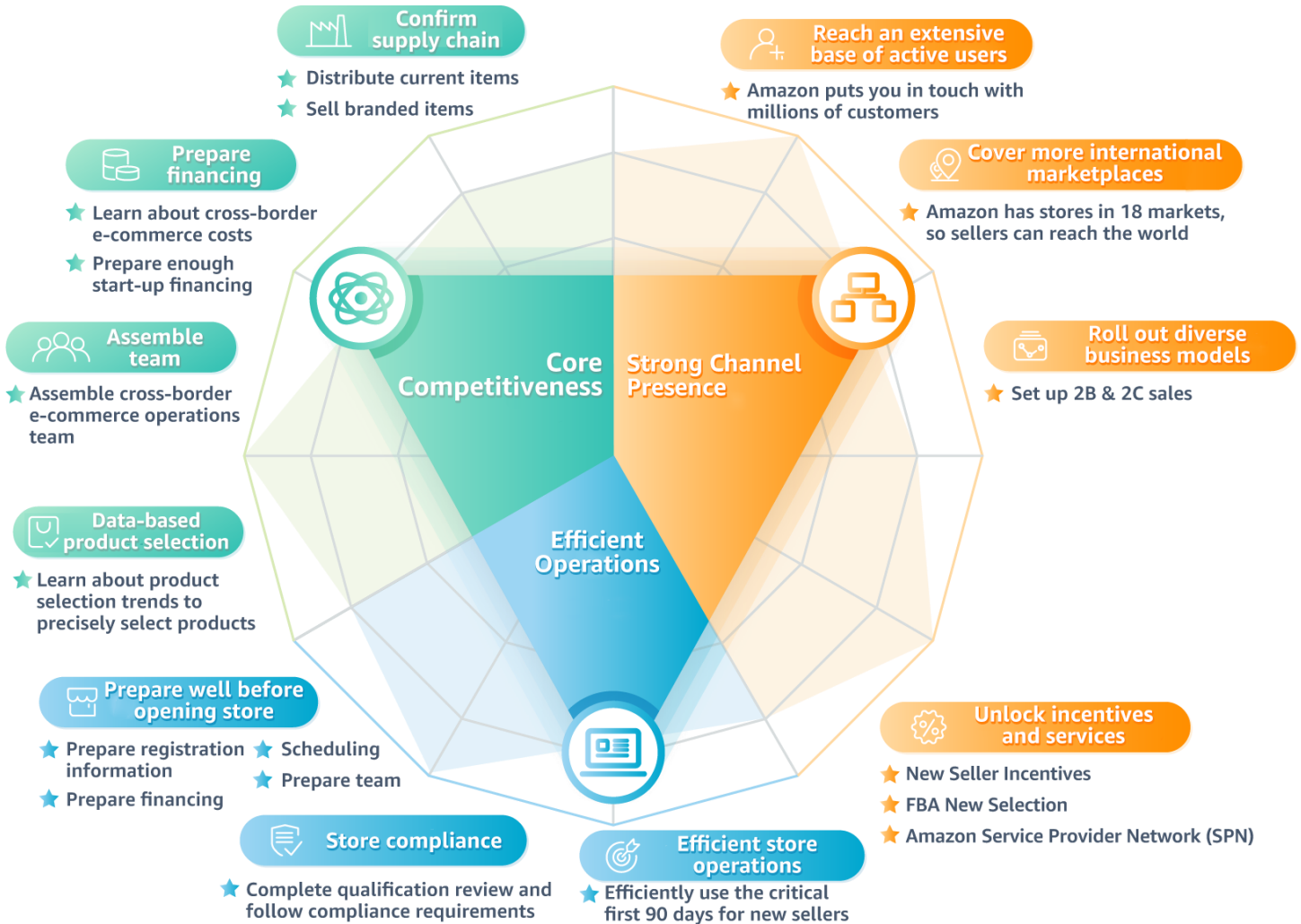


What must you know to do cross-border e-commerce?

1. What must you know to do cross-border e-commerce?	1
1.1 <u>What is cross-border e-commerce? What is the difference between that and traditional foreign/domestic e-commerce?</u>	3
1.2 <u>Is it too late to enter cross-border e-commerce?</u>	9
1.3 <u>What are the costs to consider when doing cross-border e-commerce?</u>	11
1.4 <u>What are the three major factors to consider when doing cross-border e-commerce? ...</u>	13

Radial chart of things to prepare for cross-border e-commerce



You can take a quick look at the things to prepare for cross-border e-commerce in the image above. Know what to expect and get started worry-free. The 11 aspects mentioned above don't have to be 100% complete before you get going. Instead, use the image above as a checklist for what you have to do. Check for gaps, fill up shortcomings, and build on your advantages.

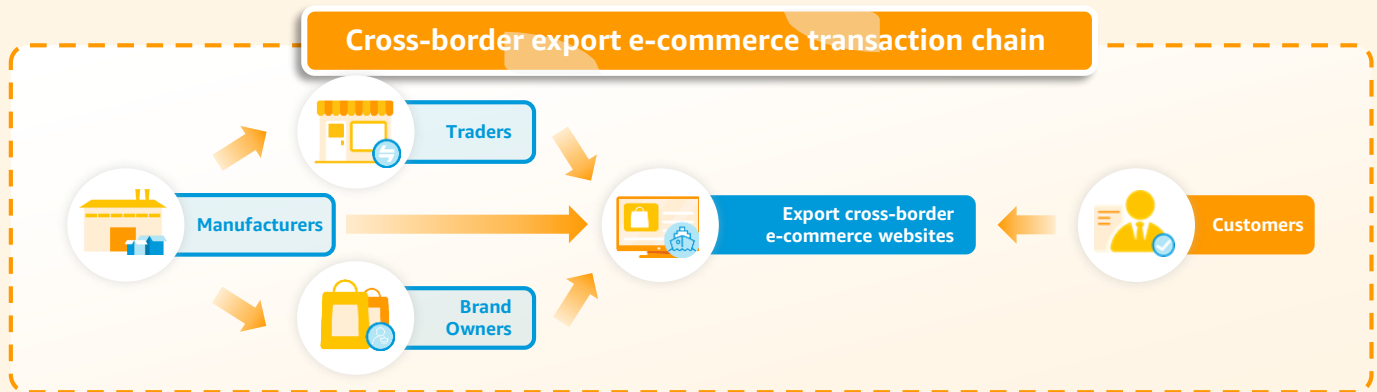
The scale of cross-border e-commerce continues to rise. Online consumption has become the general trend. It is estimated that global retail e-commerce sales will exceed **60 trillion US dollars in 2023**. Established and emerging markets provide unlimited business opportunities. They're just waiting for you to take the lead to jump in.

Unsure of the cost of investing in the early stages of cross-border e-commerce? Want to start a cross-border business but can't get started, and don't know how to prepare? **This is a must-read guide for new sellers about basic cross-border e-commerce.** Learn the basics of cross-border e-commerce: building core cross-border competitiveness, using strong cross-border channels, and building efficient cross-border operations. Ride the wave of opportunity. Get to the starting line, and go!



1.1 What is cross-border e-commerce? What is the difference between that and traditional foreign trade/domestic e-commerce?

Cross-border e-commerce refers to an international commercial activity where trading entities in different countries and regions use e-commerce to place online orders, pay and settle, and deliver goods, customs clearance, final delivery, and complete transactions through cross-border fulfillment. There are no importers or wholesalers in the traditional foreign trade model. Through cross-border export e-commerce websites, the transaction chain is shortened, reducing intermediary chains, and increasing profit margins.



So, what is the difference between cross-border e-commerce and traditional factories, traditional foreign trade, or domestic e-commerce? Read on to find out.

1.1.1 What is traditional foreign trade?

Traditional foreign trade generally refers to foreign trade in the sense of the exchange of goods, labor, and technology between one country (region) and another country (region).



In the entire trade transaction chain, **the traditional factory is the most direct source of production, and can also be seen as the manufacturer, in the picture above.** Specifically, this can be divided into domestic trade factories that mainly produce, and foreign trade factories that integrate industry and trade and participate in production and export sales. If manufacturers want to sell products to consumers, they will go through many chains of exporters, importers, wholesalers, and retailers. Entities at a certain link in the chain can usually only deal with the upstream or downstream of their link.

Here's a detailed introduction to the different roles in traditional foreign trade transactions:



Manufacturer

A manufacturer is what is commonly known as a factory or "foundry". It has manufacturing capabilities and even certain design capabilities but does not have its own brand. The main business of these factories is not only OEM production for domestic brands, but they also accept orders from foreign companies, thus becoming an important part of foreign trade.



Brand Owners:

Brand Owners are companies that have their own brands. As the domestic market becomes increasingly saturated, more and more Chinese brands are trying to sell their own branded products overseas. Brand Owners, compared to factories, understand customer needs better. They put forward product requirements to factories and require factories to continuously improve products based on consumer feedback.

(continued on next page)



Exporter/Trader:

Exporters, also known as traders, are a key player in traditional foreign trade. They connect Chinese manufacturers and brands with overseas customers. Without exporters, when a Chinese manufacturer needs to export its products abroad, it will face many practical issues, including the choice of destination country, product compliance, language, and expertise in the relevant destination country.



Importer:

Just like exporting, importing is a very professional matter. Professional importers usually have long-term cooperation with Chinese exporters, and even familiar factories, which can quickly help overseas customers find suitable “goods.”



Wholesalers:

Wholesalers and the retailers described below are involved in the division of labor between “retail channels”. Wholesalers will purchase products in large quantities from brands, then reduce them to supply all kinds of sales channels in the market. In the actual business process, there may also be multiple sub-levels of wholesalers under one wholesaler. Generally, the larger the geographical area of a country, the more levels of wholesalers there are.



Retailers:

Retailers can be understood as channels that ultimately sell goods to consumers, such as supermarkets, convenience stores, and some e-commerce websites. Because retailers face consumers directly, they know which products sell well and which don't. They'd even know what kinds of products would have better market performance in the future.

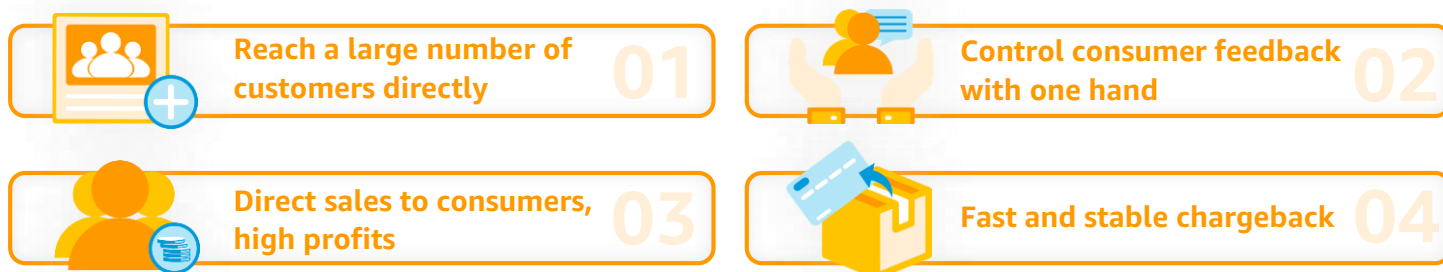


Consumers:

This is the person who ultimately buys the product. Consumers in different countries will have different purchasing preferences based on differences in culture, geography, and degree of economic development. You should consider catering to what people like when selling products to them. Also, some business owners will buy things through retail channels as a company. At this time, business users are also a special kind of “consumer.”

1.1.2 The difference between cross-border e-commerce and traditional foreign trade

There are similarities between cross-border e-commerce and traditional foreign trade. Essentially, they all sell goods abroad. The difference is that the efficiency of all aspects of cross-border e-commerce transactions improved a lot. Ultimately, quantitative changes have caused a qualitative leap forward. Looking at their respective business models and chains, cross-border e-commerce has the following advantages:



Visually compare the differences between the two in the table below:

Traditional foreign trade	Cross-border export e-commerce
Many links in the trading chain - low profit	Selling goods directly to consumers - high profit
It's not easy to match product design and needs without understanding consumer needs.	Directly face consumers, design products in a targeted manner, and maintain long-term competitiveness
The process is not transparent, and there are many uncontrollable factors	Doing business directly through a cross-border export e-commerce website, the information is transparent in real time, and the business is under control
No pricing power, relatively passive	Has industry pricing power, so it takes an active position in business decisions

1.1.3 The difference between cross-border e-commerce and domestic e-commerce

Compared to domestic e-commerce, because customers and sellers are not in the same country, sellers can participate in the wider global retail market with **more advantageous products**. They can build their own global brands through **Amazon's supply chain resources**. While it has a wider market and opportunities, it also has more challenges. Specifically, cross-border e-commerce is different from domestic e-commerce and has the following characteristics:

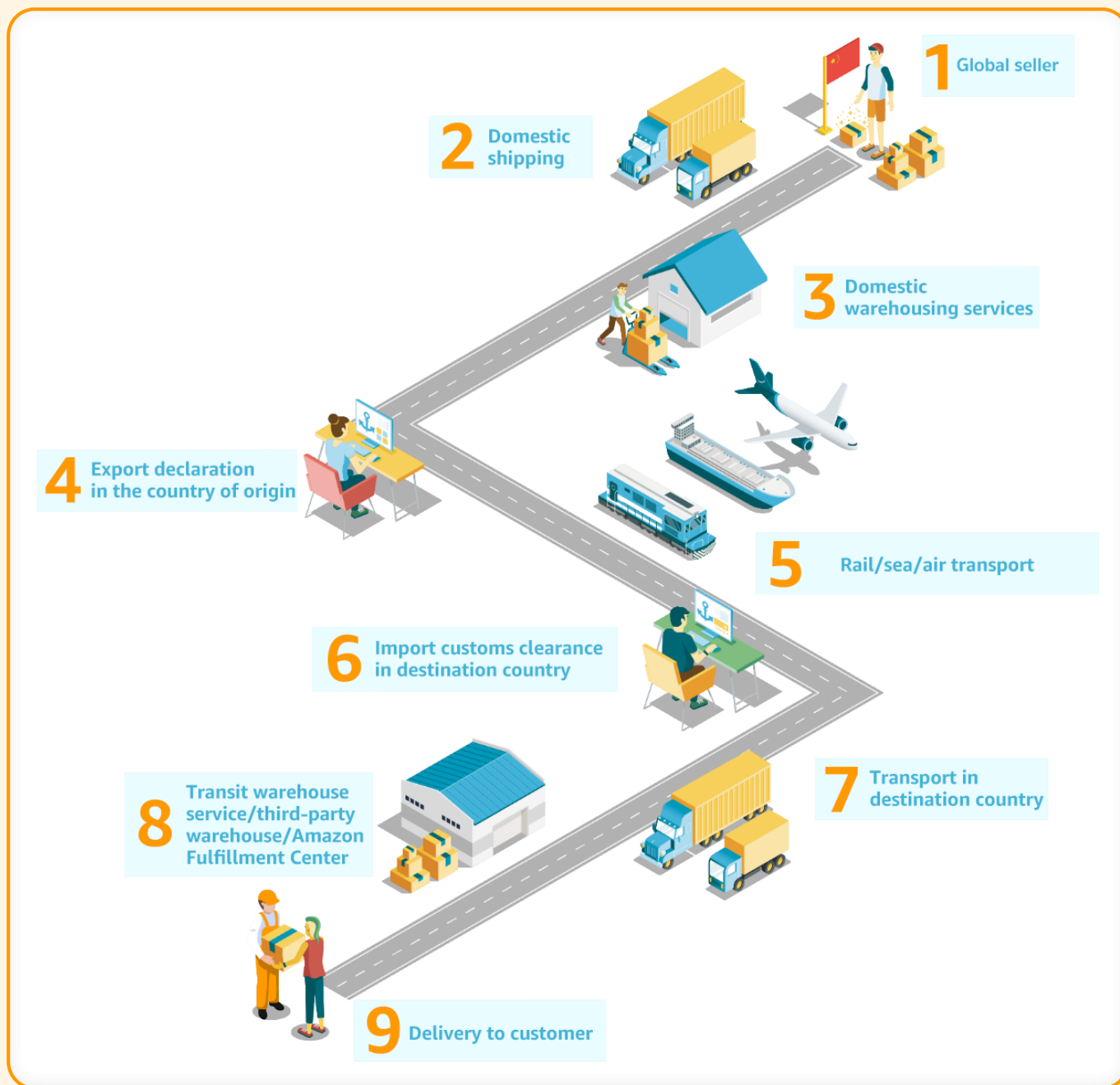
Cooperation with global e-commerce sites

Customers in different countries have huge differences in language, culture, and consumption tendencies and habits. Understanding the differences in local needs and preferences is the first step to a successful business. You can cooperate with cross-border e-commerce websites that have been operating locally for many years and take advantage of their brand awareness and huge customer base to have a better start and expand your business.

(continued on next page)

Deliver and complete transactions through cross-border fulfillment

Cross-border fulfillment mainly refers to the **delivery** of sellers' products **from one country to another** and **to customers**. You can intuitively understand all aspects of cross-border fulfillment via the following chart:



Cross-border e-commerce sellers need to choose professional cross-border fulfillment services to complete professional tasks such as transportation, customs declaration, warehousing, and distribution. [Click here to learn more about cross-border fulfillment.](#)

Receipts in different currencies need to be processed

Foreign customers on cross-border export e-commerce websites usually pay in local currency (such as US dollars, Japanese yen, euros, etc.). So, when settling payments, sellers need to consider the exchange rate associated with converting foreign currency to local currency and the issues involved in cross-border financial compliance.

Amazon provides relevant financial services and support to a wide range of sellers. For more details, please refer to this series of courses “Detailed explanation of the four steps to start cross-border e-commerce 1.3 — How can I use strong channels to lay out the racetrack for cross-border e-commerce?”.

Taxes are complicated

First, to do cross-border e-commerce exports, you must pay customs duties. Customs duties means that when products are to be exported abroad (“customs” to be precise), foreign countries must levy taxes on the goods, and the tariff rate is affected by many factors, such as the export country, nature of the product, and trade policies. In addition, each country (corresponding customs) also has other types of taxes that it needs to levy. For example, the EU government charges value-added tax (VAT) to e-commerce sellers.

What is a border?

Customs or customs boundary is the territorial scope of the implementation of uniform customs laws. Under normal circumstances, customs and national borders are the same. However, some countries' and regional customs are not completely consistent with national borders. For example, if a country has a free port or free zone, it does not fall within the scope of that country's customs territory. Here, customs territory is a smaller zone within a national border; in countries that have a joint customs agreement, their territory becomes a unified customs territory.



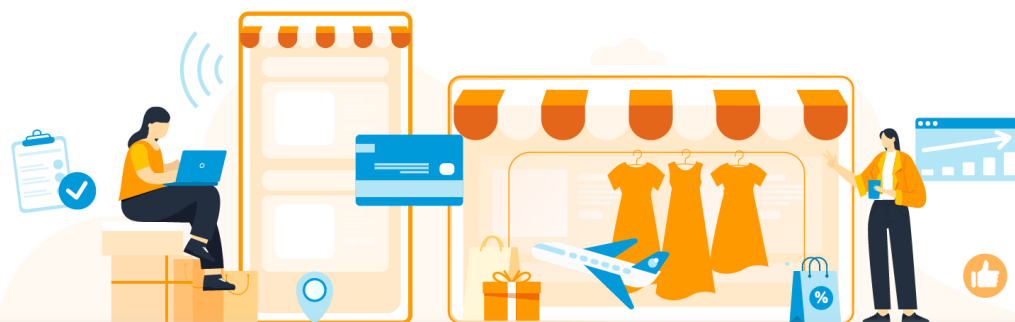
Cross-border e-commerce exports may seem more complicated than traditional e-commerce, but in fact, all of these links in the chain can be solved with the help of professional supporting services provided by cross-border e-commerce websites. You can then go global smoothly and embrace broader business opportunities.

1.2 Is it too late to enter cross-border e-commerce?

The post-pandemic era has ushered in many favorable policies and markets for cross-border e-commerce. Driven by these favorable policies and industry clusters, going **cross-border is becoming a new growth opportunity for many brand owner and sellers**. With the development of digital platforms in the global market, more and more consumers are more inclined to shop online. Currently, **the global cross-border e-commerce business is developing rapidly, and the prospects are promising**.



1.2.1 Global consumption continues to shift online, and the potential for cross-border e-commerce is limitless



With increasing penetration of the internet and smartphones, consumers are becoming more and more accustomed to online shopping. Gen Z, which is deeply influenced by the internet, is becoming the main force in online consumption. In 2023, one-third of the world's population aged 14 and above will shop online, and the number will exceed 2.73 billion. ^[1]

2.73

billion

About
one-third

20.2%

According to more data, global retail e-commerce sales are expected to exceed **6 trillion US dollars** in 2023 ^[2]; from 2023 to 2030, the compound annual growth rate of global B2B e-commerce will reach **20.2 %** ^[3]; **It is estimated that by 2027, the total volume of overseas retail e-commerce will reach 4 trillion US dollars, and the growth rate will be two times the global retail growth rate +.**

Sources:

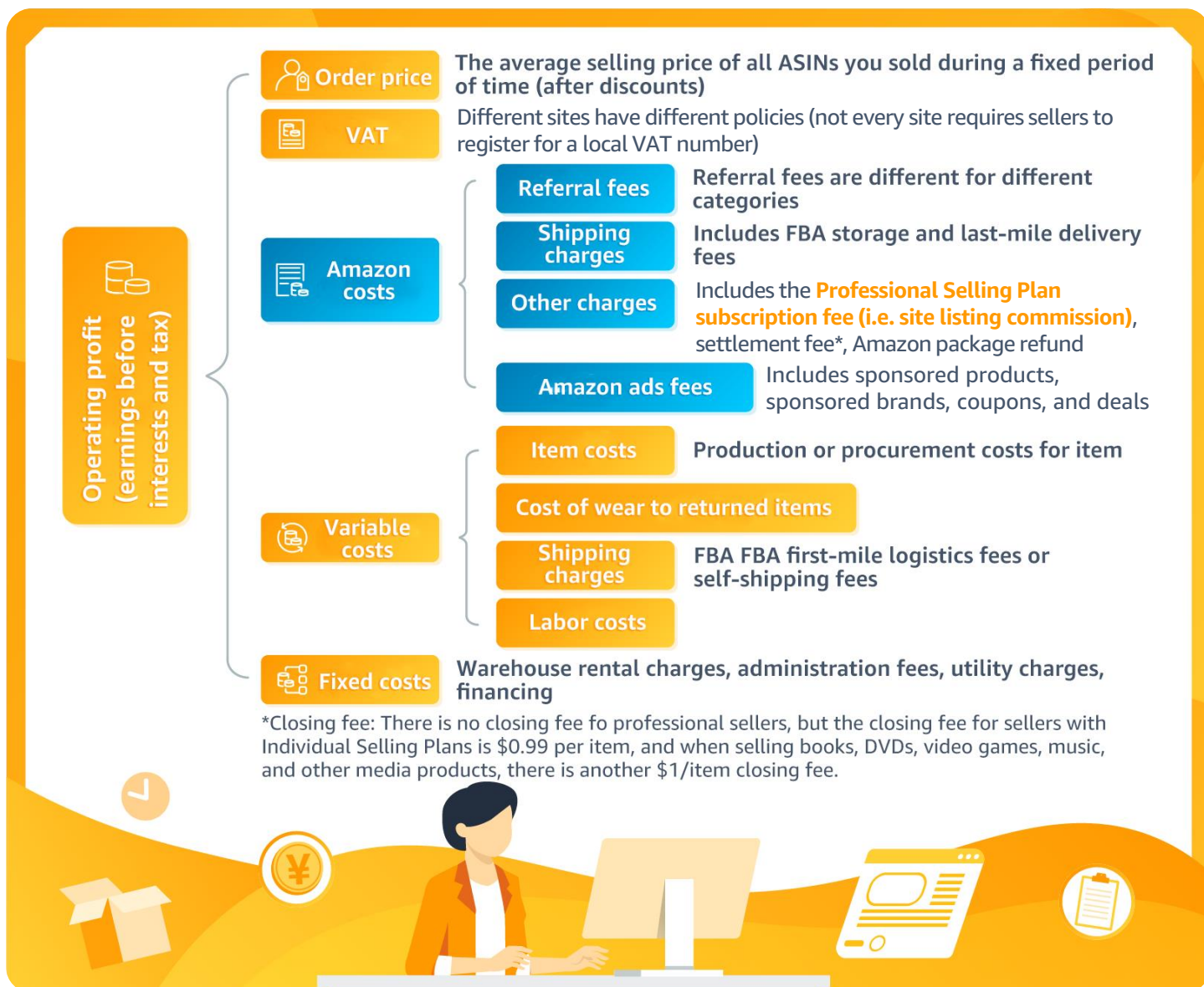
1. Worldwide E-commerce Forecast Update 2022, eMarketer, 2022
2. <https://forecastsna1.emarketer.com/5a53f4d9d8690c0d70ffaa04/5a53e370d8690c0d70d70ffa9a5>, 2022
3. <https://www.polarismarketresearch.com/industry-analysis/cross-border-B2C-e-commerce-Market>, 2021

1.3 What are the costs to consider when doing cross-border e-commerce?

Before starting a cross-border e-commerce business, it is important to prepare sufficient start-up capital. Next, let's take you step-by-step to "settle accounts" and see what costs will be included in cross-border e-commerce from registration and opening a store to selling products.



* **Price per customer:** The average selling price of all ASINs you sell over a fixed period of time (after deducting discounts).



Explanation of specific costs

Among the costs associated with Amazon, the Selling on Amazon registration fee (that is, the commission for opening a website) and the Amazon referral fee are fixed relative to sales. Logistics tariff costs and other costs that may be incurred will fluctuate according to production, sales, and operation conditions.



Referral fees

It's roughly between 8% and 15%, and the fees will vary depending on the site you open.



Fulfillment tariffs

These account for roughly 15% to 20%, including first-trip logistics costs, warehousing costs, last-trip logistics costs, import customs clearance taxes, and destination country consumption tax.



Professional Selling Plan subscription fee (site listing commission)

With a one-time registration for a global professional account (\$39.99 per month)^[1], you can open in 17 major markets*, saving time and money when registering. Currently, if you enter the top 4 emerging sites in Singapore, the Middle East (UAE, Saudi Arabia), and India, you can also enjoy a limited-time free monthly rental campaign.

*Note: The 17 major markets include North America (US, Canada, Mexico) /Europe (UK, France, Germany, Spain, Italy, Poland, Sweden, Netherlands, Belgium) /Japan/Australia/Singapore/ Middle East (UAE, Saudi Arabia).



Other costs that may vary

When considering the full cost of doing business on Amazon, in addition to the above costs, be sure to consider additional expenses that may also be encountered. These might be **product costs, wear and tear costs associated with product returns, shipping costs, labor costs, refund processing fees, listing fees, and costs of choosing a third-party service provider**. Other options that help you increase sales, such as advertising and marketing expenses, and studying related official paid courses also have costs. Among them, **common advertising and marketing expenses (including Amazon Ads and off-site marketing)** account for between roughly 10% to 15%.

1. Learn more about the Professional Selling Plan fee promotion [here](#).

1.4 What are the three major factors to consider when doing cross-border e-commerce?

The prospects for cross-border e-commerce are so promising. How can new sellers going global meet the challenges and seize the opportunities? Amazon suggests that you **focus on the “three forces”**. Use ingenuity and show strength to embark on a cross-border journey successfully.



First, when you decide to start a new business or a new project, you usually need to analyze your strengths and weaknesses, analyze the challenges and opportunities you face from the perspective of capital, team supply chain, etc. Then **build your own core competitiveness**, and formulate development strategies.

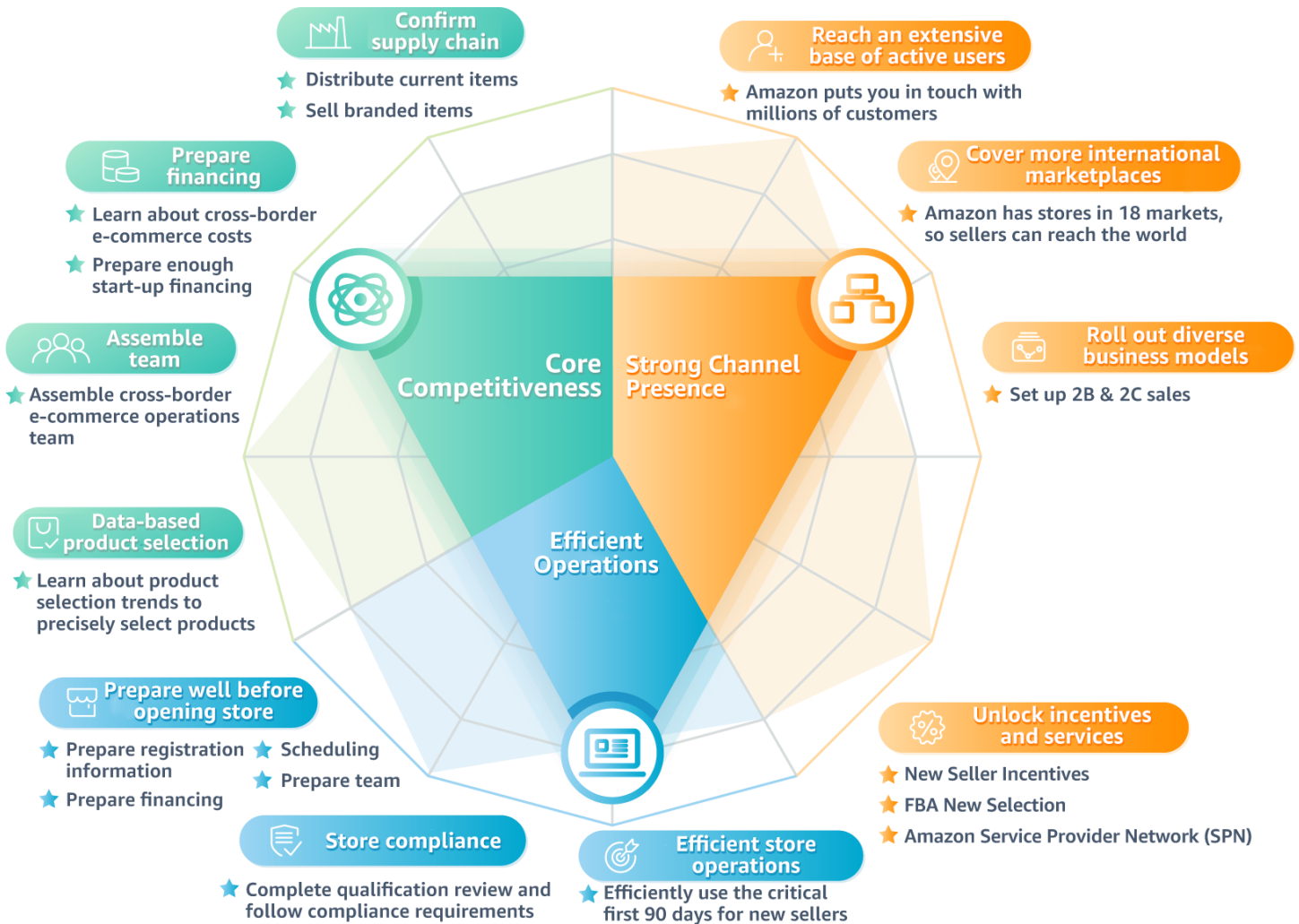


The next key step is to **find the right overseas channels to support your cross-border business**. Amazon can provide you with a wide selection of markets, a large number of active users, diverse business models, full-stage support, and a rich set of benefits to help you get off to a strong start.



After choosing a channel, it is recommended that you understand the operational precautions and strategies before, during, and after opening an Amazon store to help you start quickly from 0 to 1. **Cultivate efficient operations**, and become the engine behind continuous and strong development of your cross-border business.

After an overall understanding of the preparation required for cross-border e-commerce, you can complete the self-check work in the preparation stage again through the following image:



The entire “Detailed explanation of the four steps to start cross-border e-commerce” course will revolve around the above three strengths (core competitiveness, strong channel presence, and efficient operations). We will introduce the key points for cross-border beginners to set sail one by one, step by step, getting you off to a smooth start and achieve success.