



# E-commerce and Exporting to the United States of America

A guide for NSW business

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July 2022



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Publication Date: July 2022

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# Executive summary

## Market size

The US is a large and diverse country with a population of some 331 million and GDP of almost US\$24.5 trillion. It is an equally large and diverse e-commerce market, second only to China, accounting for almost 18% of global e-commerce sales and with an estimated 230.5 million active digital shoppers.

## General online shopping behaviour

According to Mintel, the typical online shopper in the US is female, aged 25-44 and with a household income of \$50,000-\$75,000 per year. Reasons for shopping online frequently cited by US consumers include:

- **Convenience:** US consumers value the ability to shop online and easily find, purchase and receive items.
- **Accessibility:** goods can be bought online from anywhere, any device and at any time.
- **Personalisation:** online shopping enables US consumers to have their experience tailored to their personal preferences based on past purchases.
- **More product options:** US consumers look beyond the US market and buy goods online from overseas countries.
- **Price comparison:** same or similar products from different retailers can be easily compared to find the best price in a few clicks.

- **Increased choice:** the average American supermarket carries up to 50,000 (MarketWatch) stock keeping units (SKUs) compared to 75 million SKUs on Walmart's website at the end of 2018.

Australian companies must be aware of these differences and enter the market with a clear strategy around their product positioning, target market and distribution channels.

### Knowing the competition

Unlike traditional retail, e-commerce growth has massively accelerated as a result of the pandemic. Lockdowns and store closures have driven many, traditionally physical, retailers online and the marketplace is now a very crowded and competitive environment. However, consumers are now also much more willing to change brand loyalties, so the opportunity exists for Australian retailers to enter the market and succeed if they are correctly prepared.

When entering a new market, correctly pricing your products is vital if you are to be competitive and gain initial traction by tempting customers away from companies and brands that they may have purchased from successfully in the past.

When researching local US prices, it can be useful to use comparison shopping engines (CSEs) – channels for collecting product information, including pricing, from participating retailers and then displaying that collective information on a single results page. One of the most commonly used CSEs in the US is Google Shopping. While CSEs can be used as a useful benchmarking

tool, there are many factors to consider when pricing your product, including identifying the target consumer, additional costs to bare as an exporter (e.g. tariffs, shipping, fulfillment services), strategic pricing in line with competition, and recognising your product's relationship between quality and price.

### The various options available for online retailers

As the industry continues to grow and evolve, a number of distinct methods and channels have become available, and sellers must be aware of these and their particular strengths and weaknesses. Australian businesses can choose to approach the US market in different ways depending on the target audience and capabilities of the business.

This can include listing products on the business' own website, on single niche marketplaces or even multichannel listings.

In order to remain competitive and to maximise the opportunity that the US market presents, it is likely that retailers will need to expand into additional channels based on their specific business and long-term strategy.

A number of sales channels exist to provide access to the US consumer. These include general marketplaces (e.g. Amazon, Walmart), auction marketplaces (e.g. eBay, Bonanza), social media platforms (e.g. Facebook, Instagram), handmade & crafts marketplaces (e.g. Etsy, Craftsy) or development of your own site.

A selection of means by which you ensure your customers receive their products are also well developed in the US, with several methods available for consideration.

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## Executive summary

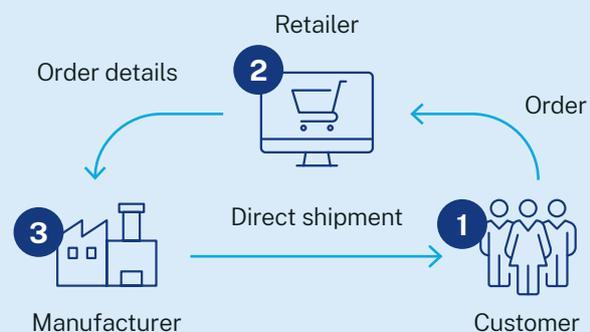
- **Wholesaling and warehousing**  
This is the most 'traditional' method and involves buying or making products and storing, packaging, and shipping these yourself. Wholesaling and warehousing offers the retailer the most control over their products, customer engagement/satisfaction, and comes with larger profit margins but entails more work and risk.
- **Drop shipping**  
A more 'process light' version of online retailing and one that has become increasingly popular in the last few years. You set up a website, and a method of taking payments through that website. What makes this model straightforward is that you won't have to store, handle, or pack any of the stock you're selling. Orders made through your site go to your supplier, who then ships the product straight off to your customer.
- **Private labelling**  
A private label solution can be established to operate in the middle ground between wholesaling & warehousing and drop shipping. It involves engaging a manufacturer to create a unique product for your business to sell exclusively. You send your raw materials, prototypes or product specifications over, and the product gets made. It is then up to you to complete the fulfillment to the customer (either directly by yourself or through a third-party supplier).

### Wholesaling and warehousing



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### Drop shipping



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### Private labelling



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## Executive summary

Finally, e-commerce payment gateways must be considered and tailored to US consumer usage and preference.

American shoppers tend to use credit cards more than Australian shoppers. They are also increasingly favouring non-card “buy now, pay later” (BNPL) models. In fact, Australia’s BNPL brands – Melbourne-based Afterpay and Sydney-based Zip Co that was acquired by New York-based Quadpay – have gained traction in the US. Further BNPL providers used in the US include Affirm, Klarna, Zip Pay, Sezzle, Quadpay, and PayPal’s well-known Bill Me Later. These companies have partnered with tens of thousands of retailers to enable US shoppers to postpone their payment and to get credit.

Given the popularity of BNPL models in the US, merchants may consider using BNPL providers to improve customer experience. Indeed, e-commerce industry experts suggest that BNPL builds trust, entices new customers, and can reduce cart abandonment by making your checkout process much smoother.

### Shipping, Taxes and Regulations

Distribution routes to get products from Australia to the US are well developed and efficient, however there are associated costs. There are many options and entire industries to think about when considering appropriate shipping methods, such as fulfillment by the seller, fulfillment by a third party or marketplaces, and drop shipping.

A Free Trade Agreement between Australia and the United States (AUSFTA) has been in place since 1 January 2005. AUSFTA provides significant opportunities for Australian businesses to sell successfully into the US through mechanisms to facilitate e-commerce, not imposing customs duties on digital products. However, there are still some regulations and requirements that must be understood and observed by an Australian seller.

A particularly complex topic for retailers selling into the US is taxation. The US has over 12,000 sales tax jurisdictions – and every single state, county (a jurisdiction within a state), and city determines its own sales taxes.

Even as a remote seller without presence in the US, you are still subject to these taxes. The US highest court has held that businesses without a physical presence in the jurisdiction into which they sell are not exempt from collecting state sales taxes. However, typically this applies to sellers that sell more than US\$100,000 from outside the state, or companies making at least 200 individual sales transactions.

In addition, if you sell on marketplaces like Amazon, these marketplaces often collect, and are often required to collect, state sales taxes on their sellers’ behalf. States prefer this because they have fewer entities to deal with and it leads to higher tax compliance. Marketplaces will charge sellers for this service; Amazon for example imposes a 2.9% collection fee to its sellers per transaction.

Specifics around labelling and packaging are determined by the Federal Trade Commission, the Food and Drug Administration (FDA) and the Department of Agriculture (USDA) depending on the product.



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# 1 Introduction



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## 1.1. Market overview – The United States

# 1.1 Market overview

## US Key Facts

<b>Population (2020)<sup>1</sup></b>	331,108,434
<b>Land Area</b>	3.797 million mi <sup>2</sup> (9.834 million km <sup>2</sup> )
<b>Capital</b>	Washington, D.C.
<b>Language (2019)<sup>2</sup></b>	English 78%, Spanish 13.5%, other Indo-European 3.7%, Asian and Pacific Island 3.6%, other 1.2%
<b>Currency</b>	USD (\$)
<b>Average exchange rate (2020)<sup>3</sup></b>	AUD \$1.452 = USD \$1.00
<b>GDP (2019)<sup>4</sup></b>	USD \$24.433 trillion

1. US Census Bureau: [US Population 2020](#)

2. US Census Bureau: [Languages Spoken at Home](#)

3. US IRS: [Yearly Average Currency Exchange Rates](#)

4. The World Bank: [GDP United States](#)

## 1.1 Market overview – The United States of America

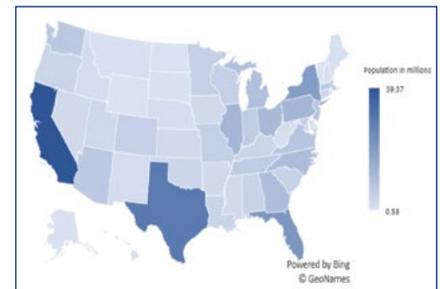
The US is made up of 50 individual states and the federal District of Columbia (Washington, D.C.). Due to the vast difference of each region and state in America, there are distinct cultures and trends associated with specific geographic areas.

Although the US population continues to grow, it is growing at a much slower rate than historically. From July 2019 to July 2020, the US population grew by only 0.35%, which is the lowest annual growth rate since 1900.<sup>5</sup> Although population growth in the US has been slow, the economy has overcome many hurdles from the COVID-19 pandemic – the country has maintained high consumer confidence and improved household incomes. The annual median household income in the US has been on the rise and hit a record in 2019, with a national average of USD \$68,703.<sup>6</sup>

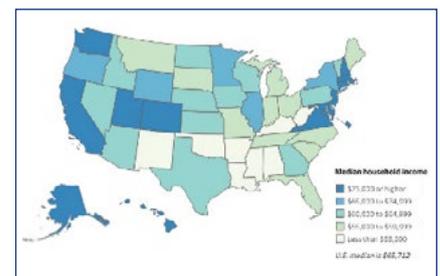
The most concentrated area of high median household income is in the North-Eastern region; consumers in this region also show the highest levels of spending. Many of the states that have a high median income usually become the “trend setters” and early adopters of new products since they have means to invest in a product or an experience that is innovative and new to market.

Average income also differs by additional factors including race/ethnicity and gender. In 2019, the Asian race reported to have the highest median household income, whereas Blacks and Hispanics had the lowest median income. Although the gender pay-gap in the US is tightening, it is still relevant.<sup>7</sup> The Female-to-Male earning ratio of full-time workers is 82.3% in 2019 – meaning that on average, a woman makes 82.3 cents to every dollar a man makes.

2020 US population by state (in millions)



2019 median household income in the US



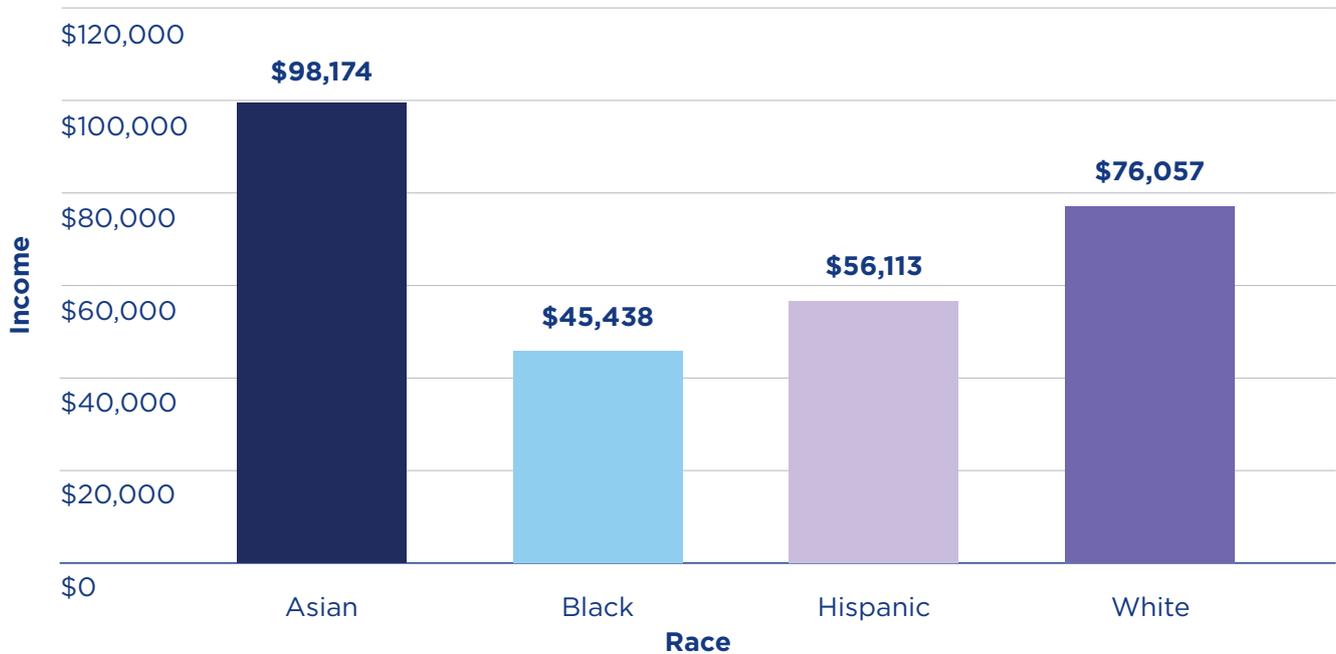
5. Brookings Institution: [What the 2020 census will reveal about America](#)

6. Statista: [Median Household Income in the US](#)

7. Census Bureau: [Historical Income Households](#)

## 1.1 Market overview – The United States of America

2019 median household Income by race



Source: US Census Bureau 2019

Based on the type of products and services offered to American consumers, it is an essential step upon market entry to identify the appropriate demographic in order to determine the appropriate target audience. Having knowledge of the demographics throughout the US and understanding average income can give an insight into the American consumer groups and their willingness to buy a certain product.

# 1.2 US e-commerce market

The US e-commerce market is the second largest in the world, behind only China, and is expected to reach USD \$843.15 billion in 2021; almost 18% of global e-commerce sales.<sup>8</sup> Since 2016, the US retail e-commerce market has grown rapidly – driven by increased consumer spending and the rising number of total internet connections. 2020 also saw a further surge in e-commerce adoption and usage as a direct result of the COVID-19 pandemic. A combination of lockdown restrictions, closure of physical stores, concerns around mixing publicly and increased emphasis on healthy living and uptake of hobbies drove many new customers online.

E-commerce sales in Q1 of 2021 reached USD \$196.7 billion, which is an estimated 39% increase from Q1 in 2020 and accounted for 13.4% of total retail sales.<sup>9</sup> While some of the online shopping trends started by COVID-19 have decreased, much of the online US shopping behaviours are here to stay.

The US is an immense market with a diverse consumer base and US digital shoppers are driving the way business are selling their products online.

Of the 331 million people in the US, there are almost 300 million active internet users in the country. Due to the high level of internet penetration and rapid adoption of shopping online, it is projected that the US has 230.5 million active digital shoppers in 2021.<sup>10</sup>

Portable devices, such as smartphones and tablets, are key players in consumers' access to internet, and therefore, play a crucial role in e-commerce. Consumers are connected to their phones and tablets more than ever, which is driving the rise of Mobile Commerce (m-commerce). As e-commerce grows, so will m-commerce, and it is predicted that m-commerce will be the US consumers' preferred channel for online shopping by 2025.<sup>11</sup> In fact, Insider Intelligence forecasts that m-commerce will account for 54% of total e-commerce sales by 2021, up from 34% in 2019.

The growth of m-commerce has provided platforms for US consumers to become more exposed to a variety of online sellers – including international sellers. For example, shopping platforms through social media have highlighted retailers and/or products that consumers would not have found otherwise.

Product exposure and, in many instances, active advertising by social media personalities or 'influencers' can also greatly alter the popularity and demand for certain items or sellers in a region. M-commerce has supported and encouraged a large rise of cross-border shopping.

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## US e-commerce in numbers 2020

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**Population**  
331 million

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**Active Internet Users**  
298.8 million

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**Active Mobile Internet Users**  
269.5 million

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**Active Social Media Users**  
240 million

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**Internet Penetration**  
85.5%

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**Retail E-commerce Sales**  
USD \$737.6 billion

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8. eMarketer ([via Oberlo](#))

9. Census Bureau: [US Department of Commerce](#)

10. Statista: [Number of digital shoppers in the United States](#)

11. Insider Intelligence: [Rise of M-Commerce: Mobile Ecommerce Shopping Stats & Trends in 2021](#)

## 1.2 US e-commerce market

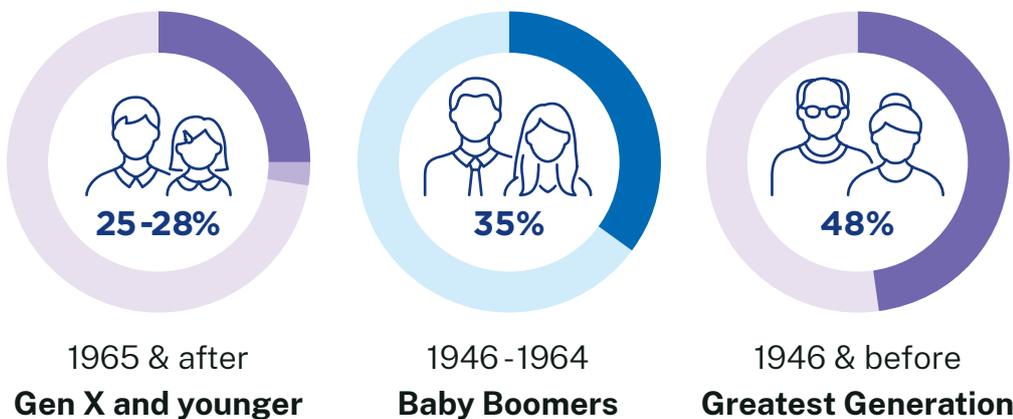
In a global survey conducted by International Post Corporation, 30% of shoppers said they bought more apparel from foreign websites in 2020 – including 8% who bought significantly more from foreign countries.<sup>12</sup> With that said, there are major discrepancies from US online shoppers who are willing to buy from international sellers. One of the key factors in this is age difference. In a UPS Customer Experience Study, it was found that older generations

believe they can trust domestic sellers more. In fact, almost half of older generations stated they trust domestic sellers more; whereas younger shoppers are more open to buying internationally, with only 25%-28% stating they trust domestic sellers more.<sup>13</sup>

The importance placed on ‘Made in America’ also differs greatly across the various segments of US consumer. While it can be beneficial, it certainly is not

essential and many other factors are placed equally or higher in importance e.g. cost, sustainability.

### Trust in domestic sellers (compared to international sellers)



12. DigitalCommerce360 via [International Post Corporation](#)

13. UPS: Pulse of the Online Shopper: [2019 A Customer Experience Study](#)

# 1.3 Drivers of growth

The US e-commerce market is undoubtedly one of the main global leaders, setting the standard for other markets around the world in terms of offering, speed, and efficiency to its customers. The US is the second largest market for e-commerce behind only China.

Data shows that US e-commerce sales have been growing steadily for over a decade, with significant growth in the previous year and there have been major shifts over the past decade in how US consumers are spending money. According to the latest figures from Amazon, the company's total sales in 2020 hit \$386.1 billion a

38% increase from 2019. Walmart, the second largest e-commerce company in the US, also saw its e-commerce sales soar by 69% in the fourth quarter. Many factors are leading to this growth. We listed some of those key drivers.

## General consumer behaviour

E-commerce continues to revolutionise retail as consumers are becoming more demanding. They are expecting faster and more comfortable shopping experiences and companies are working hard to anticipate their needs and meet their demands. Over recent years several major shifts in US consumer behaviour have emerged including:

### An increased expectation on personalised shopping experiences

Personalisation in retail is aiming to create a long-lasting customer relationship by recording information about past customers and using it to remember things like the last time they made a purchase, the types of items they

usually buy, and then providing recommendations for next steps. Customers are growing more and more accustomed to the personalised shopping experience, which is leading to an increase in customer satisfaction.

A growing number of third-party service providers are developing retail analytics software solutions to assist retailers in growing sales, improving customer experience/satisfaction and helping with stock planning.

The dynamic between customers and retailers is evolving with the help of advanced technologies like AI, and retail analytics, allowing businesses to dramatically improve their consumers' shopping journey.

Retail specific analytical software can provide insight on patterns in sales, inventory and customers. Businesses are utilising different means including:

- Understanding how to optimise product display and recommended items, allowing customers to have immediate access to the most frequently purchased items.
- Understanding how to optimise visual merchandising to direct customers attention towards frequently purchased items.
- Receive advanced warnings of predicted increased demand for certain product types based on previous sales activities.

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### 1.3 Drivers of growth

Leading cases for use of personalisation according to marketers in the US and the UK as of February 2020<sup>14</sup>  
(Share of respondents)



14. Adobe; Advanis

### 1.3 Drivers of growth

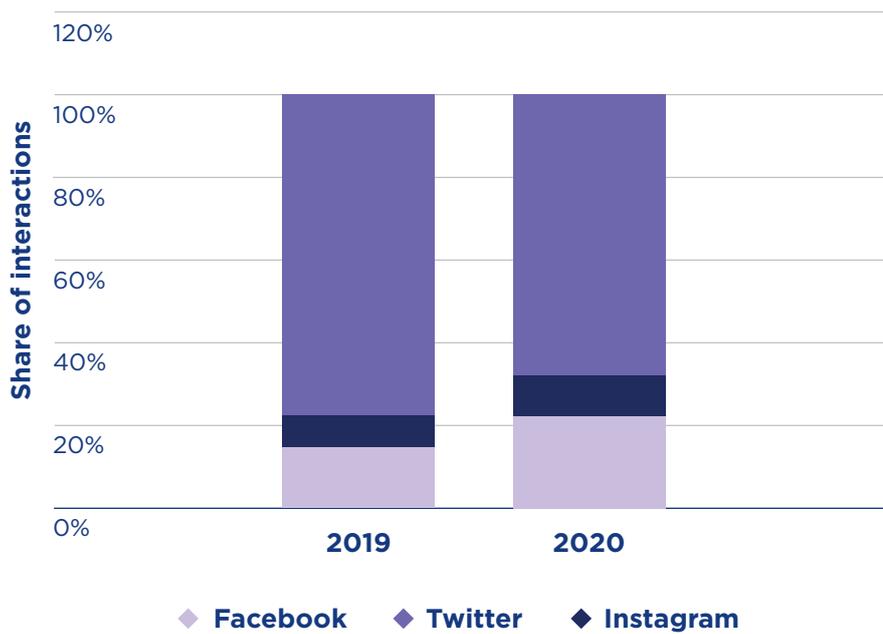
#### The developing role of social media in e-commerce

Social shopping is on the rise and various platforms are introducing new features, such as Facebook’s “Buy” button, that are changing the way consumers buy online. Major brands have been quick to leverage this new sales route and are increasingly focusing activities to improve their social

media following. Retail companies engaging in e-commerce are massively supported by reaching out to social media “influencers” who are able to increase their chances of reaching their target audiences. Platforms are in constant competition to update their features as customers grow more and more accustomed to a comfortable and streamlined shopping experience. Many platforms such as Instagram

and Pinterest are considered to be channels for inspiration. As social media continues to become a regular part of our daily lives, its power to influence e-commerce trends will only increase further. Its highly recommended that retail companies adopt a shopping-focused approach to their social media strategy.

Distribution of brand content interactions in the US in 2019 and 2020, by platform<sup>15</sup>



15. Shareablee – Statista

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## 1.3 Drivers of growth

### The rise of “Green Shoppers”

Sustainability is no longer reserved for a few brands. Green consumerism is on the rise and brands can no longer afford to ignore the growing interest in sustainable purchases. In 2020 around 4 in 10 digital consumers say that poor environmental records impact their purchasing decisions.<sup>16</sup>

Millennials are now a key demographic for e-commerce and are driving the trend for greener consumerism. This includes practices of sourcing products from fair-trade organisations to help create a greener e-commerce environment. Businesses should strive to ensure that their practices are as environmentally friendly as possible.

The findings from IBM study<sup>17</sup> conducted in 2020 revealed that nearly 60% of consumers surveyed are willing to change their shopping habits to reduce environmental impact. Of nearly 80% of respondents who said sustainability is important to them over 70% would pay a premium of 35% on average.



16. GlobalWebIndex

17. IBM Study: [Meet the 2020 consumers driving change](#)

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## 1.3 Drivers of growth

### COVID-19 e-commerce trends

One of the biggest impacts on e-commerce trends in the past decade is the COVID-19 pandemic, with government regulations and social distancing measures restricting the public's movement and access to traditional retail establishments in various states and to different extents. This has resulted in multiple trends, some that are expected to last long-term and others that are expected to decrease after the end of the pandemic, examples are listed below:

#### Subscription delivery service on the rise

Subscriptions delivery services are seeing a substantial upward trend in both revenue and conversion. The e-commerce subscription market is forecasted to grow by 68%, reaching USD \$478.2 billion in revenue by 2025.<sup>18</sup> E-commerce subscription services can be grouped in the following

3 categories: replenishment (automates purchases), curation (provides personalised experiences) and access (provides lower prices or members-only perks).

The pandemic has led to a rise in subscription delivery services, companies now offer different perks such as: next day delivery or international shipping. Customers that have spent money on a premium delivery service are more likely to make future online purchases with this company.

#### Increasing resiliency in the supply chains

COVID-19 has forced many companies and industries to transform their global supply chain model. Although companies have begun to re-imagine their supply chain strategies long-term, even in the short-term, immediate action is required as businesses

adhere to on-going regulatory measures and budget cuts. Many of these shifts are expected to out-live the shadow of the pandemic and are being employed by companies around the world including:

- **Strong emphasis on localisation:** The pandemic has led to a disruption in worldwide supply chains and customers experienced shortages of products. Local production, and the local supply of goods and services, become more important for customers. Customer demands are becoming more diverse in-terms of which products they are purchasing, which platforms and channels they are purchasing on, they are also demanding faster delivery times and increased levels of transparency.



18. UnivDatos: [Subscription E-Commerce Market](#)

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## 1.3 Drivers of growth

### Technology adoption in retail e-commerce

#### Augmented Reality transforms how we shop

In retail, the primary limitation to online purchasing is the inability for customers to see how items would look on them. However, with technology like AR customers are able to visualise the items they are shopping for to assist in the buying decision. AR can have a massive impact on a wide range of industries, such as the fashion sector as customers can have greater confidence in the product without seeing it in-person. AR allows e-commerce customers to preview products in their own environment and on their own time; this helps to address one of the clear limitations of online shopping. Some companies are developing platforms that allow customers to virtually try on their products digitally through the use of virtual and augmented reality technology. With such a huge potential market, retail businesses must look forward to adopting these technologies.

- **Furniture retail:** with spatial awareness AR, retailers can leverage the technology to assist customers in finding the right furniture according to the customers' apartment space.

- **Fashion, footwear, and eyewear:** brands can use applications to incorporate AR and that brings the process of fitting clothes to the consumer's homes, by allowing them to see what a product will look on them before making a remote purchase.

#### Artificial Intelligence to support not replace employees

Advancements in AI technology such as machine learning, software analytics, and natural language processing are finding their way into the e-commerce sector and providing useful functions, including data about customers or taking on repetitive tasks and routine work of employees.

Examples how businesses are capitalising on this useful technology include:

- **Big data** will help in collecting and understanding customer data. This will make it possible for customers to have automated, personalised shopping experiences. AI is continuously collecting data on how a customer shops when they buy purchases and

what they're looking for in a product or a service. Adding AI technology to daily operations will give employees priceless insights without diminishing a human role in the process of decision making.

- **Chatbots** are computer programs that replicate regular human conversation. It is able to automatically engage with customers among multiple platforms 24/7. Chatbots are able to utilise AI technology to understand customers' preferences and create a personalised online shopping experience.

This personalised and interactive online shopping experience has led to greater adoption of this technology. The augmented reality market is projected to have 2.4 billion users by 2023.<sup>19</sup>

19. arinsider.co

### 1.3 Drivers of growth

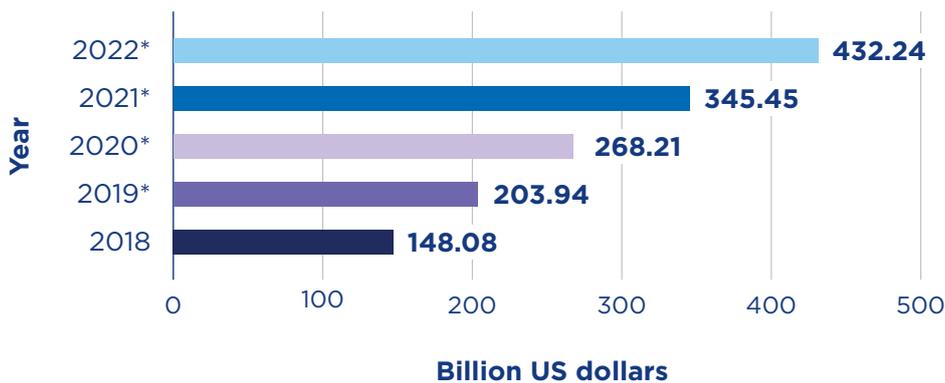
#### Increase in mobile shopping

E-commerce growth has been driven in large part by the increase in usage of mobile devices. US consumers are using their mobile devices to buy, browse, or research before they decide which products to purchase. As trust in online shopping continues to increase consumers are more comfortable shopping on mobile devices as the experience offers a greater deal of accessibility and convenience.

Businesses are working on optimising their websites for phone use which means they are making their websites simple and more available to the largest audience accessible. However, if a company's e-commerce site is not responsive on mobile or web apps, they will be unable to compete with companies that are prioritising on enhancing their m-commerce experience and will miss out on opportunities and potential customers.

The graph below shows the US mobile retail commerce revenue via smartphones from 2018 to 2022. In 2021, the source projects smartphone retail commerce sales to exceed \$345b, up from \$148b in 2018.

Retail e-commerce sales via smartphone in the US from 2018 to 2022 (in billion US dollars)<sup>20</sup>



20. [www.digitalmediasolutions.com](http://www.digitalmediasolutions.com)

# 1.4 E-commerce differences between Australia and the US

There are many similarities between the Australian and US retail and e-commerce sectors. Both have high user penetration and are dominated by a few large marketplaces, with numerous smaller retailers competing to gain visibility.

There are however some key differences when it comes to consumers and online spending habits. Despite the lockdown restrictions implemented by the Australian government throughout 2020 to tackle the spread of COVID-19 and the already well-established e-commerce channels in the country, online sales accounted for only 10% of total retail spending by Australian consumers during the year (2020). This is compared 14% in the US in 2020<sup>21</sup> according to the US Census Bureau. This highlights the scale of opportunity for Australian companies in the lucrative US e-commerce market.

When placing value on the digital features that mean most to them, there is a clear difference between Australian and US consumers. While Australians cite rewards as the most important feature of online shopping,

US consumers consider free shipping is the most important feature when buying goods online – 56% of US consumers agree compared to only one in 10 Australian consumers.<sup>22</sup> This is a key challenge for Australian firms given the significant geographic distance between the two countries and the costs of delivering goods from Australia to the US.

US consumers are also significantly more likely to have used promotion codes and coupons when shopping online compared to Australian consumers. Combined with free shipping and a preference for purchasing online, this suggests that US consumers are price sensitive. Australian retailers will need to consider distribution channels and adopt pricing strategies that enable them to appeal to value-driven US shoppers and grow their presence in the lucrative US e-commerce market.

21. US Census Bureau [https://www.census.gov/retail/mrts/www/data/pdf/ec\\_current.pdf](https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf)

22. PYMNTS Global Digital Shopping Index <https://www.pymnts.com/wp-content/uploads/2020/11/Global-Digital-Shopping-Index-November-2020.pdf>

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# 2 Understanding the US online shopper



# 2.1 Who is buying online and why?

According to Mintel, the typical online shopper in the US is female, aged 25-44 and with a household income of \$50,000-\$75,000 per year. Reasons for shopping online frequently cited by US consumers include:

- **Convenience:** US consumers value the ability to shop online and easily find, purchase and receive items.
- **Accessibility:** goods can be bought online from anywhere, any device and at any time.
- **Personalisation:** online shopping enables US consumers to have their experience tailored to their personal preferences based on past purchases.

- **More product options:** US consumers look beyond the US market and buy goods online from overseas countries.
- **Price comparison:** same or similar products from different retailers can be easily compared to find the best price in a few clicks.
- **Increased choice:** the average American supermarket carries up to 50,000 (MarketWatch) stock keeping units (SKUs) compared to 75 million SKUs on Walmart's website at the end of 2018.

Given these factors, it is unsurprising that the US consumers are among the most likely to shop online. According to Statista, 88% of the adult population shopped online in the US during 2020, making it one of the most developed e-commerce markets globally.

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## 2.1 Who is buying online and why?

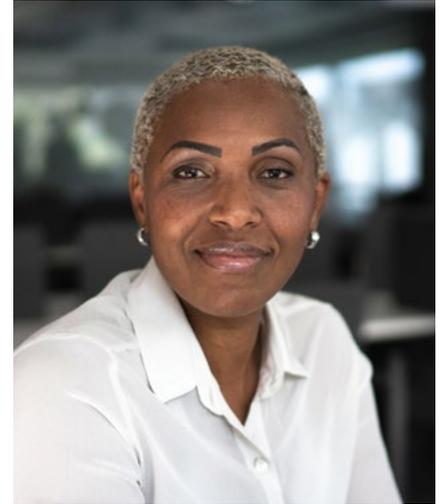
### Shopper profiles

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#### Olivia

Olivia is a 49 year-old office manager from the suburbs in the Mid-Atlantic region. She likes to keep up with the latest fashion trends and shops online at least 2-3 times per month looking for new clothing styles, accessories and footwear. Olivia estimates that she spent between \$250-\$300 in the last month on clothing items.

*“Shopping online gives me access to a wider range of fashion brands than are available in the mall. I am particularly interested in statement pieces from niche international retailers and will invest in quality unique items that add some flair and help me stand out from the crowd.”*



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#### Alex

Alex is a 37 year-old nurse working in a city centre hospital. He lives in San Diego with his partner and their two children, who are 4 and 6 years old. Alex recently used his smartphone to purchase some toys from Amazon.com as a gift for his youngest child's upcoming birthday while commuting home from night shift.

*“Having a busy job that requires long hours, I don't often get the chance to go to malls to buy gifts. Being able to buy presents for my children online and have them delivered next day is a lifesaver.”*



Source: Consumer profiles designed by OCO Global based on Mintel data

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## 2.1 Who is buying online and why?

The US online consumer market is large and diverse, comprising individual shoppers from across a broad spectrum of wealth, interests, ages, locations and beliefs. Undertaking detailed analysis of these various consumer segments and developing bespoke marketing and promotional activities is an increasingly common activity for retail companies (both physical and online). Some of the key issues influencing US consumer behaviour include the following.

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### Brand activism

Consumers paid closer attention to companies' actions during the COVID-19 lockdowns, and they will continue to take social and environmental issues more seriously post-pandemic. US consumers will increasingly demand that companies protect the health and well-being of employees, support local communities, and promote ambitious sustainability goals.

#### Action for Australian retailers:

Supporting environmental initiatives, which will be important given the physical distance that Australian goods have to travel to reach the US and highlighting good employment practices that support staff will enable Australian retailers to better resonate with American consumers.

**89%**

of US consumers are more likely to support a brand earning a profit if they also have a positive impact on the world (Zeno Group, 2020).

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### Back to basics

Consumers are seeking a return to the essentials, with a focus on flexible possessions and a reframing of what ownership actually means. Facing economic uncertainty and/or a mix of contradictory feelings of vulnerability and resilience, consumers are taking a step back and embracing a scarcity mindset that makes them monitor more closely their spending and avoid excess consumption. When buying products, consumers are seeking not just affordability and convenience, but also safety, protection, and durability of goods.

#### Action for Australian retailers:

Prove it – Australian brands need to prove to US consumers that they offer good value and tangible results. Consumers may find it hard to spend on things they learned to live without during lockdown, so Australian companies looking to the US market will now need to over-communicate tangible benefits of their products and how they add value to US consumers' daily lives.

**52%**

of US consumers are worried about how COVID-19 is impacting their lifestyle (Intel, 2021).

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## 2.1 Who is buying online and why?

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### Elevating the online experience

E-commerce and online transactions have the potential to become, and remain, the norm. What it means to connect with a brand virtually will evolve. It will not be enough to just be online; rather, brands should consider how to deploy innovative technology to deliver elements of their brand, products and services in ways that add discernible experiential value that cannot be obtained through a static product page.

#### Action for Australian retailers:

To thrive in an increasingly digital marketplace, Australian brands will need to consider increasing investment in digital technologies and driving new kinds of online experiences (such as virtual shopping rooms or multisensory experiences) to stand out in the highly competitive US market.

**38%**

of US consumers say they would spend a lot of money on wearable technology that detects potential health issues (Intel, 2021).

## 2.2 What products are they looking for?

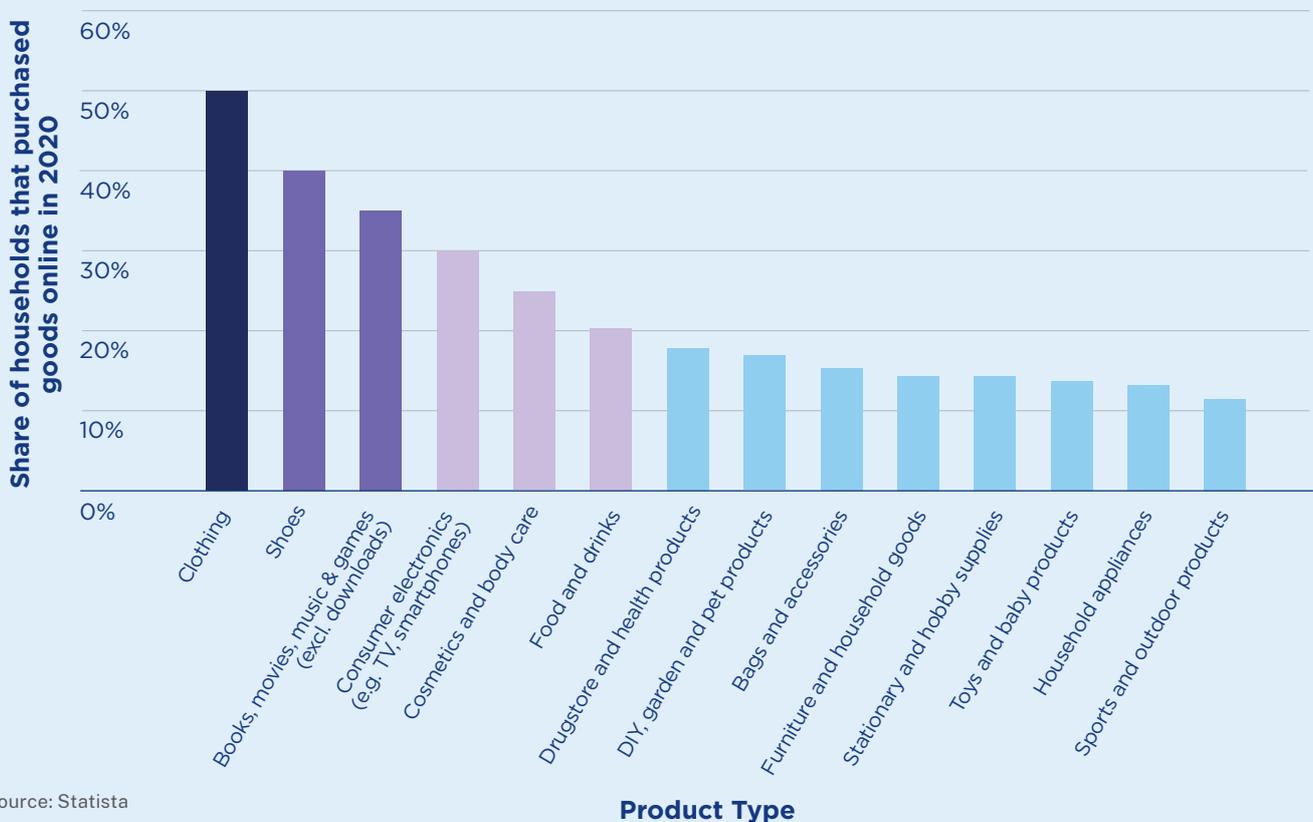
# 2.2 What products are they looking for?

Research by the UN Conference on Trade and Development<sup>23</sup> (UNCTAD) estimated that US shoppers spent \$791 billion online in 2020, up 32% compared to 2019 when online sales in the region reached \$598 billion. Austrade cites clothing and fashion,

cosmetics and toiletries, and jewellery as some of Australia's most exciting and dynamic consumer goods sectors. These categories align with the key consumer goods categories from which US consumers are buying goods online, indicating that

Australian firms will find a receptive market in the US. Fashion items, such as clothing apparel and footwear were the most popular products sold online in the US in the last 12 months (Statista, November 2020).

Items bought online in the last 12 months, US, November 2020



Source: Statista

23. UNCTAD: [Estimates of Global E-Commerce 2019 And Preliminary Assessment Of Covid-19 Impact On Online Retail 2020](#)

## 2.2 What products are they looking for?

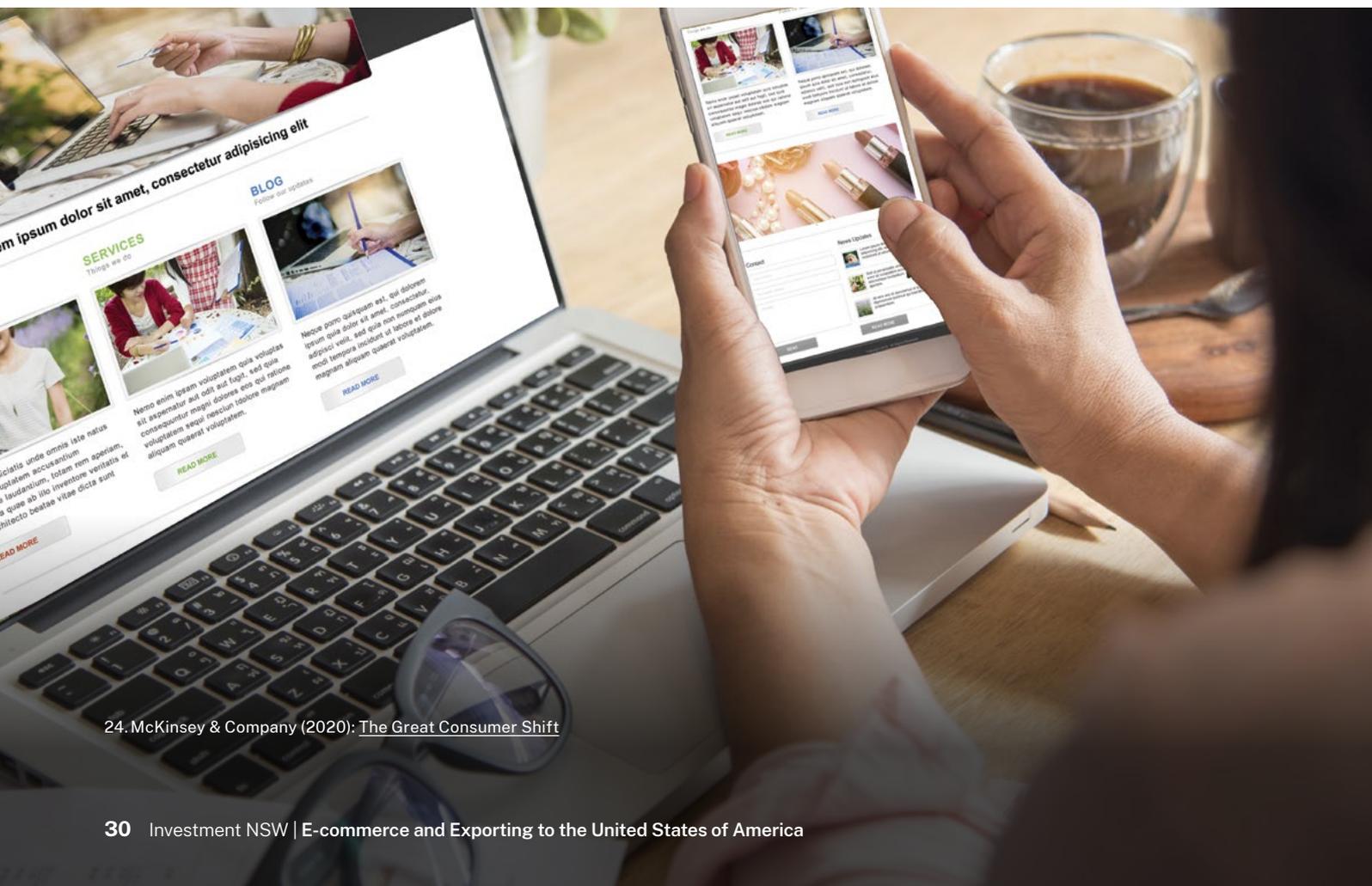
Australian clothing companies can find success in the US due to a strong resonance with Australian lifestyles among US shoppers. This is something the Australian fashion retailer Showpo attributed to its 50% year-over-year growth within the US market in recent years. Australian sportswear manufacturers will also find a receptive market. There is strong alignment between beach and water-related sports, such as surfing, in states like California and Florida and Australian brands such as Quiksilver, Billabong and Rip Curl which are synonymous with such sports. In fact, Australian founded Quiksilver

relocated its main business location to California to access the large opportunities in the US.

US consumers are switching brands at unprecedented rates. The global pandemic has prompted a surge of new activities, with the majority (75%) of US consumers trying a new shopping behaviour according to McKinsey<sup>24</sup> (2020) in response to economic pressures, store closings and changing priorities. This general change in behaviour has also been reflected in a shattering of brand loyalties, with 36% of US consumers trying a new product brand in 2020. Of those consumers who have tried different brands,

73% reported that they intend to continue incorporating the new brands they have purchased into their routine. Gen Z (born between 2000 – now) consumers and high earners are most prone to switching brands.

The willingness of US consumers to try new brands is positive for Australian companies looking to grow their presence in the US. Messaging should look to highlight quality and what is different/unique about the Australian product compared to existing US competition in order to differentiate and win favour among US consumers.



24. McKinsey & Company (2020): The Great Consumer Shift

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## 2.2 What products are they looking for?

### The US opportunity

The US is a large, advanced and attractive market for Australian companies. There are also many similarities between the two nations in terms of lifestyle and culture.

The decreasing level of brand loyalty provides opportunity for Australian firms and they will find the greatest potential in the clothing apparel and footwear categories, with companies such as Showpo already having great success in recent years. Other popular categories of alignment between US consumer demand and Australian strength and supply include beauty, personal care and cosmetic products.

There is also significant opportunity to add more Australian products to the main US marketplaces such as Amazon and eBay to maximise the opportunity and grow the number of US consumers buying goods from Australian companies.

Americans' appetite for organic foods has grown steadily over the past few decades. According to the Economic Research Service<sup>25</sup>, sales of organic foods have trebled in the last 30 years.

Most Americans are buying organic foods because of health concerns. More than half (55%) of the public says that organic fruits and vegetables are better for one's health than conventionally grown produce. Another 41% say organic produce is neither better nor worse for one's health and 3% say that organic produce is worse for one's health.

Three-quarters of U.S. adults who bought organic foods in the past month (76%) say they were looking for healthier foods. Fewer organic food consumers say that helping the environment (33%) or convenience (22%) were reasons for buying organic.

But fewer Americans say organic produce tastes better than conventionally grown fruits and vegetables. About one-third of U.S. adults (32%) say that organic produce tastes better, 5% say it tastes worse and a 59% majority says that organic and conventionally grown produce taste about the same.

Younger adults, ages 18 to 49, are more inclined than older adults to consider organic produce better for one's health. There are no differences among men and women on views of the healthfulness of organic foods.

Fully three-quarters (75%) of people who consume more organic foods, that is those who say that most or some of the foods they eat are organic, believe that organic produce is generally better for one's health than other produce. This compares with 41% of those who eat less organic foods.

Cost considerations come into play as well. Roughly seven-in-ten (72%) U.S. adults say whether or not they buy organic foods depends on the price compared to conventionally grown foods.

Even frequent consumers of organic foods say they are cost sensitive. About two-thirds (65%) of people who eat more organic foods say the comparative cost of organic foods factors into their purchasing decisions, as do 79% of people who eat less organic foods.

25. US opportunity - [Economic Research Service](#)

# 2.3 Knowing the competition and landscape

## 2.3.1 Main products and segments in the US

Unlike traditional retail, e-commerce growth has massively accelerated as a result of the pandemic. What people are buying is changing too, with some products witnessing huge growth over the past year alone.

The graph below shows that **consumer electronics** is the leading category of all e-commerce purchases in 2020, which represents the largest share of US retail e-commerce sales.

The second leading category is **apparel & accessories** which is expected to be valued at \$135.5 billion in 2020.

Value of sales in the US retail e-commerce market in 2020, by product category (USD billion)<sup>26</sup>

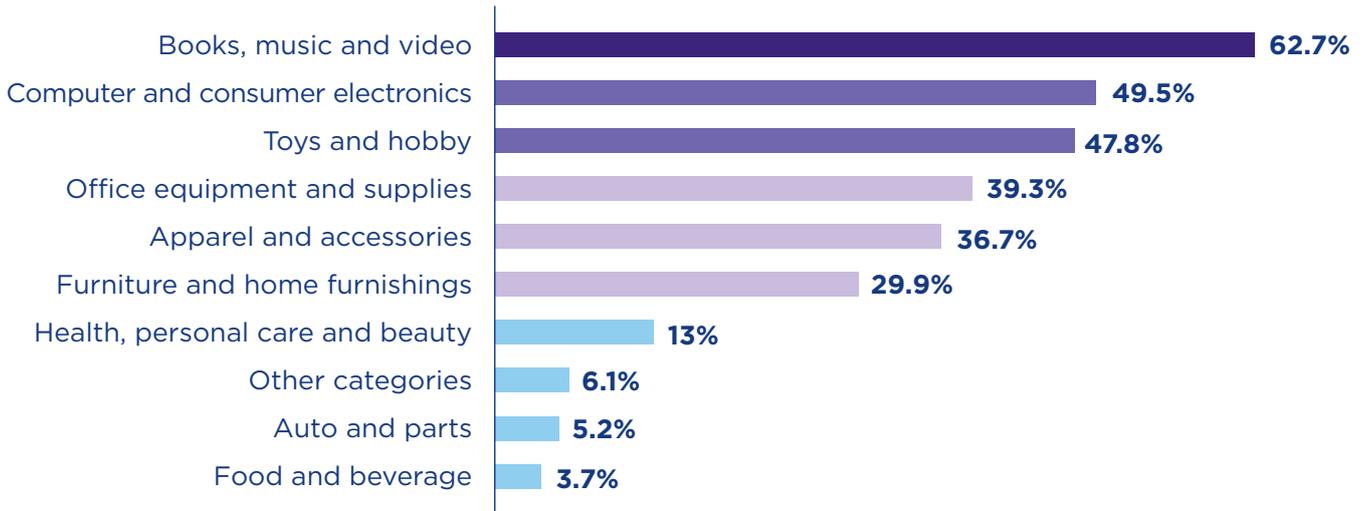


26. [emarketer.com](https://www.emarketer.com)

## 2.3 Knowing the competition and landscape

According to the findings, digital sales accounted for 62.7% of retail revenues in the books music and video segment.

E-commerce share of total retail revenue in the US as of May 2020, by product category<sup>26</sup>



The e-commerce landscape has dramatically shifted as consumers are showing increased interest in sustainability, localisation and transparency.



<sup>26</sup> [emarketer.com](https://www.emarketer.com)

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## 2.3 Knowing the competition and landscape

### 2.3.2 Key players and why

As the main product categories shift throughout time – some increasing in momentum, while others lose momentum – there is one clear common theme in the US: the direct-to-consumer (D2C) business model has achieved milestones due to strategic e-commerce approaches and the rise of digital shoppers. D2C companies are digitally native brands that start as independent online retailers selling directly to consumers, rather than going through another business (e.g. retailer or distributor/wholesaler).

As Lawrence Ingrassia from the New York Times put it, *“The direct-to-consumer brand revolution is one of the most dominant forces in the retailing business today. It began with a handful of start-ups, then grew to dozens, then hundreds – from mattresses (Casper) to bras (ThirdLove) to electric toothbrushes (Quip) to vitamins (Ritual) to tampons (Lola) to luggage (Away) to sneakers (Allbirds) to makeup*

*(Glossier) to hair colour (eSalon) to pet food (Farmer’s Dog) – and even thousands, counting the brands filling the endless digital aisles and shelves of Amazon Marketplace. By targeting a corporate giant’s weakness – high prices or inconvenience or a stodgy image – a clever start-up with the right strategy, the right message and the right product value could create a new national brand virtually overnight. All this was happening at a time when more consumers in their twenties and thirties were up for grabs. They lived digital lives, so were accustomed to – happy to! – buy things online.”<sup>27</sup>*

In order to capture the market, we have outlined leading North American direct to consumer (D2C) and business to consumer (B2C) brands in growing e-commerce categories and highlighted factors that made their success.

A clever start-up with the right strategy... could create a new national brand virtually overnight... More consumers in their twenties and thirties were up for grabs. They lived digital lives, so were accustomed to buying things online.

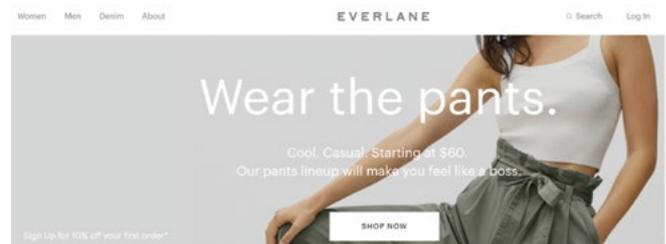
27. New York Times: [They Changed The Way You Buy Your Basics](#)

## 2.3 Knowing the competition and landscape

### Apparel and accessories

# Everlane

Company	Everlane
Category	Apparel
Year Founded	2010
Est. Revenue	USD \$40 Million
Website	www.everlane.com
Key to Success	Radical Transparency

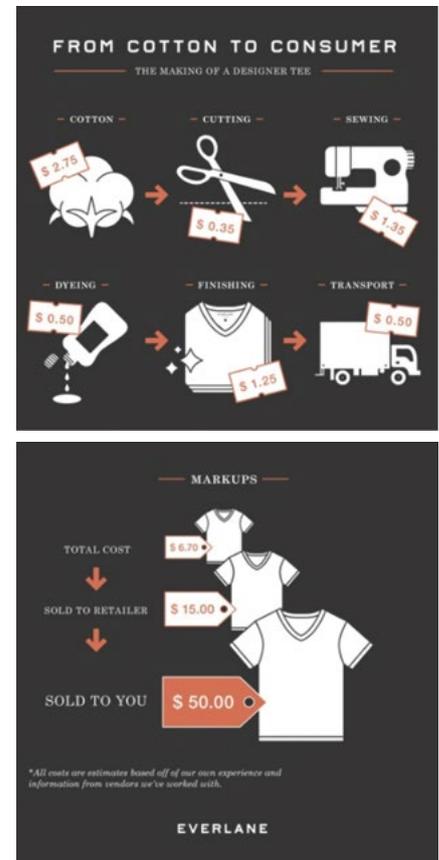


Everlane is a D2C clothing brand and headquartered in San Francisco, California. The company started completely online and had plans to stay only online. In fact, CEO Michael Preysman told the New York Times, “We are going to shut the company down before we go to physical retail.”<sup>28</sup> However, as of 2021, they now have seven physical stores in New York, Boston, Austin, and the San Francisco area.

Everlane jumped on ship, riding the wave of sustainably and socially conscious consumers. It prides itself on Radical Transparency – partnering with the “best, ethical factories around the world” and sourcing only the finest materials.

In 2011, Everlane launched a viral Twitter campaign detailing the costs to make a designer t-shirt versus how much consumers pay for it. The post immediately went viral and helped the company organically grow to 200,000 customers in a year.<sup>29</sup> This infographic both proved the ‘Radical Transparency’ motto and fuelled the instantly-sold-out sale of the company’s very first product. The company still shares everything from its sourcing and factory locations to a breakdown of each garment’s costs.

Consumers today want to know the ins and outs of a brand – from the founder’s origin story to how the product is made and why it costs what it costs – Everlane does just that.



28. Washington Post: [Everlane is opening its first stores, after years of swearing it wouldn't](#)

29. [CBInsights](#)

## 2.3 Knowing the competition and landscape

# Warby Parker

<b>Company</b>	Warby Parker
<b>Category</b>	Accessories
<b>Year Founded</b>	2010
<b>Est. Revenue</b>	USD \$250 Million
<b>Website</b>	www.warbyparker.com
<b>Key to Success</b>	Quality, Cost competitiveness & Technology



Warby Parker is a D2C brand of prescription glasses and sunglasses headquartered in New York City. The company started off 100% online, which many people believed to be an immediate failure for an accessory that consumers traditionally would always try on before making a purchase. The founders of Warby Parker knew this, but they also noticed a flaw in the eyeglass industry in the US – it was essentially a monopoly. Much like the rest of the world, the Italian eyewear company, Luxottica had a majority of market share and owned major brands, such as LensCrafters, Ray-Bans and Oakley, and had licenses to sell Chanel, Prada, and other designer classes. CEO Neil Blumenthal explains,

*“When you buy a Ralph Lauren or Chanel pair of glasses, it’s actually a company called Luxottica that’s designing them and paying a licensing fee between 10 and 15% to that brand to slap that logo on there. If we did our own brand, we could give that 10-15% back to customers.”*<sup>30</sup> Similar to how Everlane exposed the cost of making and selling the t-shirt vs. how much the customer pays for a t-shirt, most consumers were not aware of the monopoly-like market share that Luxottica had. Wayby Parker brought this to the consumers attention and utilised it to position their brand.

Warby Parker’s founders knew they could attract customers by offering a cost competitive product, that still had the quality, by bypassing the retailers and middlemen and starting online,

rather than paying for real estate. But how would they attract customers online with a product that consumers traditionally would try on before purchasing? They positioned the brand, got creative with their business model, and leveraged technology.

30. Forbes: [What’s Behind Warby Parker’s Success](#)

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## 2.3 Knowing the competition and landscape

### Positioning the brand

The company knew that it was going to be competing with major fashion brands (e.g. Ralph Lauren, Ray-Bans) so they positioned themselves as a fashion brand. They used their connections and hired a PR firm who successfully pitched them to leading media channels such as GQ and Vogue. The buzz generated from the press later led to Warby Parker's website crashing when they launched because of so much traffic and immediately selling out of product.

*"The basic approach of positioning is not to create something new and different, but to manipulate what's already up there in the mind, to retie the connections that already exist" (Al Reis). And that's exactly what Warby Parker did.*

### Creative business model

To get customers comfortable with buying frames online without being able to try them on in a store, Warby Parker started out by offering a free Home Try-On programme (and still offer it today). Customers pick out five frames and then Warby Parker will send them to the customer for free; the customer is given five days to not choose the frames they like and return them (also for free). Once the customer chooses a pair, Warby Parker will send a fresh pair (with the prescription if necessary). This acclimated customers to be comfortable with buying glasses online, rather than in a physical store.

As part of the Home Try-On programme, Warby Parker created the #warbyparkerhometryon campaign to encourage customers to share a post on social media of their five different frame options and get feedback from family and friends. This campaign uses their unique business model and creates an interactive way for customers to engage through social media, while at the same time modelling their fashionable eyeglasses.

### Leveraging technology

After their Home Try-On programme was a success, Warby Parker wanted to further advance the convenience they offered to customers. In 2019, the company started offering Virtual Try-On with their smart phone app. Jordan Crook from TechCrunch explains, *"The technology Warby Parker built uses a proprietary algorithm to perfectly place virtual frames on the user's face. The feature also allows users to quickly snap a screenshot and share with others to get feedback on the frames."*<sup>31</sup>

Warby Parker is now valued at USD \$3 billion and has plans for an IPO in 2021.<sup>32</sup> Customers are able to choose between Home try-on, VR try-on, or choose from one of Warby Parker's 177 physical stores (across the US and Canada) to select a pair of affordable and fashionable frames.

31. TechCrunch: [Warby Parker dips into AR with the launch of virtual try-on](#)

32. Bloomberg: [Warby Parker Plans U.S. IPO As Soon as This Year](#)

## 2.3 Knowing the competition and landscape

### Furniture and home furnishing

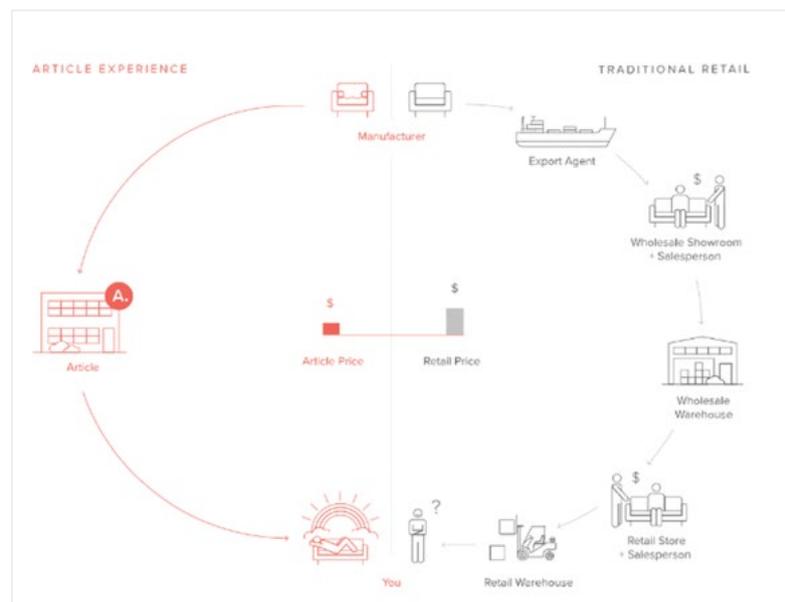
# Article

<b>Company</b>	Article
<b>Category</b>	Furniture & Home Decor
<b>Year Founded</b>	2013
<b>Est. Revenue</b>	USD \$113 Million
<b>Website</b>	www.article.com
<b>Key to Success</b>	Customer service & quality



Article is a D2C modern furniture manufacturer headquartered in Vancouver, Canada. Article has had great success in their domestic Canadian market as well as the US market. Similar to Warby Parker, Article was faced with the challenge that traditional retailers offer consumers: the chance to sit on that couch or feel the texture of the lounge chair before making the final purchasing decision. Not only did Article have to tackle this challenge head on, they had only one chance to get it right as sofas are an infrequent purchase. Article's sofas sell anywhere from USD \$500 to USD \$4,100.<sup>33</sup> The executives of the company knew that they had to offer pristine customer service and a spectacular first impression

–all while convincing consumers they do not need to try a piece of furniture before buying it.



33. Article Sofas product page

## 2.3 Knowing the competition and landscape

Like other D2C brands, Article offers a generous return policy – free returns up to 30 days. They also outline how much the customer saves from bypassing the middlemen that are generally involved in purchasing furniture. This makes the cost-competitive case to customers, who end up saving 40-60% compared to similar designer furniture.<sup>34</sup>

Article took a step further than other D2C companies – they cut out third-party delivery partners in hopes of offering an even better customer service. Article hired a team that was well trained in customer service and familiar with all of Article's products. According to Elizabeth Segran

from Fast Company, “Article says *this new approach will allow it to deliver products to these markets [Los Angeles and New York] two days quicker than an outsourced delivery partner. In its pilot program, Article found an 83% decrease in the amount of negative feedback from customers. If a customer has issues, like needing to reschedule a delivery or ship a different product, Article's delivery team will handle it on the spot.*”<sup>35</sup>

With no physical stores and remaining 100% online, Article offers customers a convenient and pleasant shopping experience that makes it worth the price.

Article found an 83% **decrease in the amount of negative feedback** from customers after cutting out third-party delivery partners.



34. Canadian Business: [How Article shook up a staid industry to become Canada's Fastest-Growing Company](#)

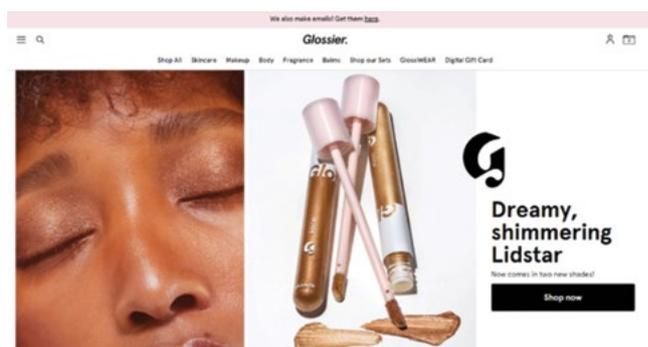
35. Fast Company: [Online furniture delivery is just not convenient. Article may finally change that](#)

## 2.3 Knowing the competition and landscape

### Health & personal care / beauty

# Glossier

Company	Glossier
Category	Skincare & Cosmetics
Year Founded	2014
Est. Revenue	USD \$100 Million
Website	www.glossier.com
Key to Success	Knowing their user & social media



Glossier is a D2C skincare & cosmetics brand headquartered in New York City. Glossier founder and CEO, Emily Weiss, launched a beauty blog, Into the Gloss, in 2010 to share beauty tricks and tips with an online audience. Weiss would engage with the online audience by disclosing how traditional beauty brands were not meeting consumers' expectations (such as lack of transparency in ingredients and not practicing best make up routine). Once Weiss collected enough information from her blog and conversing directly with consumers about what they are interested in, she launched Glossier in 2014 with just four affordable beauty products: a cleanser, priming moisturiser, lip balm and a misting spray. Transferring many followers

from Into the Gloss to Glossier's Instagram account, the company began with a large customer base. They jumped from fifteen thousand to over two-million followers (2014-2019).

Weiss leveraged her existing online community and social media to grow the business to what is now valued at USD \$1.2 billion.<sup>36</sup> With only the four initial products, Weiss positioned Glossier as a skincare and cosmetics brand that highlights natural looks. The brand was also geared toward targeting the right consumer demographic: Millennials and Gen Z's. Sarah Berber from CNBC notes, "With its millennial pink-and-white minimalist packaging, direct-to-consumer business model and cosmetic

products promising to 'never cover you up, turn you into someone else, or overcomplicate your routine,' Glossier has been a smash hit with young people."<sup>37</sup>

Weiss told Entrepreneur in 2017 that "70% of online sales and traffic come through peer-to-peer referrals", and by the summer of 2017, Glossier's Instagram ambassador programme was responsible for 8% of that.<sup>38</sup> Though Instagram was mainly used as feedback in the early stages of the company, it quickly became a marketing tool.

36. Inc.: [Fresh Off Its \\$1.2 Billion Valuation, Glossier Proves It's More Than Just a Buzzy Beauty Brand](#)

37. CNBC: [Glossier: How this 33-year-old turned her beauty blog to a \\$1 billion brand](#)

38. [CBInsights](#)

## 2.3 Knowing the competition and landscape

The D2C company realised that their customers enjoyed taking pictures of their new products and posting them on Instagram – the fun packaging and interactive stickers didn't hurt either. Glossier encouraged micro-influencers to continue spreading the word on social media using catchy hashtags, such as #glossierpink.

Throughout the growth of the company, Glossier continues to have a concise product range offering very few products many of which are multi-purpose products and customisable. The products are also a result of consumers' requests and

feedback. For example, the Glossier Milky Jelly cleanser was developed due to customers sharing how *“washing their face involved two steps and two different products; makeup remover then face wash. Glossier simplified the process and put both functions into one product.”*<sup>39</sup>

By identifying the key demographics of the brand's main users, Glossier built a company that offers customisable products that people want to create social media content around and share through various channels.

With its millennial pink-and-white minimalist packaging... Glossier has been a smash hit with young people.



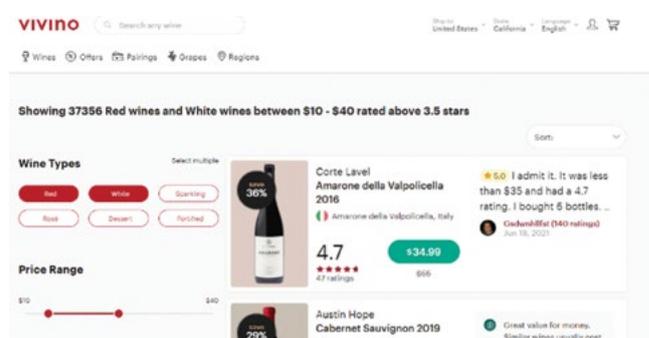
39. Forbes: [5 Keys to Beauty Brand Glossier Success](#)

## 2.3 Knowing the competition and landscape

### Food & beverage

# Vivino

Company	Vivino
Category	Beverage
Year Founded	2010
Est. Revenue	USD \$33 Million
Website	www.vivino.com
Key to Success	Customised Platform



Vivino is a business-to-consumer (B2C) brand headquartered in San Francisco, California. Unlike the D2C business model, Vivino has grown through a B2C model – they created an online marketplace to sell wine to consumers (they do not make the wine themselves).

In the initial phases of Vivino – the mission was to create an app where users could share ratings, tasting notes, reviews and prices of wines by a simple scan of the wine label with your smartphone.

Since the app launched, over 1.5 million wines have been uploaded to the app with users' tasting notes and reviews for other potential wine drinkers to view.

Vivino quickly evolved from a wine-rating app to the world's largest online wine marketplace – with over 50 million users. Vivino's e-commerce capability allowed consumers to buy products they look up direct from the app. The e-commerce platform acts as an 'interface' between the app and Vivino's retail partners, with items being sold by and dispatched by the retailer themselves. The company had a goal to become the Amazon of wine – and they succeeded.<sup>40</sup> The site collates wines from Vivino's various retail partners into one centralised 'marketplace' – which allows users to browse a list of customised recommendations. After building up their users and leveraging

the data inputted by consumers, CEO Heini Zachariassen built the platform to become a personalised market-place.

According to an article in The Drinks Business: the more users interact with the app, the better their experience will be, as Vivino offers Netflix-style recommendations based on previous purchases and ratings, using its database of 75 million reviews. Zachariassen is on a mission to provide users with an increasingly tailored offering via his 'Match for You' function, which calculates a percentage match for the recommended wines that pop up on users' screens, almost like a dating app.

40. Forbes: [How Vivino Plans To Become The Amazon Of Wine](#)

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## 2.3 Knowing the competition and landscape

*“No one else in the wine industry is harnessing this kind of approach and technology, and no one else has enough data for the machine learning model to function correctly,” he said.”<sup>41</sup>*

Zachariassen and the Vivino team enhanced their customised approach and followed the trends of consumers turning to e-commerce for alcohol beverages. According to PR Newswire, “alcohol e-commerce sales worldwide have grown immensely, and it is estimated that by 2024, they will exceed \$40 billion.”<sup>42</sup>

Zachariassen saw Vivino app users convert into Vivino Market wine buyers, and he is seeing a permanent shift in consumer behaviour. Zachariassen told The Drinks Business, “at first we thought it was just a temporary uplift in the same way that many people had stockpiled products like toilet paper [during the beginning of the COVID-19 lockdowns]. But the trend continued, and we could see that people had changed their habits. It’s tough to get people to change practices, but we feel confident that now people know buying wine online and through Vivino is efficient, they will continue to do so.”<sup>41</sup>

In addition to the US, Vivino Market is available in Denmark, Netherlands, Germany, and Switzerland, as well as the UK. The Vivino app has over 50 million users across the world in key markets outside of where Vivino Market is available, including Brazil, Italy, and France.<sup>41</sup>



41. The Drinks Business: [How Vivino is shaping the future of wine retail](#)

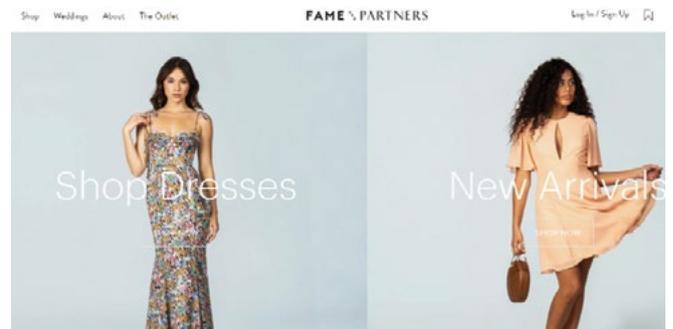
42. PR Newswire: [Vivino, the World’s Largest Wine App and Marketplace, Raises \\$155 Million in Series D Funding](#)

## 2.3 Knowing the competition and landscape

### Success of an Australian Company

# Fame and Partners

<b>Company</b>	Fame and Partners
<b>Category</b>	Apparel
<b>Year Founded</b>	2013
<b>Est. Revenue</b>	USD \$5 Million
<b>Website</b>	www.fameandpartners.com
<b>Key to Success</b>	Bespoke product within a niche market



Fame and Partners is the first mass, made-to-order, contemporary women's brand and online fashion retailer. The company was founded to combat the fast-fashion industry, address the ongoing problem of apparel waste, and offer women a tailored experience and product that suits individual taste and style.

Founder and CEO, Nyree Corby, said, "Being the eldest of four girls, through personal experience, I already knew the apparel shopping experience for women was fraught – incorrect size, poor fit, incompatible styles, an impersonal shopping experience – and so it was no surprise to me when I stumbled across the fact that

*50% of women's wear globally at the time was being cleared at markdown... When considering that a further 20% of clothing was being used as landfill or cleared in secondary markets, I realised this meant that only 30% of women's wear produced was actually sold as intended. Clearly this signalled an imbalance in supply and demand, and so I decided to dig a little deeper into the market.*"<sup>43</sup>

Instead of mass-producing products, each item is made to order for the customer; Fame and Partners is an inventory-free apparel company that is strictly Anti-Fast Fashion.

Corby stated, "We ethically produce every piece of clothing on-demand, meaning that every item made already has a home to go to... Since we don't have excess stock, we don't have excess waste. We also offer our customers customization options. They can choose from over 20 colours and have their garment tailored to their exact height... This anti-pollution, anti-waste, and anti-uniformity approach makes for fashion women can feel good about—all at affordable prices and made-to-order in under two weeks. To me, this is the embodiment of Anti-Fast Fashion."<sup>44</sup>

43-44. Forbes: [With \\$10.2 Million on Funding, Nyree Corby's Fame And Partners Is The Anti-Fast Fashion Brand](#)

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## 2.3 Knowing the competition and landscape

After receiving \$10.22 million dollars in funding in 2016, Fame and Partners announced they would relocate their headquarters to Los Angeles, while keeping a satellite office in Sydney. In addition to relocating to the US, Fame and Partners used the investment to boost their supply chain and develop distribution partnership in the US and Australia.<sup>45</sup>

In an interview with Huffington Post, Corby gave the following advice to entrepreneurs:

*“Unquestionably opening a new market is a big move,” she said. “For small businesses I would ask the question: can you fund the distraction of focus opening a new market will inevitably cause you and your key executive? What are the risks and how much potential upside exists?”*

Corby also highly recommends doing your research.

*“Nuances across Western countries are not always firmly appreciated - a product in Australia does not always flourish in markets like the US and vice versa,” she said.*



45. HuffPost: [How These Aussie Small Businesses Have Cracked the US Market](#)

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## 2.3 Knowing the competition and landscape

### 2.3.3 Local pricing and differences

Pricing products for the local market can be one of the hardest strategies when entering an international market.

The table below is a comparison of the top categories sold on eBay in 2021 and their average prices.<sup>46</sup> When researching local US prices, it can be useful to use comparison shopping engines (CSEs). CSEs are channels for collecting

product information, including pricing, from participating retailers and then displaying that collective information on a single results page in response to a shopper's search query.<sup>47</sup> One of the most common CSE's is Google Shopping. As an international brand, you can leverage CSEs to research prices for local US products.

### Comparison of top-selling eBay categories

Subcategory	Avg Price USD\$
Developmental Baby Toys	\$15
Camera Lighting Kits	\$38
Cell Phones & Accessories	\$283
Men's T-Shirts	\$17
Headphones	\$52
Men's Fragrances	\$31
Power Tool Batteries	\$61
Wristwatches	\$63
Live Aquarium Plants	\$9
Collectable Game Cards	\$29
Luggage	\$50
Video Games	\$19

Source: WebRetailer 2021

46. WebRetailer: [The Best Selling Items on eBay 2021](#)

47. Shopify: [17 Best Price Comparison Engines to Increase Ecommerce Sale](#)

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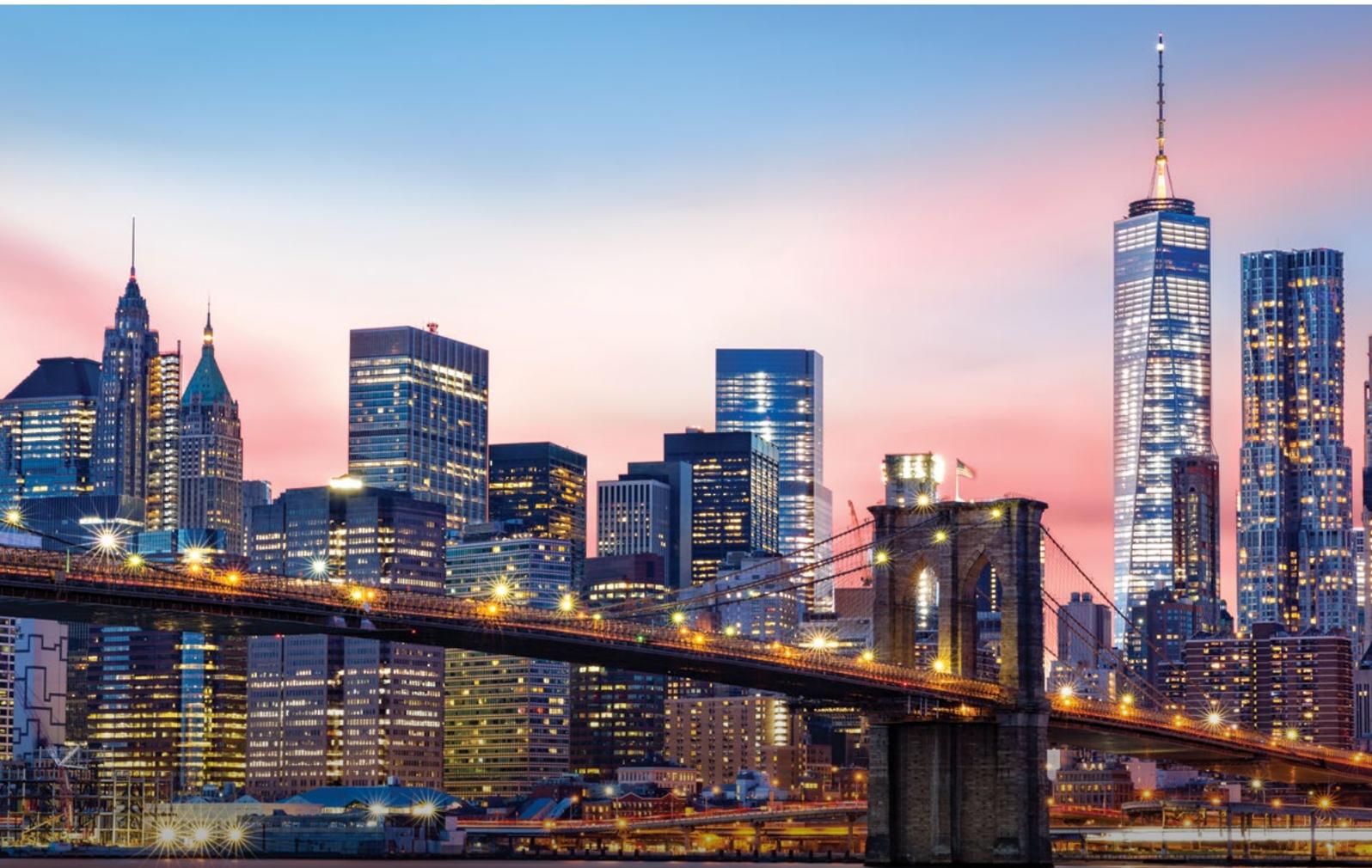
## 2.3 Knowing the competition and landscape

While CSEs can be used as a benchmark tool, there are many key factors to consider when pricing your product, including identifying the target consumer, tracking how much competitors are charging, and recognising the relationship between quality and price.

As an international brand, it is also important to acknowledge the additional costs that might fall on to the customer, such as

duties and taxes, shipping, and local fees, which will in turn effect the final product price. Shipping costs are a major consideration for US consumers. According to a survey completed by the National Retail Federation, 75% of consumers expect delivery to be free even on orders under \$50.<sup>48</sup> In fact, many shoppers consider shipping costs before adding items to their basket or try to meet the free shipping threshold.

Although there is no precise formula to finding the ideal price to list your product, there are several steps to take to ensure your product can compete and succeed in the US market.



48. National Retail Federation: [The Consumer View, Winter 2020](#)

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## 2.3 Knowing the competition and landscape

Below are some key factors when pricing your e-commerce product in the US market:<sup>49</sup>

### Know your customer

What would they be willing to pay for the product? How is your product positioned in the market?

### Know your costs

What are the shipping or stocking fees? Additional overhead costs that could impact the final price?

### Know your competition

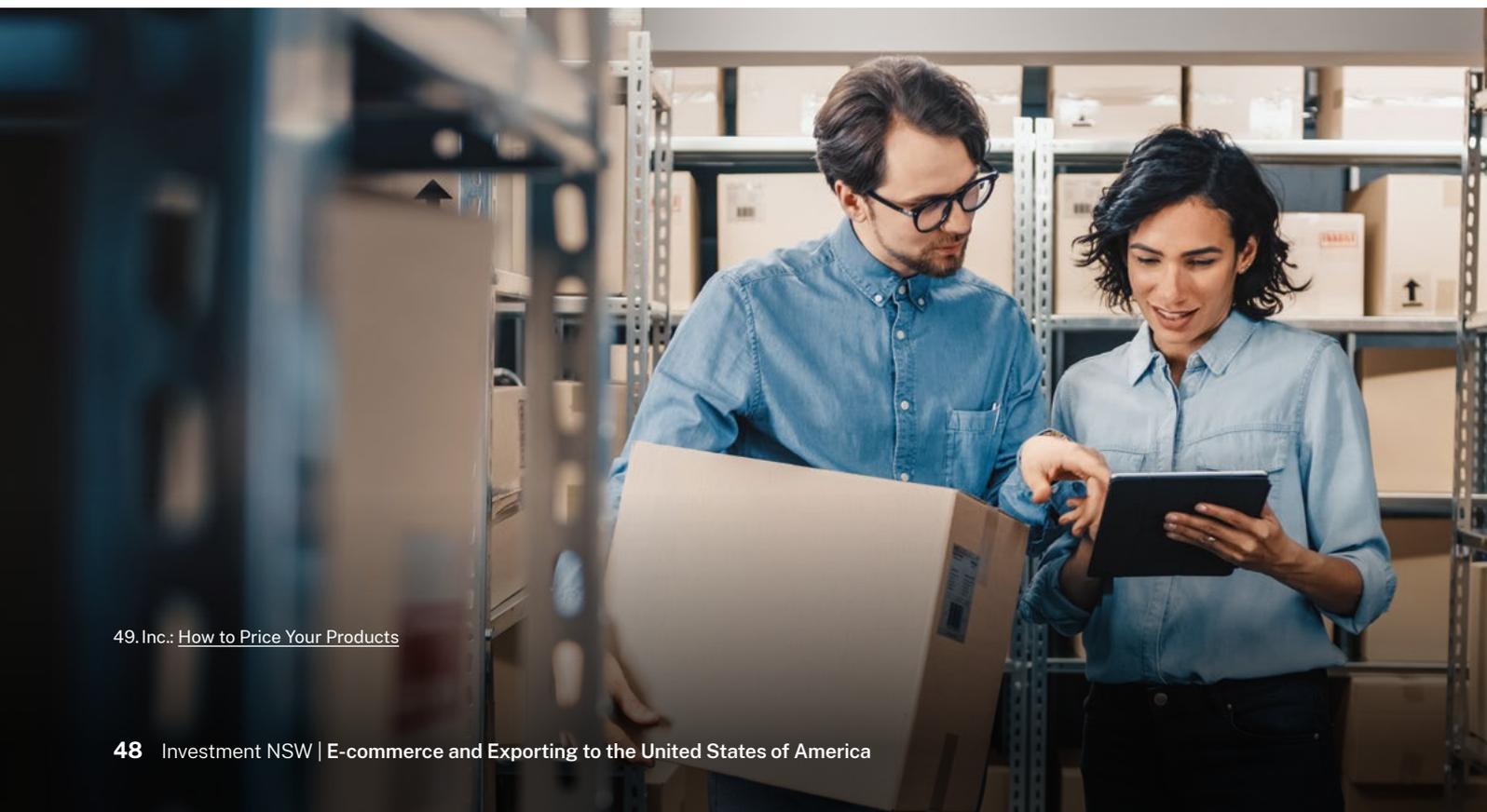
Use CSEs to research similar products and their average cost in the US market.

Elizabeth Wasserman from Inc. outlines some other practices to help price appropriately:<sup>49</sup>

- **Listen to your customers:** try to do this on a regular basis by getting feedback from customers about your pricing. Let them know you care about what they think.
- **Keep an on your competitors:** if you don't have deep pockets and can't afford to hire a market research team, hire some college students to go out on a regular basis and monitor what your competitors are doing.
- **Have a budget action plan in place:** try to have a plan for your pricing that extends out three to six months in the future.

When pricing your product in Australia, you primarily will base it on material, production/labor cost, packaging, storage, and retail markup. However, when pricing the product for the US market, there will be additional factors, such as modifications for the local markets, additional shipping and packaging, duties and taxes, and local certifications. It is important to consider the additional costs for selling your product in an international market in addition to how the product compares to similar local products.

<sup>49</sup> Inc.: [How to Price Your Products](#)



## 2.3 Knowing the competition and landscape



### Pricing Case Study

Warby Parker, direct-to consumer eyewear brand, started listing their eyeglasses for USD \$95. In the initial phase of the company, they wanted to sell their glasses for USD\$45 – trying to compete with designer classes that sell for \$500. An advisor said to Warby Parker's founders, *"Price is the biggest factor of quality, and it is*

*outside of the realm of believability that you can sell a product for a tenth of the price [of your competition]."*

After doing additional research, the founders confirmed that, yes, price is an indicator of quality and there is a psychological barrier when products are sold for \$100; Warby Parker's founders then thought to price their glasses

at \$99, but thought that sounded like a discount and too cheap, so they settled on \$95 using their instinct that \$95 sounds deliberate, not like a discount, while still being positioned to compete with the \$500 pair of glasses.

**NPR: How I Built This – Warby Parker**

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# 3 Selling Online



# 3.1 Exploring your options

## 3.1.1 Different approaches

E-commerce has shown significant growth over the last few years and is now readily accepted as a way of life by a large proportion of the US population. As the industry continues to grow and evolve, a number of distinct methods and channels have become available and sellers must be aware of these and their particular strengths and weaknesses.

Customer numbers are increasing in all methods of purchasing including marketplaces, mobile apps, own store websites and social media channels. Businesses can choose to approach the market in different ways depending on the target audience and capabilities of the business. This can include listing products on the business' own website, on single niche marketplaces or even multichannel listings. Multichannel selling allows businesses to reach customers on multiple platforms to be wherever their customers are and keep up with the evolving e-commerce landscape.

To remain competitive and increase sales, e-commerce retailers need to expand into additional channels based on their specific business and long-term strategy.

### Advantages of multichannel selling

In addition to staying competitive in today's e-commerce market, retailers find that implementing a multichannel selling strategy allows for the following additional benefits:

#### 1. New customers

The more places your products are in, the more chances new customers have to find them. Some online shoppers prefer to buy from a specific marketplace and make purchasing decisions based on availability on that marketplace. Expanding your business into multiple types of sales channels increases your opportunity to gain new business.

#### 2. New options for current customers

Not only will you gain new customers, but you'll provide your existing customers with new ways to buy your products, thereby improving the customer experience. Customers like to have choices and flexibility in purchasing options – multichannel selling allows you to provide that to them.

#### 3. New revenue streams

With better visibility across different channels, you have more potential for revenue growth. Multichannel selling allows you to implement a custom marketing strategy to an individual channel, where consumer preferences may be different.

#### 4. Easier than brick and mortar

In the past, expanding a retail business meant going through the process of opening a new brick and mortar store. The Internet makes it much simpler and cost-effective for businesses to grow.

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## 3.1 Exploring your options

### Deciding which online sales channels are right for Your business

Realising the need to expand into multiple sales channels is the first step; the next one is deciding exactly which are the best sales channels for your business. There are dozens of platforms out there, so deciding on which one to focus can seem overwhelming. Here are the key factors and some questions to consider when choosing the best online sales channels for your business:

#### Top five types of e-commerce sales channels

There are many sales channels to consider. The following are five of the most popular sales channels available to sellers.

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#### 1. General marketplaces

A general marketplace is a good place to sell items with mass appeal. They offer a wide-range of products, and appeal to many different types of customers. There are many benefits to selling on a general marketplace, with the top two benefits being marketplace credibility and large audiences. If you sell unique or niche products, a general marketplace may not be a good fit. Here is a list of a few of the US's most popular general marketplaces:



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#### 2. Auction marketplaces

The most popular auction marketplace is eBay. Auctions are perfect for collectibles, rare items, or when selling products in single quantities. Most auction marketplaces do not charge listing fees and seller cost is in the form of a commission – or a percentage of the sale price.



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### 3.1 Exploring your options

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#### 3. Social media

There are a number of different ways to sell products on social media. If you have a lot of social media followers, this type of sales channel can be a great choice to generate fast revenue. Establishing and maintaining an attractive and current online presence is much simpler through social media platforms than your own website or through listing on other marketplaces. Images of new stock can quickly be taken and uploaded, directly notifying your followers. Examples of social media selling sites:



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#### 4. Handmade and crafts marketplace

If you sell handmade items, a marketplace such as Etsy is a great option. Etsy is the best-known crafts and handmade marketplace, and it has earned a favourable reputation amongst their customers. Leading craft marketplaces include:



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#### 5. Own shopping site

If you are ready to build your brand, it may be time to invest in your own webstore. Having your own shopping site means you don't have to deal with marketplace restrictions, fees, and regulations. Of course, building and maintaining your own site is more complicated and can be very time-consuming. Dealing with the design, functionality, and security is often a full-time job. While you don't have to deal with fees, attracting the right traffic to a new site can be more costly than leveraging existing traffic to a marketplace. While investing in your own online store may require increased resources, the long-term benefits are far greater than relying on a marketplace, which makes your own web store one of the best sales channels available. Shopping cart platforms include:



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## 3.1 Exploring your options

### Moving towards multichannel selling

No matter the sales channel, the determining factors that are key to making a solid choice remain the same: your business model, brand, payment providers, future goals, and products. When you take those points into consideration, finding the best sales channels can be easy, and has the potential to take your business to the next level.



#### **B2B (Business-to-business)**

Businesses selling services or goods online, directly to other businesses. While many e-commerce businesses in this niche are service providers, you'll find software companies, office furniture and supply companies, document hosting companies, and numerous other e-commerce business models under this category.



#### **B2C (Business-to-consumer)**

The most common form of e-commerce, this involves online sales from businesses to individuals. ASOS, HelloFresh, and Tenzing are all examples of successful B2C brands.



#### **C2C (Consumer-to-consumer)**

This form of e-commerce involves online transactions between consumers. It's usually facilitated by an intermediary platform, such as Etsy, PayPal, or eBay. These model allow their users to trade, buy, sell, and rent products and services. In all transactions, the model receives a small commission. This type of business model is complex and requires careful planning to operate.



#### **C2B (Consumer-to-business)**

Popularised by freelancer hiring platform UpWork, this e-commerce model refers to consumers that provide services to businesses. This type of online e-commerce business is when the consumer sells goods or services to businesses, and is roughly equivalent to a sole proprietorship serving a larger business.



## 3.1 Exploring your options

### 3.1.2 Selecting product delivery method

Product delivery refers to how you will connect your customers with the products you are selling. It's an important part of supply chain logistics; the process by which you source, store, manage, sell, brand, package, and deliver

your products, all the way from the supplier to your customer. Essentially, it's how you will deliver the value you promise when the customer first hits that 'Buy Now' button.

**The top value delivery options are:**

- Drop shipping
- Wholesaling and warehousing
- Private labelling

#### Drop Shipping

You set up a website, and a method for taking payments through that website. What makes this model straightforward is that you won't have to store, handle, or pack any of the stock you are selling. Orders made through your site go to your supplier, who then ships the product straight to your customer.

Because you won't handle any stock yourself, drop shipping is a handy way to sidestep the logistical side of things. However, it comes with risks. If your supplier damages goods, ships to the wrong address, or loses an order, it's your reviews and brand reputation at risk.

Plus, when all your business' packaging duties are handled by someone else, you lose control over your product's branding, and are unable to implement your own quality control standards.

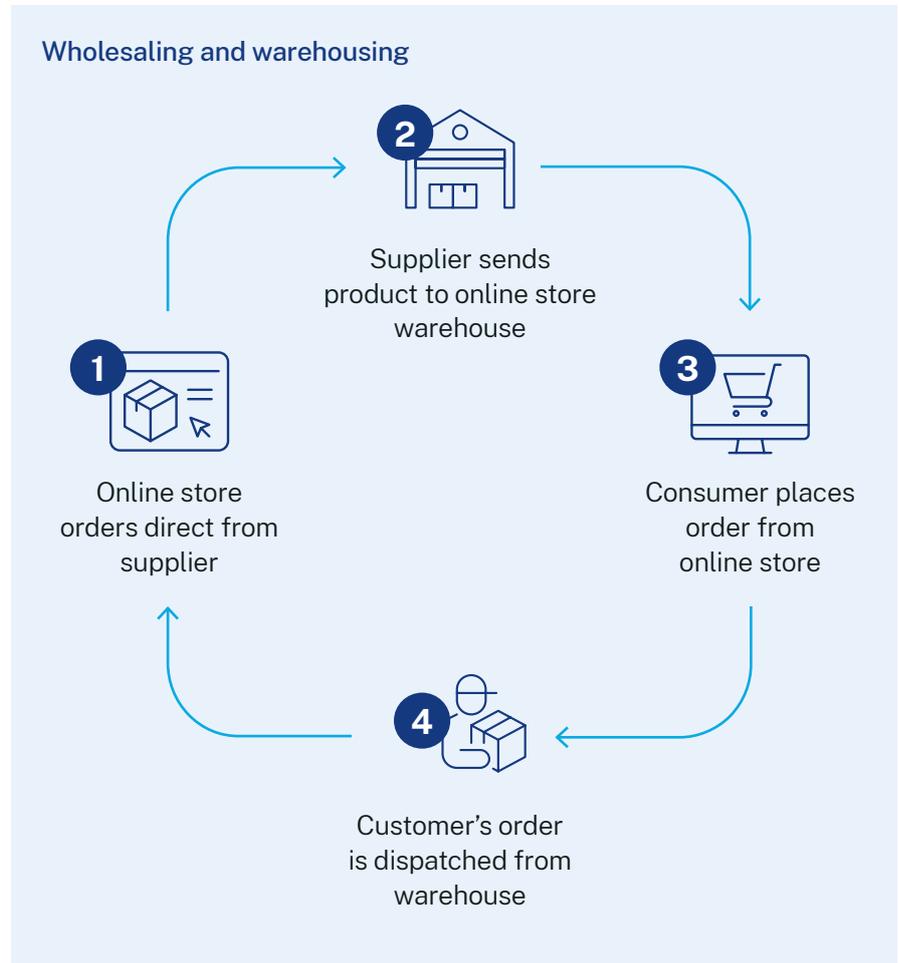


### 3.1 Exploring your options

#### Wholesaling and warehousing

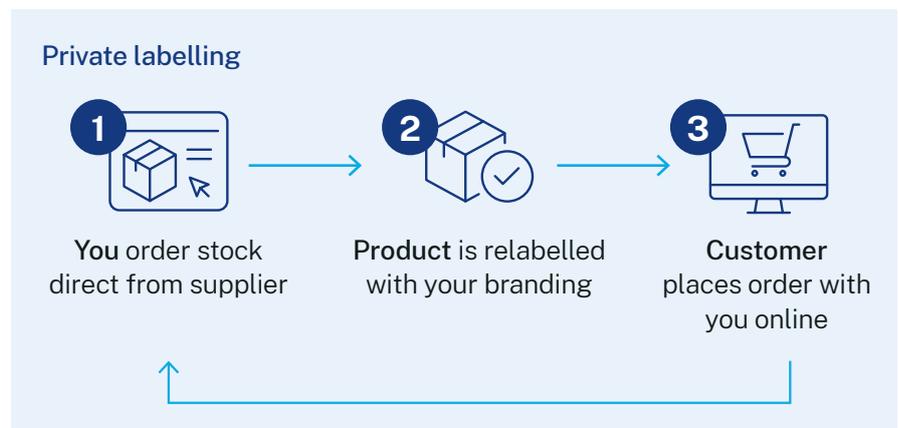
This approach involves having products shipped to your own warehouse, which you'll use to store, package, and ship your products from. Wholesaling and warehousing offers a more flexible, dynamic alternative to drop shipping, and comes with superior profit margins to boot.

You'll need your own warehouse space—and as your business grows, a team of staff to run it too. Plus, you'll have to pay for all your inventory outright as well as the costs of getting it shipped from the wholesaler to your warehouse. That's probably why many growing e-commerce businesses choose to outsource this particular step in the supply chain, known as 'order fulfillment', to a **third-party logistics (3PL) provider**.



#### Private labelling and manufacturing

A private label solution involves engaging a manufacturer to create a unique product for your business to sell exclusively. You send your prototypes and product specifications over, the product gets made, and you decide to have it sent either straight to the customer, or back to you for distribution. Private labelling is best-suited to companies that have an idea for an innovative new product, but lack the equipment, space, or funds (or even the motivation) to make it themselves. On-demand manufacturing allows



you to quickly change suppliers if you face any problems with product quality. The startup costs are minimal, and if you're interested in opening your own

production facility later, this is a good way to test a new product or concept.

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## 3.1 Exploring your options

### 3.1.3 Marketplaces



#### Amazon

Amazon is the largest e-commerce marketplace in the US, with almost 3x the monthly traffic compared to the next largest e-commerce marketplace, eBay. Amazon's largest selling region is North America, so the benefit of breaking into the US market is the huge population you can reach. The North American market is almost 20x the size of the Australian market, so selling there gives your business exposure to a much larger customer base, which can help your business grow exponentially.

Similar to most of the marketplaces to be listed in this guide, **you do not need to be living in the US to be eligible to sell on Amazon's US store.** In fact, of Amazon's 2.4 million third-party sellers worldwide, 83% sell in the US marketplace – and 51% aren't even located in the US.

#### Listing your items as an international seller

First, make sure you have the following information handy:

- A valid credit card
- Internationally chargeable credit card (any standard credit or debit card that can handle international payments will suffice for this.)

- Bank account (if you're unable to open a US bank account, you may need to use Amazon's Currency Converter for sellers which will allow you to sell on Amazon without opening a US bank account)
- Phone number (generating a Skype US phone number can work for this step. However, a quick Google search will deliver a number of services that get you a US phone number, despite being located internationally.)
- Proof of residence
- Tax information

After you have all the information you need to create your Amazon seller account, go to [sellercentral.amazon.com](https://sellercentral.amazon.com) and click 'Register now'.

In addition to the basic information mentioned above, seller candidates must complete an online step-by-step interview to determine whether or not they will need to fill out a W9 (as a US taxpayer) or a W-8BEN (non-US taxpayer).

It may take up to 72 hours for Amazon to review your application and give you permission to sell on Amazon.

After Amazon approves you as a seller in the US marketplace, you will first need to determine which business or sales model you plan to use. As per section 3.1.2, these are the three most popular business models for international Amazon US sellers:

- **Private label**
- **Wholesale**
- **Drop shipping**

While other business models exist, logistically, these three are the easiest since they all require little to no handling on your part. In order to import your item into the US, you will need a customs broker to get your product into the country (unless you ship via air like UPS, DHL, or FedEx, in which case it is included as a service).

Your customs broker will guide you through the exact process of clearing your shipment, including the requisite paperwork, documentation, taxes, and more. This is perhaps the least enviable aspect of selling on Amazon's US store, but something that all importers have to go through.

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## 3.1 Exploring your options

Here are some services that a good customs broker can provide:

### Checking samples

Your customs broker can check your samples for you and let you know whether or not they are the exact products you specified when sourcing from your supplier.

### Quality assurance

Similar to checking samples, your customs broker can review the quality of your products. There are also third-party quality assurance companies that can inspect and grade the products before they reach Amazon's fulfillment centres.

These companies can check the quality during production as well, which allows you to address any major production issues early in the process.

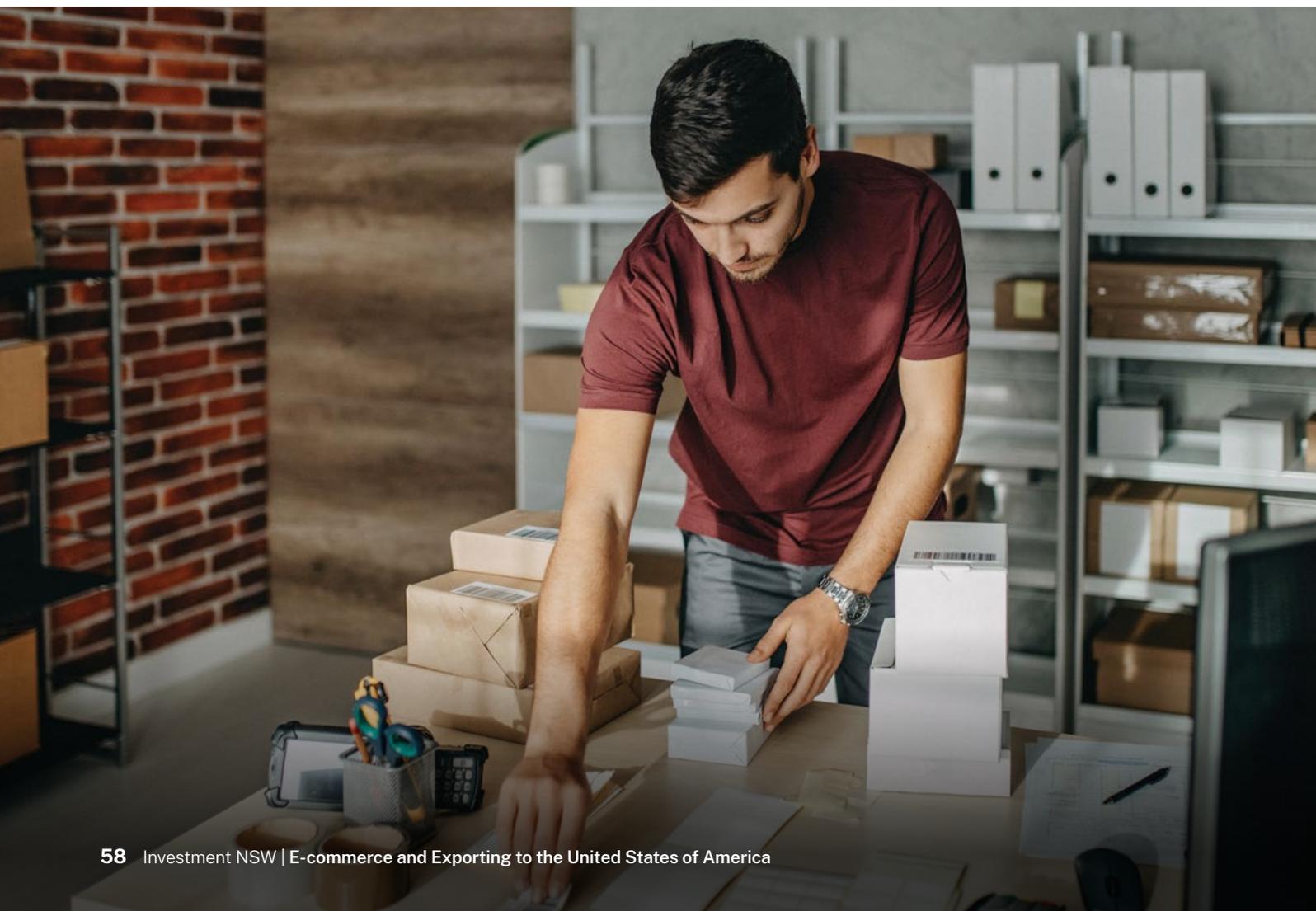
### Fulfillment prep centres

Before Amazon can receive your inventory, your products must be prepped, which includes having FNSKUs and other proper labelling.

In addition, if your product requires assembly not possible from your supplier, a third-party fulfillment prep centre can assist with this. All of this can help you avoid additional fees from Amazon.

### Storage

Amazon charges two kinds of fees for storage: monthly and long-term. So, if you have products that sell slowly, those fees can add up, especially if those products are oversized. Not to mention, Amazon provides storage limits for sellers based on their inventory health. In either circumstance, you might consider storing your products with your custom broker if that's a service they offer.



## 3.1 Exploring your options



### Bonanza

Bonanza is an online marketplace that permits its users to sell everything from antiques to electronics. Bonanza is similar to eBay, but its focus is on unique items. The company claims to have similar items to those that may be found at a street fair, although virtually any merchandise is available on the site.

Now, the marketplace consists of over 20 million items and attracts over 40,000 sellers. Bonanza's stats say they have over 5 million visitors a month, which is over 150,000 visits a day. Its customer base is primarily US-based, and only 25% of traffic is coming from abroad.

### Listing your item

- Go to the [Bonanza 'Start selling' page](#) and let them know if you're already selling online
  - Select a name for your booth (e.g., the name of your store or brand). Next, you'll see your store panel
  - Click on 'Open your booth'
  - Select how you'd like to be paid and your personal details
- Enter your credit card details so that you can be billed for seller fees
  - Select whether you'd like to pay to have your products advertised elsewhere online (you can always change this decision later)
  - If you're interested in a membership, this is where you pick which one is best for you. It's not essential, though.

You can then proceed with selecting the advertising platform tiers, below is a brief rundown of the tiers available:

- **Economy (3.5% max rate).** This tier includes organic traffic – buyers who found your item by searching on Bonanza or Google Organic search.
- **Basic (9% max rate).** This tier unlocks Google Shopping, Bonanza Promotions, and Bonanza's Affiliate Program. With Bonanza Promotions, they will offer a discount for your items by using the final value fee you pay to cover the cost. The Affiliate Program is a network of third-party bloggers who advertise items from Bonanza on their personal sites.
- **Standard (13% max rate).** This tier unlocks eBay advertising, which publishes your items on eBay, and allows your Bonanza item to be competitive with the eBay version of the same item. If your item sells on eBay, you pay 1.5% to Bonanza and are also responsible for paying eBay's Final Value Fee (FVF). If someone buys your item on Bonanza after clicking it on eBay, that's when you would pay up to 13%.
- **Superior (19% max rate).** This tier unlocks Bing Ads. Bing Ads is similar to Google Shopping.
- **Eite (30% max rate).** This tier has the same features as the Superior rate, but the higher commission rate increases your item's exposure.

## 3.1 Exploring your options



### Walmart

Walmart does not report what percentage of its online sales are made by marketplace sellers, but it is clear that growing the marketplace is an important part of Walmart's overall e-commerce strategy.

Walmart.com has 446 million visits from the US per month, representing 95% of its global traffic. It has a 5.3% share of US online retail sales, making it second (but a distant second) to Amazon's 39%. Online sales are estimated at \$50 billion.<sup>50</sup> Although Walmart has historically been available to US-based sellers only, now non-US sellers can also apply to sell on Walmart.com. Compared to bigger marketplaces, there's still less competition, which can translate into bigger revenue.

Since Walmart is an invite-only marketplace, you first need to apply to sell on the platform. The marketplace is keen on reputable brands and retailers that offer great customer service, a wide product assortment, competitive pricing and reliable fulfillment.

#### There are certain requirements for international sellers, for example:

- Having a US entity (including a US W9 tax ID and mailing address)
- The ability to ship from a US warehouse (excluding FBA)
- Product identifiers (if the barcode is missing, invalid, or a duplicate, the product won't be accepted)
- An international returns address.

#### Listing your item:

Listing your item on Walmart marketplace can be done in 6 steps:

- **Apply to be a seller –**  
To become a Walmart Marketplace seller, visit [marketplace.walmart.com](https://marketplace.walmart.com), click "Request to Sell", and fill in all the required fields
- **Complete registration –**  
Follow the unique link in your approval email (subject line: "Your Account has been created in Walmart Marketplace") to create your Partner Profile. The Registration Wizard will walk you through five main sections: Account Creation, Partner Registration, Taxes (W-9), and Shipping Info.
- **Complete partner profile –**  
After filling out all required fields, "Validate Fields." Correct any highlighted fields, and then upload your file to the Seller Centre. Once completed, the items in your Seller Centre will be moved to Active status.
- **Test items and orders –**  
In Seller Centre, select "Preview Item" to verify content and pricing for any products in Active status. This is what your customers will see. To test orders, update your item inventory to 1. Click the Update Inventory button, then in your Seller Centre, click "Publish Item" and "Purchase Item".
- **Launch account –**  
The final step for selling on Walmart Marketplace is launching your account. When you "mark as done" all the items on your Walmart Launch Checklist in Seller Centre, a pop-up message will ask you to confirm that you're ready to launch. When you select "confirm", this will trigger a launch request. The Walmart Marketplace integration team will review your profile, and if no further requirements are needed your products will be live on Walmart.com within 24 hours.

50. Webretailer: [Online Marketplaces in the USA](#)

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## 3.1 Exploring your options



### Wayfair

Wayfair is another huge marketplace for home goods. It has over 20 million customers and made more than \$9.1B in revenue last year.

Wayfair has an annual marketplace GMV of \$8 billion, and 87 million monthly visits from the US with overall more than 20 million customers. Wayfair is known for its direct fulfillment (Wayfair Delivery Network) and if you want to sell on the marketplace be prepared to send all of your products directly to them. The advantage here is that direct fulfillment could reduce your logistics cost, but if you're using Fulfillment by Amazon this will require a massive pivot, which could be a large barrier of entry for some sellers.

Wayfair is known for spending massive amounts of money on advertising which offers really great reach for sellers. If you sell home decor, furniture, mattresses or any other household item, Wayfair can be a great place to sell your products. It is also worth noting that there are no fees to sell on Wayfair, nor does the site take a percentage of your sales. Wayfair pays you the wholesale cost of your products and sets the retail price for the items on the site.

#### Listing your item

To be able to sell on Wayfair, there are two main requirements. You must have drop shipping capabilities as well as product liability insurance covering at least \$1 million per occurrence and \$2 million in general aggregate. Drop shipping on Wayfair works like this: when someone places an order, Wayfair sends the order to you, the seller, to fulfill. You pack

and send the item to the customer. Wayfair pays for shipping. As a seller on Wayfair, you'll need qualified personnel to manage inventory, customer service, returns, and other logistics.

The online application to sell on Wayfair asks for details about your business, including your seller category (wholesale, retail, brand, distribution), number of items in your product catalogue, fulfillment centre locations, and annual revenue. In addition, you'll need to provide a business URL, mailing address, and primary contact information. Wayfair will contact you about next steps in the approval process within three to five days after you apply.

## 3.1 Exploring your options



### Newegg

Newegg is another pretty large online marketplace that you can take advantage of. It's relatively inexpensive and there are a lot of integrations that let you connect directly to Newegg and import all of your inventory. It's most well-known for its electronics category but has other categories that are popular as well.

This marketplace became popular back in 2005, when it was named the Internet's Top 10 retailers by the Internet Retailer Magazine. In 2010, it made \$2.5B in revenue, and in 2017 it became the main supplier behind Indiegogo's crowdfunding campaigns. The website has 23 million monthly visits from the US.

### Listing an item

#### 1. Apply to be a Newegg Seller

First, you'll apply to be a Newegg Seller by providing the platform with basic information about your business. Here's just some of the information you'll need to provide:

- Whether you're currently selling on another marketplace
- What type of seller you are (manufacturer, distributor, or retailer/reseller)?
- Which countries you want to sell into

- Your annual sales, number of employees, number of SKUs for sale, and the percentage of inventory that's stocked in your warehouse
- Which membership plan you'd like to sign up for (see following table).

You'll also have the option of telling Newegg more about your business in an open text field. Note if you want to sell to China you will need to fill out a separate application.

Newegg will contact you if your business makes the cut for selling on Newegg Marketplace. Then, and you can move onto the next step: listing your items.

#### Newegg Marketplace Membership Plans

Newegg Marketplace offers its sellers the choice of three membership plans: Standard (free), Professional (\$29.95 per month), and Enterprise (\$99.95 per month).

Membership plans increase in available features and add-on services, as well as discounts with Shipped by Newegg and Newegg Shipping Label Service. Each membership also offers greater item listing capacities: you can list up to 5,000 items with the Standard plan, up to 25,000 with the Professional plan, and an unlimited amount of listings with the Enterprise plan.

If you choose one of the paid plans, Newegg will charge the credit card on file for your account on the 21st of every month. But keep in mind that if you sign up for the Professional or Enterprise plan, then you're locked into your membership for at least six months. If after those six months you're not happy with your membership level, then you can choose to downgrade to the less expensive or free plan.

#### 2. List Your Products

Once you're approved to become a Newegg Seller, you'll gain access to your Seller Portal, the hub from which you'll view and manage all aspects of your account, including your listings, orders, marketing, claims, and performance reports.

First, you'll need to list your items on your seller page. Here, you'll have the option of creating a new item listing, creating an item from an existing list, or batch uploading items. The Seller Portal will guide you through this entire process.

### 3.1 Exploring your options

<b>Newegg Elite Seller</b>	<b>Standard Zero Fees</b>	<b>Professional \$29.95 / month</b>	<b>Enterprise \$99.95 / month</b>
Seller Portal ⓘ	✓	✓	✓
Datafeed / API ⓘ	✓	✓	✓
On-Site Promotions ⓘ	✓	✓	✓
Dedicated Account Manager ⓘ	✗	✓	✓
Premium Seller Store ⓘ	✗	✓	✓
Curated Marketing Programs ⓘ	✗	✓	✓
Personalized Post Purchase Email ⓘ	✗	✗	✓
Shipped by Newegg Fulfillment ⓘ	Standard	5% Discount	10% Discount
Newegg Shipping Label Service ⓘ	Standard	5% Discount	10% Discount

### 3. Promote your items

As we mentioned, Newegg offers its paying sellers marketing and merchandising programs to help draw traffic to your Newegg store. A few of Newegg’s promotional tools include:

- Feature your products on Newegg’s Eggxtra Hot Deals, Specialty Store, or Category Store categories.
- List your products on Newegg’s affiliate sites, like Ebates and Slickdeals.
- Have Newegg promote your products across their social media channels.

- Snag a banner ad or product placement in Newegg’s monthly email blasts.
- Conduct targeted post-purchase email campaigns.

However, keep in mind that these curated marketing tools are only available for sellers holding a paid membership plan (either the Professional or Enterprise plan).

### 4. Ship your products

Shipped by Newegg is the platform’s shipping and fulfillment service, where you’ll ship your inventory to one of Newegg’s warehouses, and they’ll handle the rest of the packing and shipping process.

Here’s how it works:

- Once you’ve set up your Seller Portal, you can indicate the items you’d like Shipped by Newegg to handle, then create inventory/replenishment shipments for those items.
- Follow the instructions to send your inventory to a designated Newegg warehouse.
- Newegg will notify you when they’ve received your inventory.
- When a customer orders your inventory, Shipped by Newegg will pick, pack, and ship their item to the customer’s address.

### 3.1 Exploring your options

Shipped by Newegg (SBN) is available both for items that customers order on Newegg as well as inventory you sell through other sales channels.

All items listed on your store that are shipped through Newegg’s fulfillment service will feature an SBN logo, so customers know they’ll receive their items through a trusted service (which really means on time and in good condition, as SBN ships over 99% of their orders within 24 hours). Plus, SBN items also receive automatic “Featured” status on Newegg Marketplace. By using SBN, your customers can opt for faster shipping.

#### Shipping by Newegg Fees

With all that said, you will have to pay a few fees if you enroll in Shipped by Newegg. Note that the first three fees vary depending on whether your item is standard size or oversized. Those fees also increase if you’re using Shipped by Newegg for multi-channel selling:

- Order Handling (per order)
- Pick and Pack (per unit)
- Weight Handling (based on outbound shipping rates)
- Special Handling (only for oversized TV screens)

- Monthly Inventory Storage (per cubic foot per month)
- Inventory Return (per standard size or oversized unit)
- Disposal/Will Call (per standard size or oversized unit).

There are a lot of fees to keep track of here, but you can use [Newegg’s Cost Calculation tool](#) to view and compare exactly how much it would cost you to fulfill your orders yourself; to use an industry fulfillment service; or to use Shipped by Newegg. That way, you can better understand what you’d need to pay (and how much you might save) to use this service.

#### Standard-size fees per unit (Under 25” x 17” x 12” and < = 20 lbs)

		<b>Small oversize</b>	<b>Large standard-size</b>
		Length < = 14.25” Width < = 9.5” Height < = 0.75” Unit weight < = 15.99 pounds	Length < = 25” Width < = 17” Height < = 12” Unit weight < = 20 pounds
<b>Weight Handling</b> Based on outbound shipping weight	10 oz. or less	US \$2.50	US \$3.31
	10+ oz. to 15.99 oz	US \$2.63	US \$3.48
	2.9% + USD\$0.30	N/A	US \$4.90
	2+ to 20 lbs (.2 lb and < = 20 lbs)	N/A	US \$4.90 + US \$0.38/lb above first 2 lbs.

### 3.1 Exploring your options

#### Standard-size fees per unit (Under 25" x 17" x 12" and < = 20 lbs)

	<b>Small oversize</b>	<b>Large oversize</b>	<b>Special oversize</b>
	Length < = 60" Width < = 30" Length + girth < = 130" Weight < = 70 pounds	Length < = 108" Length + girth < = 165" Weight < = 150 pounds	Length < = 108" Length + girth < = 165" Weight < = 150 pounds
<b>Wright Handling</b> Based on outbound shipping weight	US \$8.26 + US \$0.38/lb above first 2 lbs	US \$150 + US \$0.79/lb above first 90 lbs	US \$137.32 + US \$0.91/lb above first 90 lbs
<b>Special Handling</b> Applies to large TVs with screen size 42" or larger			\$40

#### Other marketplaces:

##### Fruugo

Fruugo is yet another popular online platform for sellers who want to go global. It offers millions of products from thousands of brands and hundreds of retailers. You can start selling in 32 countries and in 21 currencies and 17 languages, all while taking advantage of one global checkout system. After setting up your account, you will even gain access to translation tools, making it that much easier for the Australian sellers to reach out to an international audience in the US.

##### Rakuten

The Japanese company expanded into the US market with its purchase of Buy.com in 2010 and is open to international vendors from Australia.

Rakuten has about 90 million users and has more than 40,000 sellers. The top categories on the platform are electronics, home & outdoor, clothing & apparel, and beauty. The marketplace also integrates really easily with Shopify.

## 3.1 Exploring your options

### 3.1.5. Tools that can be used

#### Shipstation

Shipstation is the top inventory management tool that lets you keep track of all your orders from all the channels that you are selling on. It integrates with all of the top marketplaces and easily lets you monitor inventory

levels, change SKUs, and create automation rules that let you ship items with just one click. Shipping and order web app connected to 150+ carriers, marketplaces/ shopping carts and more.



Shipstation has 2 use cases where the tool is particularly helpful:

#### Use case #1

##### International shipping

If the business is an e-commerce store selling in the US, Canada, and the UK and wants to use Amazon's fulfillment services (FBA) to ship products to all these regions on other channels – Wayfair, Target, and eBay, they can use Shipstation to set up all the stores, set up all the different FBA locations, and create automation rules that will automatically ship everything for their business.

#### Use case #2

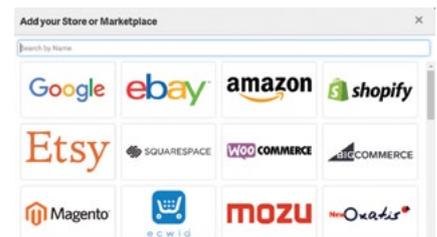
##### Multiple marketplaces & channels

Shipstation is perfect for sellers that have multiple marketplaces and "stores". It's easy to plug in all the stores and channels to their ShipStation and have them all integrate and work together.

#### International shipping



#### Multiple marketplaces & channels



#### Skuvault

Skuvault is a cloud-based warehouse management system that integrates with Shipstation, ChannelAdvisor, and Shopify, and is complete with barcoding and jam-packed with other features to help e-commerce retailers prevent out of stocks, improve warehouse efficiency, and reduce human error.

It also does everything from multi-channel synchronisation, organizing purchase orders, performing quality control, and monitoring inventory levels for each item. It's a great system to use to make sure that everything is organised.



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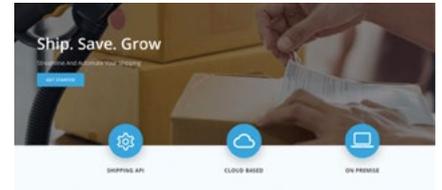
## 3.1 Exploring your options

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### DesktopShipper

This is a great tool to find the best shipping cost for your items. If you are not using third-party fulfillment like FBA then you want to make sure that you are getting the best price. Use DesktopShipper to find the best shipping option for you. It is a cloud-based and on-premise shipping solution designed to help small to large online retailers and e-commerce businesses collect, synchronize and process orders across multiple marketplaces.

Features include real-time data, price comparisons, address validation, status tracking and reporting. It also offers integration with third-party applications such as Etail Solutions, Neatoscan, SellerActive, Camelot 3PL Software, ChannelAdvisor, VeraCore, NetSuite, SkuVault and more. It is available on monthly subscriptions and support is provided via email, phone and documentation.



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### SellerActive

SellerActive is a multi-channel repricing tool that lets you monitor and change prices on products by channel. The software streamlines processes like smarter automated repricing and synchronized product listings across multiple marketplaces such as Amazon, Walmart, Jet

and eBay, including new listing creation.

Sellers are able to gain real-time visibility into their multichannel product listings and the ability to grow without fear of overselling or out-of-stocks.



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### Deliverr

Deliverr is an innovative shipping company that can fulfil your orders for you. The fulfillment service has seen a sharp increase in demand, and the company was recently named a LinkedIn Top 2020 Startup. They distribute your items throughout their network of warehouses around

the US to ensure 2-day delivery times for each order. You can get the same service as Amazon without having to use FBA. The advantage is that your item arrives in your own packaging, and without Amazon's tape all over it, which is a great plus for growing your brand.



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## 3.1 Exploring your options

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### Sniffle

Sniffie is a pricing automation tool that helps you stay competitive on every channel and marketplace. Sniffie pulls data from your e-commerce platform and makes automatic repricing easy. It tracks all of your pricing for you and adjusts it to keep you cheaper than your competitors

and still above your minimum threshold. You set up your threshold to whatever level you're comfortable with and then let the program run. Currently, they offer integrations with the most common e-commerce platforms.



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### Channel Advisor

Channel Advisor is a very comprehensive platform that offers not only fulfillment and inventory services but negotiates on your behalf and helps you launch on new marketplaces. They integrate seamlessly with all of the major e-commerce platforms (BigCommerce, Shopify, Magento) and have a long list

of 100+ online marketplaces that they work with. Their Digital Marketing solution blends e-commerce expertise and advanced technology to drive more qualified buyers to your products through machine learning, targeted placements and data quality improvements.



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### Geird

Geird is another great provider of online marketplace services. Their team is actually composed of a few ex-eBay and ex-Amazon employees and managers, so if you need anything optimised on those channels, they are the ones

to ask. They help e-commerce brands grow on marketplaces with marketing strategies as well as operations and returns management.

### 3.1 Exploring your options

#### Acenda

Acenda is another great e-commerce platform for multi-channel brands. It focuses on some of the largest marketplaces like Target, Amazon, eBay, Walmart, and Overstock as well as some more exclusive ones like Barnes & Noble and Bed,

Bath & Beyond. It enables manufacturers, distributors, and vertical retailers to build a web store (both B2C and B2B), connect products to marketplaces, control and sync inventory, manage and fulfill orders, access detailed reporting, run experimentation.

It has a lot of integrations with some of the best marketing and content tools out there. It also offers inventory and order management for both your store and any online marketplaces that you would want to expand to.

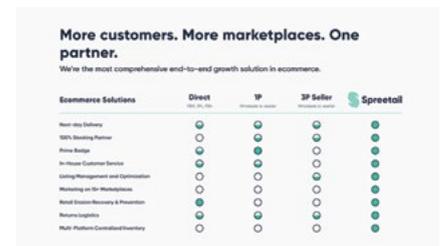
#### Spreetail

Spreetail is an innovative e-commerce company. They do both the marketing side, the inventory management, and the actual logistics and shipping.

One of their specialities is getting brands on some of the biggest and most exclusive marketplaces like – HomeDepot, Lowe’s, Macy’s, Target, and Wayfair. One of the brands we’ve worked with tried to get on

Target for several months with no success until they reached out to Spreetail, which immediately connected them to the right people and got the process going.

Another incredible feature of this platform is that they offer next-day delivery coverage for over 80% of the US population, which means you can grow your own brand and rely less on FBA.



**Premier** seller on Amazon, Walmart, and Target

**15+** top marketplace partners

**13+** years of serving the top brands in retail

**Next-day delivery** covers 80% of US population

Up to **100,000** orders fulfilled a day

**500+** Spreetailers working to grow your brand



# 3.2 Payment Gateways

## 3.2.1 Options available and popularity

If you are selling your product directly (using your own website) then you will need to select a payment gateway – it is advisable to offer several different options. An e-commerce payment gateway channels payments from the buyer to your online store. Payment gateways secure your customers' credit card data and transmit payments from their financial institution to your bank. In selling to the US, it is important to offer US shoppers payment gateways they recognise and trust:

- US shoppers frequently use **credit cards** when buying online. About 30% of the value of all e-commerce payments are made by credit card. The frequent use of cards also amplifies the use of digital wallets like PayPal.
- **Paypal** is the most commonly used payment gateway among US online shoppers. It is quick to set up and widely used and recognised by US consumers. In 2020, almost a trillion US dollars – US\$936 – was transacted on PayPal.<sup>51</sup>
- **Stripe** is another well-known US-based global payment gateway. It too supports all major credit cards. It is known for fast checkout and excellence in fraud prevention,

and for integration with both Shopify and WooCommerce, a popular WordPress e-commerce plugin.

- **Amazon Pay** is used by the 110 million American shoppers who use Amazon Prime. Amazon enables its customers to use their Amazon Pay account to pay for the products they buy from merchants outside the Amazon marketplace. Amazon Pay is simple and easy – a user may be on your site and upon paying, be diverted to Amazon Pay where they can pay with a click or two, without re-entering any data. This fact is important in that surveys suggest almost 30% of American shoppers abandon carts that require them to create a new account.<sup>52</sup> Surveys also suggest that Amazon Pay increases conversion, order values, and checkout speed.<sup>53</sup> Worldpay that has a presence in Australia has partnered with Amazon to enable Amazon Pay to enable local integrations.
- **2Checkout**, which was recently acquired by VeriFone, combines a payment gateway and merchant account, enabling sellers

to accept international and PayPal payments and set up recurring payments. It is one of the international PayPal alternatives.

- **Google Checkout** is more like PayPal or Amazon Pay, enabling hundreds of millions of Google users to check out.
- **Braintree**, which is owned by PayPal and has expanded to over 45 countries, can accept payments in Bitcoin in partnership with Coinbase. Braintree has recently entered the Australian market, facilitating payments acceptance by Australian merchants that sell to the US and Europe.
- **Paymate** is a solid PayPal alternative, enabling online and mobile credit card payments to Australian sellers from 60 countries. PayMate operates similarly to PayPal, only it does not have PayPal's brand recognition in the US.

It can be a good idea to offer several gateways for your US buyers to choose their favourite ones. Table 1 and Figure 1 list major US gateways by their cost, security, and user base.

51. [www.businessofapps.com/data/paypal-statistics/](http://www.businessofapps.com/data/paypal-statistics/)

52. [www.barilliance.com/10-reasons-shopping-cart-abandonment/](http://www.barilliance.com/10-reasons-shopping-cart-abandonment/)

53. [getshogun.com/learn/alternative-payment-methods](http://getshogun.com/learn/alternative-payment-methods)

## 3.2 Payment gateways

It can be a good idea to offer several gateways for your US customers to choose their preferred option. The table below lists major payment gateways by their cost, security and user base.

Table 1. Major payment gateways by cost, security and user base

	International fees	Currency conversion	Security features	No. of merchants globally
PayPal	3.60% + A\$0.30	Additional 4.00% above the base exchange rate (to form the transaction exchange rate)	Seller Protection can help sellers get the full amount of an eligible payment, subject of a claim, chargeback, or reversal and waive the chargeback fee.	28 million; 300 million customers
Stripe	2.9% + A\$0.30	4.9% + A\$0.30	3D Secure is an authentication method used to verify a customer's identity before an online card purchase.	2 million
Amazon Pay	2.9% + USD\$0.30	3.9% + USD\$0.30	A-to-z Guarantee on qualified purchases at no additional cost.  Fraud detection & prevention: Amazon Pay's fraud detection technology is available for your business.  Customer verification: Validate and verify customers with a familiar and trusted login.	112 million customers
2Checkout	3.5% + US\$0.35	No additional currency conversion fee	3D Secure, dispute handling, refund and chargeback management, fraud management.	20,000
WorldPay	Pay as you go (2.75% + A\$0.37 for both credit and debit cards)  Pay monthly (A\$37.35 + 2.75% for credit cards and 0.75% for debit cards)	No additional currency conversion fee	Worldpay's OmniShield Assure suite of services helps secure accounts through EMV assurance, point-to-point encryption, PCI compliance services, and data breach insurance.	1 million

### 3.2 Payment gateways

	International fees	Currency conversion	Security features	No. of merchants globally
<b>Authorize.net</b>	\$25 monthly gateway fee 2.9% + US\$0.30 per transaction	4.4% + US\$0.30	The Advanced Fraud Detection Suite (AFDS) helps identify, manage, and prevent suspicious and potentially fraudulent transactions.	430,000
<b>Braintree</b>	3.9% + A\$0.30	No additional currency conversion fee	Basic and advanced fraud tools, with the option to purchase more security features.	TBD
<b>GoCardless</b>	2% + US\$0.40	No additional currency conversion fee	Enterprise grade security and GDPR compliance. GoCardless is ISO27001 certified for information security management.	50,000

Major payment gateways by their domestic and cross-border cost and user base



Figure 1

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## 3.2 Payment gateways

### 3.2.2 A growing taste for “buy now, pay later”

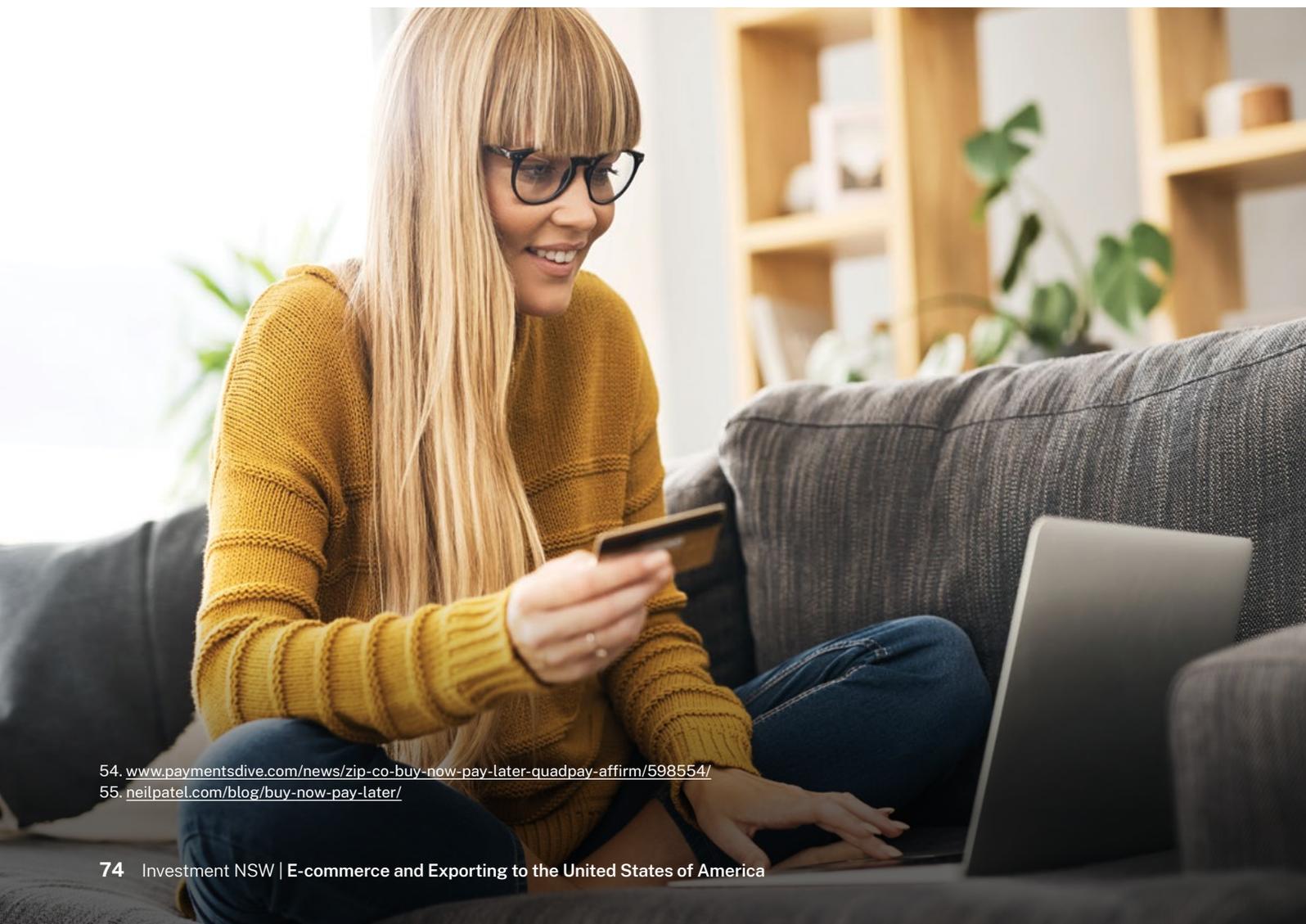
US shoppers like to use credit cards more than Australian shoppers. They are also increasingly interested in non-card “buy now, pay later” (BNPL) models.<sup>54</sup> In fact, Australia’s BNPL brands – Melbourne-based Afterpay and Sydney-based Zip Co that was acquired by New York-based Quadpay – have gained traction in the US. Further BNPL providers used in the US include Affirm, Klarna, Zip Pay, Sezzle, QuadPay, and PayPal’s well-known Bill Me Later.

These companies have partnered with tens of thousands of retailers to enable US shoppers to postpone their payment and to get credit. When using these services, shoppers typically do not have to enter card details or a billing address; they only need to log in with their BNPL account.

Given the popularity of BNPL models in the US, merchants may consider using BNPL providers to improve customer experience.<sup>55</sup>

Indeed, e-commerce industry experts suggest that BNPL builds trust, entices new customers, and can reduce cart abandonment by making your checkout process much smoother.

Sellers can do much more work on specific marketplaces to study competitors’ ad campaigns, prices, social media, and sales, and to identify profitable products and emerging niche categories.



54. [www.paymentsdive.com/news/zip-co-buy-now-pay-later-quadpay-affirm/598554/](https://www.paymentsdive.com/news/zip-co-buy-now-pay-later-quadpay-affirm/598554/)

55. [neilpatel.com/blog/buy-now-pay-later/](https://neilpatel.com/blog/buy-now-pay-later/)

# 3.3 Selling your products

## 3.3.1 Business planning and marketplace selection

If you have decided to sell through a marketplace, perhaps in addition to selling via your own website, then which marketplace is the best? You will not run out of options in America. The best way to choose a marketplace is to understand current demand patterns across marketplaces – what is currently bought on which marketplace, and at what price points. You may also want to consider how the marketplace makes money as that may also shape your profit margin and pricing. The table below provides a high-level overview of top-10 marketplaces, their best-selling items, and monetization models.

Granted, marketplaces are not the only way to go in the US. US consumers are increasingly buying from manufacturers, bypassing marketplaces and retailers like Amazon and Walmart. By 2022, over 100 million Americans are expected to buy directly from sellers without online middlemen. For sellers, this direct-to-consumer model is made easier by players such as Shopify, a Canadian company growing fast globally and in the US, to enable sellers to set up their online stores, accept payments, and orchestrate logistics.<sup>56</sup>

<sup>56</sup> [www.forbes.com/sites/greatspeculations/2021/05/27/shopify-stock-looks-poised-to-go-higher/?sh=3f80042d3144](https://www.forbes.com/sites/greatspeculations/2021/05/27/shopify-stock-looks-poised-to-go-higher/?sh=3f80042d3144)

### 3.3 Selling your products

Table 2. Top B2C marketplaces in the US, by popular categories, traffic, and monetisation model

Marketplace	Popular product or services	Number of visitors	Monetisation model (US\$)
Amazon	<ul style="list-style-type: none"> <li>• <b>Electronics:</b> smart home, smart TV, tablets, fitness trackers</li> <li>• <b>Video games and accessories:</b> games, controllers</li> <li>• <b>Books:</b> fiction, nonfiction, cookbooks, children, self-help</li> <li>• <b>Apparel and shoes:</b> work out clothes, shoes, socks, women's dresses</li> <li>• <b>Household items:</b> kitchen appliances, bedding, curtains</li> <li>• <b>Beauty products:</b> hair care, skin care, nail polish, cosmetics</li> </ul>	~3.7 billion monthly visits in 2020 (global)	<p>For every item sold, sellers pay Amazon a percentage of the total price—including item price, shipping cost, and any gift-wrapping charges—or a minimum amount, whichever is greater. They range from 8-15% depending on category of product sold. Items in some categories have a per-item minimum referral fee as listed below (for example, sellers pay the greater of the referral fee or the per item minimum referral fee). In addition to referral fees, there are two types of selling plans:</p> <ul style="list-style-type: none"> <li>• Individual Selling Plan: No subscription fee, \$0.99/item sold in addition to referral fees</li> <li>• Professional Selling Plan: \$39.99 per month, no per unit fee</li> </ul> <p>When your product sells, Amazon collects the amount paid by the buyer (including the price and any shipping, gift wrap, or other charges).</p> <p>Professional account sellers can set their own shipping rates for books, music, video, and DVD (BMVD) products, including offering free shipping. For Individual account sellers, Amazon shipping rates will apply for BMVD products.</p> <p>For sellers who use Fulfillment by Amazon, there are specific FBA Features and Fees.</p>
Walmart	<ul style="list-style-type: none"> <li>• <b>Furniture:</b> office furniture, mattresses, bedroom furniture, outdoor</li> <li>• <b>Kitchen:</b> appliances, barware, tools</li> <li>• <b>Women's clothing:</b> dresses, swimwear, workout</li> <li>• <b>Electronics:</b> TV's, laptops, tablets</li> <li>• <b>Auto:</b> tires, oils and fluids, replacement parts</li> </ul>	~492 million monthly visits in 2020 (global)	<p>There are no setup, subscription or monthly fees. Sellers pay a Referral Fee on each product sold on Walmart Marketplace. The Referral Fee is calculated as a percentage of the gross sales proceeds from the sale of each product. Fees range from 6-15%.</p>

### 3.3 Selling your products

Marketplace	Popular product or services	Number of visitors	Monetisation model (US\$)
Bonanza	<ul style="list-style-type: none"> <li>• <b>Women’s fashion:</b> shoes, sunglasses, handbags, clothing</li> <li>• <b>Men’s fashion:</b> clothing, hats, shoes</li> <li>• <b>Homes:</b> Living room furniture, outdoor furniture</li> <li>• <b>Beauty:</b> fragrances, skincare, makeup</li> <li>• <b>Health:</b> salon and spa products, vision care, dental care</li> </ul>	~4 million visits a month	<p>Final Offer Value (FOV) is the amount that the buyer paid for the item sold, plus any portion of the shipping fee that exceeds \$10.</p> <p>FOV up to \$500: 3.5%</p> <p>FOV \$500+: 3.5% + a flat 1.5% of the amount over \$500</p> <p>Minimum \$0.50 for any transaction.</p> <p>All sellers can use Bonanza Advertising to drive extra buyers to their items. If you opt into advertising, the fees payable will vary depending on the settings you have chosen and the source of the buyer that purchases your items. Advertising fees range from 9%-30% of the FOV.</p>
Etsy	<ul style="list-style-type: none"> <li>• <b>Crafts and supplies:</b> crochet and knitting patterns, yarn</li> <li>• <b>Jewellery:</b> necklaces, earrings, bracelets</li> <li>• <b>Accessories:</b> scarves, hats</li> <li>• <b>Home:</b> wall decor, candles, furniture</li> <li>• <b>Customised gifts:</b> mugs, socks, keyrings, tshirts</li> <li>• <b>Collectibles:</b> figurines, comics</li> <li>• <b>Art:</b> posters, photographs</li> </ul>	~289 million monthly visits in 2020 (global)	<p>\$0.20 listing fee.</p> <p>5% Transaction fee based on price displayed for each listing plus amount charged for shipping and gift wrapping.</p> <p>Optional advertising fees:</p> <ul style="list-style-type: none"> <li>• 15% Offsite Ads Fee: Etsy pays to advertise your items across the web through Offsite Ads. You only pay a fee when you make a sale from one of those ads.</li> </ul> <p>Etsy charges a payment processing fee for each transaction through Etsy Payments. Payment processing fees vary based on the location of your bank account.</p> <p>Sellers in certain countries will be charged a Regulatory Operating fee on each transaction.</p>

### 3.3 Selling your products

Some good tools for doing this at scale on Amazon include **Junglescout's** Amazon Sales Estimator and Sellics' Seller Edition software.

eBay sellers have various further tools to dig much deeper to identify demand patterns in very specific categories and gain a nuanced sense of product-price-marketplace fit:

One tool valued by eBay sellers is **Terapeak**, which enables merchants on these platforms to track the performance of their own eBay stores and their competitors' products and pricing strategies, and the popularity of specific product categories. According to Terapeak, it provides inventory and sales data for over a billion listings in tens of thousands categories. It also leverages marketplace data to offer keyword and listing optimization recommendations, monitoring and tracking the performance of your listings over time.

**zik Analytics** helps sellers find profitable categories on eBay and other marketplaces. Zik also uses massive data to identify fast-moving products, interesting niches and emerging categories. There is a free training academy and a 7-day free trial.

For a more comprehensive analysis of marketplaces and categories:

**eMarketer** is a well-known tool for merchants to access granular data on e-commerce retail sales and retail channels in the US, as well as in dozens of other markets, including on key marketplaces.

In addition, when looking for the right marketplace, you will also want to consider the ease of integration with your store, billing, and onboarding, and tools that give you control and visibility into your orders, income, vendors, marketplace design, and payouts.<sup>57</sup>

There are promising new marketplace models and channels emerging in the US market that are useful to keep an eye on and test. One example is Faire, a fast-growing US marketplace for wholesalers to sell to 170,000 US retailers in the home décor, beauty, jewellery, clothing and pet space. Faire does the research on behalf of retailers on what is in demand, and then curates these fast-moving items from wholesalers. Faire also builds a seller's shop pages within five days. Australian sellers have the option to ship directly to retailers and get reimbursed for the shipping costs. Faire can also help digitise your existing relationships with US retailers.<sup>58</sup> It is attractive to retailers as an identifier of trends and also as a credit provider: retailers can buy more from seller as they can buy now and pay later.

Junglescout



Terapeak



zik Analytics



eMarketer



57. [www.appdirect.com/blog/how-to-select-the-right-marketplace-platform-provider](http://www.appdirect.com/blog/how-to-select-the-right-marketplace-platform-provider)

58. [blog.ycombinator.com/reimagining-b2b-commerce-with-faire](http://blog.ycombinator.com/reimagining-b2b-commerce-with-faire)

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## 3.3 Selling your products

After understanding the different sales channels, value delivery methods and gaining insights into the different popular marketplaces, you are able to create the business strategy to approach the US market using the previous research tools. Answering the below questions should help you in defining your operations and approaching the local market.

### Your business model:

- Do you dropship?
- Do you manufacture your own products?
- Do you wholesale or sell strictly direct-to-consumer?

### Your brand:

- Is your brand categorised as upscale or luxury?
- Does your brand compete on price?
- Are your products considered a commodity?
- Is customer experience a key differentiator?

### Your payment gateways:

- Which payment types are you able to accept?
- How will these payment options work with different sales channels?
- What are your cashflow requirements?
- Does your profit margin allow for the additional fees or commissions required by the sales channel?

### Your business goals:

- How do you plan to scale your business?
- What are your long-term business plans?

### Your products:

- Do your products appeal to a large market or a niche?
- Do your products require special handling or restrictions?
- Do you sell personalised or handmade products?

### Other factors to pay attention to:

- **Commission:** Sales platforms see themselves as intermediaries between customers and providers. Understandably, they also want to be paid for this. This is usually done through commissions. Depending on the revenue that you earn from a successful sale, the marketplaces charge a fee. When selecting a platform, pay attention to whether or not these costs are reasonable for you.
- **Range:** Different online marketplaces reach different numbers of people. But that doesn't necessarily mean that the highest range is best for your business. A platform with a focused range of offers, for example, could help you avoid scattering losses.

- **Sales model:** Not all e-commerce platforms function according to the principle of fixed prices.
- **Focus:** Some marketplaces have a very particular target group, or only offer a particular product range.
- **Usability:** For companies, how easy the e-commerce platform is to operate is also a decisive factor. The adjustment of products as well as the purchase transaction should be as simple and easy to handle as possible. The freedom of design on the article pages is also important when making a decision.
- **Competition:** How is the competition positioned on the marketplace in question? Maybe it makes more sense for you to select another platform where you won't get lost in the competition for customers.
- **Interface:** Especially when you run your own online shop, it's helpful if the marketplace offers corresponding interfaces. Compatibility with existing enterprise resource planning (ERP) systems can also significantly simplify your workload. This means that you won't have to manually add stock.



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## 3.3 Selling your products

### 3.3.2 Marketing and driving customers to your listing or website

#### 3.3.2.1 General marketing approach

Digital marketing encompasses a range of activities that help companies to win and retain online customers. Sellers that are new to e-commerce, and businesses aiming to focus more time on other activities (e.g. manufacturing, commercial relationships), are advised to consider using a digital marketing specialist. The US is one of the leading centres for digital marketing in the world, with highly creative independent firms competing alongside the digital divisions of global players in marketing and advertising. Integrated cloud marketing platforms such as Adobe Marketing Cloud and Salesforce.com serve many of the world's top companies and brands.

At present, these platforms are investing heavily in enhancing existing services with AI and offering new solutions built on machine learning.

Digital brand marketing services may assist across a broad and growing spectrum of areas:

- **Website design:** A company's website is one of the first touchpoints that customers and partners interact with. Increasingly, visits are being made via mobile devices. It is therefore essential that

pages should load quickly and be highly visual. The best websites are the result of a continuous process of optimisation that uses techniques such as A/B/n and multivariant testing (MVT) to ensure that the best and most appealing version of a website is selected. A website with e-commerce capabilities will represent a core channel and should feature intuitive categorisation of products on the front end and integration with back-end systems. Companies aiming to develop a sales portal are advised to work with agencies that have specific experience in e-commerce projects.

- **Pay-per-click (PPC) advertising:** Pay-per-click advertising is one of the most popular methods for driving new users to a website. A PPC campaign places ads on search engines and other websites that include a link back to the seller's website. The basic model is straightforward and involves creating a campaign with a set budget and period. During the campaign, bids are placed for featuring a link next to specific keywords or ads are displayed on other sites selected by a planner.

PPC quickly becomes more complex and an agency can help to select the most effective platforms, generate copy, advise on appropriate ad formats and consult on advanced techniques such as bidding strategies, location targeting, conversion tracking and ad extensions.

- **Search engine optimization (SEO):** Search engines are an important channel for driving traffic to a company's website. A search engine takes account of the quality of content featured, navigational strengths and traffic flows for websites when ranking results. Agencies can help to optimise the content and format of a client's website, with the goal of improving its position in search engine results. Advice on coordinating SEO with other digital marketing initiatives will also ensure a more effective approach. Sellers using channels such as Amazon and eBay should find out if they can obtain specific guidance on how to improve their search results (i.e. how they are ranked on a search results page) on the relevant online marketplace.

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### 3.3 Selling your products

- **Analytics:** The process of measuring the performance of and deriving insights from the above tools is a critical stage in the digital marketing cycle. A plethora of tools appropriate to specific channels can quickly lead to fragmentation in measurement and hamper a company's ability to gain a unified view of its customers and performance.
- **Offer promotions:** Just as shoppers around the world, three-quarters of US online shoppers are constantly hunting for a deal, and nine in ten buy discounted products online every year. Discounts are in four of every five consumer's minds throughout the purchase journey. Free delivery is an especially powerful motivator to buy and it is being offered widely among US online sellers; cash back-deals, buy-one-get-one-free deals, and loyalty programs also work well. One widely used promotion tactic is to offer free shipping after the shopper pays over a certain amount like \$50 or orders a certain minimum.<sup>59</sup> In addition, marketplaces like eBay and Amazon have set up virtual "promotions managers" that sellers can use to create customised coupons and special offers to improve their listings' visibility and spend more. It is always also useful to be attuned to America's favourite holidays, which tend to increase online shopping (case 1).
- **Think TikTok, Youtube, Instagram:** Around 90% of US shoppers find social media helpful in deciding what to buy.<sup>60</sup> Video-based content has a solid lead in US marketers' budgets; influencer marketing has also grown rapidly in the US. In addition to market-leading channels Facebook, YouTube, and Instagram, a growing opportunity for sellers is to use TikTok, which exploded in popularity in the US in 2020 and helped surface more of so-called "everyday" or "micro" influencers that may not have a massive following, but have passionate followers and higher engagement rates than most mega influencers (an influencer's follower engagement tends to fall with the number of followers).<sup>61</sup> However, US marketers have also become more discerning about social channels and influencers, targeting their spend more strategically. This may in part owe to the rise of increasingly sophisticated predictive analytics to identify fitting and well-performing influencers. There are free tools like HypeAuditor to find such Instagram influencers and Influence.co a social media platform for businesses and influencers.
- **Membership and loyalty programs:** One popular way to cater to consumers in the US is via memberships and loyalty programs. Some 77% of consumers say they want to continue with brands that have a loyalty program and over 70% are more likely to recommend a brand if it has a good loyalty program.<sup>62</sup> Loyalty programs often give members 10% off all orders, free shipping, access to members-only events, as well as rewards. Direct to consumer brands have found that excellence in loyalty programs translates into extraordinary retention rates (above 25%). Great many American "online superstars" like Dollar Shave Club that sold to Unilever for over \$1 billion have used memberships and loyalty programs to cultivate a fiercely loyal customer base. Sellers with loyalty programs can also use their own data to identify emerging interests among members, target high-value members, and engage disengaged members to pre-empt abandonment.

59. [www.xsellco.com/resources/increase-sales-ebay/](http://www.xsellco.com/resources/increase-sales-ebay/)

60. [www.coredna.com/blogs/ecommerce-promotion-strategy#29](http://www.coredna.com/blogs/ecommerce-promotion-strategy#29)

61. [later.com/blog/instagram-influencer-marketing-report/](http://later.com/blog/instagram-influencer-marketing-report/)

62. [info.bondbrandloyalty.com/loyalty-report-2018](http://info.bondbrandloyalty.com/loyalty-report-2018)

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### 3.3 Selling your products

- **Ask for a review:** The vast majority, in some research up to 95%, of US shoppers read reviews before making a purchase, and today some three-quarters trust reviews as much as a friend's opinion.<sup>63</sup> Reviews tend to be especially relevant in high-price categories. Sellers need reviews and sellers that ask for a review are likelier to get one. How many do you need? Some argue that 50 or more reviews per product are required, others claim only five reviews are needed before diminishing returns kick in, but all agree that reviews are critical.<sup>64</sup>
- **Set up a referrals program.** Marketers with referral programs have in the US gained new customers and increased purchases from referrers. Pro-social refereeing – positioning the reward as a gift to a friend (referee) instead of the referrer – is found to be especially powerful to generate new referrals.<sup>65</sup> In other words, referrers are likeliest to refer brands that provide gifts to their friends.
- **Keywords are key.** Keywords are very important for gaining visibility with your target market. For example, on Amazon, the product title is central and should contain: your brand's name, product category name, material and key feature, product type, size and/or quantity, and colour.<sup>66</sup> Avoid filler words like “a,” “with,” “and,” “by,” “for”. Most marketplaces enable sellers to promote their inventory; for example, eBay's Promoted Listings give the promoted products a higher rank.<sup>67</sup>
- **Be attuned to America's vibrant social debates.** There are vibrant and emotional debates in the US around ethnicity, gender, body types, and sexual orientation, including of the display of different groups in product marketing. Some of America's leading brands' marketing tactics have flopped because of inadvertently offensive displays of race and gender; you will find many examples online. Brands are today globally and certainly in America very consciously choosing campaigns that highlight diversity and inclusion and are values-driven. You too will want to ensure that your marketing tactics and customer service are keenly attuned to these dynamics and sensitivities.

63. [spiegel.medill.northwestern.edu/how-online-reviews-influence-sales/](https://spiegel.medill.northwestern.edu/how-online-reviews-influence-sales/)

64. [www.fatbit.com/fab/online-reviews-impact-conversion-rate-online-store/](http://www.fatbit.com/fab/online-reviews-impact-conversion-rate-online-store/) and [spiegel.medill.northwestern.edu/how-online-reviews-influence-sales/](https://spiegel.medill.northwestern.edu/how-online-reviews-influence-sales/)

65. [www.buyapowa.com/blog/importance-of-friend-incentives-in-referrals/](http://www.buyapowa.com/blog/importance-of-friend-incentives-in-referrals/)

66. <https://www.simplifulfillment.com/blog/amazon-product-listings-optimization-guidelines>

67. <https://tech.ebayinc.com/product/ebay-makes-promoted-listings-in-search-results-more-relevant-and-dynamic/>

### 3.3 Selling your products

#### Case 1: Sell on America's favourite shopping days: Black Friday, Cyber Monday, Valentine's Day

US holidays also tend to mark online shopping spikes. There are some key dates that can shape how to promote, price and display your products. For example:

The biggest shopping day is Black Friday (day after Thanksgiving which is typically last Thursday of November). Online advertisements, emails, and discount codes mushroom prior to it, and just about every brand showcases Black Friday sales on its site. Cyber Monday, Monday after Black Friday, features even deeper discounts as retailers seek to get rid of inventory.

Other good dates to keep in mind are:

- The biggest shopping day is Black Friday, the day after Thanksgiving (Thanksgiving is the 4th Thursday in November). Online

advertisement, emails and discount codes mushroom prior to it, and just about every brand showcases Black Friday sales on its site. Cyber Monday, Monday after Black Friday, features even deeper discounts as retailers seek to get rid of inventory.

- The year starts off with two major days in February. Super Bowl day in February is preceded by TV and electronics purchases as well as spend on snacks and drinks, as many people across America host Super Bowl parties. Valentine's Day on 14 February is a big day for jewellery, toys, and food items such as chocolates. May then encompasses two more big days, Mother's Day (10th of May) and Memorial Day (Memorial Day is on the 4th Monday of May). Memorial Day

marks deals on spring clothing and mattresses. Similar to the 10th of May, the 21st of June is Fathers day which is generally highlighted by retailers and brands. August is America's back-to-school month when retailers promote clothing and school items. Labor Day (the first Monday of September) marks the end of summer holidays and is America's barbeque day with gatherings among friends and family.

- Colours play a major role on two dates, St. Patrick's Day on 17 March that features promotions and discounts on green clothing, party supplies, food products, and jewellery, and Independence Day on 4th of July that is preceded by sales of red, white and blue products and sporting goods, jewellery and furniture.



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### 3.3 Selling your products

#### Example of marketing tools



##### Klaviyo

Klaviyo is an excellent choice for newcomers to the e-commerce world who don't have the budget for full-time digital marketing. It's a multiservice tool that handles everything from A/B testing to email autoresponders. It can be integrated with virtually any app or they offer a number of their own integrations. Plus, it's free for up to 250 contacts.



##### ActiveCampaign

ActiveCampaign gives you the email marketing, marketing automation and CRM tools you need to create incredible customer experiences. It is known for analytics and has a reputation for rapidly updating and changing based on user comments.



##### Buffer

Buffer is a social media tool used for tracking your audience's interest in topics and boost engagement. It provides the means for you to schedule posts to Twitter, Facebook, Instagram, Instagram Stories, Pinterest, and LinkedIn, as well as analyse their results and engage with their community.



##### Antavo

Antavo is an enterprise-grade SaaS loyalty technology provider that builds engaging loyalty programs to foster brand love and change customer behaviour and encourages referrals. It delivers a pure-play loyalty program technology for omnichannel and e-commerce, combined with next-gen in-store functionalities.



##### Exit Bee

Exit Bee is a tool that uses behavioural psychology with well-timed popups to increase lead conversion and email subscription rates, decrease cart abandonment and provide targeted messaging to your customers.

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## 3.3 Selling your products

### 3.3.2.2 Marketplace examples



#### Amazon Marketing Strategy

- **Invest in SEO and optimize all of your listings.** This is really crucial for an established marketplace like Amazon. Spend the time researching the best keywords, optimise your descriptions, work on formatting your product names to include the right keywords for the best click-through rate.
- **Amazon ads** are a big source of revenue for retailers. Make sure that you have someone on the team that specializes in running ads on Amazon or pick an agency.
- **Excellent customer service is key on Amazon.** Maintain a 24-hour response rate to every question or complaint. Make sure that you answer everything on time. You can load up some templates that will be automatically sent for you when the order moves across the various stages. Also, make sure to respond to every negative review which showcases customer importance.



#### eBay Marketing Strategy

- **Promotions** – promotions are key on eBay. You do need to get on the store plan with them (which is a monthly payment) but it's well worth it. eBay tends to prioritise promotions that are about to be over so a great way to optimise promotions is to make them run for 2 days, so 15 promotions per month.
- **Ads** – another great way to double your impressions is to advertise every listing you have. When you do this, eBay creates duplicates your listing when it displays the advertised one on specific search results. The amount you advertise it for doesn't really matter in the beginning and can be tested/ optimised later on.



#### Etsy Marketing Strategy

- **Use product tags** – Product tags are probably one of the most powerful features of your listing and you should use the maximum 13 tags on every product. Free tools like eRank can be installed on your store and will show you which products aren't fully optimised, so you don't have to go digging through your entire inventory.
- **Optimise your listings** – Listing details like the holiday or occasion, colour, dimensions of the product, materials used, personalisation, are all features that might land you a top spot on a user's search. Don't skip these, go through them and test them out.
- **Post videos** – videos are a great way to differentiate yourself. You can post tutorials and guides on how to install/ use your product, you can post promotional videos, and more. Etsy will start displaying more and more videos as they develop this feature so it's a great time to jump in before everyone is using it.
- **Branding** – branding is very important. Branding is a way to differentiate your images from your competitor's images.

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## 3.3 Selling your products



### Bonanza Visibility Best Practice

The first step to listing an item is deciding on a title for your item. Here are some tips for crafting an attractive item title:

- **Use straightforward words to describe your item.** The goal of an item title should be to tell shoppers what your item is and generate enough interest to drive clicks to your listing. You only need to include enough information to let shoppers know what your item is at a glance. Do this by using simple words that explain exactly what exactly your item is.
- **Include the brand and MPN (manufacturer part number) if known.** This helps bonanza software put your item in the proper category, and will give your item a better chance of being discovered on third-party shopping platforms, like Google or Bing Shopping.
- **Mention traits like size, colour, or item type when applicable.** Put the type of item you're selling near the beginning of the title. When applicable, size and brand should go at the beginning, as they are more important traits, while colour should go at the end
- **Make full use of the available character limit by using strong keywords.** Adding the keywords to further describe the item style or appearance could bring additional exposure to your item through various keyword searches.



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## 3.3 Selling your products

### 3.3.3 Pricing your product for the market

The most basic way to set a price is to consider variable costs such as shipping and taxes, fixed costs, and margin you want to make. Granted, sellers will also want to know what similar categories go for. As some 85% of US product searches start on Amazon or Google, the best way to get a feel for prices in real time are Amazon and Google Shopping, a massive price comparison engine that automatically appears on consumer search results made using Google. Google Shopping trawls across retailers' websites for prices on a given product. Retailers price Google Shopping and invest in ads on it; items on Google Shopping are also visible in standard Google search results. Solid majorities of buyers use Google in their product searches and almost 60% rely on Amazon for such categories as games, health and beauty products, and books, and over 50% use Amazon for fashion.<sup>68</sup> CamelCamelCamel is a solid price comparison platform for Amazon, and highlights the deal the shopper gets when buying the product on Amazon.

Sellers can also consider psychological tricks such as pricing a product at US \$9.99, a widely used tactic from “less than a dollar” US \$0.99 items to US \$999,999 real estate prices. You will not want to be

cheap however and degrade the perceived value of your product. Sellers for example can capitalise on being an “Australian” brand in such categories as athletic gear and designer clothing, coat-tailing on Ugg boots and Billabong are brands that Americans value and typically associate with Australia.

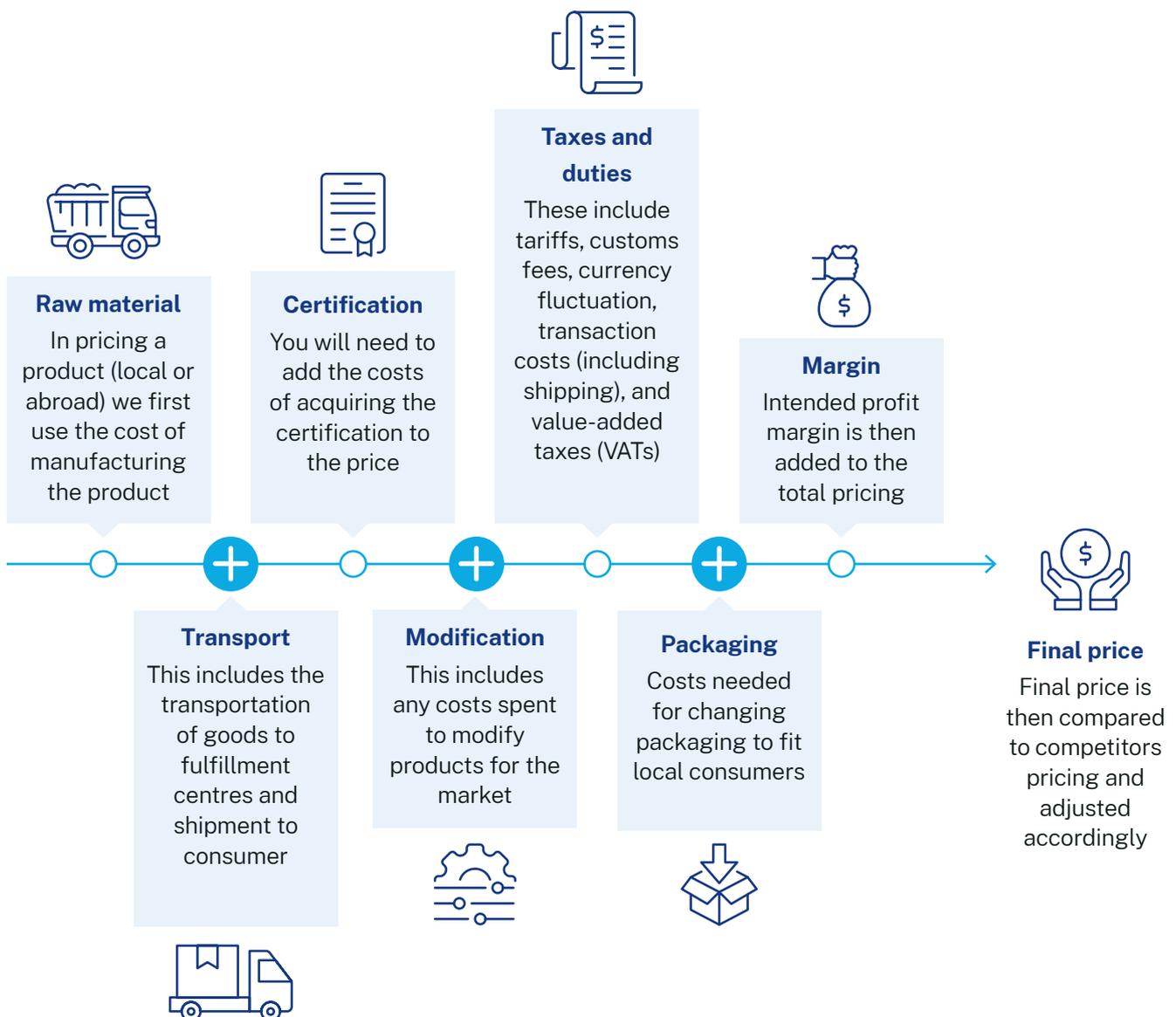
For a more scientific price setting, sellers use dynamic and real-time market pricing strategies to track fluctuations in prices on marketplaces and monitor competitors' prices, and automatically or semi-automatically change their own. This strategy can be operationalised with software such as RepricerExpress, an eBay and Amazon repricing tool. There are many other pricing tools such as Prisync, PriceEdge, Comptera, Terapeak, Intelligence Node, and Price2Spy; many of these also offer sellers information about elasticity (how sensitive demand is to price changes), as well as options to set customer-specific pricing and offer discounts and rebates. Darwin Pricing helps sellers see what retailers charge in any one city.

68. [https://skai.io/wp-content/uploads/2017/09/Kenshoo-DIGI\\_WPaper-1-2.pdf](https://skai.io/wp-content/uploads/2017/09/Kenshoo-DIGI_WPaper-1-2.pdf)

### 3.3 Selling your products

The diagram below describes the pricing journey a seller would have to consider when exporting out of their home market. There are other factors to be included like marketplace memberships (if any), marketing costs and risk of refunds.

#### Seller Pricing Journey



### 3.3 Selling your products

Example: Pricing of hiking backpacks in Australia



\*Both Australian and US retail prices are shown in A\$.

Assumed adjusted pricing for US market





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## 3.3 Selling your products

### 3.3.4. Shipment

#### Market access regulations

As an Australian business, you are in luck when trading with the US, thanks both to:

- Australia-US Free Trade Agreement that exempts most products from US tariffs and all goods starting January 1, 2022; and.
- US “de minimis” rule that products sold to US consumers that cost less than \$800 enter duty-free and tax-free.

These benefits means that you can expect rather stable margins –for example, sudden tariff hikes, which are rather uncommon in the US anyway, will not impact the AUFTA or your business.

However, you do need to make an effort to benefit from AUFTA preferences and in general to enter the US market. For example, sellers need to:

- **Declare product originates from Australia.** To enjoy AUFTA preferences, sellers need to show the product shipped is of Australian origin (rather than a third country product simply shipped through Australia to the US to take advantage of AUFTA preferences).

- Demonstrating that the product is originating requires meeting the “rule of origin” specific in AUFTA for your product. Here is a guide for product-specific rules of origin [www.abf.gov.au/free-trade-agreements/files/aus-us-fta-guide-determining-origin.pdf](http://www.abf.gov.au/free-trade-agreements/files/aus-us-fta-guide-determining-origin.pdf)
- You can declare your product is originating by filling out a Certificate of Origin attesting to the importer the product’s originating status: [www.cbp.gov/document/guidance/certification-origin-template](http://www.cbp.gov/document/guidance/certification-origin-template)
- As an alternate to the Certificate of Origin template, a free-from supporting statement can be used by Australian producers and exporters, and US importers, when attesting that their goods meet the requirements of the Australia FTA.<sup>69</sup>
- **Absolutely do not send fakes.** The US has very strict rules against importing fakes that violate intellectual property protections. Every year, US customs seizes and destroys millions of dollars’ worth of goods that violate intellectual property. The importer and exporter can incur serious fines for IPR violations.
- **Meet product regulations.** Your shipment destined to the US will also need to meet US product regulations

that are implemented by many agencies, not only customs. As a rule of thumb, anything edible or that touches the skin like creams and beauty products have strict regulations that are implemented by the Food and Drug Administration (FDA.gov) and US Department of Agriculture (USDA.gov). Consumer Protection and Safety Commission (CPSC.gov) has guidance for products such as baby strollers, exercise equipment, or electrical appliances. These entities will also have rules regarding claims about “organic”, “eco-friendly”, “safe”, and labelling requirements. In addition to federal standards, most states have a Department of Consumer Affairs regulating various industries –some states like California tend to have stricter environmental and product standards than implemented at the federal level. There are also public and private ecolabels you may consider in order to make your products stand out –or simply be at a par with other businesses in the market: [www.ecolabelindex.com/ecolabels/?st=country,us](http://www.ecolabelindex.com/ecolabels/?st=country,us)

69. [www.cbp.gov/trade/free-trade-agreements/australia](http://www.cbp.gov/trade/free-trade-agreements/australia)

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### 3.3 Selling your products

If your product does not qualify under AUFTA but you meet the products rules, you may still benefit from the US\$800 de minimis that applies to US imports in general – specifically to products imported by “one person on one day”.

De minimis has traditionally applied to single items that cost below US\$800 and are shipped to a specific consumer. However, the US Customs and Border Protection (CBP) has recently finetuned this rule, to accommodate international e-commerce shipment models:

- Foreign sellers can qualify as the “one person” and can have their information submitted to receive the duty exemption and to benefit from streamlined administrative processes.<sup>70</sup>
- In 2020, the US expanded the US\$800 de minimis benefit to fulfillment centres and domestic warehouses, for any goods that have not been sold to a specific consumer when imported into the US. In other words, you could possibly send US\$750 worth of merchandise to a warehouse in the US and qualify for de minimis, even if the goods were sold only afterward to US buyers. In this case, the warehouse or fulfillment centre could be considered as “one person”. This however requires that the merchandise

owner’s identity (that is, your identity as a foreign seller) is presented to US CBP at the time of importation and the aggregate fair market value of those shipments on one day is US\$800 or less.

- This CBP site provides more information about de minimis rules: [www.cbp.gov/trade/basic-import-export/e-commerce/fags](http://www.cbp.gov/trade/basic-import-export/e-commerce/fags). Provide clear information and specifics, to enable your shipment to be cleared and qualify for de minimis: [www.cbp.gov/sites/default/files/assets/documents/2020-Jan/E-Commerce%20Compliance%20Guide%20for%20Online%20Sellers.pdf](http://www.cbp.gov/sites/default/files/assets/documents/2020-Jan/E-Commerce%20Compliance%20Guide%20for%20Online%20Sellers.pdf)
- If you sell into a fulfillment centre and do not qualify for Australian origin or de minimis, make sure that you ship your goods with all duties paid. Otherwise the fulfillment centre may reject delivery of your goods and send them back. If you ship by sea, you will want a customs broker to do this for you – ensure your duties and taxes are paid. If you’re shipping your goods via air you must ensure your products are shipped Delivery Duty Paid (DDP). Major carriers like DHL, UPS, and FedEx, can arrange for this – it is important to DDP even with shipments below US\$800.

Australian companies enjoy deep and comprehensive trade preferences when exporting to the US market. At the same time, put yourself in the shoes of a US official whose job it is to identify and prevent illicit sellers that seek to evade duties or sell unsafe products or fakes to US consumers. Clarity, transparency, and honesty are crucial in your communications and paperwork. Do not declare a package as a “gift” – it is illegal to misrepresent an item to avoid fees or duties. It is useful to consult with an experienced customs attorney who keeps up with the rapidly changing regulatory landscape of customs laws.

70. [www.cbp.gov/newsroom/national-media-release/cbp-enhances-accountability-e-commerce-through-ruling-duty](http://www.cbp.gov/newsroom/national-media-release/cbp-enhances-accountability-e-commerce-through-ruling-duty)

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### 3.3 Selling your products

#### Shipment process and cost

How to get your product into the US is easy – how to get it there so that the cost of shipping does not overwhelm your profit margin is quite another. There are many options and entire industries to think about when considering appropriate shipping methods, such as fulfillment by the seller, fulfillment by a third party or marketplaces, and dropshipping. There is a great deal of innovation in the US in this space; consumers are also increasingly looking for environmentally friendly shipping methods:

#### Fulfillment by Seller

For sellers that take it upon themselves to fulfill a purchase, much of the shipment's cost depends on the size, weight, product, and speed. There are some ready online tools to calculate shipping costs and total landed cost from Australia to the US, such as by post (slow and cheap), express shippers (fast and costlier). To estimate delivery costs, sellers can access shipping cost calculators such as:



Easyship that connects marketplaces and sellers to couriers:  
[www.easyship.com/en-au/shipping-rate-calculator/australia-to-usa](http://www.easyship.com/en-au/shipping-rate-calculator/australia-to-usa)



DHL's **Duty and Tax Calculator** API calculates the duties, taxes and governmental fees for any cross-border shipment, taking into consideration country de minimis values and preferential tariff rates that may apply. A "landed cost estimate" is a calculation of the total amount you can expect to pay for transit costs and insurance charges, as well as applied duties, taxes and fees for the commodities being shipped. DHL also offers data on product compliance needs, enables you to print trade documents and helps identify the right Commodity Code Classification.  
<https://developer.dhl.com/api-reference/duty-and-tax-calculator#get-started-section/overview>



Shippo also has a delivery cost calculator and integrates with shipping giants DHL, UPS, Fedex, CouriersPlease, and Australia Post.  
[goshippo.com/products/post-purchase-tracking/](http://goshippo.com/products/post-purchase-tracking/)

### 3.3 Selling your products



**Sendle**, the Australian door-to-door package delivery company designed for small businesses is also present in the US and can be a useful option to ship to the US. On its US interface, Sendle promises to be America's first 100% carbon neutral shipping company, which can be a major selling point with increasingly environmentally conscious US shoppers – of whom 74% would shift to greener shipping options.<sup>71</sup> It integrates with eBay, Etsy, Shopify, and WooCommerce, among others. Sendle is not yet very well known in the US but is increasingly highlighted, typically favourably, in US blogs that discuss intra-US delivery options for US companies, alongside the US Postal Service.



**Fulfillment by Amazon (FBA)**. Instead of “fulfillment by seller” and shipping products yourself, you can do Fulfillment by Amazon and have Amazon ship your inventory to an Amazon FBA warehouse in the US, and handle the storage, fulfillment, shipping, customer service and returns process. Sellers pay for the inventory storage space, orders fulfillment, and returns. Though fulfillment costs can be high and space tight around holidays, this option simplifies selling to Amazon US – where your products will, as a result, become eligible for Amazon Prime's free shipping or free two-day shipping among the 112 million Amazon US Prime members. FBA's fees work as a scalable ‘pay as you go’ model, where you only pay for the inventory storage space, orders and returns that Amazon fulfils (with no minimum shipment quantities needed). Even the cost of last-mile shipping from Amazon's fulfillment centre to your customer is included.



**Shopify Fulfillment Network**. Much like FBA, Shopify sellers can send products for warehousing and fulfillment. This option also helps you manage your inventory from one place. There is also a range of pricing plans.<sup>72</sup>



**Deliverr** is a newer fast-growing US e-commerce fulfillment company. It integrates with e-commerce marketplaces, such as Walmart, eBay, Amazon, Shopify, Wish, and BigCommerce, offering two-day shipping to merchants selling on Walmart's online marketplace, and similar service with other online marketplaces. Whereas Amazon and eBay often charge consumers for expedited shipping, Deliverr does it for free. It makes money by charging businesses to store and ship their goods from Deliverr-rented warehouse space. One challenge is that Deliverr does not yet support returns – the buyer would have to have another means to return.

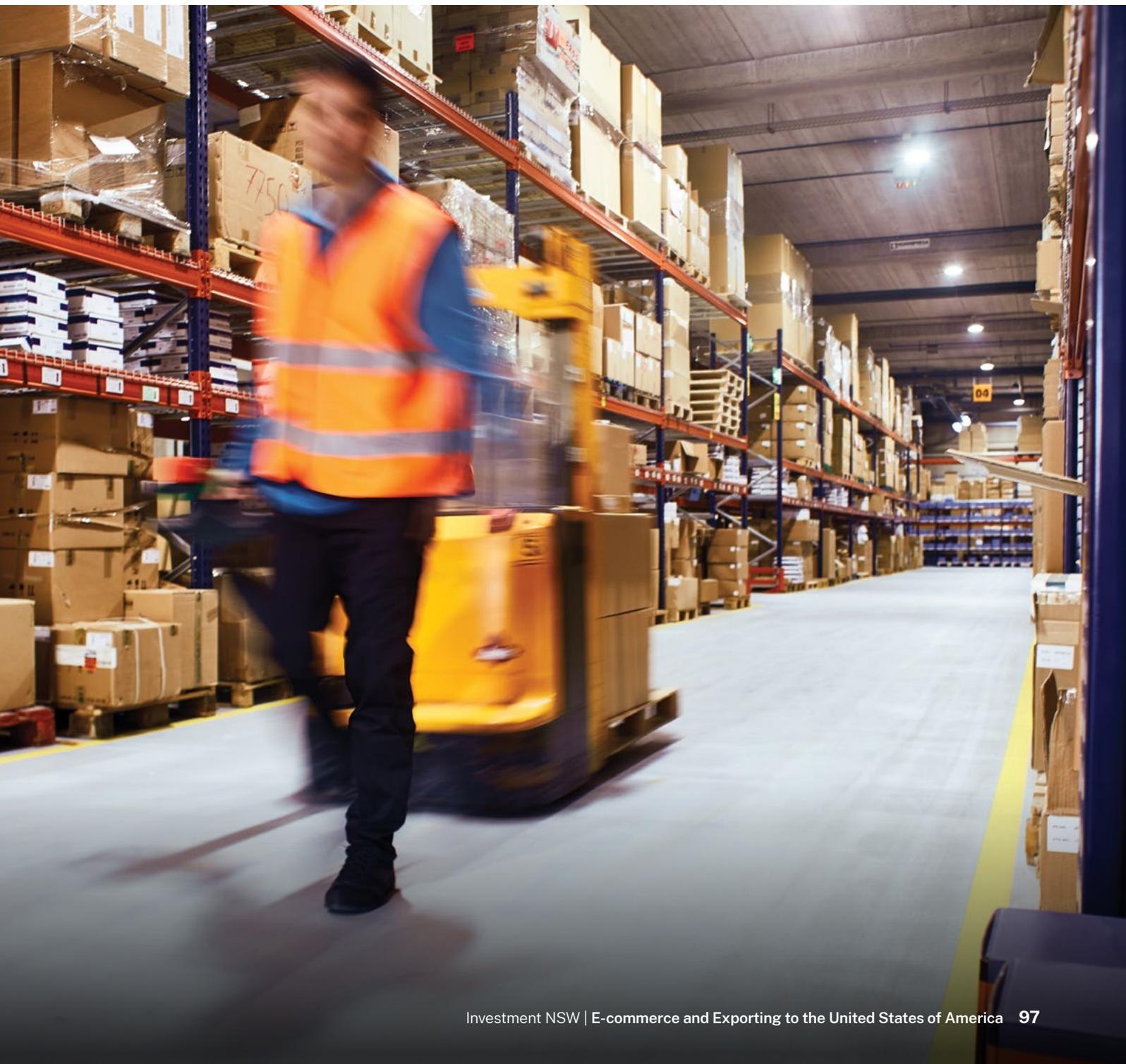
71. [www.pacificenvironment.org/press-releases/new-poll-finds-a-majority-of-american-voters-would-change-where-they-shop-to-support-cleaner-ships/](http://www.pacificenvironment.org/press-releases/new-poll-finds-a-majority-of-american-voters-would-change-where-they-shop-to-support-cleaner-ships/)

72. [www.shopify.com/fulfillment/features#pricing](http://www.shopify.com/fulfillment/features#pricing)

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### 3.3 Selling your products

**Dropshipping.** When you are dropshipping, you do not own any merchandise but act as a middleman between suppliers and customers. You simply source products from dropshipping suppliers and list them for sale. You don't purchase inventory until you make a sale. Since you pay a higher wholesale price for each product, your share of the profits will be smaller. BigCommerce, Shopify's Oberlo, and Volusion offer dropshipping apps. Dropshipping provides a neat option for those who do not want to buy inventory in bulk or handle shipping themselves, but simply retail goods online and focus on online marketing and sales.





EMJU 8679837  
22G1

GROSS 24000 KG  
52910 LB  
TARE 2330 KG  
.140 LB  
NET 21670 KG  
47770 LB  
CUBE 33.1 CU.M  
1.169 CU.FT

UGMU 8723140  
22G1

GROSS 24000 KG  
52910 LB  
TARE 2330 KG  
5.140 LB  
NET 21670 KG  
47770 LB  
CUBE 33.1 CU.M  
1.169 CU.FT

EMJU 3636299  
22G1

GROSS 30.480 KG  
67.200 LB  
TARE 2.400 KG  
5.290 LB  
NET 28.080 KG  
61.910 LB  
CUBE 33.1 CU.M  
1.169 CU.FT

EISU 3526339  
22G1

GROSS 24000 KG  
52910 LB  
TARE 2400 KG  
5290 LB  
NET 21600 KG  
47620 LB  
CUBE 33.1 CU.  
1.169 CU.FT

# 3.4 Customer Feedback

## 3.4.1 Customer protection

The US has a wide range of consumer protection and data privacy mandates at both federal and state level. These could be divided into:

- **Deceptive practices such as fraudulent business practices and misleading advertisement** are governed by the federal Uniform Deceptive Trade Practices Act, adopted by several states. The Act prevents deceptive business practices in a consumer transaction and authorises consumers to hire a private attorney to bring an action seeking their actual damages, punitive damages, and attorney's fees. Furthermore, many states have specific laws regulating online advertising, websites, pricing, and emails. For example, the Massachusetts Consumer Protection Law prohibits practices where a business charges a consumer higher rates than the marked price, the refund policy is not clearly posted where it can be readily noticed and understood, or a business fails to tell the consumer about relevant information about the product or misleads the consumer. State-level deceptive trade practices laws can be reviewed here: [statelaws.findlaw.com/consumer-laws.html](https://statelaws.findlaw.com/consumer-laws.html)
- **Regulations related to consumers' data and privacy.** As an Australian seller, you are probably already well aware of Australian data privacy rules and more demanding laws such as the European Union's General Data Privacy Regulation (GDPR). The US is currently building privacy regulations. While there is continued discussion about a federal privacy law, it is US states that have led the way in developing data privacy laws. The most rigorous regulation is the California Consumer Privacy Act (CCPA) that came into effect in 2020 and is being assessed and copied by many other states (case 2)<sup>73</sup> During 2020, at least 30 states introduced law proposals that addressed consumer data privacy. Data privacy in the US is vast, state and sector specific, and evolving quickly. As a rule, sellers want to aspire to honest, transparent, comprehensive, and clear communication and information to consumers, and manage consumer data based on the consumers' home state. If you have a substantial amount of business in the US and reams of data on US consumers, you may want to review your data practices with a privacy law expert. There are helpful online trackers for America's evolving landscape of data privacy and consumer protection rules. For example, the International Association of Privacy Professionals (IAPP) publishes an online tracker of state privacy laws: [iapp.org/resources/article/us-state-privacy-legislation-tracker/](https://iapp.org/resources/article/us-state-privacy-legislation-tracker/) Another good source is: [www.huschblackwell.com/2021-state-privacy-law-tracker](https://www.huschblackwell.com/2021-state-privacy-law-tracker)

73. [www.ncsl.org/research/telecommunications-and-information-technology/2020-consumer-data-privacy-legislation637290470.aspx](https://www.ncsl.org/research/telecommunications-and-information-technology/2020-consumer-data-privacy-legislation637290470.aspx)

### 3.4 Customer feedback

#### Case 2: Sign of things to come? California Consumer Privacy Act (CCPA)

California is not only home to many breakthrough companies, but it is also a pioneer in regulating the digital economy and a state whose laws often gain the attention of other states. The California Consumer Privacy Act (CCPA) that came into effect in 2020 is one such attention-grabber, as America's most comprehensive and perhaps strictest consumer protection and data privacy law to date – and it may be a sign of things to come across the US.

Entities subject to CCPA are for-profit, private entities that (1) collect “personal information”, (2) determine the means of processing that personal information, (3) does business in California, and (4) meet one of the following criteria:<sup>74</sup>

- Has annual gross revenues exceeding \$25million;
- Annually sells/buys or receives/shares for commercial purposes the personal information of 50,000 or more California consumers; or
- Derives 50% or more of its annual revenue from selling personal information.

Generally, the CCPA covers all information of California residents or California households. Regulated “personal information” includes “information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household.”

California's Attorney General may enforce CCPA violations after a 30-day notice and cure period seeking penalties of up to \$2,500 per violation or up to \$7,500 per intentional violation.

California's Proposition 24 effective on January 1, 2023 will expand privacy laws by enabling consumers to (1) prevent businesses from sharing personal information; (2) correct inaccurate personal information; and (3) limit businesses' use of “sensitive personal information”, such as precise geolocation; race; ethnicity; religion; genetic data; union membership; private communications; and certain sexual orientation, health, and biometric information.



74. [www.natlawreview.com/article/california-consumer-privacy-act-ccpa-2020-year-review](http://www.natlawreview.com/article/california-consumer-privacy-act-ccpa-2020-year-review)

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## 3.4 Customer feedback

### 3.4.2 Beware taxes – at many levels of government

A particularly complex topic for retailers selling into the US is taxation. The US has over 12,000 sales tax jurisdictions – and every single state, county (a jurisdiction within a state), and city determines its own sales taxes.

Even as a remote seller without presence in the US, you are still subject to these taxes. The highest court in the US has held that businesses without a physical presence in the jurisdiction into which they sell are not exempt from collecting state sales taxes.<sup>75</sup> However, typically this applies to sellers that sell more than US\$100,000 from outside the state, or

companies making at least 200 individual sales transactions. The thresholds are even higher for sellers into large states like Texas or California. You can explore state taxes for remote sellers here: [sovos.com/content-library/state-by-state-guide-to-sales-tax/](https://www.sovos.com/content-library/state-by-state-guide-to-sales-tax/)

To ensure you are in line with various state and local taxes, it is useful to consult an expert accountant or various companies such as CloudCounting or TaxJar that help remote sellers manage sales tax filings. Outsourcing tax filings is a very good option if you sell substantial sums across many states.

In addition, if you sell on marketplaces like Amazon, these marketplaces often collect, and are often required to collect, state sales taxes on their sellers' behalf. States prefer this because they have fewer entities to deal with and it leads to higher tax compliance. Marketplaces will charge sellers for this service; Amazon for example imposes a 2.9% collection fee to its sellers per transaction. These “marketplace facilitator” laws are available here: [www.avalara.com/us/en/learn/guides/state-by-state-guide-to-marketplace-facilitator-laws.html](https://www.avalara.com/us/en/learn/guides/state-by-state-guide-to-marketplace-facilitator-laws.html)

### 3.4.3 Good idea to get insurance

Most American businesses have general liability insurance – for online sellers, this would provide financial protection if someone other than an employee gets hurt or the seller is held responsible for damaging property or sued. Amazon requires businesses in the U.S. to have this staple insurance (you need to show proof of coverage) to use Amazon.

Many businesses in the U.S. also have professional liability insurance to cover against business disagreements, customer confrontations, or claims of negligence.

As an online seller, you store sensitive or confidential customer information. If you experience a data breach, and lose this data, data breach and cybersecurity insurance can help you respond and cover the costs of notifying customers, providing customers with credit monitoring services, and so on.

If you sell products, product liability insurance will protect your business if your products hurt a person or damage their property.

If you have equipment, inventory and/or a warehouse, you should get commercial property insurance – for example to cover for lost income if something happens to your equipment.

If you have U.S. employees (not contractors but employees), you need to have a workers' compensation insurance. This is typically required by a state government and can help pay for medical care and lost wages in the event of a workplace injury.

75. [www.afr.com/politics/online-australian-retailers-selling-to-the-us-will-now-have-to-pay-sales-taxes-20180731-h13csv](https://www.afr.com/politics/online-australian-retailers-selling-to-the-us-will-now-have-to-pay-sales-taxes-20180731-h13csv)

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## 3.4 Customer feedback

### 3.4.4 Customer Satisfaction

- **After sale.** Your after-sale process is key to your success in the US market. You are not only selling a product, but you are also selling an end-to-end experience – and in this journey, after-sale service is crucial to customer loyalty, sales, and differentiation. While there are customers who still want to call to talk to a customer service representative, others are interested in live chat or email, while some simply want to send you a tweet. In the US, some 31% of customers report reaching out to a company via Twitter, 33% have contacted a company using Facebook, and 45% have used online chat.<sup>76</sup> Twitter has turned Americans’ private grievances with companies into a public affair.<sup>77</sup> In addition, consumers like to use many channels like email and chat to reach out and they absolutely expect sellers to have a web page for customer service. Maintaining an excellent customer experience in the US is found to pay off with greater resilience during recessions and recovery from downturns.<sup>78</sup>
- **Return and refunds.** Americans love the convenience of e-commerce, and this includes the convenience of returning items and getting refunds. While return rates to physical stores are around 8%, about 25% of sales made online are being returned, with footwear, clothing and beauty products most likely to be shipped back. US retailers are wrestling with a growing army of “serial returners” who deliberately buy too many items, try them on, and subsequently return unwanted items – some 44% of retailers in the US have seen margins erode because of this practice.<sup>79</sup> Retailers are in response pushing back and banning serial returners or shortening return windows.<sup>80</sup> In general, the US shopper is accustomed to, and expects, an easy and fast return process: by 2020, 70% of US customers said they expect refunds within six days, twice as fast as in 2019. Meanwhile, a poor return experience will deter customers from shopping with a brand again.<sup>81</sup> Sellers can outsource returns management to providers like Returnly. Rebillia enables customers to place a 3-4 week hold on credit cards while they try the items on.
- **Easiest returns are prevented ones – trying new ideas like virtual shopping rooms.** The best way to prevent returns after the sale is to be clear on product features before the sale is made. Americans are today doing a great deal of research before making a purchase, and frequently consult the seller’s FAQ pages, so make sure you have those up.<sup>82</sup> New immersive experiences and technologies such as virtual 3D fitting rooms can be a worthwhile investment for clothing and makeup brands – major US retailers like Macy’s have seen the benefit of adopting these technologies during the COVID-19 pandemic as physical stores and dressing rooms have been closed.<sup>83</sup> They are also a fun way to engage customers and grow sales; according to some surveys, conversion rates are three times higher when a consumer can ‘try the item on’ online.<sup>84</sup> Smart sellers will be attuned to

76. Forrester [lmistatic.blob.core.windows.net/document-library/boldchat/pdf/en/forrester-2018-customer-service-trends.pdf](https://mistatic.blob.core.windows.net/document-library/boldchat/pdf/en/forrester-2018-customer-service-trends.pdf)

77. [marketing.twitter.com/en/insights/twitter-transforms-conversations-between-companies-and-customers](https://marketing.twitter.com/en/insights/twitter-transforms-conversations-between-companies-and-customers)

78. [www.generatormedia.com/why-customer-experience-matters-even-more-during-a-recession/](https://www.generatormedia.com/why-customer-experience-matters-even-more-during-a-recession/)

79. [www.brandnexuslogistics.com/2020/06/08/how-to-deal-with-a-serial-returner/](https://www.brandnexuslogistics.com/2020/06/08/how-to-deal-with-a-serial-returner/)

80. [www.wwd.com/business-news/business-features/personas-of-a-serial-returner-1203333197/](https://www.wwd.com/business-news/business-features/personas-of-a-serial-returner-1203333197/)

81. [www.reboundreturns.com/resources?hsCtaTracking=a5b70ad6-af0b-4ba0-9fb4-8debb90008cd%7C36280834-ee0f-4566-b25a-ac8e6d60d622](https://www.reboundreturns.com/resources?hsCtaTracking=a5b70ad6-af0b-4ba0-9fb4-8debb90008cd%7C36280834-ee0f-4566-b25a-ac8e6d60d622)

82. [www.nitrosell.com/blog/how-to-optimize-after-sales-service-for-ecommerce/](https://www.nitrosell.com/blog/how-to-optimize-after-sales-service-for-ecommerce/)

83. [www.businessinsider.com/retailers-like-macys-adidas-are-turning-to-virtual-fitting-rooms-2020-8](https://www.businessinsider.com/retailers-like-macys-adidas-are-turning-to-virtual-fitting-rooms-2020-8)

84. [www.businessinsider.com/retailers-like-macys-adidas-are-turning-to-virtual-fitting-rooms-2020-8](https://www.businessinsider.com/retailers-like-macys-adidas-are-turning-to-virtual-fitting-rooms-2020-8)

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### 3.4 Customer feedback

future laws regulating use of biometric data from such immersive technologies, such as shoppers' height or skin colour. Shipping packaging is another important investment. Most returns in the US are not because of customers changing their minds but are because the items have been damaged on the journey. Investing in adequate

packaging that protects the items in transit is worthwhile, whilst being conscious of consumer perceptions of excess packaging and the environmental damage caused.

- **Satisfaction surveys.** Simply asking your customers about their happiness can help you win over customers and let them know that you are listening to their views.



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# 4 Australia and the United States



# 4.1 Trade Agreements and nuances of exporting to the US

The Free Trade Agreement between Australia and the United States (AUSFTA) was concluded in Washington DC in May 2004 by Australian Trade Minister Mark Vaile and US Trade Representative Robert Zoellick. The free trade agreement was formally signed by US President George W. Bush on 3 August 2004 alongside Ambassador Michael Thawley, the Ambassador of Australia to the US.

Officially taking effect on 1 January 2005, AUSFTA provides significant opportunities for Australian businesses to improve their competitive position in one of the largest e-commerce markets globally through mechanisms to facilitate e-commerce, not imposing customs duties on digital products between Australia and the US and for each country to apply non-discriminatory treatment to the digital products of the others.

### Secured outcomes

Outcomes that Australian companies can benefit from include:

- 97% of US non-agricultural tariff lines (excluding textiles and clothing) became duty-free from day one of the Agreement.
- AUSFTA improves the competitiveness of Australian agricultural exports to the US.

- Tariffs removed on Australian manufacturing exports entering the US from day one of the agreement.
- AUSFTA allows Australian products easy and greater access to the US market via e-commerce channels by avoiding barriers to its use and development, and the applicability of the WTO Agreement to measures affecting e-commerce.

Key outcomes relevant to many of Australia's most popular products in the US include the removal of tariffs:

- On lamb and sheep meat, wine, peanuts, wheat and cereal flour mixes, a range of processed foods including fruit juices and for baby foods
- On horticulture products such as oranges, mangoes, mandarins, strawberries, tomatoes, cut flowers, and fresh macadamias
- On textiles, clothing and some footwear from 2015.

### Tariff classification

- All goods that enter the US are categorised according to the Harmonised Tariff Schedule. Classification determines how much duty will be collected. It is a complicated process requiring the application of the General Rules of

Interpretation: the section, chapter and subheading and explanatory notes. The importer is responsible for properly classifying merchandise before entry.

Note that the US requires the importer to declare customs duty and you need to use your name (not for example a fulfillment centre) as importer – see example here: [www.ecomcrew.com/wp-content/uploads/2015/09/customs-entry-1.jpg](http://www.ecomcrew.com/wp-content/uploads/2015/09/customs-entry-1.jpg). The Importer of Record (you) takes legal responsibility for ensuring your shipments comply with legal requirements.

If you are unsure how to properly classify an item, a request for a binding rule can be made to US Customs. The rulings will be binding at all ports of entry unless revoked by the Headquarters' Office of Regulations and Rulings. The Customs Service will not issue binding rulings in response to oral requests. Oral inquiries may be made to customs offices regarding existing binding rulings that might cover your importation.

To understand US tariff classifications visit [Harmonised Tariff Schedule Search \(usitc.gov\)](http://HarmonisedTariffScheduleSearch.usitc.gov)

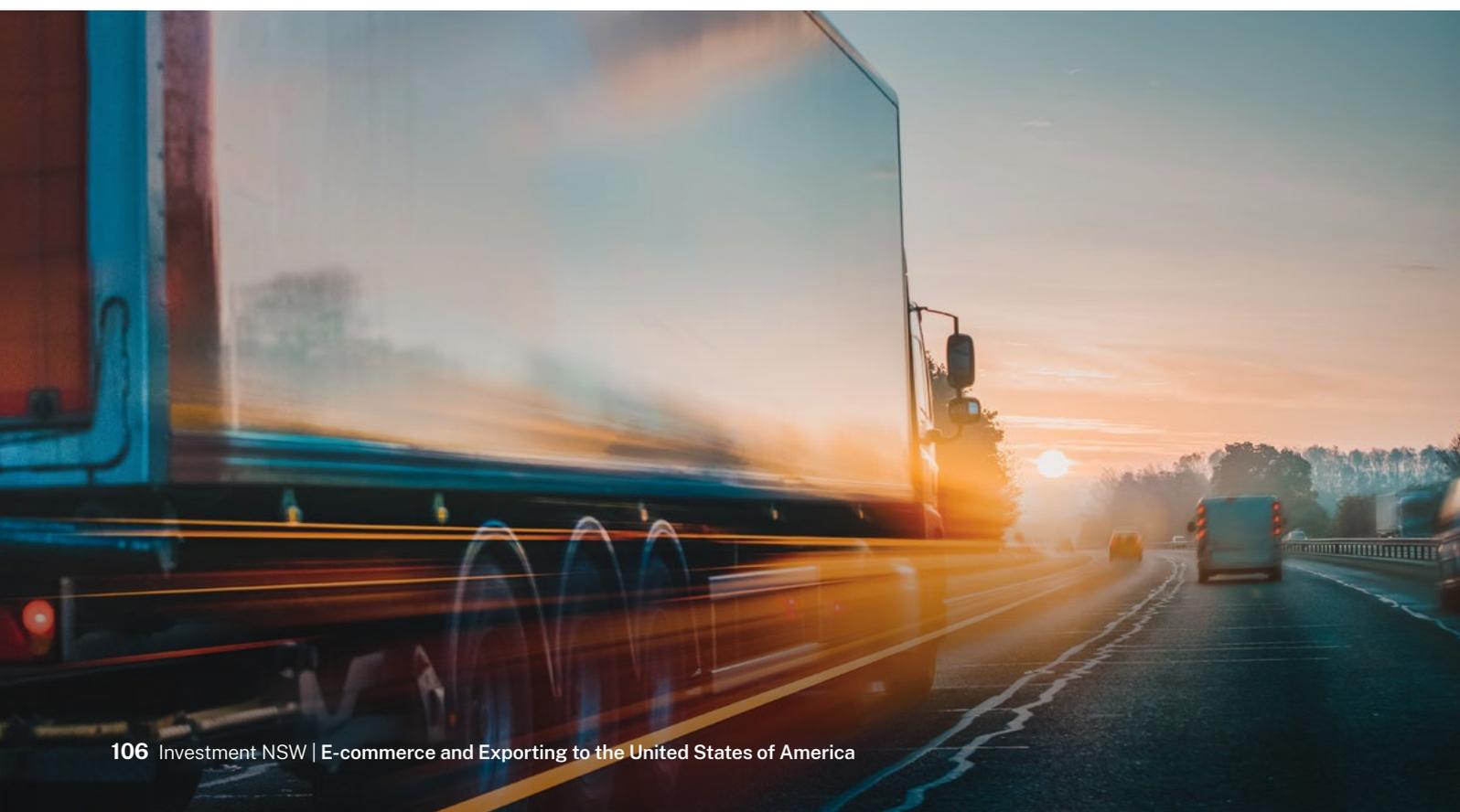
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## 4.1 Trade Agreements and nuances of exporting to the US

### Product certification, labelling and packaging

The Federal Trade Commission, the Food and Drug Administration (FDA) and the Department of Agriculture (USDA) all have guidelines that must be met depending on the product.

- All imported products are inspected by US Customs to ensure that appropriate packing and labelling requirements are met.
- Goods subject to different rates of duties should be packed separately unless they can be easily identified and separately both physically and on the import documents.
- Packages containing mixed goods may otherwise be assessed for total duty at the highest rate applicable to any of the contents.
- Strict regulations govern both the distribution in commerce and labelling of any packaged consumer commodity, including the manner of specifying and indicating net contents.
- Food items must list all ingredients in order from most to least prevalent and must list nutritional information.
- Packages containing mixed goods may otherwise be assessed for total duty at the highest rate applicable to any of the contents.
- FDA does not have a pre-market approval system for cosmetic products or ingredients, with the important exception of colour additives and cosmetics and products and ingredients, specifying and indicating net contents.
- FDA maintains the Voluntary Cosmetic Registration Program (VCRP) for cosmetic establishments and formulations. This program is voluntary, but it is highly recommended.
- Textiles and apparel must list country of origin, fibre content and fabric care instructions. The US Federal Trade Commission has produced a guide to help companies comply with federal labelling requirements for textiles and wool products: *Threading Your Way Through the Labelling Requirements Under the Textile and Wool Acts*.
- Apparel items are subject to labelling and flammability requirements and articles containing fur or wool have additional labelling requirements.



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## 4.1 Trade Agreements and nuances of exporting to the US

- Labelling for foodstuffs and pharmaceuticals should be submitted to the US Food and Drug Administration for approval, before shipments are made.
- US customs laws require each imported article produced abroad to be labelled in an obvious place and as legibly and permanently as the nature of the article permits, with the English name of the country of origin. Articles which are otherwise specifically exempt from individual marking are an exemption to this rule.

Most US retailers require Universal Product Codes (UPC) bar codes, rather than the bar-coding system used in Australia called EAN International. If you are exporting to the USA, you are advised to join EAN Australia and then visit [GS1 US](#).

### Documentary requirement

The US Customs authorities are very precise about import documentation being provided completely and accurately. Any error can cause major problems, risking delays or seizure of goods. The services of a competent customs broker is therefore strongly recommended.

The US Customs Department created the Customs [Automated Commercial System](#) (ACS) to speed customs clearance.

ACS electronically receives and processes entry documentation and provides cargo disposition information. To expedite the customs clearance process, the US Customs Service suggests the following:

- Include all information required on your customs invoice. Prepare your invoices carefully. Make sure that your invoices contain the information that would be shown on a well-prepared packing list. Type them clearly and allow sufficient spaces between lines. Keep the data within each column.
- Mark and number each package so that it can be identified with the corresponding marks and numbers appearing on your invoice. Show a detailed description on your invoice of each item of merchandise contained in each individual package.
- Mark your goods legibly with the country of origin unless they are specifically exempted from marking requirements as is required by the marking laws.
- Comply with provisions of any special laws of that may apply to your goods. Observe the instructions sent to you by your customer in the US with respect to invoicing, packaging, marking and labelling.

- Establish sound security procedures at your facility and while transporting your goods for shipment. Consider shipping on a carrier participating in the Automated Manifest System.
- If you use a licensed customs broker for your transaction, consider using a firm that participates in the Automated Broker InterfacPro-forma invoice. To find a licensed customs broker visit [Customs Brokers](#)

# 4.2 Setting up to sell in the US

### Important steps for online sellers to take now

America is an immense e-commerce market with great purchasing power – a true land of opportunity. However, it is very important to play by the rules when selling online into the US, and to remember that America is the United “States” and many rules pertaining to e-commerce are defined at state level.

Here are some simple steps you can take:

- 1. Consider the amounts you may ship at a time:** If you believe you will be selling small parcels below \$800 to an individual shopper or making larger shipments into a US warehouse but still totalling less than \$800, you will likely qualify for the de minimis rule; however, if you anticipate selling larger
- 2. Know your Commodity Codes:** In order to tell US border agencies what is coming in, make sure your product descriptions are detailed and relate to a recognised Commodity Code. Find yours here: <https://hts.usitc.gov/current>
- 3. Ensure you know taxes and states’ tax thresholds:** Typically sales taxes kick in when you sell more than US\$100,000 from outside a given state – you can explore state-by-state rules in [If you anticipate exceeding these thresholds, you may want to explore \*\*this guide\*\*](#). If you anticipate exceeding these thresholds, you may want to explore outsourcing your tax filings to a specialised provider – there are many. If you sell on a major marketplace like Amazon, for the fact that the marketplace is typically required to pay taxes on your behalf and bill you a cut.
- 4. Data privacy is a fast-moving topic across US states and make sure you comply.** Make sure you know how to properly safeguard your consumers data based on their state, for example by [studying this guide](#).
- 5. Practice good record keeping:** Keep a record of the goods you sell and export in case any authority ever asks.
- 6. Ensure you are properly insured.**

## 4.3 Third-party service providers

At the time of writing this guide, these companies were considered as relevant examples of available service providers. As the need for professional services varies depending on individual

circumstances, you should use your own commercial discretion to assess the suitability of these providers to meet your specific business needs. Investment NSW does not accept liability for any

loss associated with the use of this information or the advice received from these organisations, which are taken entirely at the user's discretion.



**Eberly & Collard**  
PUBLIC RELATIONS

1201 Peachtree Street NE,  
Suite 200 Atlanta, Georgia  
30361-6340  
[www.eberlycollardpr.com](http://www.eberlycollardpr.com)

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### Eberly & Collard Public Relations

Eberly & Collard Public Relations is an Atlanta based public relations firm. They were founded in 2002 and have a team of six employees. They specialise in public relations, advertising, and digital strategy for clients in many industries, including architecture, construction, and consumer products.



**5WPR**

299 Park Avenue, Floor 10 New  
York, NY, 10171  
[www.5wpr.com](http://www.5wpr.com)

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### 5W Public Relations

Founded in 2003, 5W Public Relations is an all-things-PR agency. Their team of around 50-250 employees is based in New York, New York, and focuses on Social Media Marketing and Digital Strategy, along with Public Relations.



**BLAZEPR**

1427 Third Street Promenade,  
Suite 201 Santa Monica, CA  
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[www.blazepr.com](http://www.blazepr.com)

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### Blaze PR

Blaze is a boutique PR agency located in Santa Monica, CA. Founded in 1990, Blaze PR works with lifestyle brands that need assistance with PR or social media marketing. Comprised of nearly 40 veteran PR and marketing practitioners, Blaze takes a strategic approach to PR for businesses in the consumer products, healthcare, and hospitality and leisure industries.



# 4.4 Available support

## Support from Investment NSW

### NSW export advisers

Investment NSW's team of export advisers are ready to assist your business on your e-commerce journey. We support NSW businesses to build their export capability by providing access to:

- **Market Intelligence and Advice:** Through our market research, we can provide valuable insights and data to help you make informed decisions on business models, logistics, website development, pricing and more.
- **Capability Development:** Our team of trade professionals provide training and coaching to improve your understanding of the export process.

We can help you identify market opportunities, prepare an export plan and implement market entry strategies. And with programs such as the Going Global Export Program, participants gain practical knowledge to launch their business onto the global stage.

- **In-market Support and Networks:** Our overseas office networks can provide a range of support services such as partner searches and business matchings. We can also help facilitate targeted introductions with industry associations, chambers of commerce and other professional groups.

- **TradeStart partnership:** Our team of export advisers located across NSW deliver the TradeStart network – a formal partnership with Austrade promoting and supporting export, international business and the government's trade agenda. We give NSW businesses a single access point for both state and federal government export support.

**Contact a NSW Export Adviser:**  
<https://www.investment.nsw.gov.au/contact-us/>

## 4.4 Available support

### Investment NSW staff based in international markets

NSW Government has 'Trade & International' staff, such as Trade Commissioners, based in 10 countries in July 2021 with plans to grow Destination NSW.

**Contact NSW Government staff in-market:** lodge a contact form at:

[www.investment.nsw.gov.au/contact-us/](http://www.investment.nsw.gov.au/contact-us/)

### NSW T&I and DNSW current footprint



### NSW T&I and DNSW current footprint

- NSW T&I: 10 countries & 10 cities
- DNSW: 9 countries & 13 cities
- T&I and DNSW: 6 countries & 7 cities
- T&I embedded in Austrade

## Support from Austrade

The Australian Trade and Investment Commission – Austrade – is Australia's leading trade and investment agency.

Austrade offers a range of easily accessible information about exporting in general and online including:

- Our digital services provide exporting advice including regulatory information (currently focused on food and agri products) at [export.business.gov.au](http://export.business.gov.au)
- An e-commerce focused web page gives some first steps to consider in exporting online including e-commerce country guides for a range of key

overseas markets found at the bottom of the page

- Export Market Development Grant (EMDG) provides financial support for export marketing expenses. Find out more at [austrade.gov.au/grants](http://austrade.gov.au/grants)

For Austrade general information: [www.austrade.gov.au](http://www.austrade.gov.au)

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## 4.4 Available support

### Third-Party Service Providers

- **Export Finance Australia** is a specialist financier that delivers solutions for Australian companies to enable them to win business, grow internationally and achieve export success. As Australia's export credit agency, Export Finance Australia operates on a commercial basis and partners with banks to provide financial support to:
  - SMEs and large domestic exporters
  - Australian companies in an export-related global supply chain
  - Australian companies investing in emerging and frontier markets
  - buyers of Australian goods and services in emerging markets.
- Through its loans, guarantees, bonds and insurance products, Export Finance Australia has helped many Australian exporters and subcontractors take advantage of new opportunities that may otherwise have been out of reach. **Contact** Export Finance Australia at 1800 093 724 or [www.exportfinance.gov.au](http://www.exportfinance.gov.au)
- **The Export Council of Australia (ECA)** is the peak industry body for the Australian export community and works with export industry organisations and governments to further the interests of Australian exporters. A not-for-profit organisation with more than 50 years of experience in supporting Australian exporters, ECA is owned by its members and directed by a council of industry specialists. The Council offers a wide range of export training programs including courses on getting started, export procedures and documentation, international trade law, intellectual property law to help business people learn about new markets, and to get started in exports. **Contact** ECA at [www.export.org.au](http://www.export.org.au)
- **My Business** (formerly the NSW Business Chamber) provides international trade services, processing of international trade compliance documents and international trade consulting. The Chamber produces a range of publications. **Contact** Business Australia at [www.businessaustralia.com](http://www.businessaustralia.com)
- **The Department of Foreign Affairs and Trade (DFAT)** provides information for Australian exporters including: Trade Statistics on import and export values by country and region; Information on Australia's Free Trade Agreements; Information on Australian exporters' obligations in relation to sanctions, bribery and corruption; The opportunity to register with the Australian government when travelling to potentially risky destinations.
- For exporters or plant and animal products, the Australian government's Department of Agriculture Water and the Environment website provides online resources at [www.agriculture.gov.au/export](http://www.agriculture.gov.au/export)

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# 5 Final Checklist



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# Final checklist

## Deciding to enter the market

- ✔ Identify your target audience and understand its demographics.
- ✔ Research whether your specific industry is growing via online channels.
- ✔ Make sure that the value proposition of your product or brand will be competitive in the US e-commerce market.
- ✔ Choose which online sales platform(s) or channel(s) you will use.
- ✔ Consider any tax implications if you have or plan on having a physical link in the US.

## Positioning for sales

- ✔ Decide which e-commerce pathway you want to pursue:
  - 1) own website;
  - 2) retailer website;
  - 3) online marketplace.
- ✔ Pick a payment processor and set up a US bank account if necessary.
- ✔ Organise your inventory and create a plan for picking, packing and shipping products.
- ✔ Consider contracting with a third-party logistics partner if your sales volume is high enough.
- ✔ Decide whether to warehouse in Australia or the US, or partner with a marketplace to leverage its warehousing capabilities.
- ✔ Develop processes for handling customer returns from the US.
- ✔ File trademarks with the US IPO.
- ✔ Create customer service systems, including at minimum email, phone and self-help sections on your brand's website.
- ✔ Develop a marketing strategy, including social media and email, and consider using an omni-channel strategy.

## Selling your product

- ✔ Make sure your product is easy to find on the multiple device types and online platforms that US consumers use.
- ✔ Evaluate your product pricing to ensure it is competitive.
- ✔ Ensure that the product discovery, research and purchase experience are convenient for consumers.
- ✔ Identify relevant online communities and work to build relationships with key influencers in those communities.
- ✔ Consider pay-per-click and other forms of suggested advertising to get consumers to your website.
- ✔ Optimise your online content for search engine parameters.
- ✔ Monitor your online reputation constantly, both good and bad.
- ✔ Manage your social media and email outreach.
- ✔ Leverage data and analytics where possible to target consumers.

