



Cross-border Exports: Introduction to E- commerce

Chapter 3

Amazon Global Selling has built an international presence through 20 overseas stores, including North America, Europe, Japan, Australia and the Middle East, with 300 million active accounts and millions of business buyers. To help sellers learn to expand their business globally, this chapter will introduce cross-border e-commerce export and provide a detailed case study for ease of understanding.

3. Essentials of cross-border e-commerce export and misconceptions

Interest in becoming a cross-border e-commerce exporter? We will introduce the essentials of cross-border e-commerce export and common misconceptions, to help you pick your way through the minefields and expedite your business agenda!

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This course consists of four chapters. For other chapters, please check the [Related Topics](#) section.



3.1 Essentials of cross-border e-commerce export

Before you get into cross-border e-commerce export, some basic preparations will go a long way towards getting your business started.

The basic preparations include:

1. Identify the target countries

First, choose the countries where you want to open sell in. The first step towards ecommerce success is to understand the country or countries where you operate. Moreover, language and consumer behaviour vary greatly with countries. The more countries where you have a business presence, the more effort you need to put in for business operation. For example, if you run a store in North America, you will probably be fine with just English. But if it is in Japan, it is better to know some Japanese and the country's culture. It is wise to be selective when choosing countries where you want to embark on your business endeavour, rather than pursuing blind expansion. Currently, Singaporean sellers have access to 20 Amazon stores in Brazil, Egypt, China, United States, Canada, Mexico, United Kingdom, France, Germany, Italy, Spain, Netherlands, Sweden, Japan, Australia, India, United Arab Emirates, Saudi Arabia, Poland. So think it over and select the stores that best suit your strength.

Usually, you can pick the countries in a few ways. One of them is to base your selection on the source of goods. Another is to based on your understanding of the target countries.

If you have connections to the source of a certain product, such as spot goods or manufacturers, or you are quite familiar with this product, you can look for the countries that are in need of your product. Take puffer jacket as an example. A good starting point is to study the online sales of puffer jackets in North America and Northern Europe.

Or, you can select a certain country with which someone on your team is very familiar because the individual used to study in that country, know its language, or have relatives and friends there. If you know what the country needs, you can look for products that meet the needs.

To select a country, you need to understand your strengths and weaknesses and consider the following factors:

- The size of the local e-commerce market
- The local consumer behaviours
- The available product resources
- The level of competition in the local market

Singaporean sellers have access to 20 Amazon stores:



Australia



Brazil



Canada



China



Egypt



France



Germany



India



Italy



Japan



Mexico



Poland



Saudi Arabia



Spain



Sweden



the Netherlands



United Arab Emirates



United Kingdom



USA



Singapore

2. Understand the local product-related policies and regulations

To start a cross-border e-commerce business, you must first make sure that the products you plan to sell comply with the laws and rules of the target country and the Amazon store.

First and foremost, the policies and regulations must be applicable to the local market. Overseas markets usually enforce more stringent safety and environmental protection requirements on imported products, and even introduce policies targeted at different product categories. For example, the European Union has implemented 8 directives and regulations on toys and the United States requires test reports for the sale of power banks to demonstrate conformity to the UL 2056/2054 or IEC 60950-1 standards.

In addition to the local requirements, the cross-border e-commerce websites also impose regulations on the products they carry, particularly hazardous goods.

Make sure to sell products that are in compliance with the regulations of the target country and the e-commerce website

Products permitted in Singapore \neq Products permitted in the target country

3. Understand the product packaging requirements

In terms of product packaging requirements, the cross-border e-commerce export is different from the traditional foreign trade.

In the latter case, companies package products as per customers' requirements. In comparison, for packaging of exported products in cross-border e-commerce, you must give consideration to brand promotion, logistics costs, after-sales services and other factors. As a rule of thumb, it should be more effective in highlighting the quality and positioning of the brand, and bear labels that provide more comprehensive information. Products carried by an Amazon store also need to have Amazon stickers. In addition, the type and dimensions of packaging should take account of FBA warehousing and inbound logistics requirements for cost-saving purposes.

4. Determine the cross-border fulfillment strategy

As mentioned in the previous chapter, logistics is a challenge to cross-border exports. It is imperative for sellers, before choosing the most suitable logistics solution, to understand the basics of international logistics and familiarise themselves with the logistics infrastructure of the target country. This involves a series of decisions on questions like whether to choose the services provided by the cross-border e-commerce websites, directly send inventory from the originating country to foreign customers through direct-mail parcels, or ship the goods to overseas destinations in bulk by sea, what kind of warehouse you plan to lease for the exported products, and which local logistics company you will work with to deliver your products to customers.

So not only do sellers need to determine which form of logistics they will use but also pick a logistics partner that operates locally.

Generally speaking, you are advised to use the logistics services offered by cross-border e-commerce websites whenever possible. Such logistics services are more reliable and more closely integrated with the websites' systems and provide ease of use.



5. Make collection arrangements

You need to learn the basics of cross-border collection. For example, cross-border settlement involves the exchange rate when converting foreign currencies into SGD and takes account of cross-border financial compliance. Sellers with a basic collection knowledge can select a payment method appropriate to their situation among the following three payment methods: Amazon Currency Converter for Sellers (the official service offered by Amazon), valid bank accounts in areas where the overseas stores operate, and third-party deposit accounts recognized by Amazon.

In addition, there are many more things to learn before you can consider yourself ready for cross-border e-commerce, such as the trend of consumer spending in the local market, local taxation policies, and marketing and promotion skills. This is why Amazon launched the Amazon Seller University and utilises various means to turn rookie sellers into experts. Meanwhile, Amazon offers a variety of data tools and specialised support services (for activities such as logistics, marketing promotion) to empower sellers at every stage of their growth, free them from cumbersome transactional matters and enable them to become more focused on their business and achieve fast growth.

Key considerations:



Do you need to open a foreign currency collection account?



Cross-border financial compliance issues



Payment collection security issues



Payback speed

Solutions to common collection challenges:

- Amazon Currency Converter for Sellers
- Valid bank accounts in areas where overseas stores operate
- Third-party deposit accounts recognised by Amazon

3.2 Common misconceptions

Being an emerging industry, cross-border e-commerce export is misunderstood by many people.

Misconception 1: You have to own an overseas warehouse before getting into cross-border e-commerce export

Fact:

It is possible to run a cross-border e-commerce export business without setting up your own overseas warehouses.

The advantage of overseas warehouses is that when a customer places an order, the product is delivered from the local warehouse instead of from Singapore. This shortens the wait time for customers and saves on delivery fees.

However, it is a sizable investment for most small and medium-sized sellers to set up their own overseas warehouses. A convenient option is to use Amazon's overseas warehouse services. By doing so, when your products arrive at the destination, they will be initially stored in the Amazon's overseas warehouses. When a customer places an order, Amazon will select the product at the warehouse and delivers it via a fulfillment company. Sellers can search on Amazon's platform to check the fulfillment status of the products and track the entire process of fulfillment. When a customer requests a refund or wants to return a product, it can be returned to the overseas warehouse and the warehouse staff will check the product on the behalf of the seller. The product will be resold if it is intact or returned to the originating country if it cannot be resold.

In addition to the overseas warehouse services, Amazon also provides sellers with the overseas shipping service FBA (Fulfillment by Amazon), which allows Amazon to directly ship products to customers. This saves sellers the trouble to find and coordinate local courier service providers in the local market by themselves and further reduces the costs.

Misconception 2: You have to have experience in international logistics before getting into cross-border e-commerce export

Fact:

Under the traditional foreign trade model, it is very challenging to deliver goods overseas in a safe and timely manner. To solve this pain point, Amazon offers a global logistics service Amazon Global Logistics (AGL) that helps sellers with cumbersome tasks as export customs declaration, customs clearance, logistics and transportation, which greatly reduces sellers workload and costs.

Misconception 3: You have to have your own brand before getting into cross-border e-commerce export

Fact:

It is possible to run a cross-border e-commerce business without a brand. As mentioned in the previous chapter, cross-border e-commerce is a sector with a wide range of highly specialised participants. Even without a factory and a brand, you can totally become an exceptional "seller" and achieve outstanding sales performance as long as you are capable of selecting popular products, familiar with the behaviours and needs of local consumers and understand the domestic supply chain in Singapore.

"Of course, Amazon also has a range of feature services, from brand registry to transparency planning, if you plan to create your own brand."

Amazon is dedicated to helping sellers of different categories build their own brands, offering them brand protection services and providing them with series of tools for brand referral, display and performance tracking.

Misconception 4: Only e-commerce professionals can succeed in cross-border e-commerce

Fact:

To succeed in cross-border e-commerce, you do not necessarily need to have the expertise or the background in e-commerce. Amazon offers established and systematic training courses that impart all the knowledge and operation skills required for running a cross-border e-commerce business. These courses range from selection of target countries and products, to a step-by-step guide to opening and operating a store. You can learn whatever you need in no time.



Misconception 5: Only retailers and wholesalers can be sellers in cross-border e-commerce

Fact:

Not true. Dealer can also be sellers. To put it in another way, you can become a seller as long as you have products to sell. Product selection courses at Amazon Seller University help dealers learn to pick products with market potential, turn them into popular choices, build brands and achieve record-setting sales. Sellers do not necessarily need experience or background in upstream industries and being an effective buyer can also be a wise choice. Many successful dealers on Amazon have similar experiences.

Misconception 6: You cannot run a cross-border e-commerce business without an overseas bank account

Fact:

Not true. Sellers with no overseas bank account can collect payments. All they need to do is to use the cross-border collection services that are in compliance with their local regulations and recognised by Amazon and set up a deposit account in Amazon Seller Central. After the account is created, Amazon will automatically settle the payment to the seller's account in each statement period.



Appendix: Terminology

Customs Territory:

Customs territory is a geographic territory with uniform customs regulations. Under normal circumstances, customs territory and border are the same. However, the customs territory of some countries and regions is not completely the equivalence of their borders. For example, if a country has a free port or free zone not located within its border, the customs territory is smaller than the border. On the other hand, for countries that enter into a customs union, their territories are collectively known as one unified customs territory:

Tariff:

Tariffs are taxes levied on importers and exporters by the customs established by the government when imported and exported commodities pass through a country's customs territory.

Customs clearance:

Customs clearance refers to the procedures for declaring imported and exported goods to the customs before shipment.

VAT (Value-added Tax):

VAT is a common consumption tax charged in EU countries or the profit tax levied on the selling price of goods. For example, when goods enter into the United Kingdom, an import tax is imposed on the goods according to the EU laws. When the goods are sold, the merchant can refund the import value-added tax (import VAT) and then pay the corresponding sales tax (sales VAT) charged on the selling price.

ASIN (Amazon Standard Identification Number):

ASIN is a unique identifier assigned by Amazon for the products it carries. It is automatically generated by Amazon, rather than by sellers. The ASIN number is the equivalence of the universal ISBN number. The ASIN is usually found in the "Product Details" section or at the lower part of the "Product Information" section.

Related topics

Cross-border exports during the outbreak: Introduction to e-commerce

- What is cross-border e-commerce export?
- Why should you get into cross-border e-commerce export now?
- Essentials of cross-border e-commerce export and misconceptions
- Successful cross-border export e-commerce cases

For more practical courses on the operations of cross-border e-commerce export, please visit "Amazon Seller University".

Paths: Amazon Seller Central > Performance > Seller University > Search for the name of learning materials

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