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“ If there is ONE person I trust when it comes to teaching how to create a profitable online store, it has to be Steve Chou. He is one of the rare people who walks the walk and can teach the walk ”  
- David Siteman Garland - *The Rise To The Top*



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## The Dangers Of Selling On Amazon And Horror Stories From Real Amazon Sellers

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STEVE C [CLICK HERE TO LEARN HOW TO START YOUR OWN ONLINE STORE](#)

Right now, selling on Amazon is almost too easy. All you have to do is find a product with good margins/demand, list it on Amazon, and it will eventually sell because **Amazon's audience and reach is so vast.**



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When my wife and I first started selling on Amazon several years ago, **we sold over 60 units in a matter of 8 days** with just 3 products listed online with no reviews. Amazon is seriously that powerful.

But with any business with low barriers to entry, there's always going to be a ton of competition. Right now, with all of the various Amazon courses and tutorials out there pushing private label selling, **Amazon is**

**slowly getting flooded** with a bunch of me too sellers.

Don't get me wrong, the market is still **far from saturated** but I foresee Amazon turning into another EBay in a few years or so. In fact, I'm already seeing a few warning signs which I'll describe in this post.

To me, **Amazon is like a drug**, a drug that promises you quick sales in a short period of time while m you addicted and dependent on their marketplace.

When I interviewed various ecommerce business owners, there were 2 main schools of thought.

- Go all in and **ride the Amazon wave** for as long as it lasts.
- Proceed with caution, think long term, and **divert some resources to your own branded site**.

Sales and revenue might be great right now, but **things can turn on a dime** and you have to make sure you have a fall back plan just in case...because **Amazon doesn't really care about you**.

The best advice I can give is that you **place at least 20% of your resources on your own branded platform** instead of going all in on Amazon. Or else here's what could happen...

***Note:** The following are real stories that either I or my close colleagues have experienced first hand from selling on Amazon. While Amazon is great way to make money right now, you have to be careful and not put all of your eggs in Amazon's basket.*

***Related:** If you are interested in learning how to start your own branded ecommerce store, [click here to take my FREE 6 day mini course on ecommerce](#).*

## Amazon May Ban You For Factors Beyond Your Control



If you do a little Google searching, you can easily find stories of **Amazon entrepreneurs losing their businesses practically overnight**. But as with anything on the Internet, I like to take everything I read with a grain of salt.

After all, the seller could have sold counterfeit goods or violated Amazon's terms of service and got banned for legitimate reasons.

For this article, I decided to do some of my own research and reached out to a few banned Amazon sellers for their side of the story.

Long story short, after talking to several sellers, one common theme emerged. **The threat of getting banned is quite real, can happen unexpectedly, and often times can be out of one's control.**

In fact, the #1 number threat of getting your Amazon seller's account revoked is by **getting a string of negative feedback on product quality policy violations**.

I also learned that there are "**negative feedback**" services out there that will leave an array of bad seller feedback for a nominal fee.

But anecdotes aside, **I reached out to a few 6 and 7 figure sellers** who had been banned on Amazon and here's what they had to say.

The first seller was making over **\$1.5 million in sales** over the last few years and was suspended for product quality policy violations.

Out of over **8000 products** that were shipped that year, **six customers complained to Amazon** that their product arrived used or damaged. In addition, a small percentage of customers also listed the item as “defective” or “didn’t match the listing” as their return reason.

First off, all of the products cited were brand new and the listings all accurately matched the products sold. (I took the seller’s word for it)

But here’s where it gets interesting. According to Amazon’s policies on return shipping.

*When you return an item using the Online Returns Center, and the reason for return is not a res an Amazon error, the cost of return shipping will be deducted from your refund unless your item qualifies for a free return.*

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**Amazon’s policies always favor the buyer in almost all cases.** And savvy customers are well aware that customers can bypass return shipping fees by stating their product arrived damaged or that it did not match the listing.

So let’s say Joe Schmoe wants to make a return and doesn’t want to pay for return shipping. Why not just mark it as defective or inaccurate? **There’s no penalty for the buyer and the seller has everything to lose.**

**Side Note:** *One time, a buyer purchased a bunch of our napkins, used them for a party and soiled them, and then returned them for a full refund stating that the item was not as expected. We had to eat the cost.*

This particular seller had metrics that never fell below targets (98%+ positive feedback, 99%+ on time delivery, 99%+ tracking information, .11% defect rate, 0.00% cancellation rate, and fast customer response times). He’s had less than five A-Z claims ever and the majority of which were immediately refunded.

While no one will ever know the true reason why he was banned, the upshot was that he was **stuck with \$180,000+ in liabilities and \$350,000+ in retail merchandise** in stock that he could not move.

**Amazon froze over \$100,000 in his account** for months and he had to lay off 1/3 of his staff.

**Moral of the story:** Never depend on Amazon, eBay, NewEgg, Rakuten, or any other marketplace as your primary stream of revenue because your business can literally disappear overnight. These companies can close accounts for any reason, including but not limited to complaints of any kind, policy violations that may not be valid or eliminating you as a competitor to make higher profits.

**Focus on multi-channel selling** with your own store/site at the forefront to ensure you can never be “deleted”.

## Other Sellers Will Copy You

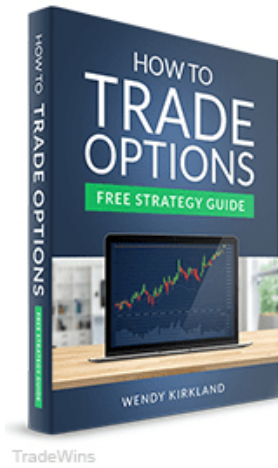


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I actually have my own personal horror story to share here which occurred during my first year selling on Amazon. One day, I was checking up on my listings when I noticed that products from our online store were being **listed on Amazon without my permission**.

When I took a closer look, I discovered that a seller under the name “bee” had **stolen all of our product photos and all of our product descriptions** and were selling our items on Amazon!!!

They literally ripped everything off! They stole our photos, our verbiage and even our product numbers. It was wholesale piracy on a large scale with **over 400 SKUs**.



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When we sent an email to Amazon, they sent us an automated response asking us for documentation for each and every product to show proof that we owned the photos and descriptions.

To put together a thorough response would have taken a ton of work and time and we were unable to get a human to take care of this for us. Fortunately, we politely reached out to the vendor and they took everything down without a fight.

But what if they refused? We could have been mired in a battle for months and forced to navigate through a series of automated responses for over 400 products.

While it's easy for a customer to file a complaint on a seller, **it's much harder for a seller to file a complaint against another seller.** Be aware!

## Other Sellers Will Hijack Your Listings With Copycat Goods





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While getting all of your products copied and stolen doesn't happen very often, there is rampant **piggy backing of Amazon listings** happening all the time.

Even if you sell a private labeled product under your own brand and ASIN (Amazon product number) on Amazon, there is nothing stopping another seller from piggy backing on your listing and **undercutting you on price with a counterfeit item**.

For example, let's say I sell linen napkins that are clearly labelled with my own brand and label. An unscrupulous seller could sell poorer quality linen napkins under my same Amazon product number and undercut me on price even though it's not the same item.

In the worst case scenario, a customer might buy this counterfeit product, be unsatisfied with the quality and **leave bad feedback** on my product even though it's counterfeit!

The best way to fight this is to actually **purchase the product yourself** as a customer and then file an AtoZ complaint against the fraudulent seller.

Unfortunately, this process is a **major pain in the butt** and Amazon has been known to take its time before taking action.

## Underhanded Tactics Evil Amazon Sellers Are Using To Cheat And Get Ahead





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In just the past few years, Amazon has become such a **cutthroat marketplace** that unscrupulous sellers have been purposely trying to **sabotage their competitors**. As a result, most sellers are hush hush about their products and never talk about their winners in public.

In fact Amazon is so competitive today that if you have a product that is even mildly successful, **you will eventually get piggybacked** by multiple sellers if you haven't been already.

Here's a sampling of some of the **insidious activities** that are happening on the platform right now.

The tactics mentioned below are **evil and highly unethical**. And the fact that people are using these strategies really makes me angry.

But you should be aware of what's happening out there in case it happens to you.

## Evil Strategy #1: Tying Up All Of Your Inventory



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It's quite possible that I was a victim of this first strategy during the holiday season last year. In November, a customer purchased a large quantity of product which **put us out of stock** of this one particular SKU.

While my wife and I were thrilled at receiving such a large order, we knew that we would not be able to replenish the stock in time to meet the rest of the holiday demand.

No big deal, we thought to ourselves. It was only 1 product. But guess what happened? A seller who was piggybacking our product **got the buy box** because we were out of stock.

And then about 4 weeks later, **a substantial portion of that large order was returned.**

So not only did we **miss out on a lot of holiday sales** for that particular product because we were out of stock, but we didn't make much money either because **the large order was returned!**

Looking back, we can't really prove whether the buyer was in cahoots with the piggybacker to purposely put us out of stock, but I learned from my friend that there are groups out there who do this on purpose!!!

Here's the strategy that the evil sellers are employing.

First off, they buy all of your inventory to steal the buy box. Then they sell your exact same goods on the same Amazon listing and on EBay.

Finally at the end of the season, they return the excess inventory!

I wish that there was a good way to combat this but there's nothing you can really do except to **be wary of any large order** that you receive and to **contest any large return complaints**.

## Evil Strategy #2: Changing Your Product Photos



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If you are an Amazon seller **who has not registered your brand (which now requires a trademark)**, you need to be very careful about other sellers changing out the photos on your listing.

**Here's what sucks.** When someone changes the photo on your listing, you don't even get a notification! So the only way to know that this has happened is to **constantly watch your listings like a hawk**.

If your picture gets switched out from under you, there are many bad things that could happen. For example in the worst case, an evil seller could change your photo to a completely different product or bundle.

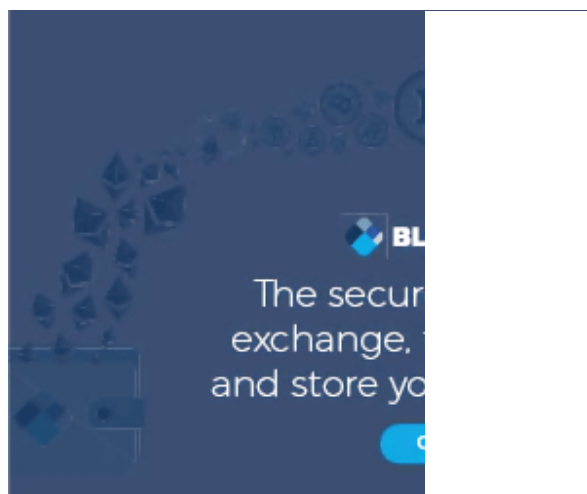
So when a customer buys from you and notices that the product doesn't match the photo, they could complain and ding your account.

**The best way to combat this is to register your brand.** A lot of new sellers skip this step in the beginning because it requires a website and a trademark but if your product ends up taking off, you need to take care of this ASAP.

**Related:** *If you are interested in learning how to register your brand, check out my post on [How To Register Your Brand On Amazon's Brand Registry](#)*

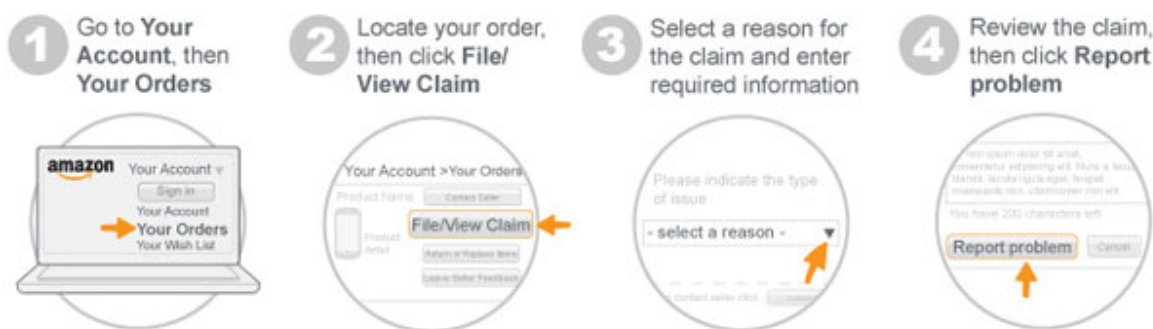
For us, we've had cases where our primary photo was swapped despite being brand registered. So today, we consistently monitor our account health for anomalies.

For example, if we see a lot of returns marked as "does not match description" or "not as advertised", we take a closer look to make sure that there's no foul play involved.



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## Evil Strategy #3: Leaving False Negative Feedback On Your Products



Did you know that there are people out there who will **leave negative feedback on a product for a fee?** While Amazon has tried to crack down on this practice, there are still groups out there doing this.

Basically, a competitor will have someone buy your product and then **leave you negative feedback** claiming that your product is counterfeit or fake.

Amazon's bots will then take notice of these "trigger keywords" and immediately ding your account.

**Here's the thing.** Most real buyers don't use language like "bootleg" or "counterfeit". In our experience, genuine buyers who want their money back for a return just express their anger or disappointment at the product for a specific reason.

If you find that someone is using words like "counterfeit, bootleg, or fake", then chances are the feedback is malicious.

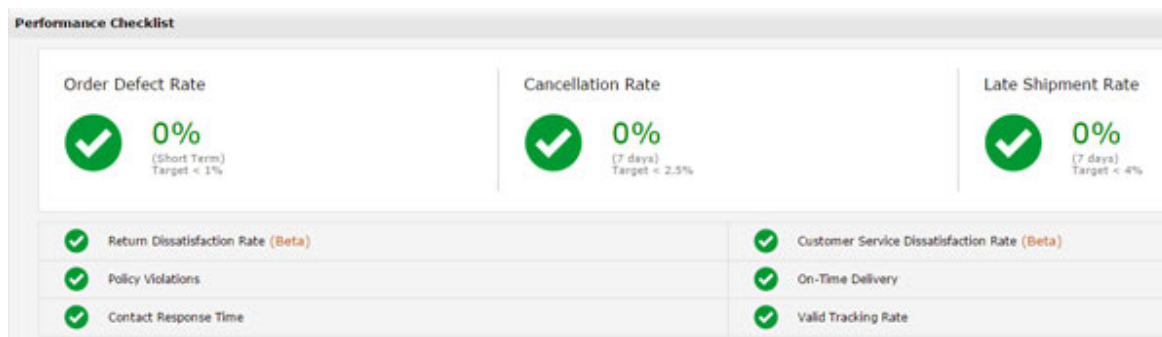
The best way to combat this practice is to pay attention and **address the negative feedback immediately**. Be super courteous and show that you are willing to do ANYTHING to make the problem right.

Amazon will keep a record of all of the conversations and take note of your responsiveness and great customer service should you ever get suspended.

In other cases, Amazon may force you to show documentation that your products are indeed "genuine". Sometimes this involves suspending your product until the proof is provided. Either way, it sucks because you are guilty until proven innocent.

Hopefully, Amazon is hard at work creating algorithms to detect fake negative feedback because getting targeted by malicious claims really sucks.

## Evil Strategy #4: Orchestrating Multiple Returns And Simultaneous Negative Feedback



As an Amazon seller, you are required to maintain certain metrics on your account to stay in good standing in the eyes of Amazon.

If you have **too many returns or too many bad feedbacks** on your products in a short period of time, you risk getting your product or account suspended.

For example, here are some of Amazon's guidelines for a high quality account.

- **Order defect rate** of less than 1%
- **Negative feedback** less than 6%
- **Customer response time** less than 24 hours
- **A return rate** of less than 3%

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What evil Amazon sellers will sometimes do is have people make multiple purchases of your products and then **coordinate their returns and negative feedback all at once**.

Multiple returns and multiple negative feedbacks in a short time frame can be **disastrous to your account standing**.

Unfortunately, there's not much that you can do about this practice other than to respond to each complain as soon as possible. And hopefully, your products already have enough positive feedback to counteract the bad.

In the event that you suspect foul play, report it to Amazon. The good thing is that you have 90 days to contest bad feedback and if it is removed during that time then nothing bad happens to your account.

## **Evil Strategy #5: Stealing The Buy Box And Shipping Poor Quality Items To Sabotage Your Listing**





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Over the holidays, one of the students in my [Create A Profitable Online Store Course](#) had a product that **absolutely killed it**. She managed to rank her product in the top 3 of Amazon search for a competitive keyword and she was making **5 figures per month** off of a single product.

At the time, her product had a 4.5 star rating and things were great. But one day, she noticed that **her sales had dropped to just a trickle** and when she checked her listing, she noticed that someone else was selling her product for **significantly cheaper** and she no longer had the buy box.

Here's the thing.

She designed these products herself so it was highly unlikely that this seller was selling the exact same thing. As a result, she did a test buy and when she received the item, she was shocked to see a **poorly made imitation with a cheap copy of her packaging**.

Even though she contacted Amazon, she got the run around and **they did nothing about it**. Meanwhile, **negative reviews started trickling in** and her search rankings started dropping.

Eventually, this seller went away but the damage was already done. She was left with a **crippled listing** that still hasn't fully recovered.

Unfortunately, this student **learned the hard way** not to depend on Amazon for 100% of your sales. Today she's focusing a lot more time on her own website and diversifying across other channels.

# Evil Strategy #6: Outright Accusing Your Competitor Of Selling Counterfeit Goods



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Over the years, the number of **knockoff products from China** has been exponentially increasing. And with large brands like Birkenstock pulling out of the platform due to piracy, **Amazon has been extremely sensitive to counterfeit claims.**

Unfortunately, **unscrupulous sellers** have started using this to their advantage.

Because Amazon is quick to the ban hammer and sellers are **considered guilty until proven innocent**, evil sellers are getting legit private label products suspended by **accusing them of selling fake products**

Everyone that I spoke to who has had this happen to them eventually got their products back online. But the appeals process was grueling and tedious and some sellers had their products **suspended for weeks**

What's particularly frustrating about this tactic is that **Amazon simply doesn't care.** Your puny listing doesn't matter to them as there's always another product to take its place.

## Conclusion

As with all things in life, if something sounds too good to be true, then there will **always be unseen disadvantages.** Don't get me wrong. There is still a **ton of opportunity** to be found from selling on Amazon.

## But I caution you to not put all of your eggs in one basket.

With Amazon, **you do not** own the platform. **You do not** own your own brand. **You can be** banned at any time. And there are unscrupulous sellers and customers everywhere.

I've been selling on Amazon for several years now and I continue to be amazed at the lengths that so sellers will take to stay competitive. All of the tactics mentioned in this post are reprehensible yet **Amazon isn't doing much about it.**

In my opinion, the best way to stay sane is to

- **Spend at least a portion of your time** and resources on your own branded platform to ensure the long term longevity of your business.
- **Keep clear** of ultra competitive products where evil Amazon sellers are at their worst.
- **Build an audience** of shoppers and establish your own brand immediately.

If you are interested in learning how to start your own online store and establishing a long term branded business, [click here to take my FREE 6 day mini course on ecommerce.](#)

## Ready To Get Serious About Starting An Online Business?

If you are really considering starting your own online business, then you have to check out my free mini course on **How To Create A Niche Online Store In 5 Easy Steps.**

In this 6 day mini course, I reveal the steps that my wife and I took to earn **100 thousand dollars** in the span of just a year. Best of all, it's absolutely free!

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## 66 THOUGHTS ON “THE DANGERS OF SELLING ON AMAZON AND HORROR STORIES FROM REAL AMAZON SELLERS”

### Ramona

I don't have an experience in Amazon selling, but I have been successfully freelancing on Elance for years. I still have my own portfolio and promote MY BUSINESS before everything else. If anything happens on Elance, I'll still have my business.

PS: to be even more precise, Elance is actually now UpWork (merged with oDesk under a new name) My profile already had to suffer (I need to re-test for my skills, re-create my portfolio etc.).

It's already a set back, but my main business is not there, fortunately

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**★ Steve C**

Sounds like you are prepared Ramona:)

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**Christie**

That's awesome. Wise choice not to sell on Amazon. I published some books on lulu.com and the mistake of agreeing to sell them on Amazon. I asked Amazon to stop selling my books. I had a problem getting them taken out of print on the U.S. or U.K. site.

I requested that Amazon India remove my books as they still have them listed. They refuse to get back to me and their customer service number is fake and leads to Freedom Pop. There HAS to be a way to stop them from selling my books against my will.

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**Carole @ EmuBliss.com**

I'm currently embroiled in a fight with Amazon over their delisting of an item of mine because it contains apricot oil, which they claim is dangerous. Doesn't seem to matter to them that there are 6,000 other products listed that contain apricot oil. It's been 2 months and they're still "working on it" :/

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**★ Steve C**

Hey Carole,

I've heard lots of stories similar to yours. I have one colleague who's been waiting for 6 months on one of their products. Good thing he's got a bunch and it's not that big of a deal.

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**Andrew**

Such a great post. Amazon is getting flooded with a lot of unscrupulous sellers from all over the world looking to make a quick buck. It can be a tremendous pain trying to deal with all of that. And the bigger you get on Amazon, the more issues you run into. Amazon staff is quite responsive in resolving issues in our experience, but we did experience our own horror story once when a hot selling item was inexplicably delisted due to customer complaints. Turns out Amazon was taking returned items and putting them back into regular inventory without properly checking for damage. So customers were receiving used and damaged products when they were expecting something brand new. Amazon of course is aware of stuff like this but they're much more likely to protect buyers.

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**Keith**

Andrew, the same exact thing happened to me. My two best-selling listings were removed several weeks ago for "Used Sold As New" complaint(s). I only sell new products and they come directly

from the factory, so the issue must have been with Amazon's warehouse. I've been waiting almost 4 weeks for a response from Seller Performance. It's very frustrating. Were you able to get your item relisted, and if so, how long did it take?

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★ **Steve C**

Hey Keith,

It really depends. Sometimes it can be just 2-4 weeks, sometimes it can take months.

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★ **Steve C**

Hey Andrew,

So the Amazon staff is "responsive" but not helpful. I always get a response...an automated-like response:)

---

**TRIEU M DO**

Yeah. They don't have authority to do anything. Their job is like a psychologist

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**Tracy**

If you sell on Amazon, you should periodically check eBay for your products. Several of our Amazon listings were copied and listed on eBay by foreign sellers. There is a process you can go through to have them removed but you have to have the identical images and/or text on your own company website to prove the listing information was stolen. This is particularly concerning to us when our products are only sold in the US for various reasons and these other sellers are offering to ship our product overseas. I've had four of our products removed from eBay and have found a few sellers in the Amazon forum who think it is perfectly fine to jump on your listing, inflate the prices of your branded items, and use you as a dropshipper. Not cool.

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**Robin**

As a buyer, I have had this happen to me twice. I purchased two items on eBay and they came to me in Amazon Prime boxes with an Amazon invoice inside that said it was a gift invoice. I was not happy about that at all. If I had wanted to purchase those items from Amazon, I would have purchased them myself.

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★ **Steve C**



Yes, dropshipping through Amazon happens all the time. But I think that practice will slowly decline as the prices start to equalize.

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**Lisa**

Robin, The reason for that is because some sellers sell on both Amazon and eBay. The seller sends all of their inventory to Amazon's fulfillment centers (using FBA-fulfillment by Amazon) lists them on Amazon and eBay. If an item sells on eBay, the seller directs Amazon to ship the item to the eBay buyer. That creates two sales channels for the seller and Amazon ships quick with tracking number. It is a win-win for both buyer and seller.

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**Sarah**

I've had something similar happen to me although it's probably not as shady as your instance. But I purchased a particular paper that I like on Amazon only to have it shipped by Costco.

I'm sure this is perfectly fine with Costco but the idiot seller lost me as a repeat customer because I now buy it directly from Costco at a fraction of the price.

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**Alina**

The seller wasn't an idiot, probably it was Costco itself, many big brands sell on Amazon as well. You can check it. And the prices are really inflated compared to those in stores.

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**★ Steve C**

Yes! That has happened to us too. It's like playing whack a mole!

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**Lisa**

I read about this same thing happening to another seller and what he did was so awesome. He did 2 things. First he raised the price of his product really high and then ordered it from that eBay seller. He placed 10 separate orders back to back. When the eBay seller went to buy and ship the product, he found out that he actually would be losing money. He didn't want to have a string of cancelled orders because his metrics on eBay would be bad and they would ban him. He begged the guy to cancel his orders and promised to never do that again. The other thing the seller did was switched his Amazon listing to zero units available and again, he went to that eBay seller and made multiple orders back to back. When the eBay seller went to order from the Amazon seller, there was no inventory. So ta-da! You don't even need to bother Amazon or eBay. Just take care of it yourself just like this seller did.

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**Cindy Bendel**

Ugh, Amazon. I know the pain of having your marketing images taken and used in the Amazon Marketplace. Unfortunately it's all too common, when I took my best selling products and did a search found 53 listings using my images. There are numerous stores with thousands of counterfeit products so I'm not even sure how to find all my work in that marketplace. Amazon's infringement reporting process is a pain and it took several rounds before they removed the listings. And guess what happened? The thieves listed them again in a new store. It's an endless battle, I wish Amazon would do something.

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**★ Steve C**

I agree. I'm not 100% sure if there's an easy way for them to enforce it. Image stealing is still quite rampant on EBay today.

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**JP**

Steve – and others,

Does anyone have any insights into getting un-banned from Amazon? Just last night I talked w/ a friend who has a 7-figure Amazon biz, and for 3 weeks has been banned due to the issues mentioned in this article. (His products were legit – but had a few customers who used the complaints mentioned above)

He is patiently awaiting a response – and doesn't want to push hard and get a permanent ban. Are bans lifted? How long? Any insights would be truly helpful. Thanks

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**Keith**

JP — sometimes suspensions are lifted. Currently, the “Seller Performance Team” — which handles this — is extremely backlogged, however. My account was not banned, but two of my listings were removed. I've been waiting 4 weeks for a response from Seller Performance. I've been hearing it can take up to 5 weeks or more to get a response.

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**★ Steve C**

The only thing that I can say is that it helps to know someone who works at Amazon who might be able to divert some attention to your account. Other than that, you are placed in the same queue as everyone else.

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**Cart Prep**

You actually missed the biggest one. If you have a successful product Amazon WILL back door you directly to the manufacturer, cutting you out. I always warn my customers, don't ship directly from your ODM to Amazon, sit in between because with that simple packing slip, Amazon can destroy your business with your own market research.

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**Sarah**

Im not sure I entirely understand. Does that mean they will start selling successful products you and eliminate you as competition?

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**★ Steve C**

Yes! COmpletely agree with you on that one. I have a colleague who got an offer from Amazon sell his products wholesale to Amazon. He politely declined and found that Amazon started working with someone else which greatly degraded his sales. They have all the sales data.

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**Christine**

I have experienced this first hand. I have changed my strategy multiple times to find items they don't sell. I am seriously considering pulling the plug on my biz there for stuff like this and many other issues.

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**Lisa**

It is this practice that drove me from selling on Amazon. They would eventually start selling my most successful products and kill my already close margins.

That — and declaring my very best product a safety hazard (glue-like stuff) and prohibiting me from selling it through Fulfillment. Then they went on to sell it themselves....

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**Robin**

I have increasingly become fed up with Amazon as a buyer.

I have had to return more items this year than all the years in the past, I was truly shipped the wrong items or damaged or expired goods. I have ordered several items and had my orders cancelled because the seller didn't really have the items. I have seen items listed at ridiculous prices like \$1,199 for a \$9.99 item.

I don't trust the review system because they lump all similar products into the same review list. Widget A from Seller A might be great, but Widget A from Seller B might arrive poorly packed with shipping

damage.

I get annoyed by the Add-On Only item program. I can't purchase a \$4.99 item with adding another \$30 to my cart.

I was completely turned off by Deals for Prime Members only. I feel like you increasingly have to join the club to get good deals, and I refuse to do that.

My trust in Amazon has been eroding steadily over the last couple of years.

Ordering on Amazon is no longer fun, and it takes longer and longer to order to check who is real selling the item and checking the seller's reputation in addition to the confusing mix of product reviews. I don't feel like they are doing quality control over who sells what.

For me, Amazon is becoming more and more like eBay, not trustworthy and not fun.

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**Debbie**

Robin, I get what your saying. I'm afraid about 30 of my friends just all got scammed. We went on a shopping frenzy like we always do, this was on the 4th it is now the 6th and I did receive one item and have lots of tracking. The tracking right now is useless as it just means he created a label, but two of the 8 or 10 sellers is already gone. I feel horrible because my elderly neighbor bought a bunch of stuff and yes she is covered by the policy but, she is going give me a hard time because she gave me her credit card to order her all this stuff and I'm probably going to have to file to get her money back. I always hear don't trust new sellers but know T can get my money back, but I just hate thinking that all new sellers are scammers but depending on how all this goes, that might just be my new way of thinking.

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**dateme T**

Very well written Steve. Thanks for the insights. I started selling on Amazon today and this article comes in very handy in ensuring I keep an eye on customer satisfaction.

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**Simon @ CafeCredit**

Even without all the horror stories, you should be diverting some of your time/money/effort into building your own web store, brand, or whatever. Who wants to be completely reliant on a third party for all of their success? That's just asking for trouble!

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**Xavier**

Thanks so much for writing this article! Much of what is being said about Amazon is 100% accurate. I work for an American-owned but China based importing company that specifically helps online sellers, and I'm afraid sellers do share some of the blame. Many online sellers are failing to do their product sourcing properly because they're using outdated guides that worked a few years back but still appear everywhere on the internet. First, they seek out the cheapest manufacturer possible on Alibaba because they're testing their business. This leads to them being connected with middlemen and scammers. The deluge of sellers asking for the lowest possible MOQ means the best suppliers just ignore them and move on. And all too often, sellers fail to do a quality control inspection on their goods prior to shipping them to FBA because they just care about sales. As a result, Amazon has started to get very stringent with product quality issues. It really is the sellers responsibility to ensure their goods come from a reputable supplier. No, Alibaba star ratings are not a good indicator because they can be purchased when a supplier joins the site. Sellers should also be testing their goods with a quality control inspection prior to sending to FBA, especially if they're customized for private label. These inspections are inexpensive (about \$200 to have someone go to the factory and check your goods). Defects are common in manufacturing, and smart sellers make sure their order includes recompensation for defective units prior to them being shipped to Amazon. Walmart would never put items on the shelf without a qc check and online sellers should follow their lead. You're exactly correct that this problem has come from too many folks jumping on the bandwagon without fully understanding how to import safely. And we agree, the Amazon wave will only last so long. Amazon sees sellers as middle-men driving up the price to line their own pockets, so they are now training Chinese manufacturers to list their products on Amazon themselves. It is those same suppliers who are now undercutting the sellers on Amazon, and frankly, wouldn't you if you were them? Steve is entirely right that the best strategy is multi-channel selling and that's why we're huge fans of this blog!

Get Notifications

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**Peggy Collins**

Thanks, Xavier, your comments were very informative and helpful!

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**Lazarus**

<http://gizmodo.com/amazons-review-policy-is-creepy-and-bad-for-authors-1715663740>

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**Jeff Bozos**

Thanks for posting this. My Amazon review of a woodstove blower fan was also taken down for mysterious reason, apparently I had "violated their policy guidelines" despite stating the simple facts i.e., "product not as described", "product did not match pictures in the advertisement", "product did not fit the application", etc. Nothing negative, just points that revealed it was the wrong product. Amazon took the review down, telling me that you really cannot trust Amazon reviews at all. They permit positive reviews, but censor the negative reviews, which leave consumers at a loss on just how good or bad a product actually is.

**Lucy Beveridge**

omg yes.amazon have been running me ragged for months now refusing to close my buyer and seller accounts and pay me what they owe me from my last sale . managers have been routinely ignoring my attempts to escalate the problem and I even had to change my credit card number to stop Amazon from taking money from my account literally ANY time that they felt like it- even asking my card provider to block them wasn't enough because they just continued to steal money using a different code. The stress they have caused has made me so exhausted and I'll that I'm barely able to function and they STILL have not done as I asked.

**guido**

I don't see the point on making your own online store. Who's going to buy from your store if they just go to amazon?

Not to mention the chances of anyone actually finding your store in the first place...

**Shirley Starke**

There are very good reasons to have your own online store, and yes, people CAN find it on Google; at least they can find mine. People will buy from you if your postage is reasonable, since Amazon's postage is very high. And with your own store, you are not forking over 100% of the purchase price to Amazon (I get only that high postage to cover printing, postage, and a few cents of profit,)

If you also sell on Amazon, your Amazon listings will appear on Google ahead of your own store, and it does indeed cannibalize your own sales.

Finally: while Amazon calls itself "customer-centric," it treats its own customers – the people who pay Amazon to sell there – not even like hired help, but like slaves who need the lash applied severely and often. The real hired help wield the whip and function as overseers to the slaves, and they would make Simon Legree look kind. Amazon's whole relationship with its sellers is based on punishment. "Standard shipping" has to be sent the same or next day, and you have to report it within the same time period; they DO NOT accept flimsy excuses like three-day blizzards that close the state highway system and shut down the mail. You do it ANYWAY, or YOU WILL BE PUNISHED.

I put my own listings on "vacation" until the end of a spell of impossible weather, but after a particularly nasty reply from one of their reps (three weeks late – they don't keep to such a strict schedule themselves), decided to stay "on vacation" until spring – or maybe forever.

**Edwin**



Tell that to Shopify, Woocommerce and other ecommerce platforms. Their customer base is keep growing.

If its easier to build and grow a business everyone would be rich by now. That doesn't mean its impossible, where there is will there is way.

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### **Andrew Nobbs**

I would not use Amazon again to sell, their whole system is set to keep the customers happy by i refunds leaving you with the selling costs, postage and possibly the non return of products.

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### **amy**

IF AMAZON IS HOLDING YOUR MONEY AND NOT TRANSMITING WITHIN 10 OR 14 DAYS or 90 days as agreed .

REPORT TO AGENCIES THAT CONTROL AMAZON PAYMENTS SERVICE, and AMAZON'S LICENCE will be at risk of being SUSPENDED AND REVOKED

GO AHEAD file complaints with State Agencies where Amazon Payments is licensed as a money transmitter.

Alabama Securities Commission

Alaska Division of Banking & Securities

Arizona State Banking Department

Arkansas Securities Commission

California Department of Business Oversight

Colorado Division of Banking

Connecticut Department of Banking

Delaware Office of State Banking Commissioner

District of Columbia Department of Insurance, Securities and Banking

Florida Office of Financial Regulation

Georgia Department of Banking and Finance

Hawaii Division of Financial Institutions

Idaho Department of Finance

Illinois Department of Financial Institutions, Division of Financial Institutions

Indiana Department of Financial Institutions

Iowa Division of Banking

Kansas Office of State Bank Commissioner, Division of Banks

Kentucky Office of Financial Institutions

Louisiana Office of Financial Institutions

Maine Department of Professional and Financial Regulation

Maryland Commissioner of Financial Regulation  
Massachusetts Division of Banks  
Michigan Office of Financial and Insurance Services  
Minnesota Department of Commerce Division of Financial Examinations  
Mississippi Department of Banking and Consumer Finance  
Missouri Division of Finance  
Nebraska Department of Banking and Finance  
Nevada Department of Business and Industry  
New Hampshire Banking Department  
New Jersey Department of Banking and Insurance  
New York Department of Financial Services  
North Carolina Commissioner of Banks  
North Dakota Department of Financial Institutions  
Ohio Division of Financial Institutions  
Oklahoma Oklahoma State Banking Department  
Oregon Division of Finance & Corporate Securities  
Pennsylvania Pennsylvania Department of Banking  
Puerto Rico Bureau of Financial Institutions  
South Dakota Division of Banking  
Tennessee Department of Financial Institutions  
Texas Department of Banking  
Utah Department of Financial Institutions  
Vermont Banking Division  
Virginia Bureau of Financial Institutions  
Washington Department of Financial Institutions  
West Virginia Division of Banking  
Wyoming Division of Banking

I AM ALONE , BUT IF 100 OR MORE SELLERS WILL FILE COMPLAINT TO ATTORNEY GENERAL IN YOUR STATE AND AGENCIES REGULATING MONEY BUSINESS SERVICES, AMAZON WILL HAVE TO CHANGE .

WE WANT FAIR AND JUST TREATMENT!!

Encourage other sellers to do the same, and Amazon's license will be at risk of being suspended or even BETTER revoked!

As money business service provider Amazon violates not only the any state's money transmitter laws but also its own agreement.

WE NEED TO FIGHT BACK against Amazon's abusive business practices.

Amazon believes they have the right to hold onto sellers funds for up to 90 days and beyond and release them as they see fit. How is that legal?

---

**PUT NEWS AND MEDIA EMAIL ADDRESSES TO CC**

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**Hinac Law**

Did you read Amazon Business Agreement/Contract before you signed it? It is legal after you "SIGNED" it! Sellers are so "Pressed and Greedy" for "Profits" that most of them "SELLS THEIR BUSINESSES & SOULS TO AMAZON & EBAY!"

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**Walter Doberman**

Amazon suspended my account for 2 fraudulent disputes from buyers that were claiming they ne received the item when tracking showed it did. Provided all evidence, but Amazon denied it and s with the buyer. I get dinged in ratings, lose out my money, the item and my account.

I cannot appeal because it is a permanent suspension! Amazon makes up nearly 40% of the sales I make aside from eBay and I cannot sell anymore. Been trying desperately to get back on with no success.

I came across the idea of Stealth from the Auction Essistance website, but I was wondering. Is it a safe solution? Is it even legal?

---

**Mauricio Vera Malpartida**

Thanks a lot for your blog. It illustrates me very much

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**Debbie**

I am a seller on Amazon- small time just selling my collection of used books. Some of the fees were hidden (per listing fee). After the items got paid I learned I actually lost money because the Amazon fe is \$3.92 per book which is more than the price they suggested for each book. I was expecting \$1 item fee + 15% fee.

I also sold another more pricey item. It sucks that if the buyer lies and says it is broken that I have to pay the \$20 shipping and end up -\$40 shipping for the transaction (plus \$15 Amazon fees). I am never selling on Amazon again. It might work well for people that sell thousands of items and have a Pro Seller account, but small sellers can get burned. I am going back to shopping from other retailers not Amazon.

---

**Omar Housini**

Hello Everyone,

Thank you to the person who posted this article.

I am really scared now to even start my business on Amazon. I've done my research on Amazon and do agree with the fact that you must use amazon to get some popularity and then, make your own website that you can sell. I believe in my product, but now I am scared! What if my account gets deleted by amazon or what if I get sued for something....?

I have a cosmetic product for the eyes. It's all herbal and natural(just two active ingredients), but kinda scared with regards to Amazon. Should I get a patent to protect my companies name/idea?

Anyone, please, I know this article maybe is a bit old, but anyone whose done cosmetic business need any advice.

Thank you for your time,

Omar .H

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**Eva Elizabeth Purdy**

Is that \$100k in sales revenue or \$100k in gross (or net) profit?

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**HollyG**

Reading all of these confirms that the Internet is a haven for unscrupulous people who are able to hide without detection. I still prefer brick and mortar. At least you know they'll be there in the morning and you can speak to a real person.

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**Ndayishimiye**

even though selling on Amazon can seem somehow risky, it's the less risky business model you can ever have.

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**Kim WIL**

I just heard from an online business broker that amazon just put in the TOU that to transfer an amazon store (sell it) it now will go into a holding tank for 6 months while amazon checks it to see if it will approve the sale/transfer. During that time you cannot SELL anything! They have effectively rendered us unable to sell our store! Do you have any thoughts or comments about this? I'd love to hear them. All the more reason to do your own thing and not rely on Amazon.

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**JoeHx**

definitely a scary story and position to be in.... currently i sell t-shirts through amazon and have been mildly successful, but i have been recently branching out and fulfilling through multiple channels.

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**James Cloud**

@joehx I have some question do you have an email?

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**Ss S**

Amazon is a froad website

Don't register you there...they will suck your money from your credit card for no reasons. And you won't get it back at any cost

It is a dangerous web platform

Please be aware of these FROADS

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Get Notifications

**brownin329**

Frauds?

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**Anonymous**

I have worked for over 60 hours per week for the past 3 years, publishing 600 books on KDP, Createspace, and ACX. I didn't do anything shady, and I was making between 10,000 to 15,000 per month. Suddenly, I got a notification that one of my books was blocked because of copyright/trademarked issues. I had no clue that a particular diet was trademarked, but here is the thing: Usually, they just block that one book. Makes sense, right? It's happened in the past, and it happened to other publishers too. But this time, they just decided, just like that, to block my entire account, withhold all the royalties (a.k.a. "steal" the money they owe me, since customers paid full price for those books), and put a stop to my entire income stream. They are the most evil, corrupt company in the world, and I am shocked that customers still trust them. Well, at least they lost one family of customers. Never buying from them again. They need to rot in prison. Stealing is against the law!

---

**ML**

I have been selling in Amazon for 4 years. What this author told are absolutely true based on my own experience. According to many aspects I have seen and experienced, I definitely agree with Steve that Amazon is going to become another EBay in future.

Besides that, the other facts that make me planing to leave Amazon are, that the management of Amazon is getting mess, which is a sign that shows a business will fail in the future, although it looks now like a giant. Too many shipment have been lost and disappeared, and they tried to avoid to pay

you reimbursement and delay to give you solution. Our interest is not protected. We have spend too much time to deal with such troubles that caused by their mess management and no- minded + low-paid low qualities workers while the profit is getting lower and lower under Amazon' game rule, which has been not worthy to keep such a business.

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**ML**

Just search the news about the problem of Amazon's employees, you will find that those workers low- paid and in worse work condition, which was the reason why they were on strikes on multiple countries and locations during recent months. Therefore, I understand why they were being nega and had so much slooby jobs and trouble occur on their duty when it came to the situation that I f deal with them. Since 2017, this problem in Amazon is growing serious. I don't think this giant wil has a bright future. Low- paid worker cause low quality work, for such type of business, mess management and mess work will result a very bad consequence.

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Get Notifications

**Xenomarket**

I've have been selling on Amazon since October. I sold a lot through Amazon, but their fees are killing me. And learned the hard way not to lowball my products. I either lose money or break even. Some items I do make some money. Many of my products are under \$20 and I most definitely lose money or those. Profitable ones have to be over \$25 to make money. But my Shopify site where I blog to create content still never made even one sale since October when I launched it. So I am dependent on Amazon because my Shopify costs me money on its monthly fees but no sales.

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**Mike Young**

I caught the evil agency on amazon.co.uk uk marketplace and had emailed the evidence to Jeff Bezos Let see if they will take action.

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**sadat sadat**

I have an affiliate site. And the cell is not going to be the same as before.  
Would you give me some suggestions for this?

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**C. Here**

I just read your entrepreneurship story. Truly inspiring!

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**Ali Haider**

Hello Steve,

I hope you are doing great. I am following your blog and online store for some months now. And whenever I get a chance I also listen to your podcasts.

You are doing great quality work. You are motivation for me.

I wanted to get some advice from you. I wanted to ask what would you prefer between the two listed below:

-> Start my business on Amazon and then start my own online store around that Amazon product

-> Start my own online store and then start Amazon business around that store.

Any help would be greatly appreciated Steve.

Thanks

Ali

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### **Troy @ Bull Markets**

I also heard that Amazon is starting to sell their own products. If they see that a product is selling well and is profitable, they're going to just sell that on their own and cut out the middle man. This makes sense I guess. Small sellers are going to be edged out by the bigger players of the next few years.

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### **majmoued**

Special Article and Unique. Thank you for sharing with us. selling on Amazon site is like any electronic store that contains many sellers. Every seller has a specific policy in dealing with customers. There are those who wish to obtain the trust of the buyer to ensure the repeat of the purchases from the same trader. There are those who only promote his Products seeking to profit in the first place regardless Of the quality of a Products. <https://www.makemoneyonline.com/selling-on-amazon-how-to-become-an-amazon-salesman-and-make-big-profits/>

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### **Mark**

I already stopped selling on amazon when they started requiring "2 step verification" which means, you not only have to give them your mobile cell phone number, but it has to be VERIFIED as a valid cell phone number. You will then be BOMBARDED with calls from all the telemarketers amazon has sold your information to for profit. Not nice amazon!

I have TracFone prepaid service. I have to pay every single time I use my phone. I can't have all the telemarketers amazon has sold me out to calling, calling, calling me. IT COSTS ME MONEY. I had to change my phone number!

Goodbye amazon. Now I only sell on eBay and Etsy.