

# What Advantages Does Specialty Have on Amazon?



BY LISA ORMAN

This summer I had the honor of presenting at ASTRA Marketplace & Academy on the topic “How Toy & Game Companies Can Make It In An Amazon World.” And by companies, I mean both retailers and manufacturers. In preparation for the presentation I studied best-practices by ASTRA retailers who have successful bricks-and-mortar stores and Amazon storefronts, interviewed ASTRA manufacturers who have successfully navigated selling their wares either to Amazon or FBA (Fulfillment by Amazon) or to third-party sellers, as well as learned about things to avoid.

ASTRA retailers such as Toys & Co., Wonderworks, and OP Taylor say that selling toys and games on their Amazon storefronts adds significant revenue to their businesses which supplements what they’re doing in bricks and mortar, while letting them place much bigger orders from manufacturers because they can sell merchandise online that typically wouldn’t move at their physical stores because of local or tourists’ tastes.

But if ASTRA vendors are going to do business on Amazon, it only makes sense for them to select ASTRA stores with which to partner.

Both are members of an organization that supports and promotes the specialty business, and ASTRA is known for being an exceptionally friendly and sharing group even though in some ways these businesses are competitors. Most are dedicated to MSRP or MAPP to protect brands and prices, which is more than we can say for rogue sellers on Amazon.

These retailers say manufacturers will get bigger and more frequent orders from them if they let them order for their physical stores and Amazon storefronts. And when vendors permit Amazon sales, they are making a statement of support for specialty retailers which they appreciate. They noted that sometimes their stores have slow-moving merchandise that they can sell at full-price or more on Amazon rather than putting it on sale or clearance in the stores. Limited-edition, rare or retired toys are especially suited to sale online at a premium price.

Specialty stores have an advantage on Amazon when competing for the Buy Box (the default Buy button consumers click on for purchase) because a major criteria Amazon uses is customer service ratings.

Vendors I spoke with, however, still face spending an undue amount of time and effort tracking down the true identity of rogue sellers who sell far below MAPP and degrade their online pricing when Amazon’s algorithm matches them. It can take weeks or months to repair a price drop and in the meantime everyone suffers. Specialty retailers who are committed to MAPP are stuck with merchandise that won’t sell until the price is restored. During the holiday season, it’s especially damaging. Makers of specialty products versus mass are advantaged on Amazon because their products are more difficult to find online and in stores, and they’re selling to

fewer third-party sellers so are more likely to know the identity of the sellers and have a better chance to protect their prices and brands.

Fat Brain Toys, a leading e-commerce site and catalog with a growing manufacturing arm, has decided enough is enough. This year, it will be much pickier about the vendors it showcases in its print catalog (it will print and mail 2 million this year, half of last year’s amount), and on its site to combat the rampant pricing erosion it witnessed and suffered from last year. During the 2016 holiday season, Fat Brain says its investments in advertising in its catalog and online served to promote specific items and educate the public about these toys, only to have people buy them from Amazon directly or other storefronts. Fat Brain is now asking vendors what they are doing to protect pricing and brands, and about their online sales policies. Whenever possible, they prefer exclusivity of sales, which can serve as the ultimate defense online.

It’s clear that people in the toy industry feel passionately, sometimes with great anguish, about Amazon. There’s a lot of confusion about what’s happening on Amazon, which Amazon itself perpetuates with its constantly changing rules and policies. It behooves us all to educate ourselves about this ever-growing marketplace and take advantage of the ways specialty can thrive on it.

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