



THE AMAZON HYBRID MODEL
THE BEST OF BOTH WORLDS...
REALLY?

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WHO IS TALKING



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BEFORE 2005	HENKEL (ECOLAB), FORD
2005-2014	AMAZON
2015-2016	DOUGLAS
SINCE 2016	FACTOR-A, PART OF DEPT

AGENDA

- 1. What is the Hybrid model?**
- 2. Who should think about it?**
- 3. Best of (wrong) reasons to become a Hybrid**
- 4. Setup**
- 5. Conclusion**
- 6. Q&A**

06 Q & A

- ▶ NO SECRETS TODAY -SO ASK ME ANYTHING AT ANY TIME!
- ▶ NO SECRETS TOMORROW - LOOKING FORWARD TO YOUR UPCOMING QUESTIONS ON LINKEDIN OR PER MAIL

UPDATED

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01

WHAT IS THE AMAZON HYBRID MODEL ALL ABOUT?

Vendor, Seller, Hybrid? What shall I be?

THERE IS NOT ONE TRUTH WHEN IT COMES TO CHOOSE THE
“BEST FITTING” DISTRIBUTION MODEL. BUT THERE IS ONE
GOLDEN RULE: DON'T CHOOSE YOUR DISTRIBUTION MODEL(S)
FOR THE WRONG REASONS!

DISTRIBUTION MODELS **AT A GLANCE**

AMAZON DISTRIBUTION MODELS

VENDOR

- SOLD AND SHIPPED BY AMAZON
- AMAZON IS PLACING VENDOR ORDERS
- DYNAMIC PRICING
- AMAZON CUSTOMER SERVICE
- 30 DAYS RIGHT OF RETURN

SELLER

- SOLD BY SELLER, SHIPPED BY SELLER (FBM = FULFILLMENT BY MERCHANT) OR AMAZON (FBA = FULFILLMENT BY AMAZON)
- SELLER RESPONSIBLE FOR PRICING AND AVAILABILITY
- SELLER RESPONSIBLE FOR CUSTOMER SERVICE AND RETURNS
- FBM PARTIALLY, FBA FULLY PRIME ELIGIBLE

AMAZON DISTRIBUTION MODELS COMPARISON

Topic	Seller	Vendor
Listing / T&C / Listing	Fix fee (7-15%), no further negotiation needed. Additional FBA fees. Instant listing possible	Multiple terms and conditions negotiation. Coop, bonus, returns agreement, listing fee.
Content	Low standards often lead to low brand exposure. Seller content can be and is being easily overwritten by other sellers!	Best in class, including A+ and A+ Premium Content. Better stability.
Pricing	Seller has price authority. May lead to lost buy box situations.	Dynamic pricing by Amazon, matching internal and external competitors.
Shipping	Prime eligible only for FBA and selected non FBA seller.	Prime, Prime Now, Same Day Delivery, Fresh, Pantry
Data	No customer data, ARA, Brand Analytics	Seller Central data, personal customer data

THE HYBRID MODEL

BE VENDOR AND SELLER AT THE SAME TIME

The hybrid model is - similar to the manufacturer model - no official status. There is no “Hybrid Central”

Hybrid model means acting as a Vendor and as a Seller at the same time

Hybrids aim to combine the best out of both worlds.

Combining distribution models on Amazon will not add but most likely multiply the effort and challenges!

02

SHOULD I THINK ABOUT
BECOMING A **HYBRID**?

YES, IF YOU ARE A **VENDOR!**

YES, IF YOU ARE A SELLER!

03

**BEST OF GOOD AND BAD
REASONS TO BECOME A
HYBRID**

REASON #1: PRICING

PRICING

PRO HYBRID

Finally you get back the sovereignty about your Amazon Sales Prices!

CONTRA HYBRID

It's not true. (In many cases)

“Acting as a Seller will avoid price issues on Amazon”

NO. AMAZON IS AUTOMATICALLY MATCHING INTERNAL AND EXTERNAL KEY COMPETITORS. THE COMPETITION IS PERMANENTLY STEERING THE AMAZON PRICE.

PRICING FACTS

AMAZON IS A PRICE FOLLOWER

- In terms of building up and maintaining long-term customer trust, Amazon is guided by the best price for the competition that is relevant to the customer
- Internal and external
- Automatically and often in real time

PRICING FACTS

AMAZON PRICES 100% AUTOMATED

- Both internal and external matching is not influenced manually in individual cases
- 100% price automation is often defined as a personal goal of the employee
- Exception Promotions: by defining product, period and off message, matching prices will be overwritten
- Exception overstocks: in the absence of overstock returns, products can be overwritten by so-called overstock pricing, depending on elasticity
- The same applies to aged inventory

PRICE MATCHING

EXTERNAL MATCHING

- When entering the market in new product categories and / or countries where there is insufficient online competition, Amazon usually uses aggressive pricing models
- As soon as possible the only take competitors with huge, relevant competitors into account
- Several times a year, the external matching candidates per product line are analyzed and redefined
- Decisive factors here include sales, selection, price indices, traffic and growth
- Depending on the competitor, different matching models are possible

PRICE MATCHING

INTERNAL MATCHING

- Overall goal: best offer for the Amazon customer
- Therefore beside external also internal Price Matching with 3P
- Only so called BuyBox eligible sellers are matched
- As with external matching, there are different aggressive internal price matching models in terms of profitability and availability

PRICING CHANCES

AMAZON PRICE = MARKET PRICE

- The competitive environment is pretty manageable for most product categories
- Most questions about Amazon Pricing can be quickly explained by constant monitoring and analysis
- Often, the Amazon Pricing indicates hints on out of control distribution channels
- Also internationally, Amazon Pricing is becoming increasingly important as an indicator of your distribution hygiene

REASON #2: PROFITABILITY

PROFITABILITY #1

PRO HYBRID

No more asks for better cost prices, but only 7-15% fee instead - that's it.

CONTRA HYBRID

Yes, that's it. Plus: FBA, shipping, CS, returns, handling, performance monitoring...

PROFITABILITY #2

PRO HYBRID

Amazon matching is killing my account profitability. Hybrid will save me.

CONTRA HYBRID

Nothing, that's a good one!

REASON #3: DATA

DATA

PRO HYBRID

I get the data I missed so much. Traffic data! Customer Data!

CONTRA HYBRID

Nothing against this here, but traffic data can also be calculated as a vendor. ;)

REASON #4: AVAILABILITY

AVAILABILITY

PRO HYBRID

Having a seller account as well will ensure my availability in times of Corona, Q4 and other global crisis.

CONTRA HYBRID

True. An alternative is implementing Dropship as a vendor.

04 SETUP

HYBRID SETUP BY BROKER

GET HELP!

- Don't underestimate the effort of driving two distribution models at the same time
- There are broker available, who offer everything you need to be up and running instantly
- Available services are seller account setup and management, listing, repricing, supply chain, accounting

FACTOR-A PREFERRED BROKER

AMADVANCE

Startseite Lösungen Prozess Kontakt Über uns

Advanced Amazon Strategies

Mit dem Amazon Broker Modell maximales Umsatzpotential erzielen

Durch das Broker Modell alle operativen Hürden in Bezug auf Produktdarstellung, Verfügbarkeit, Preis- und Unternehmenspolitik überwinden

[Mehr erfahren](#)

Illustration of a person sitting at a desk with a computer monitor and a potted plant.

WWW.AMADVANCE.DE

05 CONCLUSION

3 SCENARIOS WHERE THE HYBRID MODEL CAN HELP



PROFITABILITY

You can improve your vendor / retail account profitability by switching main profit offenders from vendor to seller.



PRICING

If your sales price decreases are driven from outside and you can ensure, Amazon will not continue with direct sourcing from wholesalers and others: eliminating vendor offers eliminates externally matched prices.



AVAILABILITY

If implementing drop shipping is not an option, you can ensure availability when Amazon can't

THE END