



4 reasons to embrace a hybrid approach to online selling

Looking to boost your ecommerce sales? If you're using a first-party (1P) or third-party (3P) model to sell on Amazon or other online marketplaces, there may be a better way to maximize revenue and profits: a hybrid approach that incorporates both methods.

1P vs. 3P pros and cons

There are two primary methods for selling on marketplaces and online sales channels:

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| <div style="background-color: #007bff; color: white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;">1P</div> <p>The Vendor Model</p> <p>The brand is a wholesaler to their chosen marketplace, selling indirectly to consumers.</p> <hr/> <p>Consider the brand the supplier, while the marketplace handles the retail operations, including the pricing, marketing, and customer service.</p> | <div style="background-color: #007bff; color: white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;">3P</div> <p>The Seller Model</p> <p>The brand acts as a retailer and sells directly to consumers via the marketplace.</p> <hr/> <p>The brand lists and sells its products directly to consumers on the marketplace, and maintains control over its own pricing, marketing, and other operational duties.</p> |
| <p>Pros</p> <ul style="list-style-type: none"> ✓ Streamlined sales & fulfillment ✓ Reduced risk ✓ Access to an established customer base ✓ Easier cross-border expansion ✓ Less time spent on marketing/sales strategies | <p>Pros</p> <ul style="list-style-type: none"> ✓ Sell directly to shoppers ✓ Flexible fulfillment options ✓ Control over prices ✓ Can use your own selling tools & software ✓ More control over the customer experience |
| <p>Cons</p> <ul style="list-style-type: none"> ✗ Low margins ✗ Loss of additional revenue ✗ Loss of control | <p>Cons</p> <ul style="list-style-type: none"> ✗ More effort and overhead required to market and sell direct ✗ Subject to marketplace fees |

60%

More than 60% of sales in the Amazon store come from independent sellers

Independent sellers in the U.S. **sold more than 4.1 billion products** and averaged **more than \$230,000 in sales** in Amazon's store in 2022.

Source: Amazon 2022 Small Business Empowerment Report

Why not both? Adopt a hybrid approach

A hybrid model for selling on Amazon and other marketplaces allows you to take advantage of both 1P and 3P selling, moving between each as needed to gain flexibility, protect your brand, and decrease your reliance on vendor sales.

Benefits of hybrid selling

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| | <p>Optimize operations: A hybrid selling model, supported by a system of end-to-end order integration, will help you seamlessly manage order, shipment, and return processes across different marketplaces and synchronize sales and inventory across all channels.</p> |
| | <p>Decrease vendor dependency: Relying on a single sales channel or selling method is risky. A hybrid selling model reduces dependency on a single supplier or sales channel, helping your business maintain an agile supply chain that can adapt to changing conditions.</p> |
| | <p>Improve inventory management: If Amazon or another marketplace reduces the amount of inventory it requests in a given month, you can sell the remaining inventory directly instead of having it go to waste or take up warehouse space. Conversely, if a marketplace runs out of your stock, you can begin fulfilling orders directly.</p> |
| | <p>Future-proof your business: Selling directly to consumers on multiple channels while continuing to act as a wholesaler through chosen marketplaces will help you increase revenue and profit while building a more resilient, scalable business model.</p> |

Make sure you have a plan – and the right platform

Hybrid selling can open up new revenue opportunities – but it can also add complexity to your operations. Managing listings across several different marketplaces, along with order, fulfillment, and advertising, can be a huge challenge.

Marketplace integration software is essential to reducing complexity and unlocking the true potential of a hybrid selling approach. Marketplace integration software enables a hybrid model by:

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| <p style="text-align: center;">Connecting an online seller's backend systems to the marketplaces they sell on.</p> | <p style="text-align: center;">Automating many of the tasks required to update stock levels and collect and process orders across all marketplaces.</p> |
| <p style="text-align: center;">Streamlining content syndication, pricing, promotion, order management, and reporting.</p> | <p style="text-align: center;">Consolidating multiple data sources data to providing a single view of sales performance and stock levels on each channel.</p> |

Are you ready to level up your ecommerce game with hybrid 1P & 3P selling?

Talk to the marketplace experts at ChannelEngine to help you achieve global ecommerce success.