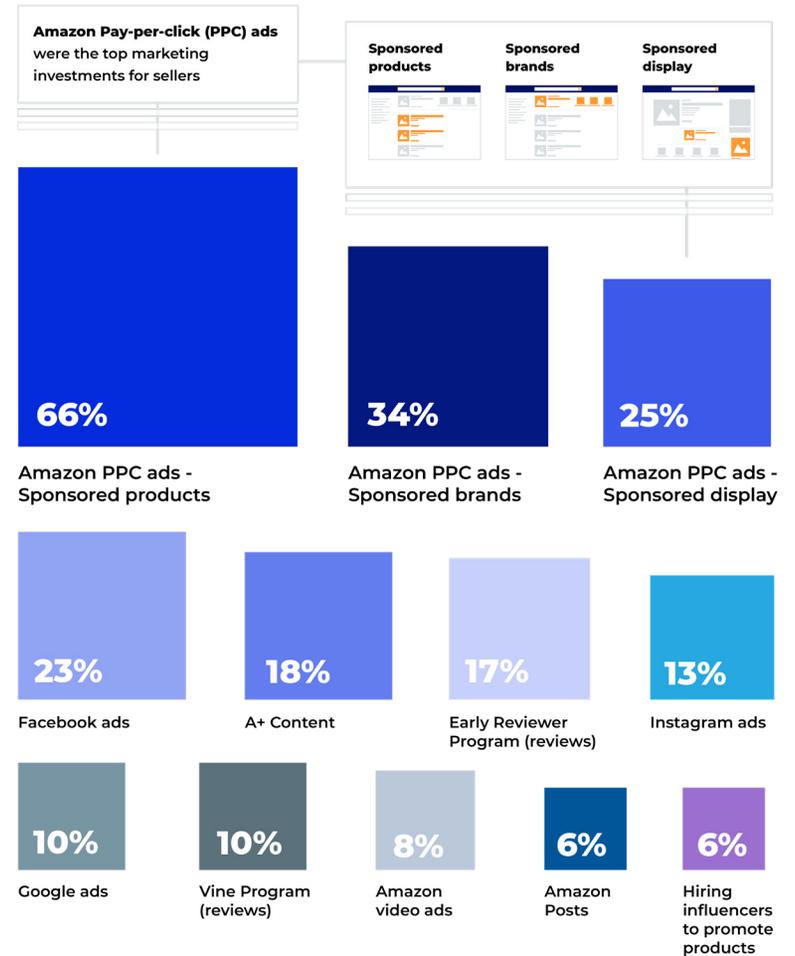


Marketing Investments

In 2021, competition on Amazon is strong. For many sellers, it's not enough to produce a high-quality product that meets consumer demand. Sellers have to make sure their products get in front of potential customers.

In fact, 81% of Amazon sellers advertise their products on or off Amazon. And the top investment sellers are making is marketing through Amazon's pay-per-click advertising options, which means Amazon's advertising business is booming.

Top Amazon Marketing Investments



All other promotions, including various social media ads, Bing ads, and traditional media ads were used by fewer than 5% of sellers.

More than half (59%) also run deals on Amazon, with Coupons being the most common and Lightning Deals, Buy-one/Get-one Deals, and Deals of the Day also popular.

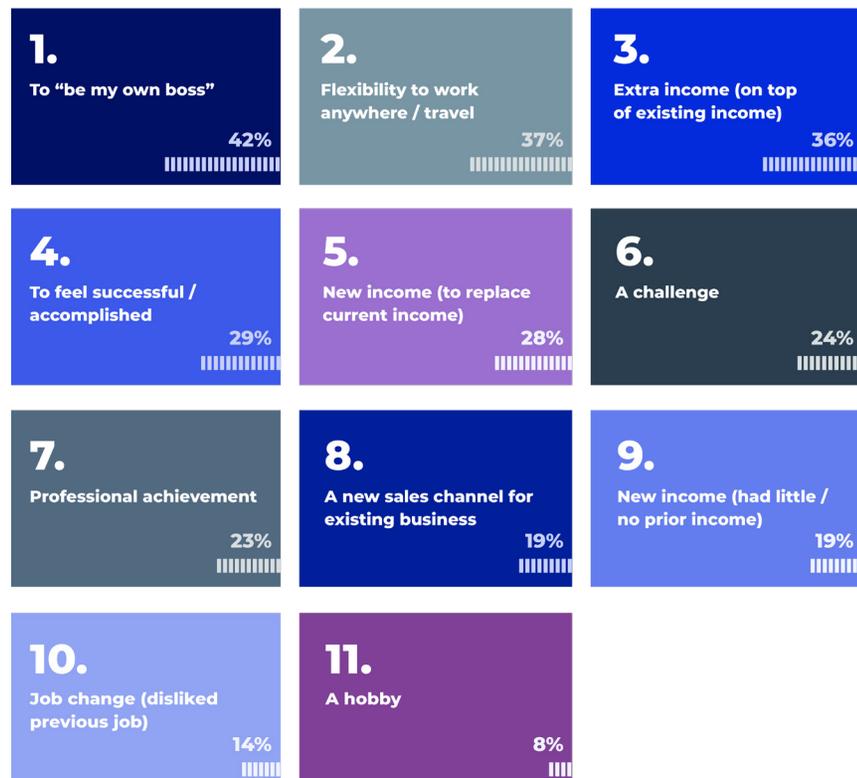
Motivation & Success Factors

Why do people and businesses sell on Amazon? Other than the fact that it's the world's largest online retailer with a customer base of 300 million, it offers opportunities for people to seek financial freedom and even change their lives.

Amazon's third-party sellers are primarily made of those who:

- Are seeking a change in their work and/or income
- Are managing a brand(s) and selling on Amazon as part of their job
- Are simply curious and/or seeking a challenge to sell on Amazon

Top Amazon Seller Motivations



Top Uses of Amazon Income

1. To support family, including dependents - **60%**
2. To support themselves - **45%**
3. To build a "nest egg" or savings fund for the future - **39%**
4. To be able to quit other job(s) - **37%**
5. To reinvest in their business(es) - **31%**
6. To retire early - **28%**
7. To pay off debt - **28%**
8. To pay for luxury/extraneous expenses or travel - **25%**

Top Factors That Make a Successful Amazon Seller

1. Being motivated to make money - **52%**
2. Having the time to commit to the business - **48%**
3. Having exceptional drive and ambition - **44%**
4. Having the necessary tool(s) and information - **42%**
5. Being passionate about the product/brand/industry - **41%**
6. Successfully innovating or differentiating a product to meet market needs - **35%**
7. Having relevant ecommerce experience - **32%**
8. Successfully or effectively using Amazon's PPC platform - **32%**
9. Having money to invest - **31%**
10. Having crafted or created a product to sell - **30%**
11. Having entered a product niche at the right time to be competitive - **30%**
12. Being good at marketing - **27%**
13. Having a pre-existing market or audience for product(s) - **24%**
14. Having entered the Amazon market early enough to solidify product competitiveness (via rank, reviews, etc.) - **22%**
15. Having employees or contractors to help run the business - **19%**

Aspiring Amazon Sellers

Selling on Amazon is an appealing way for people to make money, be their “own boss” and try entrepreneurship. Many aspiring sellers, however, remain on the fence or struggle to get their businesses off the ground.

Over a third of aspiring sellers...



say they need more training and education



are intimidated or overwhelmed by the process of selling

One in four aspiring sellers...



are concerned about the competition from Amazon



are confused about how selling on Amazon works

What's enticing about selling on Amazon?

“Be able to travel and earn money.”

46-year-old seller from California, USA

“Building my own brand.”

40-year-old seller from Belgium

“Selling on Amazon and becoming a successful seller will help me financially so that I can help my children financially as well.”

62-year-old seller from Canada

What is challenging?

“I'm not sure how to start...Do I need licenses? Do I need a business bank account? How do I handle taxes in my state? What software/apps do I use to source?”

28-year-old seller from Illinois, USA

“Competition seems overwhelming. How do I effectively unclutter my market vision to find the right path into a segment or niche?”

57-year-old seller from Panama

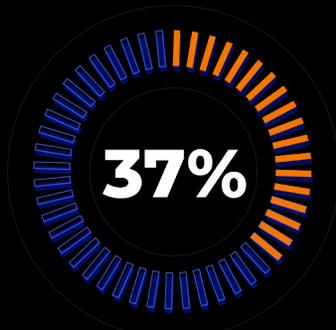
The top factor that aspiring sellers say would contribute to their ability to be successful selling on Amazon is having sufficient time to commit to their business.

Read more on how to start an Amazon business with our step-by-step guide [here](#).

Former Sellers: Why Not Amazon?

While some aspire to sell on Amazon, there are also sellers that have sold in the past, but no longer do.

Top reasons why former sellers stopped selling on Amazon:

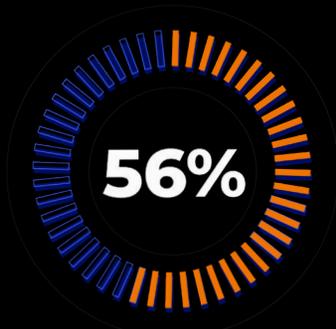


product was not doing well

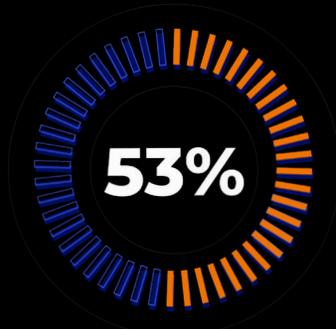


did not have enough money to invest

More than half of all former sellers...



were challenged by finding products to sell



faced challenges getting customer reviews

“Getting five-star reviews to compensate [one bad review] is hard to get.”

50-year-old seller from Finland

“I did not have enough money to promote my product.”

33-year-old seller from Ukraine

The top factor that former sellers say would make them interested in selling again is having more training and education about how to succeed on Amazon.

“[There’s a] steep learning curve. The rules seem to change frequently.”

71-year-old seller from Texas, USA

“I had just jumped in without really doing research. So I failed. But now I’m looking to try it again.”

43-year-old seller from California, USA

Chapter 7

Challenges

Selling on Amazon is not without its challenges.

Building and growing a business in a competitive marketplace requires sellers to evolve and stay nimble. And as one of the largest companies in the world, Amazon attracts competition and scrutiny, and it has responded and changed in ways that may or may not help sellers.

Further, while ecommerce was one of few industries that survived — and in some cases thrived — during the COVID-19 pandemic, various challenges and disruptions continue to face Amazon sellers.

Impact of COVID-19

No industry was unaffected by the coronavirus in 2020 or 2021. However, supply chains and product development adjusted to new health and safety protocols and policies, and many ecommerce organizations have been able to provide value to consumers in times of need.

In fact, many sellers benefited because of/during the COVID-19 pandemic:

44%

of Amazon sellers say their businesses performed better than expected in 2020 because of the COVID-19 pandemic

51%

say their sales increased during and/or because of the COVID-19 pandemic

14%

started selling a certain product on Amazon because of COVID-19

13%

priced their products higher because of increased demand for their products due to COVID-19

However, 44% of sellers experienced stockouts because of COVID-19, and 36% said their imports from China were delayed or otherwise affected.

“It’s been rough getting FBA shipments checked in - but I also understand why. When things improve, supply areas of my business will improve.”

53-year-old seller from Michigan, USA

“Sold more FBM products than ever before. I was lucky and had a product others did not. That kept me in business during the summer months.”

54-year-old seller from California, USA

“Some products did well while others were deemed non-essential and delivery delays killed them.”

35-year-old seller from Georgia, USA

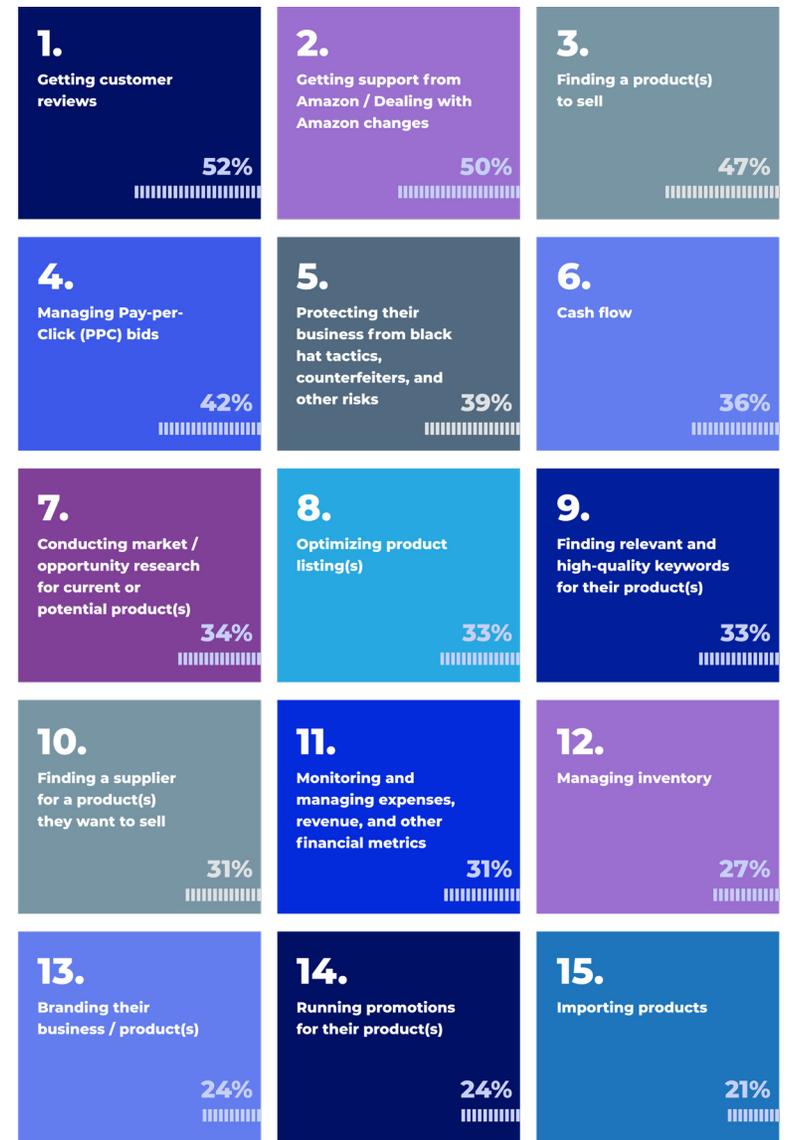
“I was out of stock and it took forever to get product from China. Shipping costs increased and my shipments arrived damaged. I wasn’t able to get any inventory in time for Black Friday and Prime Day or the holidays.”

32-year-old seller from Utah, USA

Selling Challenges

At any time, building a business is challenging, and requires focus and skill for many different disciplines. As many Amazon sellers are individual entrepreneurs or small businesses without large teams, they have to learn and master these disciplines themselves. Some are more challenging than others.

Top Amazon Seller Challenges



Read more about how to grow a business on Amazon [here](#).

Working with Amazon

As many as 80% of Amazon sellers are definitely continuing to sell on the platform in 2021. And 63% are optimistic that selling on Amazon will be a viable way to make money online in the future. They know that's where the customers are.

Amazon has always stated that customers are its obsession, and 73% of Amazon sellers agree: they think Amazon is a good company for consumers. On the other hand, only 48% said they think Amazon is a good company for sellers.

So while the vast majority of Amazon sellers voice their confidence in Amazon, many also expressed concerns.

Increased Competition

- **66%** are concerned about increased competition driving prices down
- **48%** are concerned about Chinese suppliers selling their/similar products at lower costs
- **39%** of sellers are concerned about being squeezed out as the “middle man” between suppliers (most of which are in China) and consumers

Rising Costs and Fees on Amazon

- **62%** are concerned about increasing ad costs on Amazon
- **49%** are concerned about continuing to need more capital to sell effectively on Amazon

Competing with Amazon Itself

- **56%** are concerned about Amazon changing search results to favor paid results over organic results
- **50%** say Amazon sells its own products that directly compete with the seller's
- **43%** say Amazon has made it harder for them to compete in their product category in the past year

Security and “Black Hat” Sellers

- **48%** are concerned about hijackers/copycats on their listings
- **31%** are concerned about Amazon protecting their privacy and security
- **12%** of Amazon sellers admit to engaging in “black hat” tactics to help their Amazon business

Seller Support & Services

- **58%** of sellers have experienced poor seller support from Amazon
- **55%** are concerned about Amazon limiting or shutting down their account and/or listings seemingly abruptly or without reason
- **47%** are concerned about Amazon's policy and Terms of Service changes
- **20%** of Amazon sellers say their accounts have been suspended by Amazon at some point (and 1 in 4 of them say they don't know the reason)

“Race to the bottom with prices and high return rate has meant that we can't sell the same products we sell on our own website because there isn't enough of a margin.”

40-year-old seller from Georgia, USA

“The most challenging aspect is also the most promising aspect: the marketplace changes constantly.”

58-year-old seller from Florida, USA

“The fees. There are so many different fees that impact margin significantly.”

31-year-old seller from Massachusetts, USA

“Hijackers and Amazon glitches that have gotten my listing or account suppressed multiple times. I have spent more hours this year dealing with non-issue “issues” than I have for product research.”

52-year-old seller from Canada

Methodology

Between December 1-28, 2020, Jungle Scout surveyed 4,864 Amazon sellers, including prospective and former sellers. Respondents represent 70 countries, all 17 Amazon marketplaces, and all relevant Amazon product categories. They are ages from 18 to 80+, as well as all genders and levels of education.

This report focuses on experienced Amazon sellers who have more than a year of selling experience and at least one live product listing. Comparisons to previous data (see 2020 report) reference only these active sellers; 2021 data represents 989 of these active sellers.

Respondents represent sellers' stated perspectives and are not meant to indicate or predict actual future seller behavior. The survey was conducted in English only.

