

AVOID INBOUND PLACEMENT FEES

# Ship happens. *Pattern* can help.

Looking to avoid Amazon inbound placement fees? We hear you. Here are some tips for how you can keep your shipping costs low.

## What is the inbound placement fee?

Amazon's new inbound placement fee is designed to incentivize sellers to distribute their products to multiple fulfillment centers (FCs). It's more efficient for Amazon, but it's more logistically complex and expensive for sellers.

## Why did Amazon make this change?

- **Faster delivery:** By using crossdocks (IXDs), Amazon aims to distribute products to more end-point FCs, enhancing same-day and next-day delivery capabilities, which improves customer satisfaction and boosts conversion rates.
- **Lower costs:** This change reduces Amazon's transportation costs by optimizing their logistics network, which improves their operational efficiency.
- **Optimal placement:** The fee encourages sellers to manage the complexity of getting products to the right fulfillment centers. But brands may face operational challenges around dock space, labor, and more frequent pickups and deliveries.
- **Profitability:** The fee improves Amazon's profitability by passing logistical costs to sellers instead of impacting end consumers. However, smaller shipments to multiple locations (Less Than Truckload or LTL) are significantly more expensive for smaller sellers.



## How can brands avoid or reduce these fees?

Follow these handy tips to reduce the impact of Amazon's inbound placement fees.



### Maximize Truckloads

Increase shipment sizes and send full truckloads (FTL) to reduce transportation costs.



### Extend Inventory Cycles

Hold 6-8 weeks of stock to consolidate shipments and reduce shipment frequency.



### Analyze Cost Benefit Ratios

Evaluate the trade-off between transportation costs and holding costs to find the most economical shipping strategy for your business.



### Invest in Regional Distribution

Although complex, initially placing inventory in regional warehouses so that your product is closer to Amazon end-point FCs can reduce your costs over time.

## Pack. Ship. Done.

Ditch the multiple providers and extra fees for a *complete fulfillment solution.*

 **Fulfillment**

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