



ENCEIBA

Case Study | VSM



How a 160-year old manufacturer Seamlessly Shifted from 1P to 3P

With a 160-year history and over 800 employees worldwide, Germany-based VSM is one of the world's top manufacturers of abrasives and safety equipment and is the third-largest company in their category in the US.

Starting in 2017, VSM sold through Amazon's Vendor Central (1P) model. This performed well at first, but VSM struggled with Amazon's inconsistent wholesale buying patterns and declining profitability over time. VSM's products lacked high-quality images that told their brand story, as well as product reviews, and they discovered a number of unauthorized resellers had started selling their products. With limited control over their product content and pricing on the platform, the firm experienced significant price erosion and channel conflict with mid-market distributors, threatening the long-term health of their business.

In 2022, VSM attended a B2B Amazon Bootcamp hosted by Enceiba to learn about optimizing Amazon and using Amazon Business. They knew their Amazon presence could be more effective, and despite seeing the potential of the 3P model, VSM lacked the necessary knowledge and resources to transition to this selling approach.

That's when they turned to Enceiba for guidance and support.

VSM's Smooth Transition to 3P

- ✓ **+462% increase** in listing traffic
- ✓ **3x growth** in conversion rate
- ✓ **Full shift to 3P** in <6 months



"We knew there was potential on the channel, and Enceiba helped us understand and realize it. Their guidance and hands-on approach brought clarity and structure to the process of transitioning from 1P to 3P. They've set us up for long-term success and growth on Amazon."

Dolph Schallenberg,
Director of Ecommerce, VSM
Abrasives USA

Transitioning from 1P to 3P

Shifting from the wholesale Vendor Central (1P) model to the retail Sellers Central (3P) model was VSM's best move to increase profitability and reduce channel conflict.

Enceiba's first step was to thoroughly assess VSM's product catalog and Amazon presence to determine the feasibility of shifting from 1P to 3P. Amazon does not always allow 1P merchants to change to 3P, but after working directly with Amazon, Enceiba was able to secure authorization to make the transition.

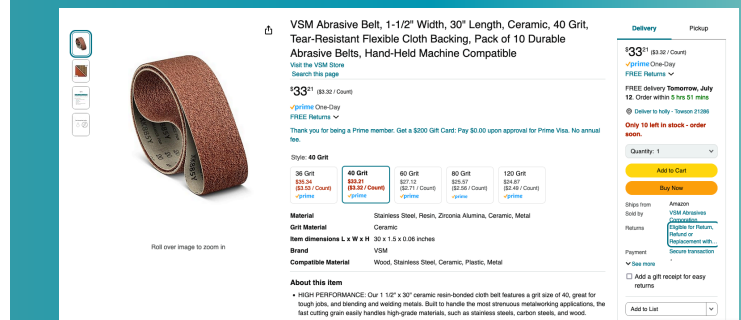
In collaboration with VSM's management across various departments, Enceiba then developed a comprehensive plan to transition to 3P, outlining the impact on finance, shipping, and other parts of the business. Enceiba also recommended that VSM leverage Fulfilled by Amazon (FBA) to ensure products remained Prime eligible.

Next, Enceiba conducted an assortment analysis to review VSM's complete product catalog and strategize how to shift currently listed products to the 3P model while simultaneously adding new products from the firm's catalog. Enceiba examined stock levels on VSM's Amazon 1P account to calculate each product's profitability in 3P, and recommended a retail price for each product. A key aspect of this phase was understanding the cash flow to VSM during the transition, given that the firm would be shifting from a wholesale relationship with Amazon, where products are purchased in bulk, to a more retail-oriented model using Amazon as an intermediary, where products are purchased in small quantities and less frequently in bulk.

With the plan in place, Enceiba served as VSM's outsourced Amazon department and led the execution on the transition to 3P. Enceiba set up the Seller Central account, enhanced the content on all products with high quality images and search keywords, developed and deployed enriched brand content, and revamped the brand's storefront. Enceiba also worked to migrate low stock and new products into Seller Central, so that VSM could start off on the right foot when the transition to 3P was complete.

Finally, Enceiba set up VSM in Amazon Business, implementing bulk and tiered pricing, responding to requests for quotes, and optimizing listings for B2B buyers. This comprehensive approach ensured that VSM was well-positioned to maximize its Amazon potential.

Amazon A+ Listing Created by Enceiba



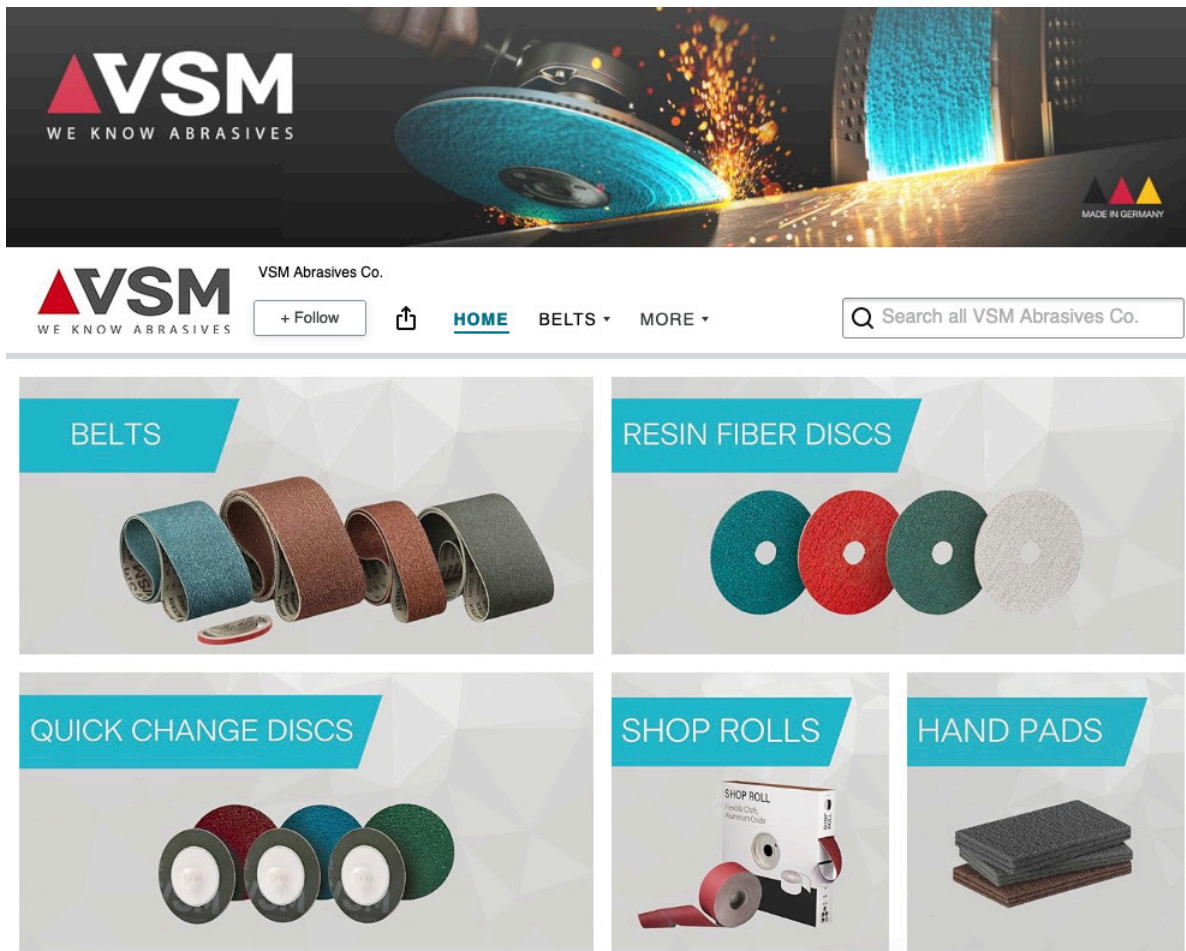
Generating the Metrics that Matter

In under nine months, VSM's transition from 1P to 3P was nothing short of a resounding success. The quality of their content saw a significant improvement, with listing quality scores **rocketing from 4/10 to a perfect 10/10** on top-selling products. Enhanced Brand Content (EBC) was added to every top listing, leading to a **462% increase in traffic**.

This has resulted in a significant boost to conversions. In less than two years, Enceiba more than tripled VSM's conversion rate on Amazon. Today, they close about one in five sales on the channel.

VSM's turn around demonstrates how integral strategic planning and superior execution are to success in B2B sales on Amazon. By shifting from 1P to 3P, VSM was able to regain control of the channel, unlocking the channel's potential and setting up the company for long-term profits on the world's largest marketplace.

VSM Brand Store Crafted by Enceiba



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