

# The State of the Amazon Seller

# About the Report

Jungle Scout's annual State of the Amazon Seller Report is a study of more than 2,000 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 2023, 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 analyzing the makeup of Amazon sellers — including their business models 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.

This report focuses on sellers who operate **small and midsize businesses (SMBs)**, which Jungle Scout defines as Amazon sellers who earn less than \$2 million in annual revenue. While the majority of these sellers are solo entrepreneurs, many work with business partners or employees. Amazon SMBs also tend to be newer to ecommerce than businesses earning yearly revenue more than \$2 million, though many have operated for five years or more.

Throughout the report, we'll also provide insights on larger sellers and businesses (enterprise sellers) on the Amazon platform, including brands owned by large enterprises or high-earning sellers.

*Note: Data presented reflects the positions and experiences of Amazon seller respondents to our survey and may differ from other sources. Refer to the Methodology section for more information.*

## About Jungle Scout

**Jungle Scout** is the leading all-in-one platform for ecommerce sellers, supporting more than \$50 billion in annual Amazon revenue. Founded in 2015 as the first Amazon product research tool, Jungle Scout today features a full suite of best-in-class business management solutions and powerful market intelligence resources to help entrepreneurs and brands manage their ecommerce businesses. Jungle Scout is headquartered in Austin, Texas, and supports 10 global Amazon marketplaces.

## 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 to reach the report's authors, please contact us at [press@junglescout.com](mailto:press@junglescout.com).

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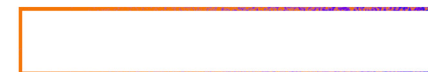
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## Chapter 1

# Selling on Amazon in 2023

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## By the numbers

# \$514,000,000,000

Amazon's annual revenue<sup>1</sup>



**2.7 billion**  
site visits each month<sup>3</sup>

**66%**



of consumers start their  
online searches for products  
on Amazon<sup>4</sup>

Nearly

**2 million**

3P sellers are SMBs<sup>2</sup>



3P sales make up

**58%**

of Amazon sales<sup>2</sup>

Revenue from third-party  
(3P) sellers grew

**20%**

year-over-year in Q4 2022<sup>1</sup>

**89%**

of SMBs are  
profitable

The United States  
is Amazon's

**largest global marketplace<sup>5</sup>**

Customers buy

**7,400 products**

per minute from U.S. sellers<sup>6</sup>



1. [Amazon 10-Q filing](#) 2. [Amazon blog post](#) 3. [Similarweb](#) 4. [Jungle Scout Q3 2022 Consumer Trends Report](#) 5. [Webretailer](#) 6. [Amazon seller page](#)

## 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)

**2016** 💰

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

**2015** 📅

First Amazon Prime Day

**2006** 📦

Fulfillment by Amazon (FBA) launches; 3P sellers begin selling on Amazon

**2005** 🚚

Amazon Prime introduced in the U.S.

**1998** 🛒

Amazon starts to sell more products (other than books)

**2020** 🦠

COVID-19 pandemic begins, leading to the closure of many physical retail stores and supply chain issues; ecommerce surges as consumers shop from home

**2021** 👤

Following a year of record-breaking sales growth, Jeff Bezos steps down as Amazon's CEO; Andy Jassy, former head of AWS, appointed as CEO.

**2022** 📈

As COVID-19 pandemic ebbs, Amazon reports losses for the first half of the year before returning to gains in Q3, helped in part by strong Prime Day sales.

## Seller plans & goals

Growth and expansion – both within Amazon and beyond — are top focus areas for a majority of SMB sellers in 2023. Half are working to increase their market share, and a rising number will explore entering new Amazon global markets and/or expanding their offerings to new ecommerce platforms or online channels.

Additionally, as marketing strategies and advertising tools continue to evolve — especially evident in the ways sellers (and consumers) use social media\* — a majority of sellers will be trying new marketing tactics this year.

For more on social media marketing, see [Chapter 6](#)

### Top Amazon seller focus areas in 2023

- 1 Trying new marketing tactics
- 2 Exploring other ecommerce platforms or online channels
- 3 Increasing market share
- 4 Exploring new global markets
- 5 Working with social media influencers
- 6 Branding their business/product(s)
- 7 Reporting on the health of their brand/business
- 8 Collecting competitive intelligence
- 9 Importing products/Managing international trade
- 10 Product research

### In 2023 ...



## 52%

of sellers will explore other ecommerce platforms in 2023, up from 30% last year



## 50%

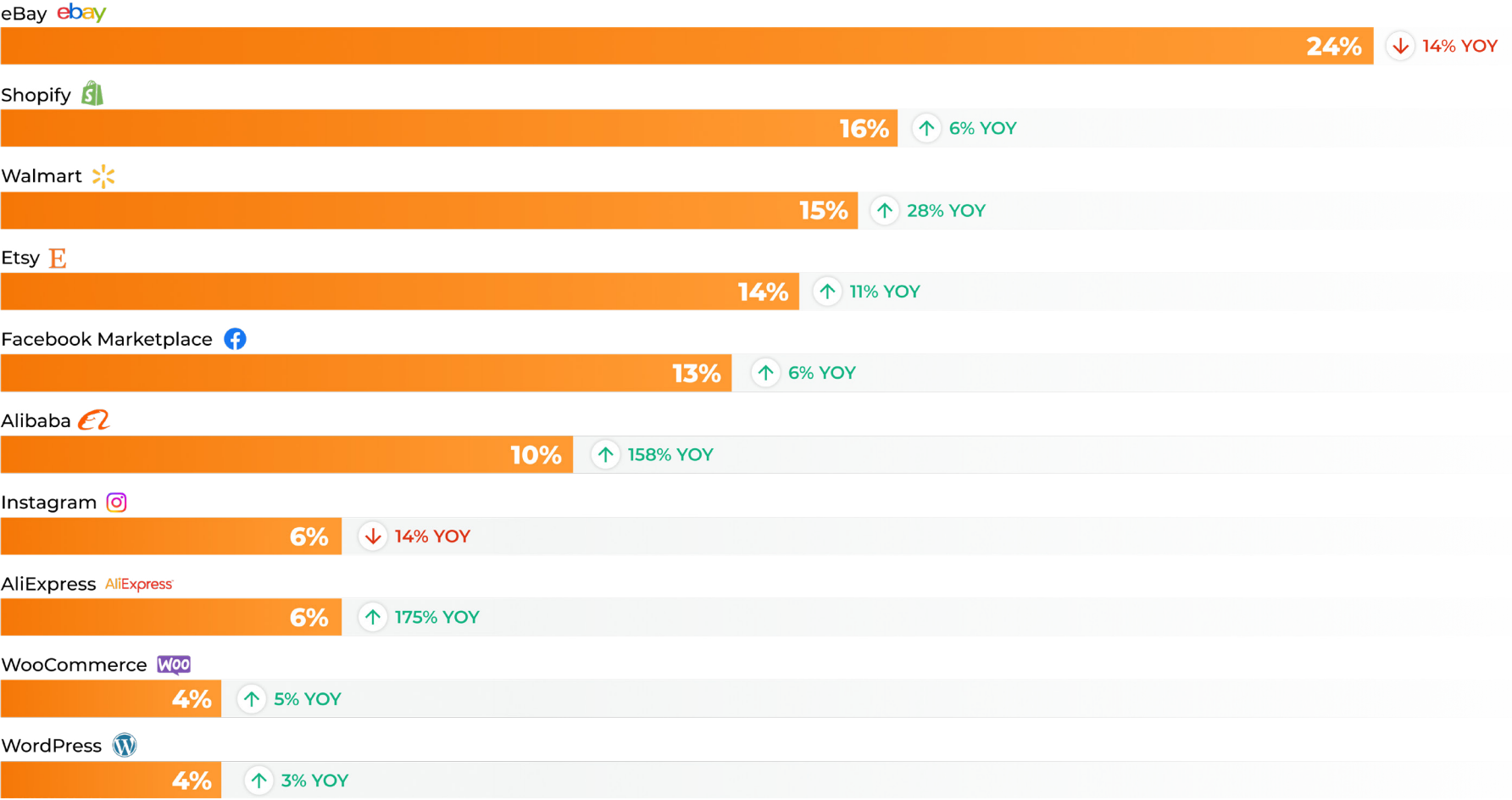
will explore selling in new global markets, up from 25% last year



## Ecommerce expansion

The number of SMB sellers adopting a multichannel strategy for selling online has been ticking upward in recent years, and this trend is expected to continue into 2023. 61% of Amazon SMB sellers sold on at least one other channel in 2022, up from 58% the year before.

### Top alternative ecommerce platforms for Amazon sellers



## Chapter 2

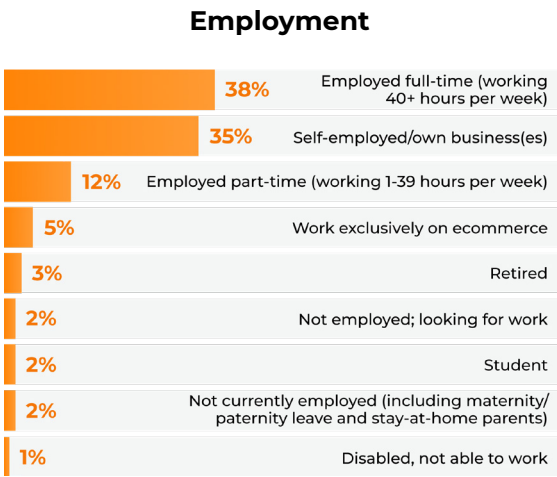
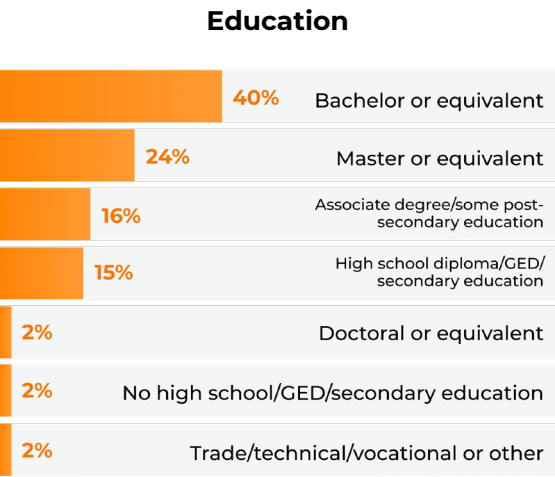
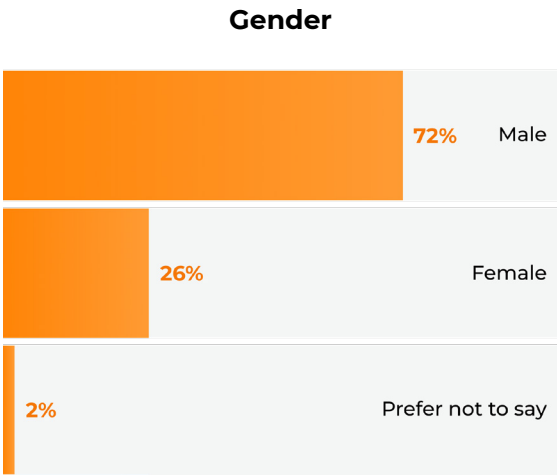
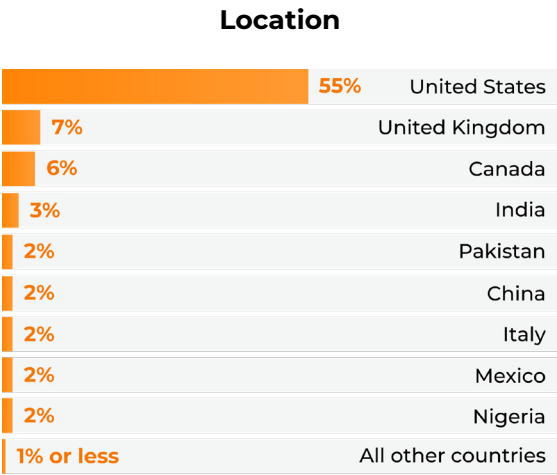
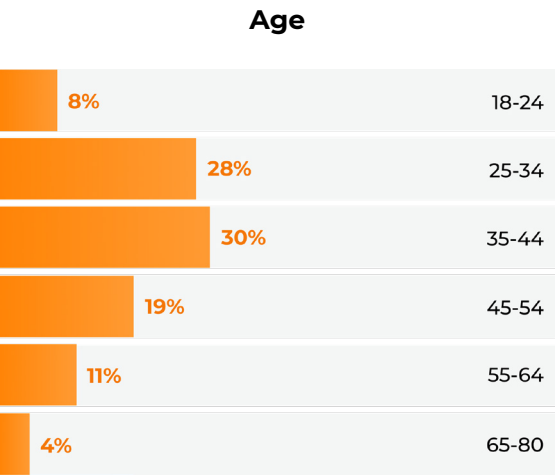
# Amazon Sellers: The Basics

**Who sells on Amazon?** The people who make money selling products on Amazon are a diverse bunch. They include small business owners and seasoned ecommerce veterans, as well as brand managers and agencies looking to leverage Amazon's massive reach.

The term "Amazon seller" is often used to refer to the third-party or "3P" sellers whose small businesses and brands generate over half of Amazon's annual ecommerce sales. There are also "first-party" or "1P" sellers who sell their products to Amazon as a vendor. Finally, there's Amazon itself.

## Profile of a seller: Demographics

People of all backgrounds, skill sets, and interests can find success on Amazon. Data in this report represent adults of all genders from ages 18 to 65+ and more than 20 countries.



**39%** of sellers describe themselves as “digital nomads” who work remotely and travel.



# Types of sellers and businesses

## Types of sellers:

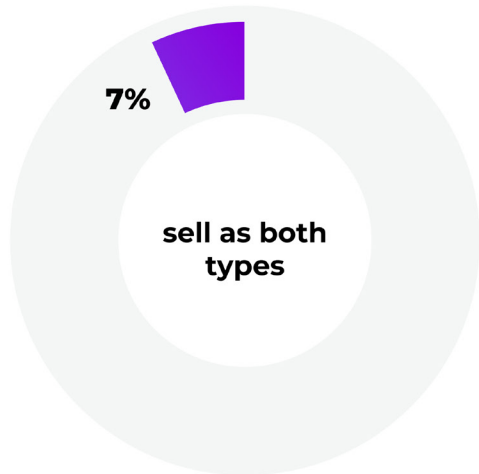
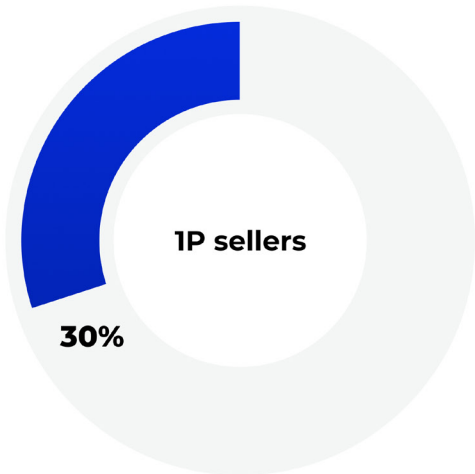
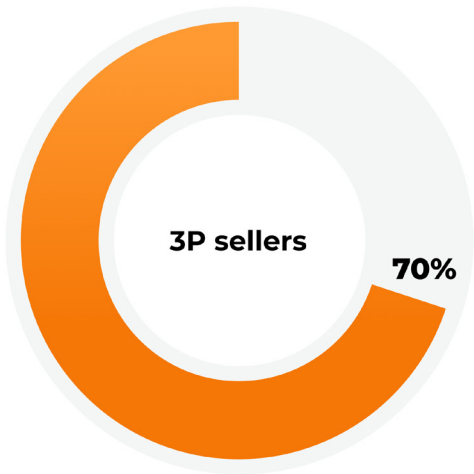


**First Party Seller (“1P”):** Sells to Amazon as a vendor and use Vendor Central



**Third-party seller (“3P”):** Sells on Amazon’s platform and use Seller Central

## In 2023, SMB Amazon sellers are ...



## Chapter 3

# Business Models & Strategies

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**How do Amazon sellers run their businesses?** Sellers use a variety of different methods to make money. Some sell popular products from existing brands, while others create their own labels and products — even including those who craft their items by hand. Which business model they choose can depend on whether they already have a product to sell, their location, and their retail and ecommerce experience.

To be successful, a business model must have these two basic requirements: an effective fulfillment method and a product that can compete in one of Amazon's 20 global marketplaces.

## Amazon business models

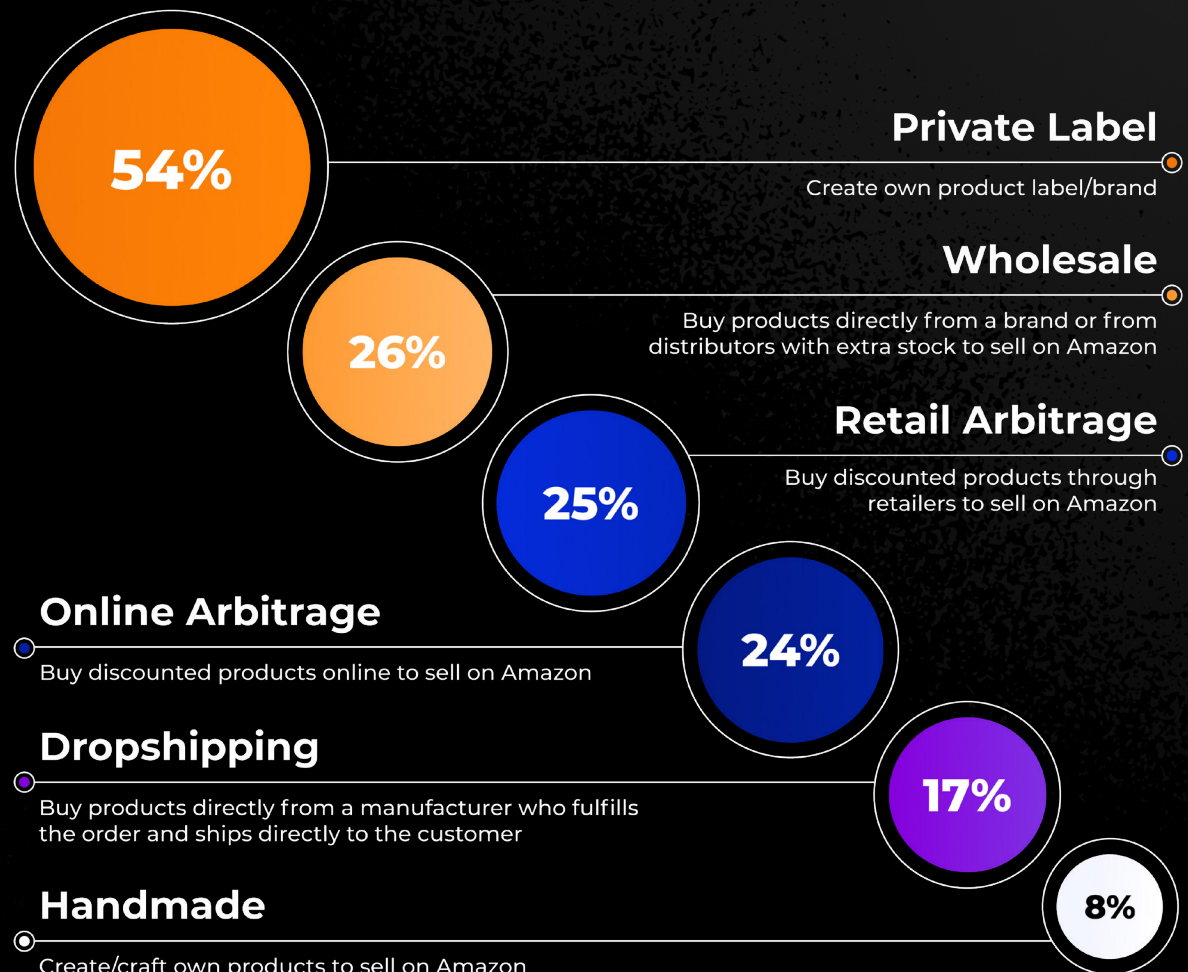
Private label is the most common sales model for Amazon sellers. With the private label model, the seller:

- Identifies a product with high demand and low competition
- Finds a manufacturer to produce the product (often with marketable improvements)
- Brands and promotes the product on Amazon

The private label model isn't the only viable sales model on Amazon — in fact, it can be easier for aspiring entrepreneurs to start their selling journey by taking a different route.

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](#).

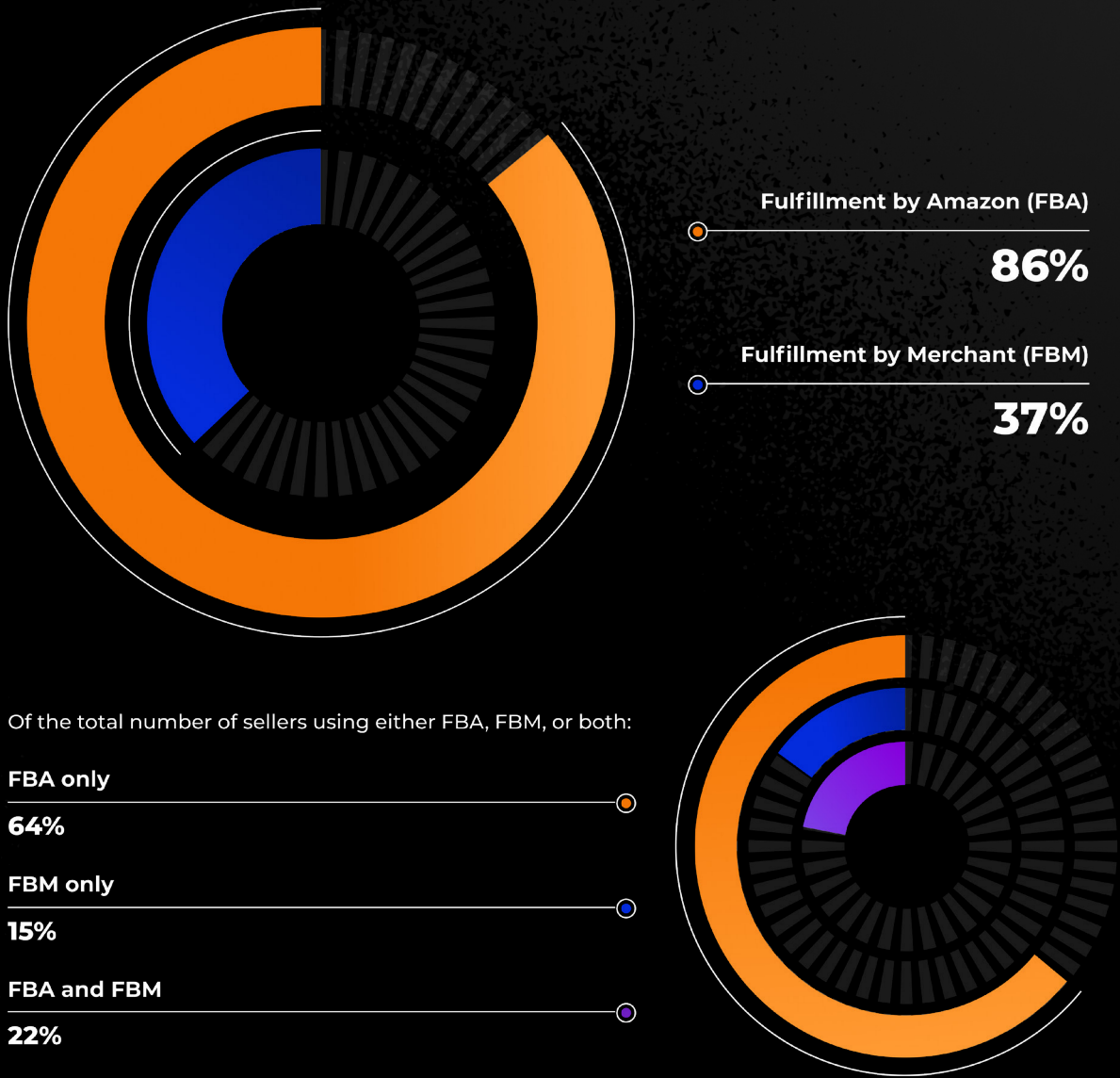


## Fulfillment methods

Amazon’s complex logistics system and global order fulfillment infrastructure make it a compelling platform for ecommerce entrepreneurs.

Fulfillment by Amazon, or FBA, is the most popular fulfillment method for Amazon sellers. However, many sellers choose to handle their own fulfillment, a method known as Fulfillment by Merchant (FBM).

### Which fulfillment methods do sellers prefer?



## 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

The seller (or the seller's supplier) sends their product inventory to Amazon's warehouses.

Amazon then stores the inventory and ships items directly to the customer upon receiving an order (often through 2-day Prime shipping).

Amazon also handles customer support and the returns process.



FBA is most popular among private label sellers, while FBM is most popular among dropshippers and Handmade artisans.



FBA sellers tend to spend more than FBM sellers to launch their business, likely because the private label method can involve a greater up-front inventory investment.



With FBA, third-party Amazon sellers can leverage Amazon's network to run fully remote ecommerce businesses.

### Fulfillment by Merchant (FBM): A method of selling on Amazon in which a seller lists their products on Amazon, but fulfills their own orders

The seller manages all storage, shipping, and customer support themselves or through a third-party logistics provider. FBM sellers can still offer 1- to 2-day shipping to their customers through Seller-Fulfilled Prime.



FBM sellers tend to get up and running on Amazon more quickly than FBA sellers — likely because they don't have to wait for inventory to arrive at Amazon's warehouses to make their first sale.



FBM sellers tend to have larger product catalogues than FBA sellers.



Many FBM sellers use this method either exclusively or in combination with FBA.

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



**The most common way entrepreneurs start selling on Amazon is by creating a private label product and selling through Amazon FBA.**

Learn to launch your own private label FBA business with our in-depth, step-by-step **guide**.

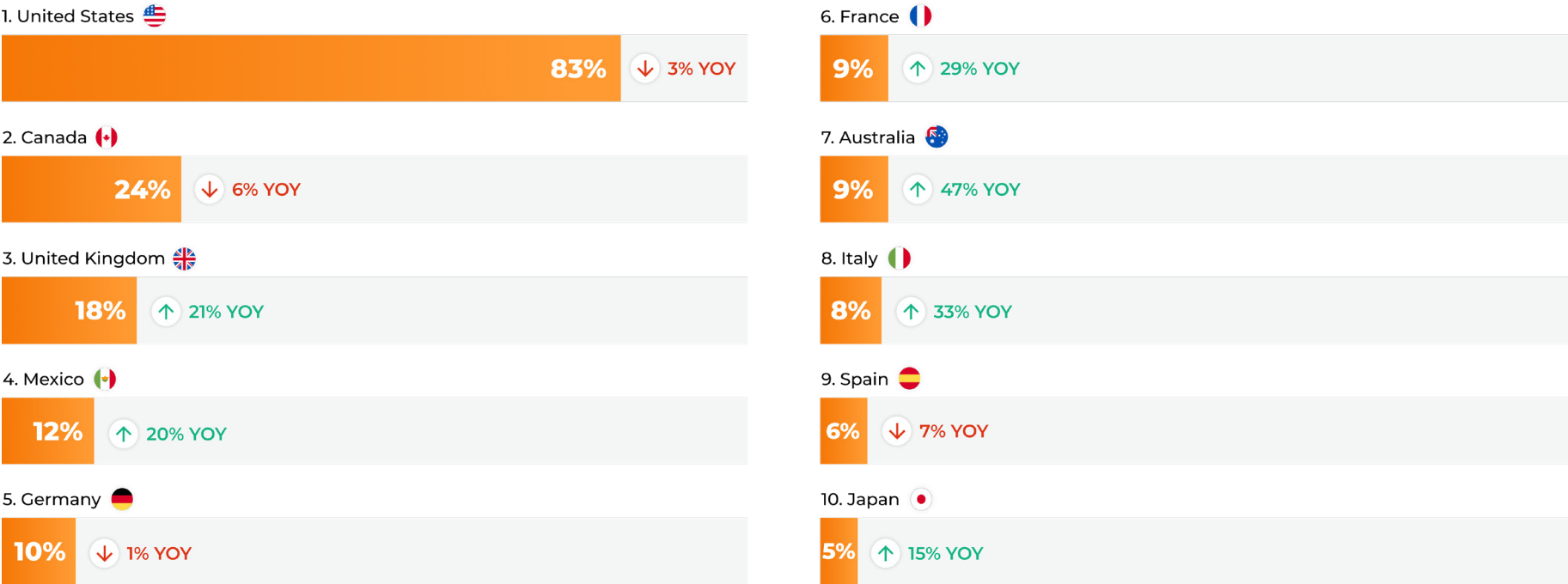
## Global marketplaces

The U.S. marketplace receives the most visitors among all of Amazon’s 20 global marketplaces. It’s Amazon’s oldest and most established marketplace, and sellers from around the world flock to it. Since 2002, Amazon has launched marketplaces in 19 other countries, starting with Canada. In 2020, its China marketplace closed. As of early 2023, its newest marketplace is in Belgium, launched in the second half of 2022. In 2023, Amazon is expected to open marketplaces in Colombia, Nigeria, and South Africa. Notably, four marketplaces that did not make our top 10 list are growing rapidly: The number of sellers operating in Brazil, Turkey, Japan and Saudi Arabia, increased 220%, 80%, 53%, and 50%, respectively, in 2022.

Sellers can simultaneously list their products in multiple global marketplaces to increase their customer reach.

**45%**  
of Amazon sellers operating in the U.S. marketplace also operate in at least one other international marketplace.

### Top Amazon international marketplaces for 3P sellers





## Chapter 4

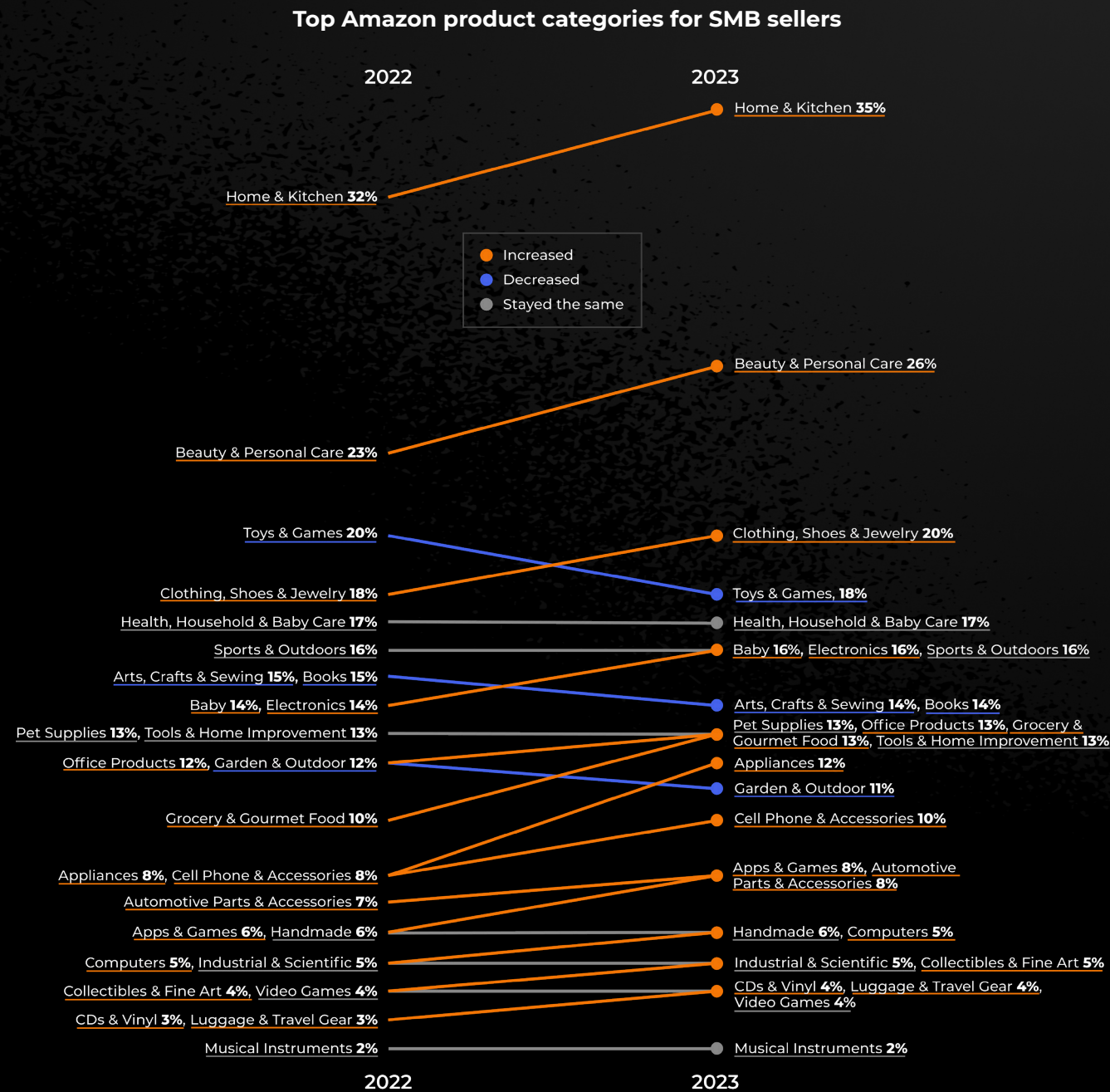
# Trending Products & Categories

What are the most popular and profitable categories and products to sell on Amazon in 2023?

# Amazon product categories

You can find virtually any product on Amazon, from groceries to digital books to cars. 3P sellers tend to focus their efforts on selling tangible products — consumer staples with year-round demand. Year after year, Home & Kitchen products are the most commonly sold by 3P sellers.

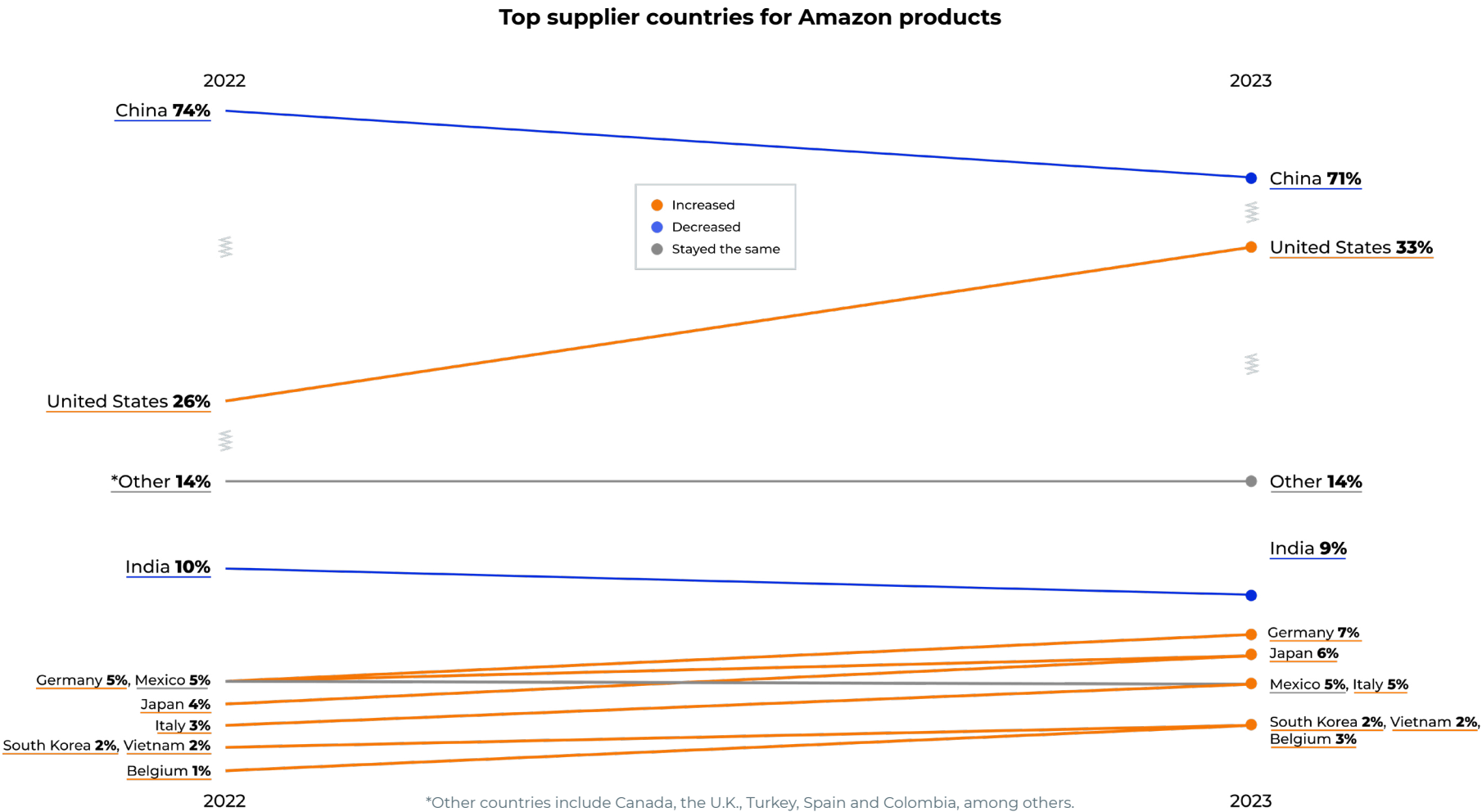
When researching products to sell, Amazon sellers look for a few key characteristics: high demand and low competition, categories with minimal restrictions or requirements, durable products that will survive international shipping and the journey to a consumer’s doorstep, and products that can be affordably manufactured and sourced from suppliers.



# Sourcing

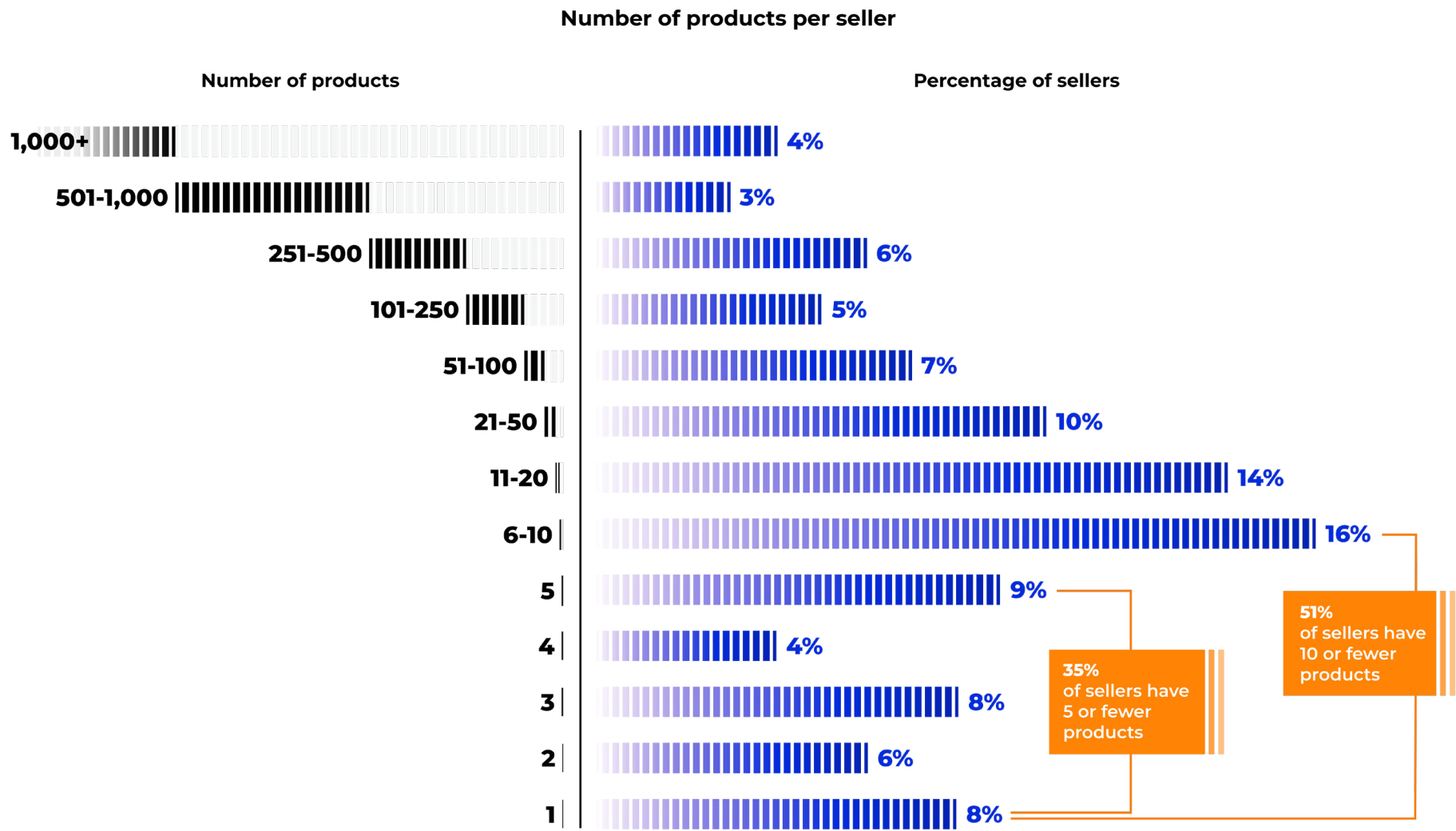
China continues to be the leading source of goods imported to the U.S.<sup>1</sup>, and most private label Amazon sellers source their products from there. As more countries bolster their manufacturing capacity and overseas shipping prices shift, however, sellers are increasingly looking elsewhere for their inventory.

<sup>1</sup> U.S. [Census data](#)



# Product volume

The majority of sellers on Amazon (84%) sell 50 or fewer products. While a smaller percentage of sellers offer a wildly higher number of products — 7% have more than 500 — within that 50 or less group, sellers are more evenly varied when it comes to the number of different products they sell.



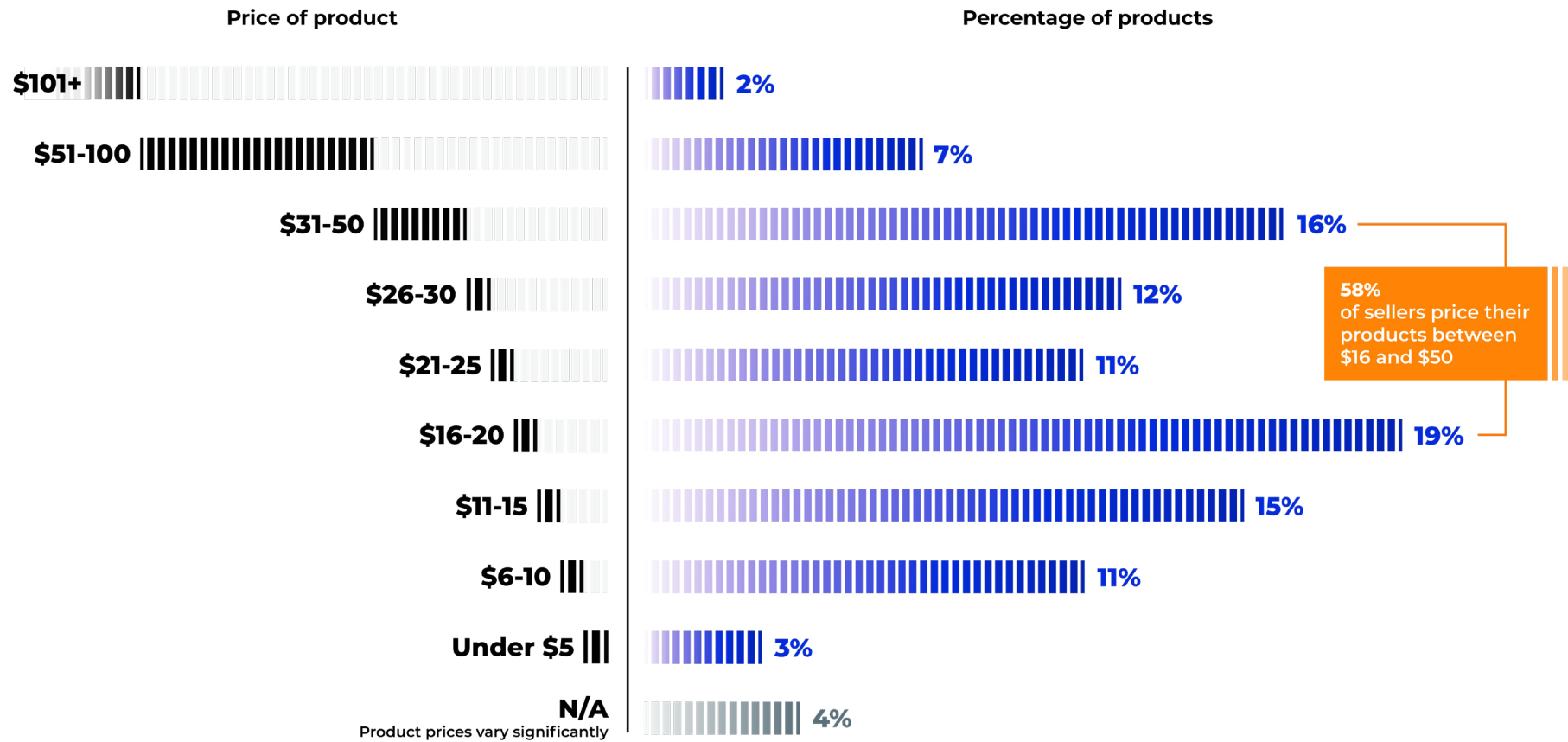


# Pricing

When setting prices for their products, sellers must weigh the cost of producing, shipping, and marketing the product, as well as what consumers are willing to pay for it and how much their competitors' products cost.

Many use the rule of thirds: expect to spend 1/3 of the price of the product on the product itself, pay 1/3 on Amazon fees, and pocket the remaining 1/3 as revenue.

Average Amazon product price



## Chapter 5

# Sales & Profitability

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**Amazon sellers generally have profit margins above most other small businesses.**<sup>1</sup> With that said, revenue and profits in this market span a wide spectrum — the size of the business, the seller's level of experience in ecommerce, and the business model each play a role in a seller's success.

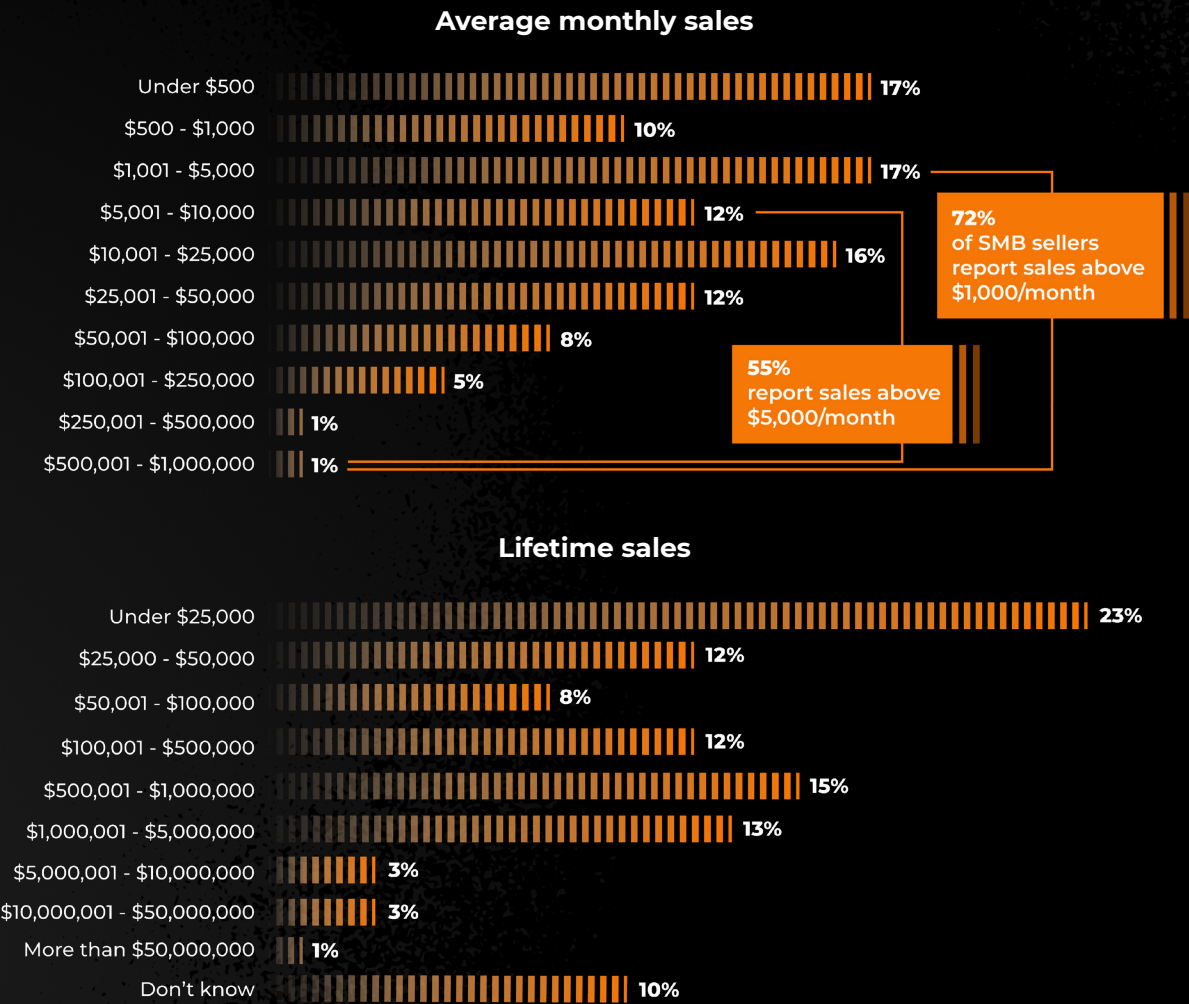
In this chapter, we'll explore sales performance and profitability among SMB sellers and how they compare to larger, higher-earning Amazon sellers and brands (enterprise sellers). How much money can SMB sellers expect to make through their Amazon businesses and how quickly can they expect to be profitable?

<sup>1</sup> [Investopedia - What's a Good Profit Margin for a New Business?](#)

# Sales

When it comes to sales, many small businesses on Amazon earn more money than the average side hustles.<sup>1</sup> 22% of SMB sellers surpass \$10,000 in average monthly sales.

<sup>1</sup>LendingTree survey data



## Enterprise spotlight

Comparing SMB sales performance to that of enterprise sellers (Amazon sellers and businesses or brands earning more than \$2 million in annual revenue) reveals how lucrative selling on Amazon can be for businesses that grow and scale. Many enterprise-level brands now making millions of dollars of profit started out as one-person private label Amazon businesses.

58%

of Enterprise sellers report sales above \$250,000/month

21%

report sales above \$1 million/month

Profits

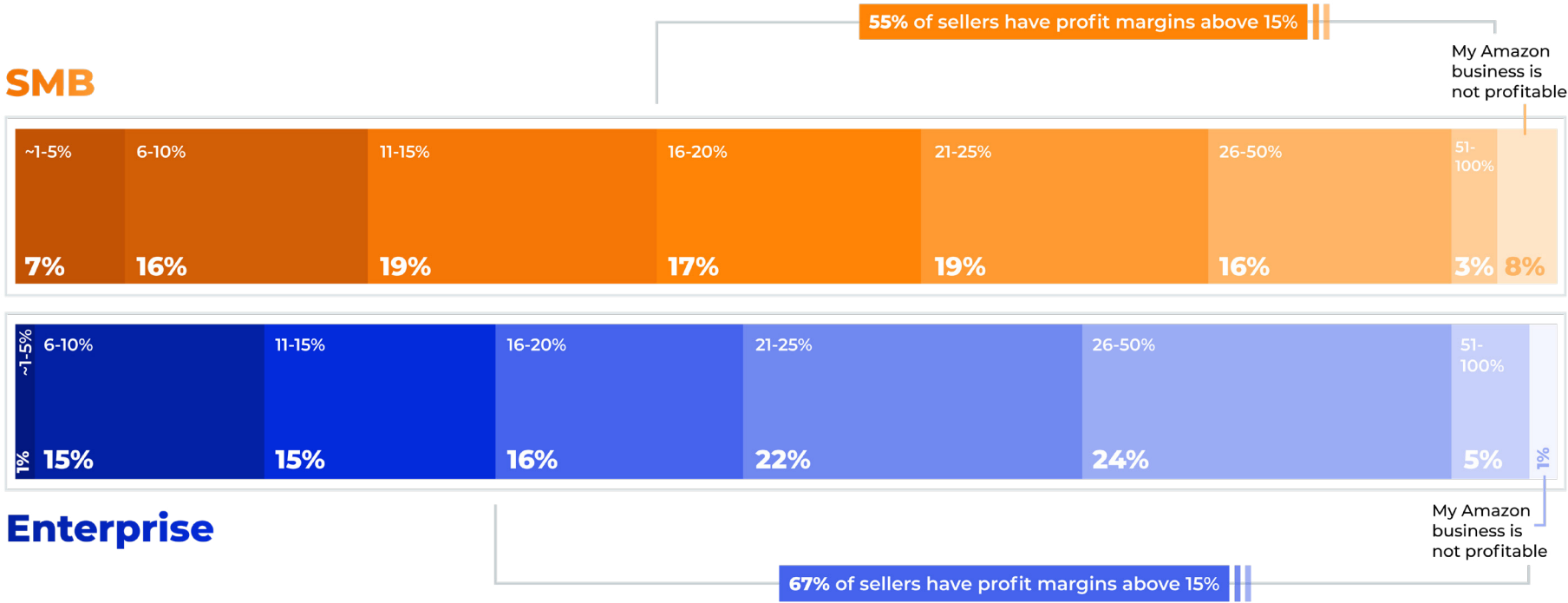
Nearly three out of four Amazon sellers (73%) report profit margin\* above 10%, and more than a third (35%) exceed 20%. While the profit margins for small businesses can vary significantly depending on the industry, the average for U.S. companies ranges between 7% and 10%<sup>1</sup>.

What's more, seller profitability increased in 2022 compared to 2021 (89% of sellers are profitable, up from 85% the year before), and despite growing concerns around inflation — which impacts consumer spending habits along with business costs for Amazon sellers\* — 37% of sellers say they saw increased profits last year.

\*For more on this, see [Chapter 7](#)

<sup>1</sup>[Corporate Finance Institute](#)

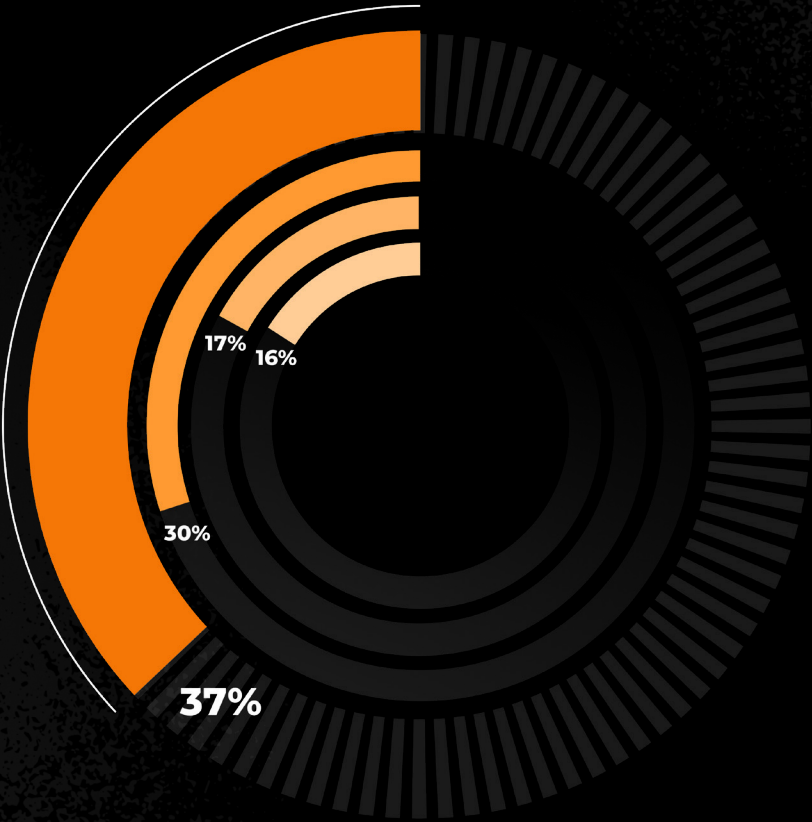
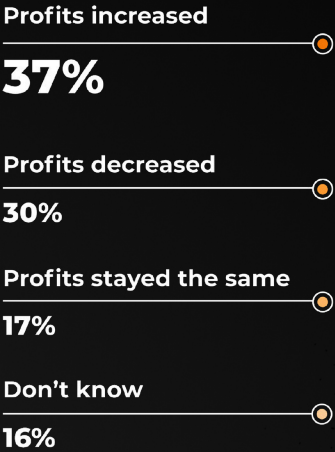
Amazon seller profit margins



Data in this section represents pretax profit margin.

Trendlines: How did 2022 profits compare to 2021?

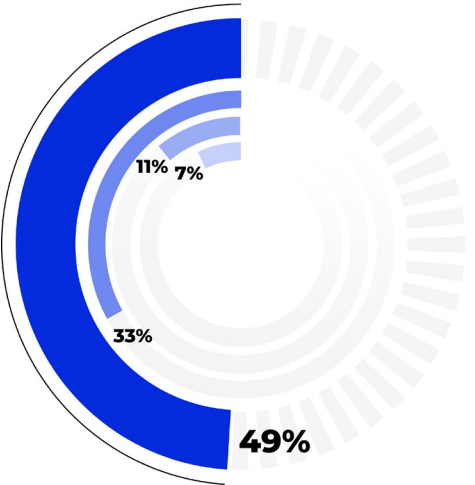
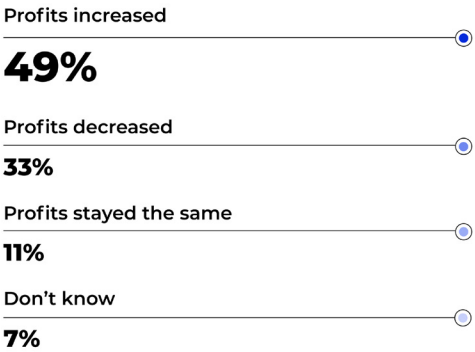
SMB



Among SMB sellers whose profits increased in 2022, the majority (62%) saw increases between 1 and 20%.



Enterprise spotlight

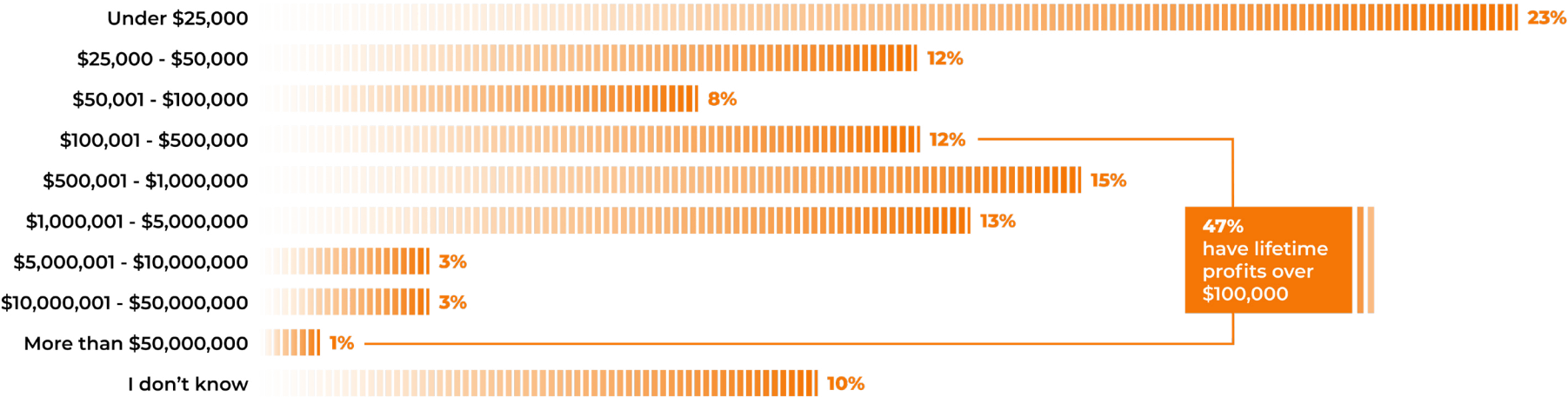


Among enterprise sellers whose profits increased in 2022, the majority (69%) saw increases between 1 and 20%.

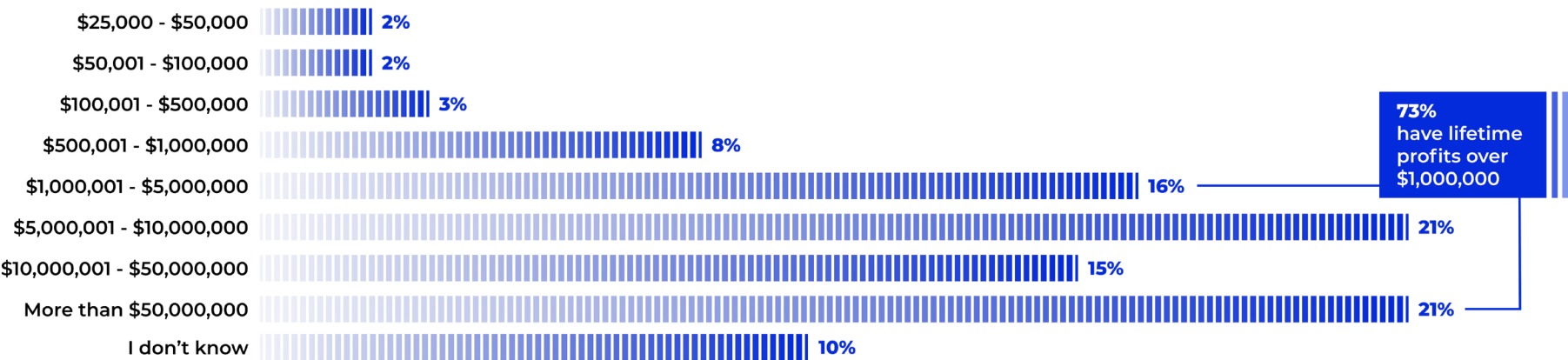


# Lifetime profits

## SMB



## Enterprise



## Chapter 6

# What it Takes to Sell on Amazon

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**There's no one way to be successful on Amazon.** That said, time and motivation are essential to any business venture, and some Amazon business models require a greater investment than others. 60% of sellers agree: selling on Amazon is not a “get rich quick” tactic.

It's normal for it to take a few tries before an Amazon seller hits their stride with ecommerce. In fact, while 52% of sellers were able to turn a profit with their first product launch, others weren't successful until their second or third product launch.

As with anything else, it takes research and experience to become an expert Amazon seller. Fortunately, it's possible to start selling on Amazon with a small up-front investment.

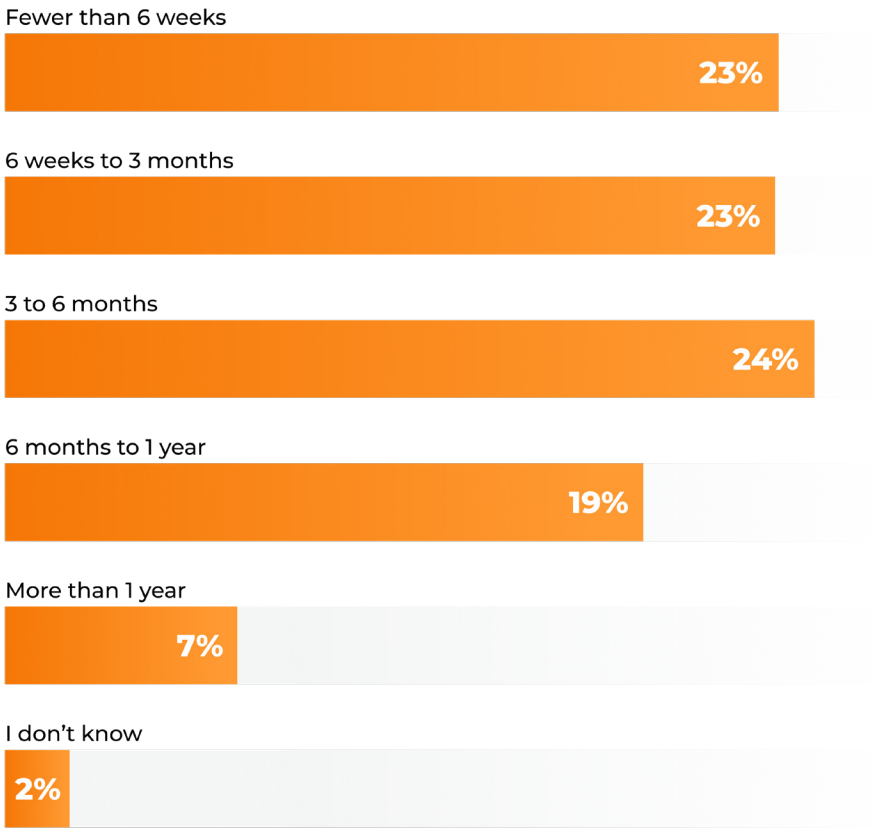
*Read more about how to start selling on Amazon with little to no money [here](#).*

# Time

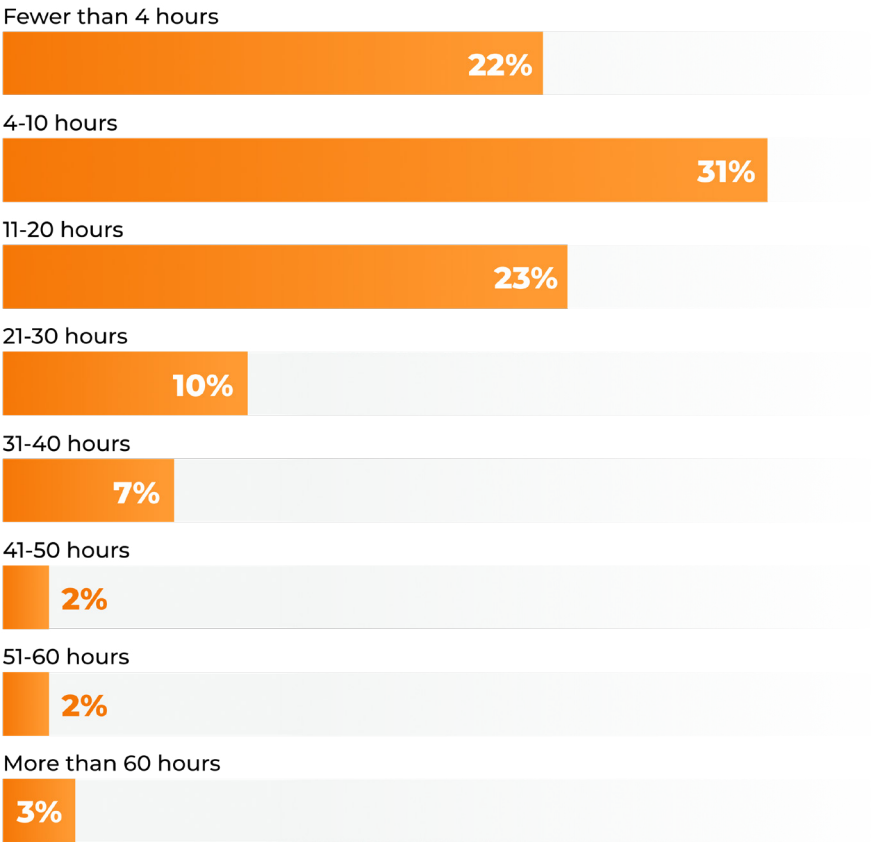
It takes time to learn what makes a great product opportunity, what customers want, and how to manage ecommerce logistics. FBA provides a shortcut for much of that, but all sellers still need to maintain their business's performance, inventory, advertising, and competitive edge.

Most 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 to start an Amazon business



## Time sellers spend on their Amazon business each week



# Money

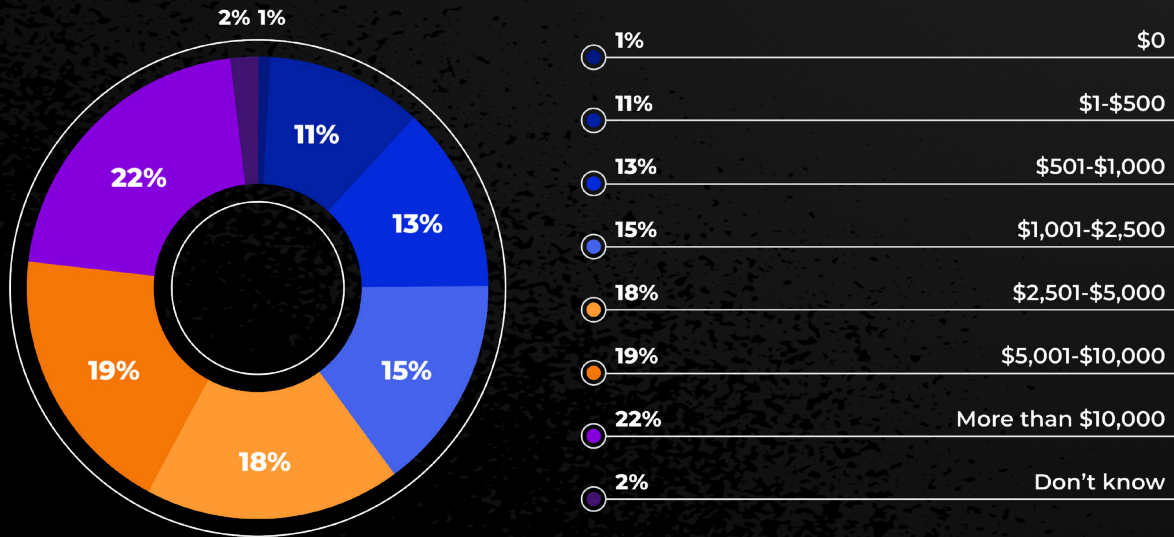
Most sellers make some kind of up-front investment to start their Amazon business. This can include the cost of products, Amazon’s storage and seller fees, and advertising.

The majority of sellers (58%) spend less than \$5,000 to start their business on Amazon — and 25% spend less than \$1,000.

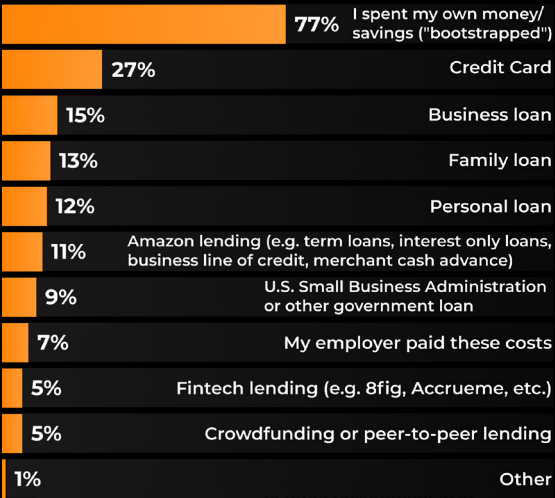
Most sellers are “bootstrappers” — 77% say they at least partially funded their business with their own cash.

Fortunately on Amazon, the payoff is high; 63% of sellers are profitable within a year of launching their business.

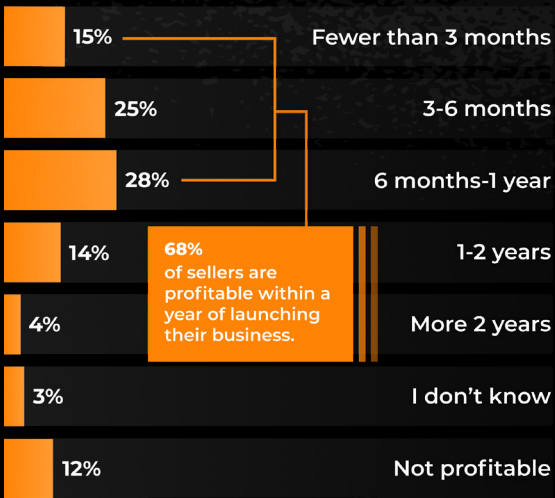
Money sellers spend to start an Amazon business



Funding sources



Time it takes to turn a profit

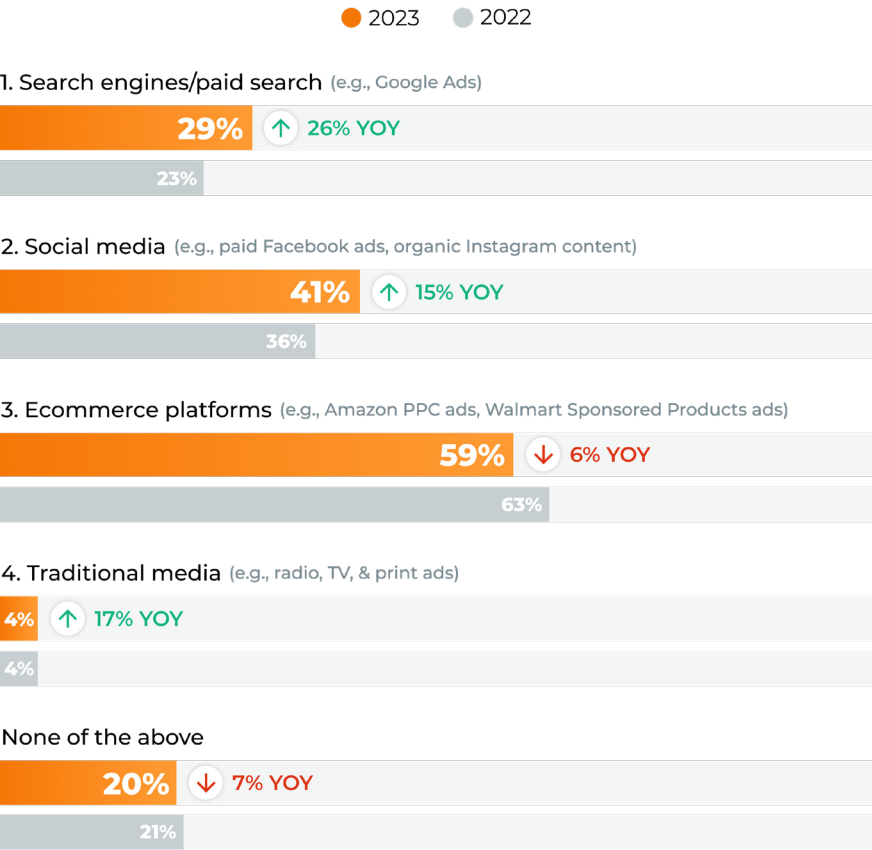


## Marketing investments

Competing on Amazon isn't just about producing a high-quality product that meets consumer demand. Sellers also have to make sure their products get in front of potential customers — and these days, many do so through paid advertising.


In fact, 80% of Amazon sellers advertise their products on or off Amazon. Amazon's pay-per-click (PPC) advertising options remain the most popular marketing tactic, but use of social media channels for advertising is increasingly popular. Last year 41% of sellers advertised on social media, up 16% from the previous year.

### Top channels where Amazon sellers advertise their products




### Breakdown by ad type

#### Ecommerce platforms

- 
- 41% Amazon pay-per-click (PPC) ads - Sponsored Brands
  - 75% Amazon pay-per-click (PPC) ads - Sponsored Products
  - 33% Amazon pay-per-click (PPC) ads - Sponsored Display
  - 23% Amazon Video ads
  - 8% Amazon DSP
  - 10% Amazon Live
  - 6% Amazon Editorial Recommendations
  - 17% Amazon Posts
  - 19% Amazon Vine Program (reviews)
  - 33% Amazon A+ Content
  - 11% eBay Promoted Listings/ eBay ads
  - 8% Etsy PPC ads
  - 7% Walmart Connect/ Walmart ads
  - 2% Other

#### Search engines

- 
- 90% Google ads
  - 17% Bing ads
  - 6% Other (Required)

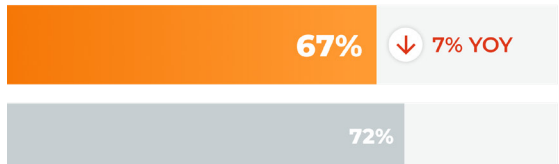


## Social media spotlight

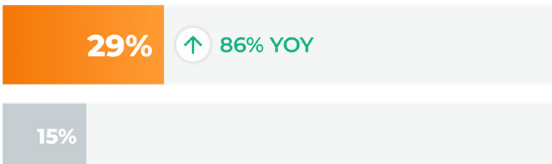
### Trending social platforms for seller advertising

2023 2022

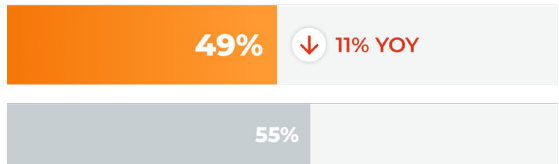
Facebook ads



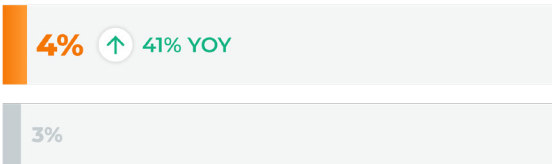
YouTube ads



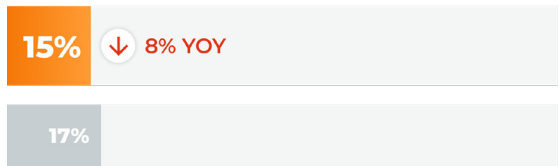
Instagram ads



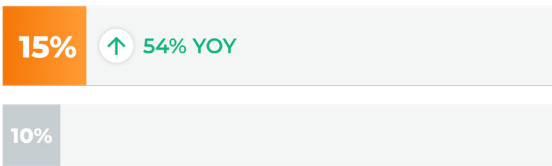
Snapchat ads



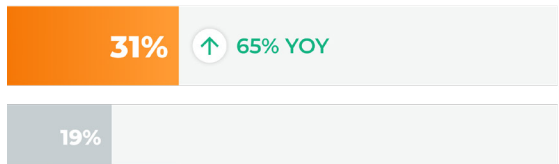
Pinterest ads



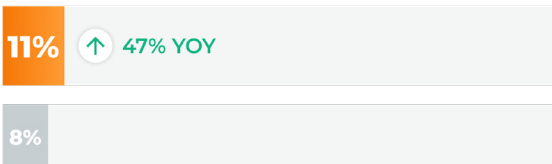
LinkedIn ads



TikTok ads



Branded YouTube channel



**24%** of sellers post advertising content on their branded or personal social media accounts

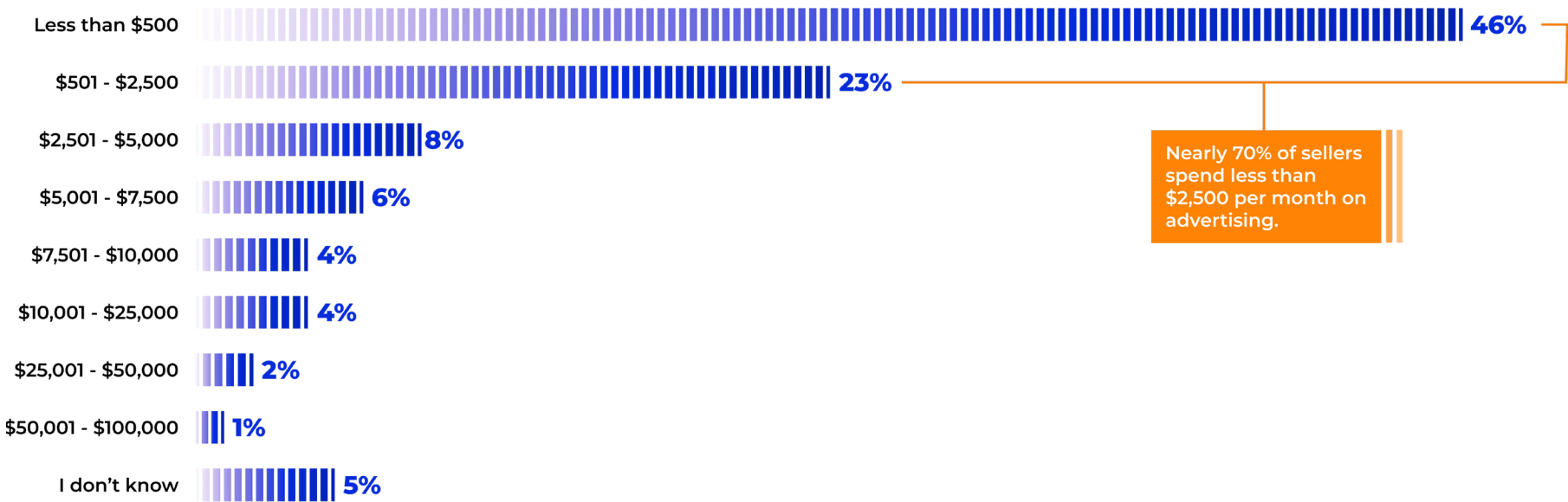
**12%** have hired influencers to promote their products on social media

## Advertising spend

The majority of sellers (69%) spend anywhere from \$0 to \$2,500 on monthly advertising costs across all platforms, including Amazon PPC, search engines, social media, and traditional media. That percentage is down from last year, when 85% of SMB sellers fell into that same range for advertising spend, indicative of rising ad costs, which continues to be a common challenge area for sellers.

Roughly half of those who use Amazon PPC and other Amazon marketing products spend less than \$500 per month on Amazon marketing investments.

### Average monthly advertising spend on Amazon



- Increasing ad costs is a concern for 38% of SMB sellers
- Managing pay-per-click (PPC) advertising is one of the most common challenges among SMB sellers

Learn more about how Amazon sellers advertise their products [here](#).




## Motivation & success factors

Selling on Amazon offers the opportunity of flexible work hours, an autonomous career, and for many, life-changing financial security.

### Top Amazon seller motivations

- 1 **To be my own boss**
- 2 **Extra income (on top of existing income)**
- 3 **Flexibility to work anywhere or travel**
- 4 **To grow my existing business through Amazon**
- 5 **To feel successful & accomplished**
- 6 **A new challenge**
- 7 **New income**
- 8 **To build a business I could sell to an investor**
- 9 **Job change**
- 10 **Seeking a hobby**

A vast majority of sellers who were motivated to earn new or extra income by selling on Amazon planned to use that income to support themselves or their families. Other popular goals among these sellers include:

-  **Build a nest egg or savings fund**
-  **Pay for luxury/extraneous expenses or travel**
-  **Be able to quit their other job(s)**
-  **Retire early**
-  **Pay off debt**

### Top 5 factors that lead to success in selling on Amazon

(according to the sellers themselves)

1. Having enough passion/motivation
2. Having the necessary tool(s) and information to help
3. Being motivated to make money
4. Having enough time to commit to the business
5. Having enough money to invest

## Chapter 7

# Challenges

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**Ecommerce is a rapidly-changing industry, and Amazon moves just as quickly to keep up.** Sellers don't always benefit from these shifts. In some cases, they run up against significant new challenges that test their mettle as well as their business model.

## Common seller challenges

As the U.S. grappled with record inflation throughout much of 2022 alongside signals of an impending recession, rising costs became a shared concern for many SMB sellers. This chapter explores that and other common challenges.

### Top 10 business challenges

- 1 Product research/finding or developing a product
- 2 Getting customer reviews
- 3 Managing pay-per-click (PPC advertising)
- 4 Increasing market share
- 5 Managing finances
- 6 Optimizing product listings
- 7 Finding a supplier
- 8 Branding the business and/or products
- 9 Managing inventory
- 10 Protection from hijackers, counterfeiters and other black hat tactics

1 in 2 Amazon sellers was influenced by an economic downturn in deciding to start their business.

### Top external concerns

- 46% Increasing cost of goods
- 39% Increasing competition driving prices down
- 38% Increasing shipping costs for inventory and/or order fulfillment
- 38% Increasing ad costs
- 36% Inflation
- 35% Rising storage fees
- 29% A recession
- 28% Amazon changing search results to favor paid results over organic results
- 26% Increasing shipping time for inventory and/or order fulfillment
- 26% Amazon's policy and Terms of Service changes
- 23% Amazon limiting or shutting down my account and/or listings seemingly abruptly or without reason
- 20% Overseas suppliers selling my/similar products at lower costs
- 12% Protecting my business's privacy and security
- 7% Labor shortages affecting my business

Inflation and rising business costs — on everything from raw materials to advertising — emerged as the most commonly shared concern among SMB sellers in 2023.

Rising inflation has affected the spending of 84% of consumers, according to Jungle Scout's Q4 2022 [Consumer Trends Report](#).



## Lingering supply chain issues

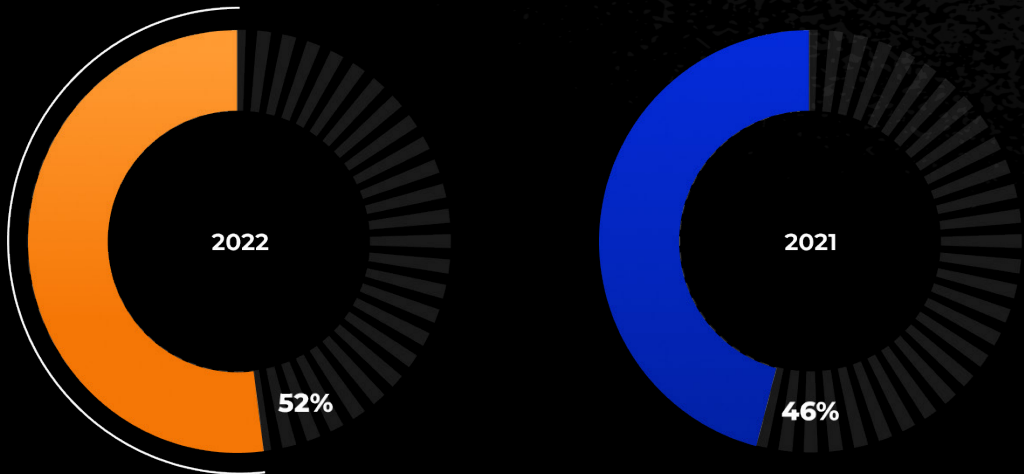
While many of the extreme supply chain disruptions that emerged in the early days of the COVID-19 pandemic have abated, lingering problems remain. Compared to a year ago, notably fewer sellers are experiencing an overall sales impact due to these issues, though inventory delays persist.

**32%**  
of sellers experienced higher-than-normal returns in 2022

46% lost sales in 2022 vs. 74% in 2021



52% experienced inventory delays vs. 46% in 2021



# Methodology

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Between December 1, 2022 - January 3, 2023, Jungle Scout surveyed more than 2,600 Amazon sellers, including prospective and former sellers. In total, respondents represent more than 100 countries, all 20 Amazon marketplaces, and all relevant Amazon product categories. They are from ages 18 to 80+ and all genders and levels of education.

This report focuses on small-to medium-sized business owners who have at least one live product listing on Amazon. The majority of 2023 report data reflects 715 active first- and third-party Amazon sellers earning \$2 million or less in annual ecommerce revenue. Comparisons made to 2022 data reflects 676 active Amazon sellers meeting the same criteria.

Also included in the analysis for this report and presented within it for context and purposes were/are larger active Amazon sellers and brands earning more than \$2 million in annual revenue.

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