

Will Amazon's new policy crush small sellers? - AvvoStories

Friday, September 22 2017, 9:19 AM



Will Amazon's new policy crush small sellers?

BUSINESS, MONEY

Aug 29, 2017

By [Gemma Alexander](#)

◀ 13

◀ 4

Small businesses learned years ago that there was no way to defeat Amazon. Many of them found, however, that they could survive by joining it as third-party sellers. But that awkward alliance is under new pressure.

Starting October 2, Amazon's updated returns policy will make it easier for consumers to return items for free. It's a service that many customers want. But many of those [small businesses](#) who chose to work with Amazon are now complaining that they may not be able to survive the new rules.

Third-party returns

As most online shoppers are aware, when you buy on Amazon, you are not always buying from Amazon. Much of the merchandise on Amazon's website is sold by other vendors. Some of them enroll in the [Fulfillment by Amazon](#) (FBA) program, in which they store their merchandise in an Amazon warehouse, where Amazon employees pack and ship the orders. But some Amazon sellers pack and ship their own products, using Amazon only as an online platform for sales.

Amazon explains third-party seller returns on its [Help](#) page:

When you order from a seller that fulfills and ships its own inventory (also called a third party seller), your return will be sent back to the seller instead of Amazon.com. While most sellers offer a returns policy equivalent to Amazon.com's, some seller returns policies may vary. You can view the Seller's return policy before you purchase an item by viewing the Returns and Refunds Policy section of the Seller's profile page.

New rules

Amazon has notified its third-party sellers that after October 2, 2017, they will have to offer the same [returns policy](#) Amazon does. Buyers will be able to print a prepaid return shipping label via Amazon's [Online Return Center](#) without contacting the seller first. This is exactly the convenience that customers want, though it eliminates the possibility of a positive, personalized interaction (like assisting with confusing assembly instructions) that could build customer loyalty.

But the real issue is the free return shipping. Free to the customer means that sellers will now have to pay for return shipping costs, which could obviously affect many bottom lines.

Complicating the situation still further for third-party sellers is Amazon's "returnless refunds," an opt-in feature that enables sellers to offer a refund without return on certain products that are expensive to ship or are difficult to resell. The option is meant to help sellers by minimizing shipping costs, but combined with Amazon's no-questions-asked returns policy, some sellers fear the impacts of [unscrupulous buyers](#). For small businesses operating on narrow margins, the change could be fatal.

What does it mean?

FBA sellers are already subject to Amazon's returns policy. FBA is also less work for the seller, guarantees consistency for the buyer, and presumably makes more money for Amazon, which goes a long way toward explaining the program's 70 percent [growth](#) in 2016. So it's reasonable to assume that Amazon will offer whatever help it can to disgruntled sellers while it pushes them toward its preferred business model. Unless that model changes, of course.

Tagged [small business](#)

[Leave a comment](#)