

Amazon Takes 50% Cut From Each Seller Sale On Average, New Study Says

The cost of selling on Amazon has continued to increase, according to a new study from Marketplace Pulse.

“Amazon is pocketing more than 50% of sellers’ revenue – up from 40% five years ago,” the e-commerce analytics firm wrote in a blog post on Monday.

The post said the study used profit and loss reports from a sample of sellers to calculate the cost of hawking merchandise on Amazon. Almost 2 million businesses sell using Amazon, Amazon said in March 2022.

Besides the base transaction fee (called a “referral fee” by Amazon), the study discussed two other crucial elements of selling on Amazon: advertising and using Amazon’s fulfillment network, called Fulfillment By Amazon (FBA). Advertising can be important to get products listed higher up in search queries, and using FBA is one of the only ways to have your products available on Amazon Prime, which presents a sales advantage.

Because these services are necessary to acquire sales (and have risen in price), so has selling on Amazon, the study said. “Sellers are paying more because Amazon has increased fulfillment fees and made spending on advertising unavoidable,” the post wrote.

The study broke down fees as follows: Amazon takes its 8% to 15% transaction fee, FBA can cost from 20% to 35%, and

advertising, it calculated, can cost up to 15%. The study said the average was 50% for 2022.

The owner of Louisville-based Pinch Spice Market, which sells organic spices and blends on Amazon, told *Entrepreneur* that Pinch doesn't advertise often – it's "cost prohibitive" – but, without advertising, the small business coughs up about 40% to the e-commerce giant when using FBA.

"[The cost] is always going up," said Pinch's founder and owner, Thomas McGee.

The study also said because sales have slowed down on the platform, new customers can't cover the losses from increased costs of participating in the marketplace.

"For these small businesses, it's getting harder and harder to be profitable because they are spending more and more money on Amazon fees," said Juozas Kaziukenas, CEO of Marketplace Pulse, per Bloomberg.

Amazon's consumer retail business slumped by 2% in its most recently reported quarter.

In an email, an Amazon spokesperson told *Entrepreneur* that the numbers are not an "accurate depiction" of the cost to sell on Amazon and that the company is "investing more than ever" to support its selling partners – while noting sellers had a record-breaking holiday season. The spokesperson added that FBA is "30% less expensive than standard-shipping methods offered by other major third-party logistics providers, and an average of 70% less expensive than comparable two-day shipping alternatives."

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But paying to sell on Amazon can also be worth it: McGee said

customers head to his website to shop after first ordering from Amazon.

“We’re still going to put that stuff on Amazon because it puts us in front of so many people,” McGee said.

<https://www.entrepreneur.com/business-news/amazon-gets-a-50-average-cut-of-sales-from-sellers-report/445043>