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ECOMMERCE NEWS

MARCH - APRIL 2024

BY

FRANÇOIS MAINGRET

Foreword

You know the world is in a crazy place when "climate activists" are resorting to throwing paint and food at Van Gogh and Monet masterpieces just to grab attention.

What is also upsetting is that these actions, in my opinion, are detrimental to the issue of sustainability. On the other side of the spectrum, there are people buying mountains of clothes from Shein to show them off on social media before most likely throwing them away.

People blame social media and e-commerce for these actions, but I believe these technologies can also help us find more sustainable alternatives.

Recent news is all about Shein, Temu, and TikTok shops. These new channels may not only be a threat to the environment, they may also take away market share from the giants Amazon and Walmart. Speaking of Amazon, sellers have started to feel the pain of the newly implemented fee.

In these past two months, I did my best to comment on all of these issues. And we are barely in the second quarter of 2024; more big changes are coming in e-commerce, with a potential ban on TikTok in the US. If I have missed any major news, feel free to email me, and I'd be happy to discuss it.

François Maingret

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CUSTOMERS NOW WANT OMNICHANNEL COUPONS

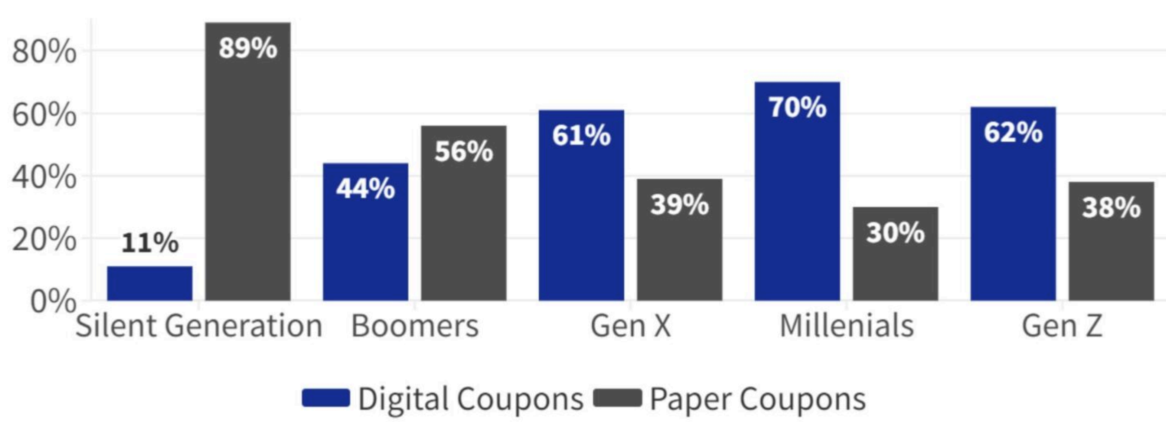
How Realistic is That?

Not too long ago, omnichannel was the center of attention in the ecommerce world, before AI and new sales channels became a thing. However, a solid omnichannel strategy is still important for retailers and is expected from shoppers who seek a consistent brand experience. According to a recent PYMNTS Intelligence study, 75% of U.S. shoppers expect digital coupons to be available for both in-store and online shopping.

Coupons are a very flexible tool and a great way to influence customers' decisions. There are many reasons why brands would use them. Coupons can increase sales, help clear out inventory, acquire new-to-brand customers, and more. But one way some brands use them is to drive traffic to their retail stores.

Share of Shoppers Using Digital vs Paper Coupons in the US in 2023

Source: Statista



While this does not tell us about where customers redeem coupons (digital codes are redeemable in-store), this shows that both paper and digital coupons are relevant today. We can assume that physical and online channels are also both relevant for coupon use.

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While online shopping is more popular than ever, the physical store remains a crucial touchpoint for customers. Omnichannel coupons act as a bridge, encouraging customers to visit brick-and-mortar locations, where they often end up spending more than initially planned, driven by the employees, the physical contact with the products, and the immediacy of the shopping experience. Several studies have shown that consumers tend to spend more per visit in-store rather than online. Other customers are more likely to buy online once they have seen and experienced the product in-store.

The expectation for coupons that function both in-store and online may seem reasonable to customers. For brands, omnichannel coupons could be a goldmine for collecting valuable customer data. Through these coupons, retailers can gain insights into customer preferences, purchasing behaviors, and channel preferences.

However, this can be very difficult to do in practice. The dynamics of in-store and online shopping differ significantly. There are physical constraints, such as limited space.

Many brands have a broader selection of products online. This does not impact generic coupons (for example, 10% off on any order) but makes it impossible to target any item. Then, cost structures are vastly different across sales channels. For example, shipping and order fulfillment can be a large expense, especially if the brand offers free shipping. The cost of reverse logistics is also high, especially in industries with high return rates like the fashion industry (Customers can try the clothes in stores, but some customers order multiple sizes online and return what does not fit).

Coupons are more than just discounts. They are important tools for retailers, can be easily shared online by brands and influencers, are very flexible, and are helpful in collecting data. However, despite the importance of omnichannel, there are still major differences between stores and online channels that make it difficult to offer coupons that work both in-store and online. As of now, I only see it possible for a very small minority of retailers, but I would be interested to know if my readers have ideas to provide a better shopping experience despite these constraints.

https://www.pymnts.com/study/global-digital-shopping-features-click-and-mortar-retail-commerce/

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WHY ARE AMAZON THIRD-PARTY SELLERS FURIOUS? **ANALYZING THE NEW INVENTORY PLACEMENT FEE AND HOW TO REDUCE IT**

When Amazon initially announced their new fee structures for 2024, sellers were expecting to see an increase in how much they'd pay. But now that the fees are implemented, there is a lot of outcry across Amazon seller forums, Reddit, LinkedIn, and social media. The object of all this rage: Amazon's new inventory placement fees. Beyond the Change.org petition to get this fee removed, this made so much noise that the FTC is now investigating it. The agency's interest followed Fortune's recent article on how sellers feel about this new fee.

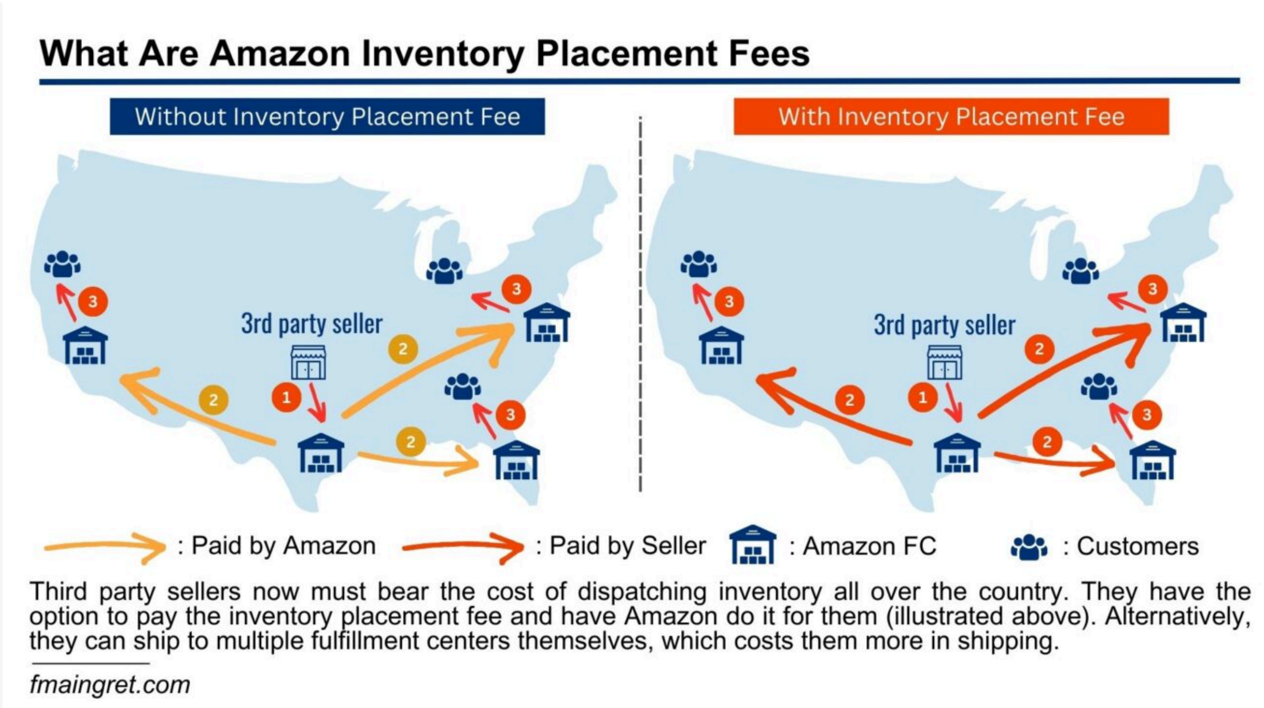
Today, I want us to review what this fee is, explain why sellers are furious and how it may impact your business. Finally, we will see if every company is impacted equally and investigate potential strategies to mitigate the impact of this fee.

WHAT IS THIS NEW INVENTORY PLACEMENT FEE?

When shopping online, customers hate waiting for their packages. That is why Amazon's Prime membership is so popular, people love receiving their order within a day of placing them. Despite the lightning-fast delivery, Amazon doesn't resort to costly air shipping. Instead, they leverage their expansive network of fulfillment centers (FC) strategically positioned all over the United States. If a customer located in New York City orders shoes from Amazon, the item is more likely to come out of an FC located in the northeast, rather than from one in California. By using their large network, Amazon optimizes efficiency and minimizes delivery times, improving the overall customer experience.

In order to have inventory available for shipping all over the country, Amazon typically distributes inventory to multiple FCs. Third-party sellers used to ship their items to mostly one local FC and have Amazon dispatch the inventory for them.

Amazon has now changed its approach and requires sellers to ship inventory to multiple FCs located throughout the United States. If they don't, sellers have the option to ship to only one FC, but have to pay the dreaded inventory placement fee.



WHY ARE THIRD PARTY SELLERS FURIOUS?

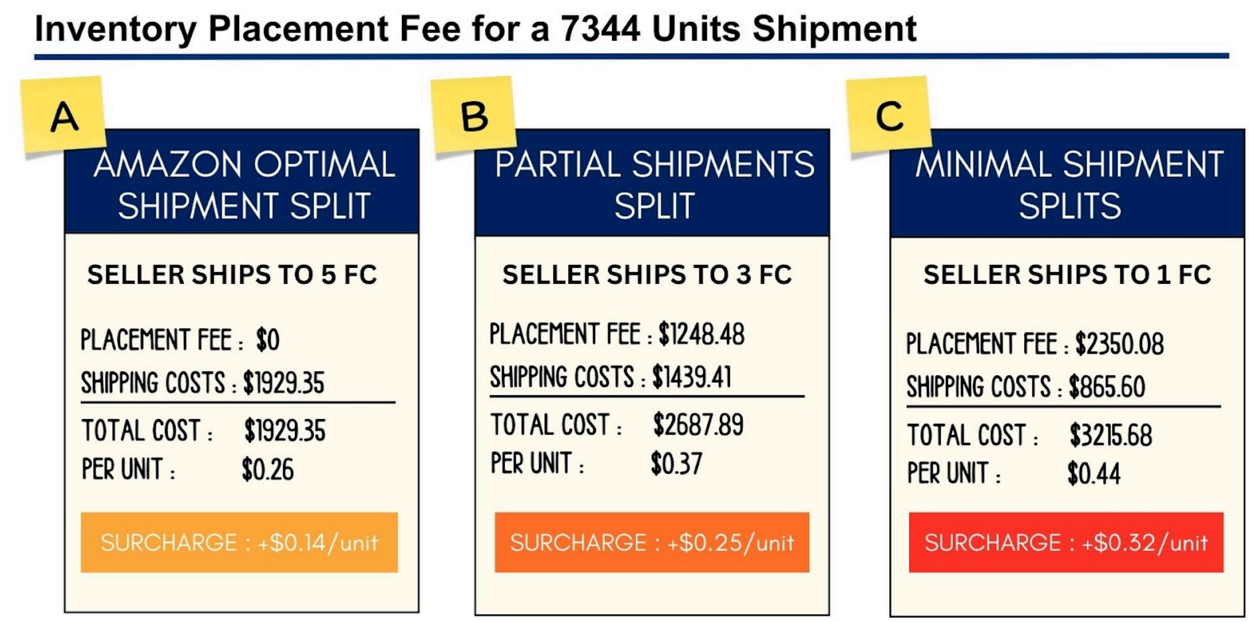
Shortly after Fortune's article was published, the FTC initiated contact with Amazon sellers to learn more about the impact of the fees, according to multiple sources. And I believe they have not heard great things about this new fee.

The main reason why third-party sellers are upset is not the added complexity to the inbound shipping processes, it is clearly the fees. The YouTube channel E-BusinessOnline (Link below, great content I recommend) gives us a great example of how much sellers can expect to pay (see image on the next page)

Sellers are presented with three options:

- Ship to multiple FCs (Optimal Split)
- Ship to a limited number of FC (Partial Split) for reduced fees
- Ship only one FC (Minimal Split) but pay the full fee

As you can see in this example (and I noticed amounts in the same magnitude when shipping inventory), this is quite a difference compared to when sellers only had to ship to one destination.



Example from E-Business online video : https://www.youtube.com/watch?v=JWFAdDSEm_Y

Mira Dix, Amazon Spokesperson, told Fortune that *"the new fee changes allow sellers to choose where they want to have Amazon take on different aspects of fulfillment and where they want to do the work themselves. On average, the 2024 fee changes are significantly less than those announced by other major fulfillment services, and many sellers will see a decrease in the average fees paid to Amazon per unit sold."*

However, sellers are expecting an overall increase in fees, not a decrease. There are numerous testimonials online on how specifically the inventory placement fee will kill many sellers already thin margins.

User Jigglypuffsx on Amazon seller forums reported: *"Bro, they are going crazy. It used to cost me $150 for 2 pallets to ship to Amazon warehouse. Now it will cost around 1k for the same products, nonsense fees. It will not help anybody on long term Amazon or 3rd party seller"*

User LVSeller123 talks about the alternative to ship to multiple FCs instead *"Yes you can avoid the placement fee this way but the bigger issue is they increased LTL Partner Freight price by 600%. Last week a shipment cost me $600 for 4 pallets. This week that exact same shipment WITHOUT placement fee is $2100. They want me to split it into 5 warehouses. Absurd."*

> *“They are going crazy. It used to cost me $150 for 2 pallets to ship to Amazon warehouse. Now it will cost around $1k for the same products, nonsense fees. It will not help anybody on long term Amazon or 3rd party seller”*
>
> Amazon Seller Forums User

IS EVERYONE EQUALLY IMPACTED BY THE FEES? AND WHAT COULD BE DONE TO REDUCE THEM?

After reading a few dozen testimonials and complaints, it is clear that some sellers are hit harder than others. Sellers shipping smaller volumes of inventory to Amazon tend to me more impacted, as it seems that these fees are higher for small parcels than for LTL shipments.

Another user of Amazon seller forum reports “Just had our first today. Was a 750 small item shipment, about $40 to ship. They forced us to pay an additional $135 on top to redistribute these shipments, the no fee option was grayed out. May be changing our FBA strategy going further if this is the new normal.” It appears that the Amazon optimal shipment split or Partial shipment splits is not available for shipments that are too small.

It could be a question of shipper cases rather than units sent. Amazon may break cases when shipped to one FC and allocate them, but they only allow sellers to ship full cases to FCs.

This means, for those shipping a few cases with a lot of units, they will have to pay the highest cost per unit. It is still early to tell, but shipping more inventory less frequently, alongside using smaller shipper cases for small items so the optimal/partial splits options are available, could be a way to reduce these fees. Geographic location could have an impact as well, but there isn’t enough evidence to plan around it for now.

Some Amazon forum users also reported that Chinese third-party sellers, operating directly from China, are not subject to these fees. While there is a theory that Amazon favors Chinese sellers, potentially as a way to counter competitors Temu or Shein, it remains speculative until there is enough evidence to support it.

In this case, it appears that sellers operating from overseas and using the Amazon Global Logistics (AGL) program have access to Amazon Managed Placement, allowing them to bypass the inventory placement fee and save on inbound logistics.

Instance of Costs for Shipments from China and from the US

While this is only one instance of a shipment, and might not represent the costs for most sellers, the difference between the two is significant.

Screenshots provided by user bontemps on Amazon Seller forums
https://sellercentral.amazon.com/seller-forums/discussions/t/af8d6779-9354-4688-90d8-2d10fe5a4db2

A way to avoid these fees highlighted in Fortune's article is to use a program called AWD, for Amazon Warehousing and Distribution. This program is designed to let sellers store their long-term inventory into Amazon's warehouses before they are shipped to fulfillment centers. However, this also means giving Amazon more power over businesses supply chains, who then need to pay the fees and costs associated with AWD.

Finally, some sellers report having found loopholes and glitches in the inbound shipment creation process that can be exploited to avoid paying these fees. Not having tried myself and not having more information than individual claims, I can not elaborate on these.

CONCLUSION

When I first heard about the new FBA fee structure, I found that the main issue was its complexity.

Instead of increasing fulfillment fees per item, Amazon decided to decrease them but add additional fees, such as this new inventory placement fee, but also fees that punish sellers for not having enough inventory such as the low inventory fee. In addition, there are fees waivers for those who use specific Amazon programs, like Amazon Global Logistics or Amazon Warehousing and Distribution.

Now that sellers are experiencing the costs associated with the new fees, they are pushing back. But this could be the beginning, as it is still difficult to measure the impact of the low inventory fee that will be applied later this year. While this is very complex, I encourage Amazon sellers to research and weigh their options. The more complex the system is, the bigger the competitive advantage will be for those who understand it.

https://www.youtube.com/watch?v=JWFAdDSEm_Y
https://fortune.com/2024/03/01/amazon-inbound-placement-low-inventory-seller-fees/
https://sellercentral.amazon.com/seller-forums/discussions/t/32b34074548ddc40dc72a1c1a3f289ea

FRANCE TAXES FAST FASHION

Will We See Similar Regulations Expand to Other Countries and Industries?

Do you feel guilty ordering clothes from Shein? If so, you're not alone. Thousands of social media users are voicing their concerns about the impact on the environment and the labor practices of the Chinese giant, criticizing influencers' "Shein hauls."

Yet, Shein is more popular than ever, with over 250 million app downloads in 2023. The sheer volume of clothing sold and the resulting waste are reasons why some consumers are becoming concerned.

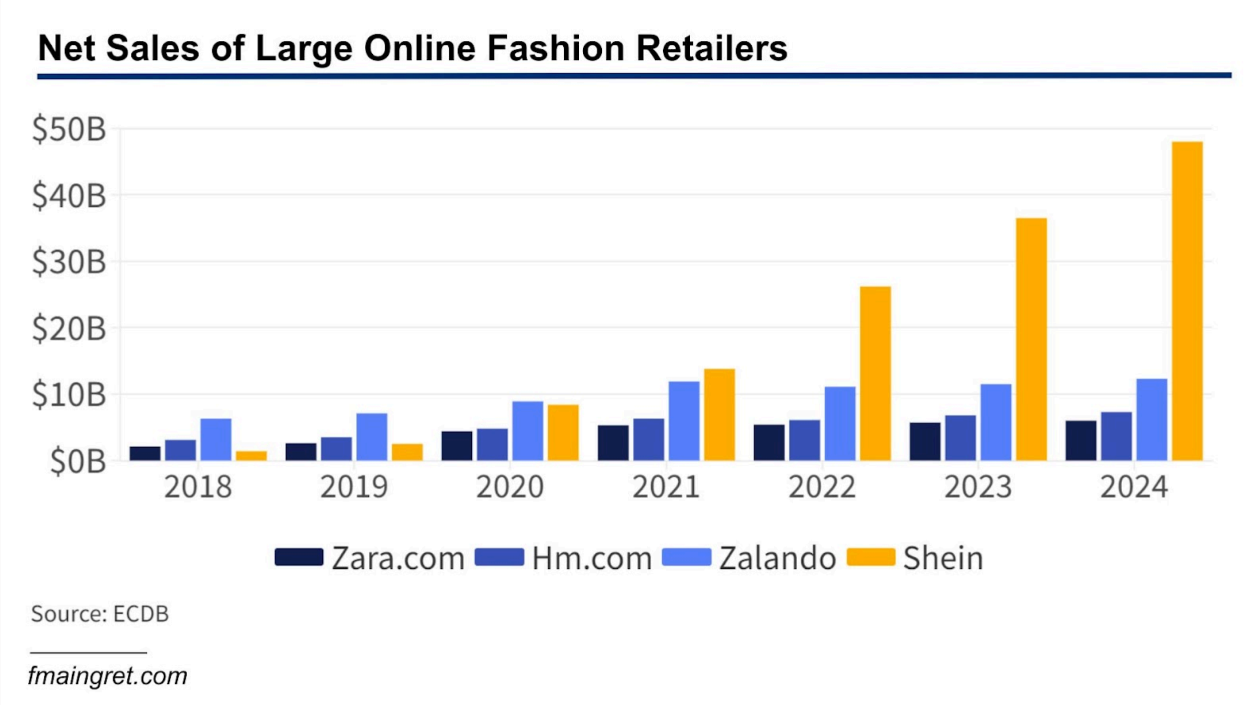
But consumers are not the only ones worried: businesses and the government seem to be taking the threat seriously, with France's parliament backing measures to make fast fashion less attractive to buyers.

Of course, governments say they want to support more sustainable practices. But is saving the environment the only reason behind these potential new regulations? Following the massive success of China-based shopping apps, could we see similar regulations expand to industries beyond just fast fashion?

IS FRANCE TAKING ACTION AGAINST FAST-FASHION, OR AGAINST CHINESE ONLINE RETAILERS?

I love going to thrift stores, hoping to find high-end clothes and shoes at a heavily discounted price. One of my worries is to see my favorite stores flooded with low-quality, fast-fashion items in the next few years.

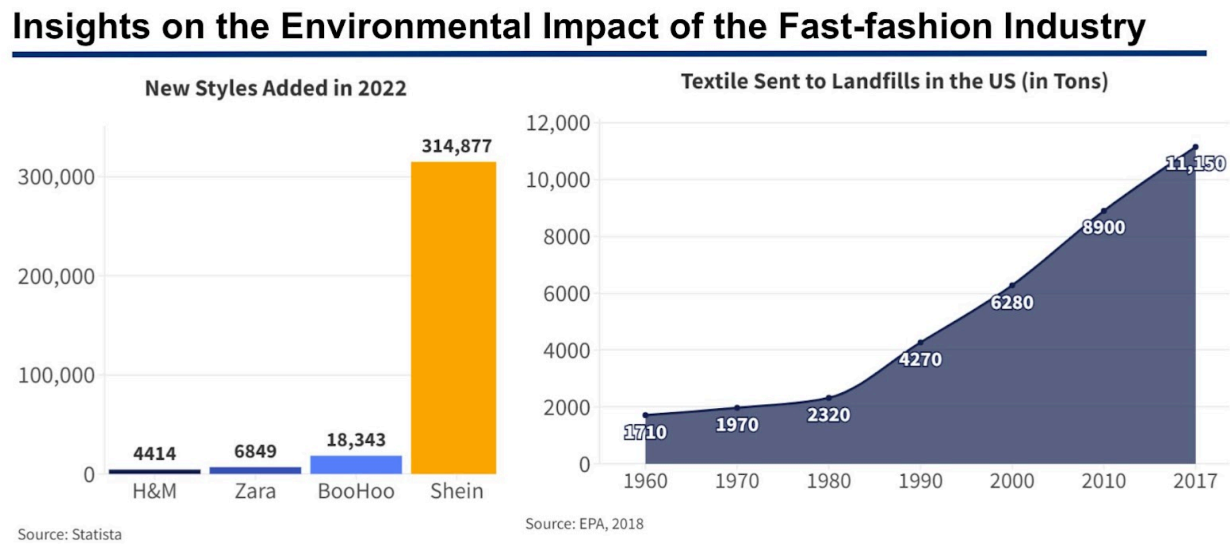
The amount of cheaply made products Shein sells is through the roof, from $1.4B in 2018 to a forecasted $48B in 2024. In terms of purely online sales, Shein trumps Zara.com, Hm.com, and Zalando combined.



Some industry experts call Shein the epitome of ultra-fast fashion: the company is able to produce thousands of different designs per day. We used to have trends that lasted years, before the fast-fashion industry caused trends to only last a couple of months.

Now, thanks to Shein strategy, supercharged by TikTok and Instagram influencers, trends barely last a couple of weeks. You're not one of the cool kids anymore if you wear something weeks after you buy it, how crazy is that?

Every year, people in the United States throw away over 34 billion pounds of used textiles, more than 100 pounds per person and per year. That is heavier than a large male golden retriever. Every year and per person. And unlike timeless items that can be resold, no one will want to buy outdated designs. Finally, the impact of logistics is huge: Shein and Temu together send almost 600,000 packages to the U.S. every day, and that number keeps increasing.



While we have little data on textile sent to landfill in the last 1-2 years, we can probably assumed that the trend continued, especially knowing how much Shein sells in the US.

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But let's go back to France. France's proposed regulation is based on several criteria, including the volumes of clothes produced and the turnover speed of new collections. That is how a business would be classified as "fast-fashion". In a typical French manner where new taxes are the answer to every problem, a surcharge would be applied if the law passes: 5 euros per item (about $5.50) next year and 10 euros in 2023. In addition to the surcharge, producers would have to inform consumers about the environmental impact of their products.

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In addition to the surcharge, producers would have to inform consumers about the environmental impact of their products.

Is it because Shein contributes to an even steeper increase in textile waste? Because people are more aware and sensitive on environmental issues? Or because Shein is taking away market share from local retailers, destroying jobs and hurting local economies?

It is unclear how a company will be classified under this new regulation. It is true that releasing thousands of new designs per day contributes to making clothes unfashionable within weeks. But if that is the main criteria, this would make me think the law is specifically targeting Shein over other companies. Is it that H&M and Zara don't want to create too many designs to not produce waste, or are they simply unable to do so? The design and release of so many new items per day is, alongside its low prices, Shein's greatest asset.

The company is able to quickly identify fashion trends, and minimize manufacturing cycles to the point no other company can compete, especially those with more complex supply chains and networks of retail stores.

Even if protecting local businesses is the main motivation behind these new regulations, I believe it can have a positive impact on the environment. A 5 to 10 euros tax is steep, even if capped at 50% of the item retail price. However, I am not sure this will be enough. The problem is obviously complex. Government can't limit customers in how much clothes they want to buy, social media is a very powerful marketing machine, and sustainable items are simply unaffordable for many people. Still, it is a first step towards more sustainable practices and helps build awareness on these issues.

When I first heard about it, I wondered if we will see similar initiatives in other countries, but more importantly if these regulations extended to other industries beyond just fast fashion.

WHAT ABOUT OTHER INDUSTRIES?

The fashion industry isn't the only one where a large Chinese company sees their sales skyrocket in the US and other western countries. There is now one company no one can ignore, that spent about $15M on Superbowl commercials. Temu surged from $3 million in sales in September 2022 to $1 billion in June 2023, and became one of the most downloaded apps in the U.S.

Some politicians in the U.S are even calling for a ban of the Chinese app, stating "US manufacturers can't compete with low-cost competitors that rely on forced labor". Sens. Sherrod Brown (D-Ohio) and Rick Scott (R-Fla.) have sent a letter to Biden calling on him to end the duty-free treatment for products sold through Temu. "This out-of-control problem impacts the safety and livelihoods of Americans, outsourcing not only our manufacturing, but also our retail sectors to China, which — as you know — systematically utilizes slave labor among other unconscionable practices to undermine our economy," the senators said.

Whether the accusations made are true or not, this got me thinking, are US politicians concerned about the use of slave labor and safety issues, or do they care more about protecting US corporations? Why would it be unethical for Temu to sell a product to US consumers, but it is okay if a US middleman sells the same product, coming from the same factory, on Amazon?

I believe protecting local businesses is important, no foreign company should have an unfair advantage over local ones, and the use of forced labor would be a huge problem if true. However, consumers must know that buying on Amazon at a higher price does not guarantee a more ethical, or a higher quality item.

Comparison of a Product Sold on Temu and on Amazon.com

The product sold on Amazon is coming from third-party seller established in the US.
The company selling the item on Temu is established in China. It is unclear if this is the manufacturer or a trading company.
Screenshots taken on 3/23/24

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And people are becoming aware of it, with product reviews, "Dupes" and "Temu hauls" being posted all over TikTok. People are becoming able to buy directly from manufacturers, skipping the middleman. I believe this will have a huge impact on US businesses in the upcoming years, and may prompt politicians to emulate France and establish new regulations. Before this happens, US businesses are already adapting to the changing business environment and consumer habits. For example, Amazon recently dropped its referral fees for low-priced fashion items, a measure to better compete with Shein.

CONCLUSION

Only time will tell what will happen next. France's move to tax fast fashion may reflect growing concerns not only about environmental sustainability. But it seems clear that politicians care about the broader economic impact of Chinese companies like Shein.

While the environmental implications are significant, the regulations also aim to level the playing field for local businesses and address ethical concerns related to labor practices. I wouldn't be surprised if we saw similar initiatives in other countries, targeting a broader range of industries, in the near future.

https://www.france24.com/en/france/20240315-french-lawmakers-vote-to-slow-down-fast-fashion-with-penalties

https://nypost.com/2024/02/26/business/us-lawmakers-demand-import-ban-on-goods-bought-on-chinese-app-temu-over-alleged-forced-labor-report/

DEEP DIVE

ECOMMERCE AND SOCIAL MEDIA ARE FUELING THE ULTRA-FAST-FASHION MACHINE

CAN THE SAME TECHNOLOGIES ALSO SAVE US FROM IT?

In a recent article, I wrote about ultra-fast fashion, specifically on how France is trying to limit its impact on the environment with new regulations. We've seen how unsustainable fast fashion can be, with Americans tossing out a whopping 34 billion pounds of used clothes each year—that's over 100 pounds per person!

What can be done about Shein? Let's be realistic, Shein is the target of France's proposed regulations. Bans or taxes sound good on paper, but they don't completely eliminate the problem and tend to frustrate customers. Making local brands cheaper so they can compete with Shein (through new processes, innovation, or worse, lower taxes or subsidies) may help local economies, but this wouldn't do much in terms of sustainability.

Greenwashing and shaming customers isn't ideal either, and won't win any fans.

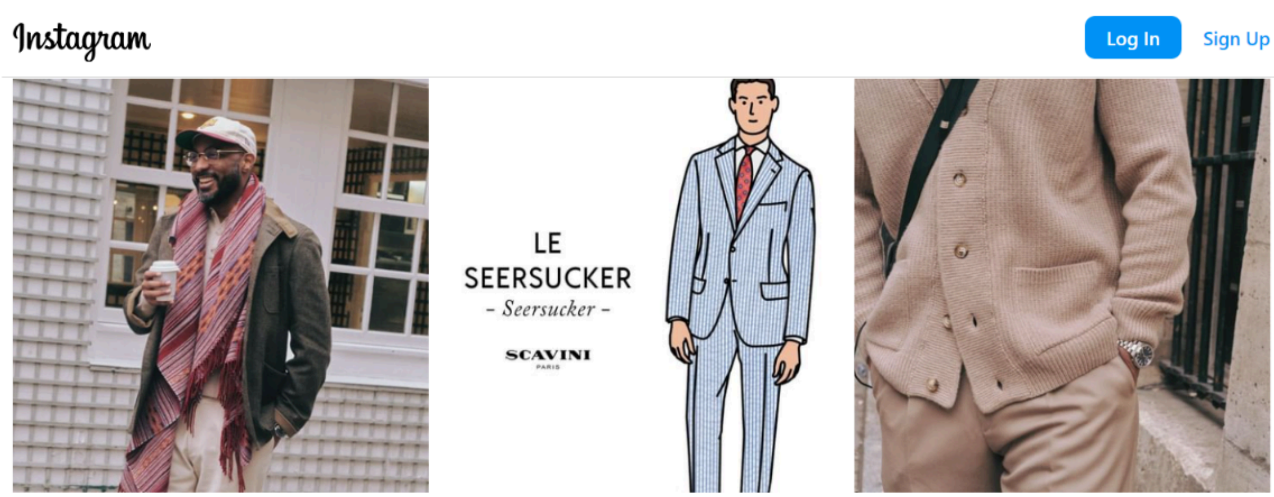
Are we stuck in a never-ending cycle of buying and trashing clothes, until we drown in used t-shirts? Thousands of new designs are released every day, and Shein sales are supercharged by influencers and social media. However, I believe we shouldn't throw in the towel just yet. Ecommerce has come a long way in the last 20 years, and there are some impressive innovations that could help us shop smarter and more sustainably. So let's see what our options are, and how some successful entrepreneurs are already addressing the fast-fashion problem by offering solid alternatives.

BEYOND FAST FASHION: COULD ECOMMERCE MAKE SLOW-FASHION AN ACHIEVABLE ALTERNATIVE?

An interesting term emerged recently to describe the opposite of the unsustainable, mass-produced fast fashion. Slow fashion is a movement and approach to clothing design, production, and consumption that prioritizes sustainability, ethics, and longevity. Unlike fast fashion, which has quick production cycles, low costs, and fast consumption, slow fashion is all about reasonable consumption, quality over quantity, and fair treatment of workers and the environment. When a company like Shein releases thousands of new designs each day, slow fashion encourages consumers to purchase timeless pieces that are made with care, respect for craftsmanship, and kindness to the planet. When I first heard about slow fashion and sustainable clothing years ago, all I could picture was pretentious designers selling $90 plain white t-shirts that don't fit well to trust-fund hipster kids. These companies definitely exist, and I can see why they give slow fashion a bad rap. But slow fashion is much more than that.

Take, for example, the world of bespoke tailoring on Savile Row in London. Skilled craftspeople with decades of experience create custom suits with an eye for detail and a respect for materials. Artisans know exactly where the materials used come from and how these are made. It's a fascinating world, but let's not get sidetracked—I want to focus on what I know best: ecommerce.

A problem with small companies manufacturing high-quality pieces is that they tend to focus on what they do best, making great clothes. Marketing isn't their main focus, and many of them became known thanks to word-of-mouth. You knew this small local store in your town that made great stylish items, and you would tell friends and family. Fortunately, social media isn't only great for showing off "Shein hauls"; people can also share their opinions on small designers and brands they love. Living in Texas, I would have never found out about the brand Scavini if it wasn't for the internet, and I am now excited to go visit their store the next time I am in Paris.



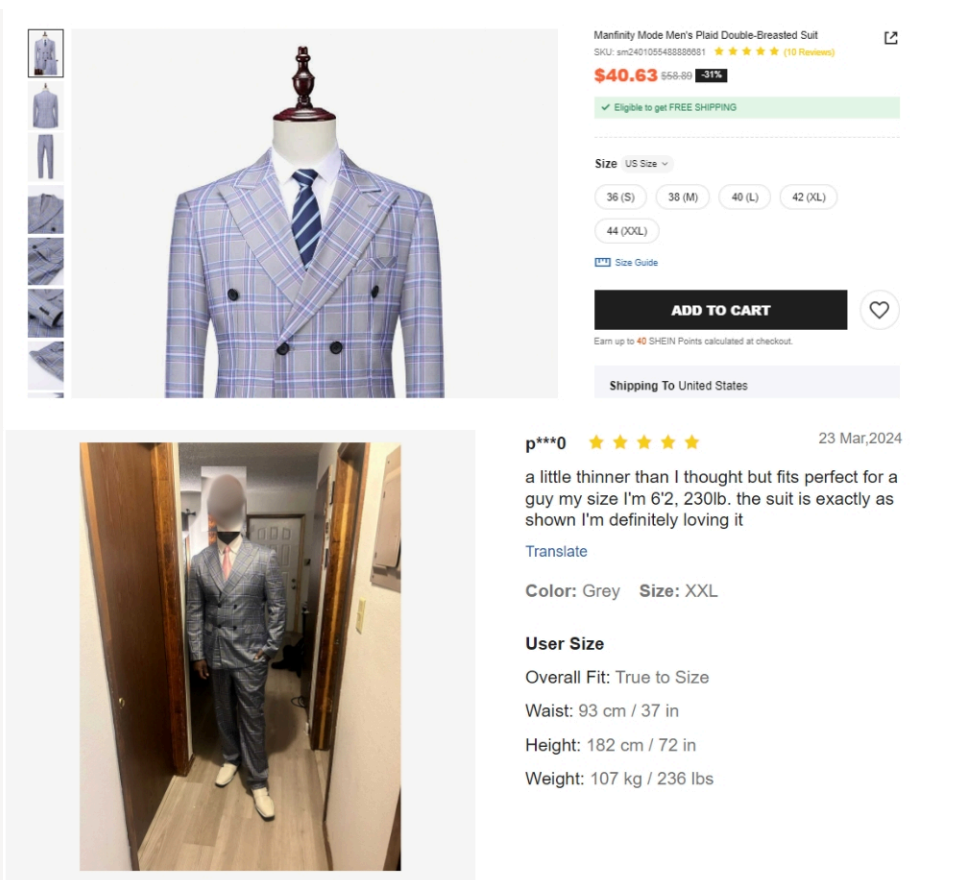
How social media can help promote small businesses online

Above : Scavini Instagram Page

Beyond just marketing, ecommerce and modern tech have done wonders in making it less risky to buy high-quality items online. What do I mean by "risk"? Well, when you splurge on a $5 shirt, it's no big deal if it doesn't fit or isn't quite what you expected. But when we're talking $300 shoes, many people would rather buy them at the store than risk having to deal with returns. Fortunately, logistics and reverse logistics have made huge progress over the years. It is now easier than ever to return unwanted items. And yes, companies are cutting down on free returns due to the high costs they are facing. But it is still very important for customers, and some brands are finding reasonable compromises. Some brands, like Spier and Mackay, even offer a one-time free return per customer.

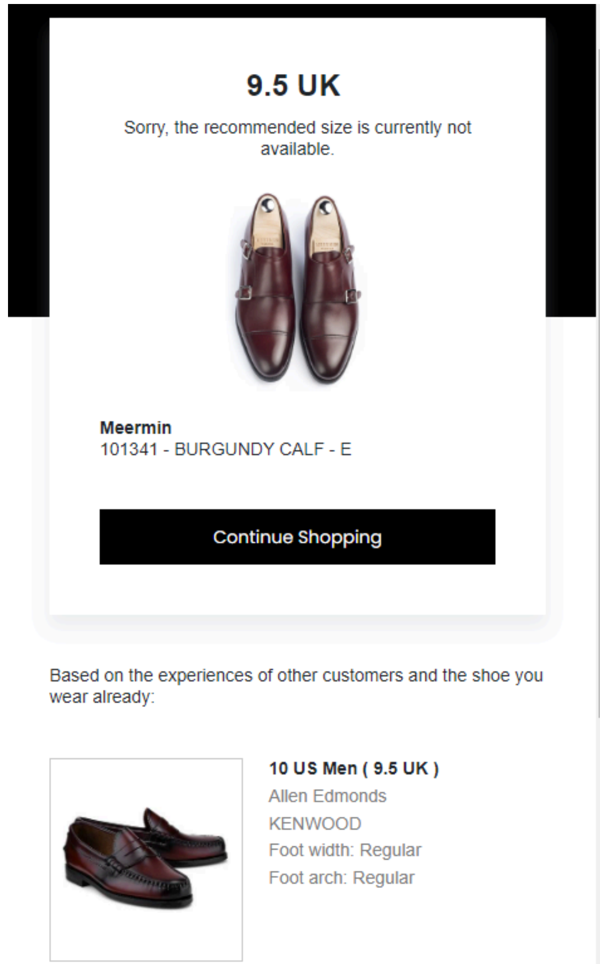
I bought some trousers from them that were one size too small and was able to return them to buy a larger size. I now know what size I should order from them and probably won't need to return future purchases.

Ecommerce has also made amazing progress in visuals and size charts. I remember twenty years ago that product listings only had one or two low-resolution, grainy photos. It is now common to see more than five high-definition pictures and one or two videos. Some sites even let customers post reviews and photos, which I find extremely helpful. Seeing the item on a great-looking model in perfect lighting is nice, but I really like seeing what an item looks like on the average Joe posing in his living room.



Shein Listing Images (Above) and Pictures Posted by a Customer (Below)

Size chart designers are stepping up their game, and charts are getting more and more accurate. For example, I recently ordered shoes from Meermin.com for the first time. I had no idea which size was right for me, but they have a great tool that recommends a size based on what shoes you already own. You wear Allen Edmonds Kenwood loafers in a size 10 and your Sperry Topsider shoes are a size 10.5? You need a size 9.5 from Meermin. That was very convenient and a lot easier than complicated charts in inches or centimeters. Finally, augmented reality is helping customers virtually try on clothes before buying. It isn't widely used yet, but maybe it will become a standard in the near future. Great visuals, advanced chart sizes, and augmented reality are time-consuming to design but work well with slow fashion: brands only have a limited assortment compared with fast-fashion brands with thousands of different items. This makes it a lot easier to manage and provide the highest quality of service to the customers.



Now, let's address the elephant in the room, pricing. Yes, price is important. Sustainability and ethics aside, why would anyone buy a $1000 suit when Shein sells some for $50? In my opinion, a metric as important as item price is often overlooked: the cost per wear. If you buy the $1000 suit but wear it 250 times (or $4 per wear), is it really more expensive than a $50 suit you wear 10 times ($5 per wear)?

When looking at Pini Parma jackets (on the right in the image below), yes, they are relatively expensive compared to typical fast-fashion brands.

But in addition to the higher quality of their materials, I find that their style is much more timeless. If I bought a Pini Parma jacket, I wouldn't fear it would go out of style next year and could probably keep it for the rest of the decade. For people following fashion trends, items can become very quickly outdated. The metallic trend was very popular when Taylor Swift and Beyoncé went on tour last year but is slowly dying down. Maybe the trend will eventually come back, but I can't see people wearing these items in the next few years. The point is, in the long run, timeless items are much more sustainable, ethically and financially for customers.

Now, you might point out that not everyone has $500 in their bank account to buy a jacket no matter how low the cost per wear may be.

And I agree; that is a good amount of money not everyone has the luxury to spend on clothing. But don't worry if you are on a small budget; Shein isn't your only option.

Which jacket is more likely to be worn for many years?

ONE MAN'S TRASH, ANOTHER MAN'S TREASURE: THE ONLINE MARKET FOR SECOND-HAND ITEMS IS BOOMING.

As a kid and a teenager, my dad took me on Sundays to hundreds of flea markets, garage sales and thrift stores, where I could find treasures for only a few euros. As an adult, I still love going to these places. I may not chase video games and trading cards anymore, but I am able to find incredible pieces of clothing at unbeatable prices.

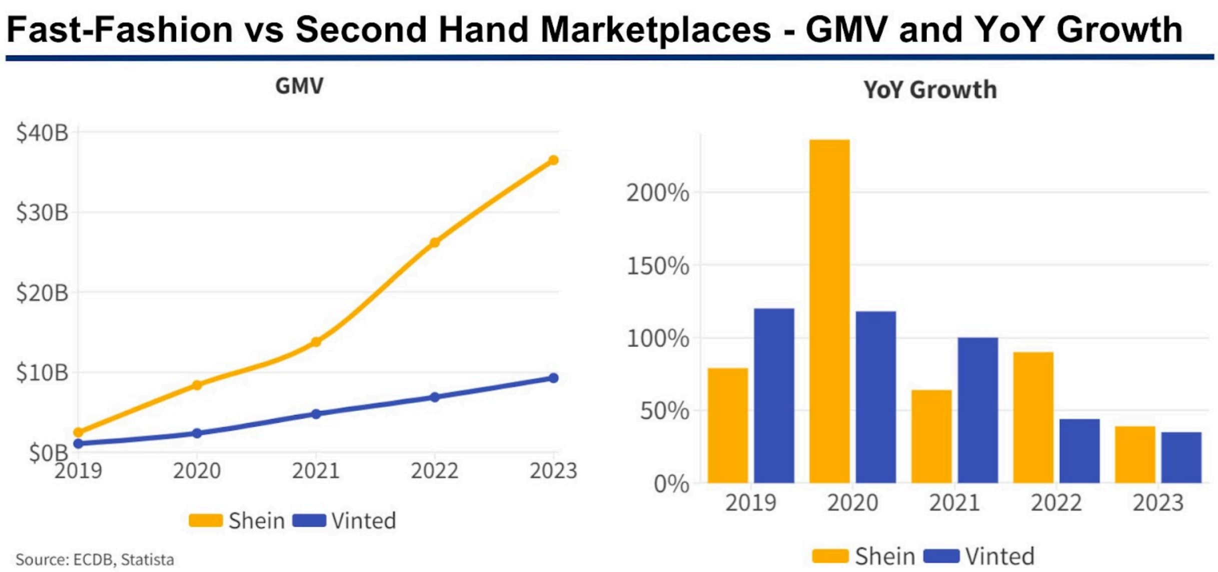
Second-hand items are a great way for people to buy high-quality items at very reasonable prices.

Even after being worn by someone else, many items can still be kept in great condition for years. Not to mention how much better they look than their fast-fashion counterparts. I saw a Brioni suit that looked very well-maintained for less than $50. Sadly, it wasn't my size. But put the used Brioni suit next to a brand new $50 Shein suit, and you'd be crazy not to pick the Brioni suit.

Now, you can argue that these finds are the result of pure luck and that not everyone has time to go to thrift stores every other day. That is true. Luckily, the internet brought a lot of alternatives over brick-and-mortar stores.

Many years ago, eBay revolutionized the way people bought and sold used items over the internet. These days, billions of items are sold every year, and there are amazing deals available. While not perfect, the seller rating system helps buyers make informed decisions and buy from reputable sellers. High-quality images make it easier for buyers to see imperfections, damages, or stains on clothes. I don't remember the last time I had a bad experience buying something from eBay. eBay is far from being the only player in the game. Some websites are now specialized in second-hand clothing

. Founded in 2008, the popular European platform Vinted is an online marketplace and community platform where users can buy, sell, and swap second-hand clothing, accessories, and shoes. It saw its GMV grow from \$2.4B in 2020 to \$9.3B in 2023. Some companies go even further, such as Grailed.com focusing on higher-end clothes. Sure, you won't find the insane deals you can get at thrift stores, but there are great bargains on these platforms, and it is a lot easier to find than digging through bins of used clothes.



While Shein's GMV is almost 4 times higher than Vinted, both companies observed a similar growth over the last couple of years.

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CONCLUSION

The fast-fashion industry's impact on the environment and society cannot be ignored.

While ultra-fast fashion brands like Shein are more popular than ever, thanks to their low-cost, high-volume model, they contribute significantly to textile waste and ethical concerns.

Taxing these low-cost items, banning them, or greenwashing are often cited as solutions to make the fashion industry more sustainable. However, in my opinion, making slow fashion more attractive is a better and more sustainable model. I believe some brands are taking advantage of environmentally conscious customers and overcharging them. But great alternatives exist.

Buying timeless pieces over items that will be out of style within months. Focusing on quality over quantity while taking good care of clothes. Even second-hand items are a great solution for those on smaller budgets. Social media helped Shein grow to its massive size; I can't see why it couldn't help more sustainable practices become more popular. Lastly, a special thanks to my friend Tiffany Vo for her valuable insights into the fashion world that greatly contributed to this article.

CHEWY IS LOSING CUSTOMERS

Can the Ecommerce Giant Surprising Strategic Move Help Them?

When I moved to Texas from France, I was surprised to see this many dogs when walking around. I thought every other person had a dog. I wasn't too far off: 66% of U.S. households (86.9 million homes) own a pet, with dogs being the most popular pet (65.1 million U.S. households own a dog).

As a result, the pet care market is huge, $246.66 billion worldwide in 2023 and is projected to grow to $259.37 billion in 2024.

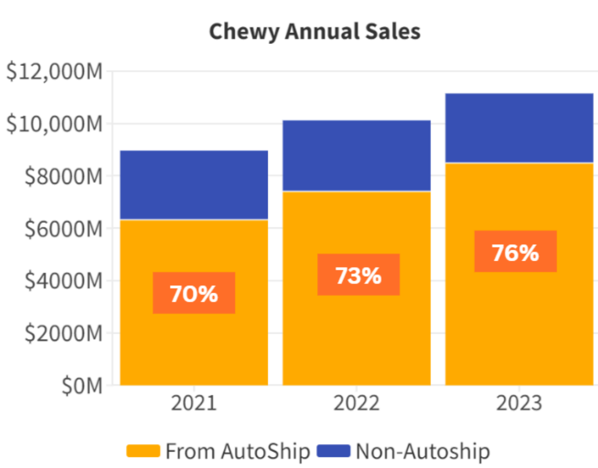
Of course, this market is very competitive, and even the largest companies have to constantly innovate to grow.

The e-commerce giant Chewy announced surprising plans to expand, and I'd like to discuss whether other retailers should emulate them.

CHEWY'S SURPRISING STRATEGIC MOVE

Despite reporting better-than-expected results in Q4 2023, Chewy's sales dropped by 10% after the earnings call. Chewy is facing intense competition from other online retailers like Amazon, but also brick-and-mortar stores like Petco or Walmart.

Another problem for Chewy is that the company saw a decline in their customer base, 1.6% less than last year at 20.2 million active customers. Now, the sales per customer have increased; the company generates about three-quarters of its sales from product subscriptions. This is, of course, an important part of the retailer's strategy. The pet market tends to hold up well in difficult economic times (people still need to feed their pets and rarely compromise on how much they spend on their furbabies). However, other competitors also offer subscription services, including Amazon. Their "subscribe and save" program on thousands of items is popular, especially coupled with the lightning-fast Prime deliveries.



Source: Chewy Annual Report

But Chewy has big plans to grow its revenues and announced venturing into veterinary care with its launch of Chewy Vet Health.

The first location will be in South Florida, set to open early next year, with plans for more locations in 2024. These vet clinics will offer a range of services including routine check-ups, urgent care, and surgeries. "Chewy Vet Care is inspired and designed by a team of veterinary experts to combine personal, patient-centered medicine with the latest technology in an environment where customers will love to take their pets, and care teams will love to practice," said Dr. Benjamin Carter, chief medical officer at Chewy Vet Care.

"We are confident we can drive positive change by addressing critical pain points straining the veterinary industry, such as burnout and lack of flexibility, while providing the convenient, transparent, and trustworthy access to care that today's discerning pet parents appreciate," he continued.

The new veterinary practices will complement Chewy's existing health services like pet pharmacy, tele-triage, and insurance plans. Mita Malhotra, president of Chewy Health, explained how the unique in-practice and post-visit experiences are tailored for both pet owners and care teams.

Of course, this will be another way for Chewy to sell its products and get more people to subscribe to automatic deliveries.

> *“We are confident we can drive positive change by addressing critical pain points straining the veterinary industry, such as burnout and lack of flexibility, while providing the convenient, transparent, and trustworthy access to care that today’s discerning pet parents appreciate”*
>
> *Dr. Benjamin Carter, chief medical officer at Chewy Vet Care*

HOW WILL OPENING VET CLINICS HELP CHEWY?

In the context of the strong inflation we’ve seen in the past few years and potentially weakening economic conditions, I think opening vet clinics addresses two issues Chewy is facing.

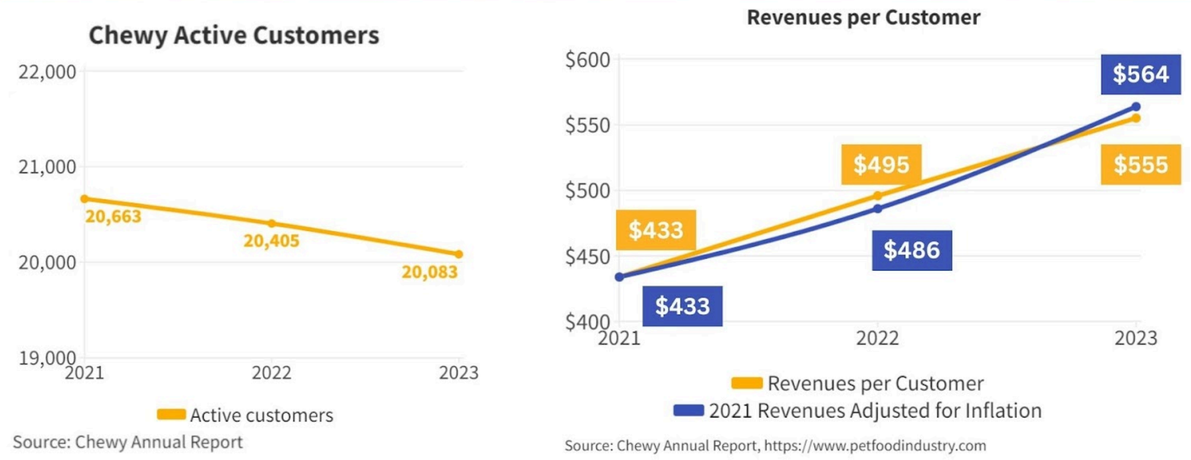
First, this will help them achieve higher net margins. Pet supplies, especially food, are relatively low-margin items, making any strategic mistake costly for the company.

Secondly, it may help the company get new customers, through upselling people visiting the vet clinic and selling them Chewy items, or even Autoship deliveries. Autoship deliveries have been a large part of Chewy’s sales over the years, and their subscription system is a key part of their value proposition. Customers appreciate the convenience, fast shipping, but also the company’s transparency.

It appears that Chewy has been losing active customers year after year. Their revenues per customer increased significantly between 2021 and 2023, from $433 per customer to $555. However, inflation for pet food was in the double digits from 2021 to 2022 and 2022 to 2023.

It isn’t clear how sales increased in volumes: did Chewy sell more products, or did they sell the same quantities at higher prices? The point is, this new initiative may contribute to both increasing sales per customer and increasing the number of active customers. The share of customers enrolled in Autoship increased over the last few years, and the number of active customers decreased, suggesting that Chewy struggled to attract new customers. Adding a new way to address new customers may help diversify their customer base.

Chewy Active Customers And Revenues per Customer 2021-2023



Inflation numbers for the pet food category, based on petfoodindustry.com report
No data on Chewy prices is available - if their prices followed pet food inflation numbers, their unit sales may not have increased over the years, despite higher sales per customer.

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Finally, this new initiative could give them more credibility in the pet supplies market and help them justify higher prices than some of its competitors. By employing qualified and experienced veterinary professionals and meeting the high standards of the veterinary care industry, Chewy Vet Health clinics can demonstrate expertise, professionalism, and a commitment to quality. Chewy Vet Health clinics can deliver personalized care tailored to the unique needs of each pet and their owner.

Ultimately, this is an opportunity for the company to build a stronger brand, increase its net margins while getting new-to-brand customers.

However, the execution of this strategy will be key to its success. We shouldn’t forget that Chewy is operating in a very competitive industry. Operating veterinary clinics involves working with very complex regulations, licensing requirements, and compliance with veterinary medical standards and practices.

Not only is meeting these criteria costly, customers have very high expectations. Vet care is expensive, and customers see their pets as family members. Finally, offering the optimal omnichannel experience, and maintaining the right brand image will be another major challenge for Chewy.

CONCLUSION

Chewy’s decision to expand into veterinary care with the launch of Chewy Vet Health clinics seems to be a strategic move aimed to address its declining customer base and relatively low margins.

By integrating veterinary services with their existing offerings, Chewy can potentially increase net margins, attract new customers, and build a stronger brand through increased credibility and personalized care.

However, considering how complex operating veterinary clinics is, and how high customers’ expectations are, this will be a major challenge for the online retailer. I believe there is potential, and I am curious to see how this will turn out.

https://petbusinessprofessor.com/petmarket/petmarketsegments

WHAT IS THE NEW AMAZON SKU ECONOMICS REPORT AND WHY IT CAN HELP YOU

You can often read on Amazon Seller forums, on Reddit, or other online boards about new entrepreneurs selling on Amazon who can't figure out why they aren't making as much money as expected, or even why they are losing money. After all, they buy widgets for $3 in China that they resell for $15; how are they not making bank?

The world of business, e-commerce, and Amazon can sometimes be rough on beginners. And, to be fair, Amazon can make it even more challenging to understand where your money goes.

The fees change every year, new fees appear while others disappear. Some are even challenging to keep track of due to their convoluted structure (Hello, low-inventory fee).

Fortunately, Amazon has released an interesting feature: the new SKU Economics Report, designed to help sellers evaluate their costs and profitability per item. So let's take a look at this new tool and how it can assist you.

WHY I LIKE THIS NEW SKU ECONOMICS REPORT

For those of you selling on Amazon, this report can be found here : https://sellercentral.amazon.com/sereport

You can generate a report for a specific marketplace and a timeframe of your choice. The tool allows you to select the data you want in your report before making it available for download. This report is an Excel file that might seem a little intimidating with over 40 columns. However, it is pretty easy to navigate, with each column having an explicit title ("Average Sale Price," "FBA fulfillment fees per unit," etc.). Let me explain why I think this is an interesting tool.

But before that, let me give you some advice: for each relevant fee, add a column that displays that fee as a percentage of the item revenues. A $5 fulfillment fee isn't much for an item that retails for $100, but it can be problematic if the item sells for only $7. This way, the report will become much easier for you to analyze.

No Need for Additional Software

Yes, I am aware that some features already exist in software such as Helium10 that can provide similar information. However, smaller entrepreneurs tend not to subscribe to these software tools until they are more established. Some data analytics enthusiasts like me also enjoy downloading a basic CSV file and working on it, rather than dealing with pre-existing dashboards.

Cost data per SKU

Instead of just telling you the total paid for each fee in a given period, this report breaks it down for each SKU you sell. This is beneficial because it allows you to see which items are performing well and where there might be room for improvement. For example, if you notice a reasonable FBA disposal order fee across your entire account but a high fee for one item, there might be an issue with that specific SKU. You may want to investigate why or talk to your supplier to see if you can extend the item's shelf life if it has an expiration date.

It is also convenient when it comes to advertising data. If your campaign structure is complex, this report will give you a straightforward overview of your ROAS. However, each case is unique, and there may be various reasons why some numbers don't meet your expectations. This report will not provide all the answers you need but is a good starting point for any investigation.

Custom Time Frames

The report allows you to choose custom time frames. With a bit of work in Excel or with other tools, you can easily compare your costs and profitability between different periods. For example, if you launch a product in January, you may not be profitable due to higher advertising and storage costs. However, a few months after its launch, it can be interesting to compare the financial data to see if the product is finally generating profits.

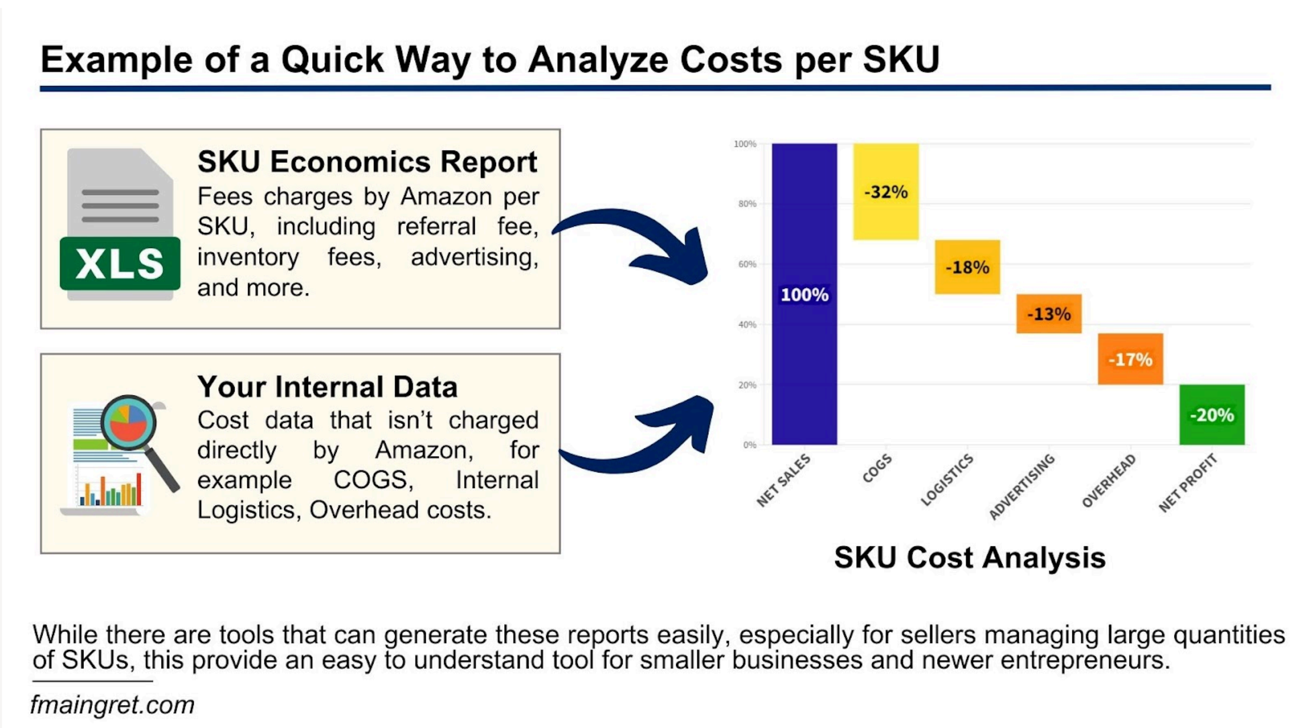
Note that, unfortunately, the tool only allows you to go back a few months in the past. You won't be able to retrieve profitability data from 2019 if that's what you need.

Includes Costs that are Complex to Estimate on your Own

What annoyed me the most about the new low-inventory fee was that the rules were so convoluted that it was challenging to estimate accurately. When it was announced, I had no idea how much it would cost per item. But when I downloaded the reports, I could see the costs for each SKU sold. This was great and made it easier for me to identify which SKUs needed more attention to minimize costs. I believe many sellers will appreciate this new feature for conveniently estimating their costs.

AMAZON REPORT ISN'T ENOUGH : SELLERS MUST UNDERSTAND ALL OF YOUR COSTS

This may sound like common sense to most seasoned entrepreneurs and managers, but I'll repeat it for those with less experience. You absolutely need to understand your costs and revenue structures to succeed in business. I have written a short blog post on expenses that can be overlooked by beginners here: https://fmaingret.com/2023/06/understanding-the-most-important-ecommerce-expenses/



But basically, for those selling mostly on Amazon, this report can be a good starting point for a more comprehensive analysis. There are data points that only you must include, such as your COGS (Cost of Goods Sold). This includes things such as the cost of producing or buying the product, as well as freight and shipping costs (from your supplier in China to your 3PL in the US, for example, if that's what you do), import duties, and taxes, etc. You can also include costs like overhead costs over a given time period. Essentially, you want a complete picture of how much a product actually costs you.

CONCLUSION

While this new report isn't perfect, and some versions of it already exist in third-party software, I believe it is a fantastic new feature. It allows Amazon sellers to estimate many of their costs, for each item they sell, over a given time period. Understanding costs and expenses is essential for making informed business decisions, and this report can undoubtedly be helpful to many entrepreneurs.

HOW MANY AMAZON SALES ARE TOO MANY?

WHY I THINK AMAZON DOES MORE SALES EVENTS THAN EVER AND WHY IT ISN'T SUSTAINABLE

As a kid, going to a fast-food restaurant was an exciting experience. After all, I didn't get the chance to get a Happy Meal very often, and I was always looking forward to my next visit to Mickey D's. As an adult, however, I couldn't care less. If I crave a Big Mac, I can drive anytime to the nearest McDonald's. That's exactly how many customers feel when a retailer does too many flash sales; it doesn't feel special anymore.

As I explained in a recent LinkedIn post, Amazon seems to keep doing more and more sales events.

We were used to Prime days once a year in the summer, but in the past year, we have also experienced Prime Big Deal days last fall, and now Amazon's Spring sale just ended.

Today, I'd like to discuss this shift in Amazon's strategy. The e-commerce landscape has changed a lot since the pandemic, and Amazon had to update its strategy to maintain its market share. In a second part, I want to discuss the drawbacks of this strategy and how it may affect the e-commerce giant negatively.

WHY WOULD AMAZON PLAN MORE SALES THAN EVER?

Unless you live under a rock, you've heard of Temu. And if you've shopped on Temu, you've probably noticed something interesting: every day feels like Prime days. A major part of Temu's value proposition is the daily ultra-low prices. We now also have Shein, shaking the massive fashion industry with its unbeatable prices and thousands of new designs released every day.

Amazon makes it clear part of their strategy is to offer low prices. It's been the case historically (for example, when Amazon takes the buy box away from sellers that list their product at a lower price on another sale channel), but we have seen recent moves to incentivize sellers to lower their prices. For example, Amazon lowered referral fees for low-priced clothing items and seems to make it very easy for Chinese sellers to list their items on the marketplace.

It isn't surprising that Amazon also organizes these flash sales events more frequently and asks sellers to offer discounts in exchange for increased traffic on the marketplace.

Another interesting reason why Amazon might do it is to retain Prime members. Prime members tend to have a much higher customer lifetime value than non-members. In an era where rising competitors already have their own membership (such as Walmart+), or are in the process of developing one (Target, for example), it is important for Amazon to keep their customer base.

Prime days used to be an exciting event that created a lot of brand awareness for Amazon, and I believe these new sales events might be ways to recreate the old Prime days magic.

WHY MULTIPLYING PRIME DAYS CAN BE A DIFFICULT AND RISKY STRATEGY?

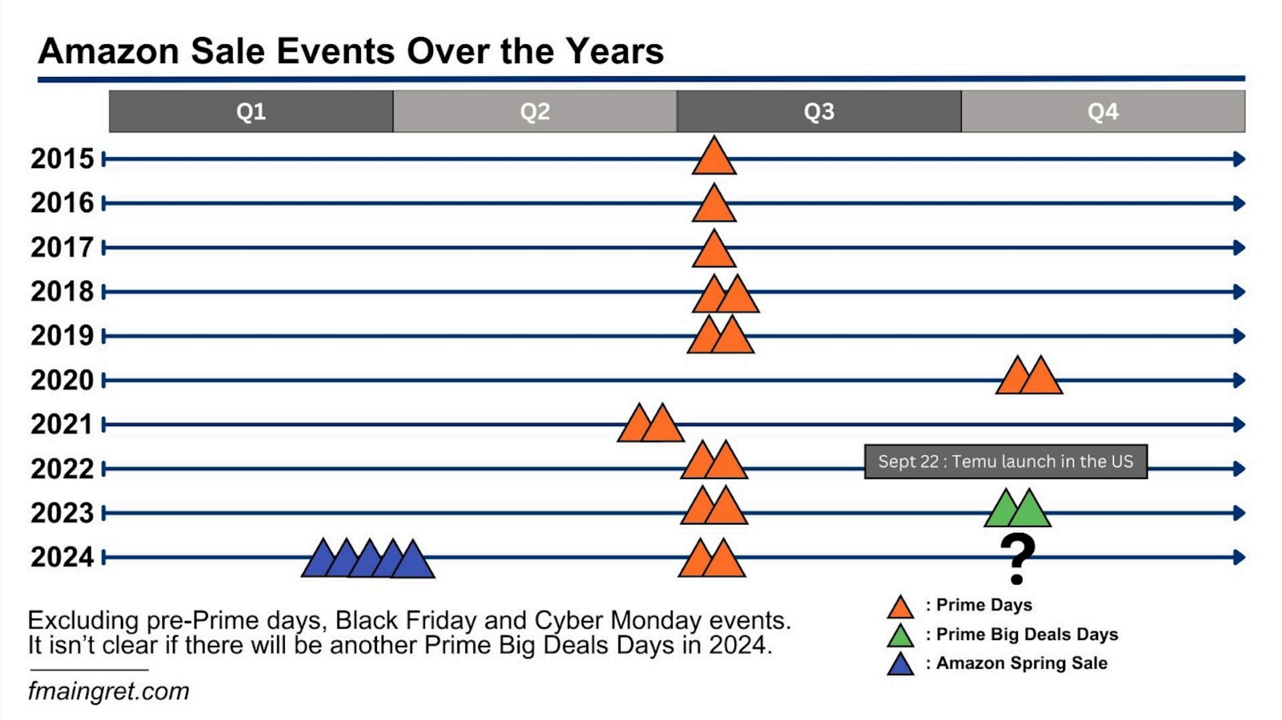
According to a recent PYMNTS survey, 42% of customers did not participate in this Spring sale because they simply didn't know the sale was happening! Going back to my first point in the introduction, it is clear that the more sales happen, the less special they feel.

Let's look at the recent Spring sale, which ran from March 20 to March 25. According to the same survey, 28% of U.S. consumers participated in the Big Spring Sale. This is much less than the 64% of consumers who declared shopping on Amazon during the 2020 Prime days. We are now approaching Prime days 2024, and I am looking forward to seeing how they compare to the past editions. The summer Prime days remain the king of internet flash sale, but too frequent sales are confusing for consumers. I believe this is one of the reasons why the retailer Zulily, that abused flash sales, went out of business recently.

Another problem is that Amazon relies a lot on its 3rd party sellers. In Q4 2023, they contributed to 61 percent of items sold on Amazon. And if more and more sellers refuse to participate in Prime days or other events, what can Amazon do?

I'd love to see statistics on this, but I have seen many anecdotal reports of 3rd party sellers seeing little to no return on investment when participating in Prime days.

Amazon's fees are increasing year after year, while the marketplace is becoming extremely competitive. Some sellers are seeing their margin shrink and simply can't afford to offer large discounts.



One may argue that it is acceptable to sell at a loss for a few days, hoping that customers will come back later and pay full price. But I believe this is a losing strategy in most categories. Many Prime days customers are very price-sensitive and aren't brand loyal. They shop for the best available deals, if a brand increases their price, customers will go to their lower-priced competitors.

Finally, flash sales on Amazon can trigger a response from other retailers like Shein or Temu. We've seen Walmart throw their Holiday Kickoff sale in response to Amazon's Big Deals days. Temu can easily offer even larger discounts during Prime days.

https://www.pymnts.com/news/ecommerce/2024/half-amazon-spring-sale-shoppers-bought-health-beauty-products/

Competing on price is difficult, and while Amazon has a lot of name brand customers' value, off-brand items make up for most of their listings.

CONCLUSION

It is clear that the new sales events Amazon organized are not as special as the original Prime days. Customers now have more options than ever to shop online, and I can see why Amazon wants to keep their attention. However, this can create a confusing experience for customers, and third-party sellers may not be willing to participate like they did in the past. I look forward to seeing how the 2024 Prime days go and how competitors will respond.

https://influencermarketinghub.com/amazon-prime-day-stats/#toc-1

WHAT ISN'T SOLD ONLINE THESE DAYS?

How New Generations Drive Online Sales of Furniture and Other Large Items

When I moved to Dallas from overseas years ago, I remember renting a truck and driving around the city to pick up cheap furniture at IKEA and from Craigslist to fill my apartment. While I was able to find some good deals, I also remember how sore my back was the next day from moving and carrying heavy stuff all day.

If I had to do it again today, I would take advantage of all the amazing advances made in e-commerce to order most of the furniture online.

It is estimated that the global market for furniture will reach $873 billion by 2030, with 35% coming from online purchases.

Companies like Wayfair saw a boom in sales during the pandemic. While revenues are down compared to their peak, Deutsche Bank Aktiengesellschaft increased its price objective for Wayfair from $63.00 to $79.00. So how come people buy more and more furniture over the internet? And, what are some products available for purchase today that were merely a dream a decade ago?

WHY IS FURNITURE EASIER TO BUY ONLINE?

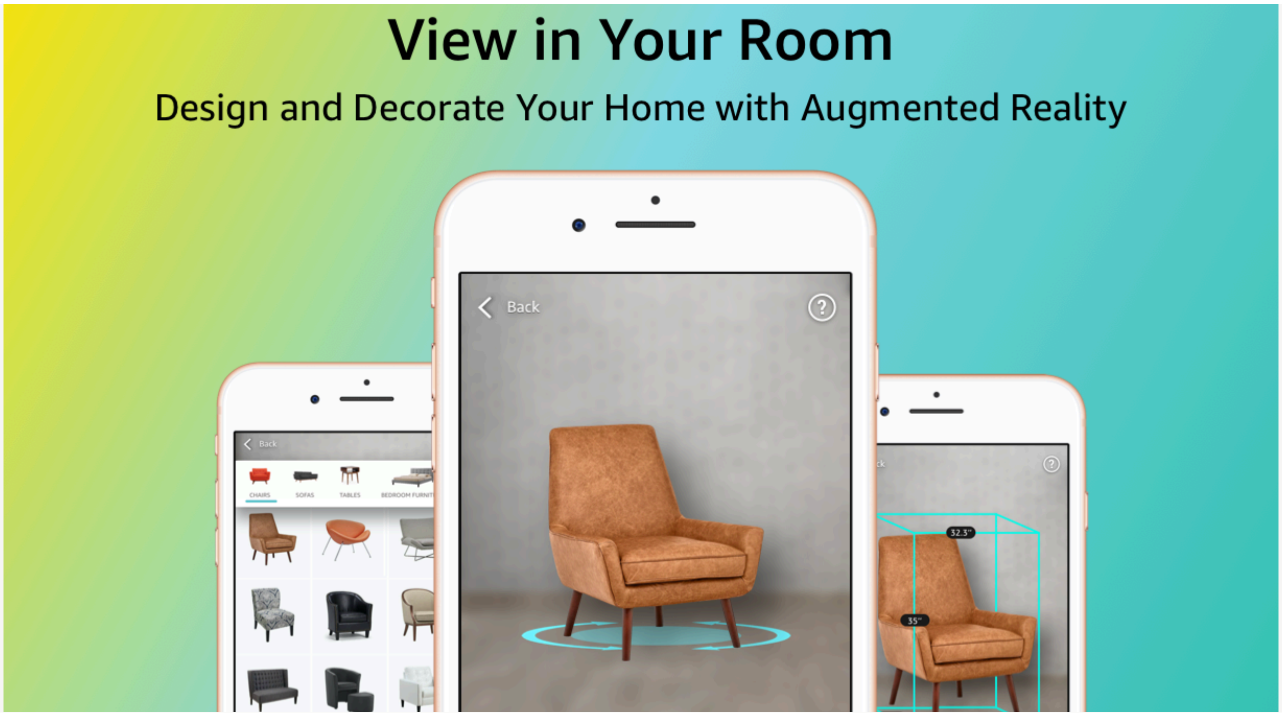
A recent survey reported that a third of customers aged 25 to 50 are already buying furniture online. One can argue that the younger generation prefers shopping online over going to brick-and-mortar stores. But that can't be the only reason why buying furniture online gained popularity.

A pain point when shopping for furniture online used to be poor visuals and the difficulty in imagining how the item would look in your house. Of course, thanks to high-resolution pictures and videos, it is easier to see textures and patterns.

But retailers are doing much more to improve their conversion rates. Amazon has a very convenient tool on their app that uses augmented reality and shows on the customer's screen what a piece of furniture would look like in his living room, using the phone's camera.

Finally, customer reviews, but also product reviews on social media, are great tools that can help customers make informed purchases, even on more expensive/complex products.

For brands with retail stores, customers still have the option to see the item in-store and order online. Retailers are putting in more and more effort into omnichannel, making it easier for customers to shop across different channels.
Despite furniture typically being bulky and heavy, delivery is much faster than it was 15 years ago. Returns can still be a problem, and the cost of returns is often a major complaint from customers. But even then, companies like Amazon have very liberal return policies in the worst-case scenarios.



MORE AND MORE ITEMS CAN BE PURCHASED ONLINE

What isn't sold online these days? The most expensive item sold on eBay is a 400ft, $168M megayacht (https://inshorts.com/en/news/most-expensive-item-sold-on-ebay-is-a-yacht-1472895517355). There are now websites that allow you to send a message printed on a potato (https://potatoparcel.com/), or to buy Vampire Repellent sprays (https://www.interwovencollaborative.com/products/vampire-repellent-8oz).

Beyond these weird items, 15 years ago I never thought I'd be buying fridges, lawnmowers, or large TVs online. But if I can get a better deal than at the store, including shipping and with fast delivery, why shouldn't I?

But it doesn't stop there. Starting in 2024, Amazon plans to revolutionize car buying by letting customers purchase Hyundai cars online directly from its platform. The concept is easy to understand: customers can search for new Hyundai cars, configure them, and complete the transaction directly on Amazon, choosing between home delivery or pickup at their local dealership. We're only talking about one brand here, but I wouldn't be surprised if we could have a broader selection of cars by the end of the decade.

Finally, B2B e-commerce is growing faster than ever, thanks to the new generation of buyers. Millennial and Gen Z buyers don't want to talk on the phone to place an order; they want to shop for industrial parts or heavy machinery like they would shop for socks on Amazon. Last year, Caterpillar sold over $2 billion worth of equipment online. Most people don't expect this type of company to be so active online, but many are investing more and more in e-commerce.

CONCLUSION

Selling furniture or other expensive and bulky items still isn't as easy as selling cat socks. The sheer size of these items makes it costly and difficult to store and ship. Returns are still a nightmare for many businesses. However, it is clear that customer behavior and expectations are changing. Online marketing and merchandising have made great progress to improve the customer experience. I believe social media marketing will be key for furniture retailers to give customers the confidence to place their purchases online. Finally, a great omnichannel experience could drive more traffic to retail stores, where the average order value is higher.

https://www.usatoday.com/story/special/contributor-content/2024/04/08/from-the-big-box-boom-to-the-online-shopping-explosion-emerging-trends-in-e-commerce-furniture/73250423007/

DOC MARTENS DISCOVERS BRANDED KEYWORDS SEARCH ADS

Does Their Lawsuit Against Temu Stand a Chance?

There has been a lot of controversy over Temu, Shein, and intellectual property laws. There are numerous reports of brands and independent designers claiming the Chinese giants have stolen their designs to sell similar lower-priced items online. Recently, the footwear brand Dr. Martens is suing Temu for another reason. Dr. Martens claims Temu is manipulating Google searches to display their product alongside Dr. Martens shoes.

I am not an IP lawyer, but I have some difficulties seeing how this lawsuit stands a chance. While there might be some IP issues with Temu, I don't see this lawsuit going very far, and I'd like to review it from an e-commerce professional point of view. Now, if you are a lawyer, I'd love to hear your opinion as I may miss important details that require extensive knowledge of IP laws.

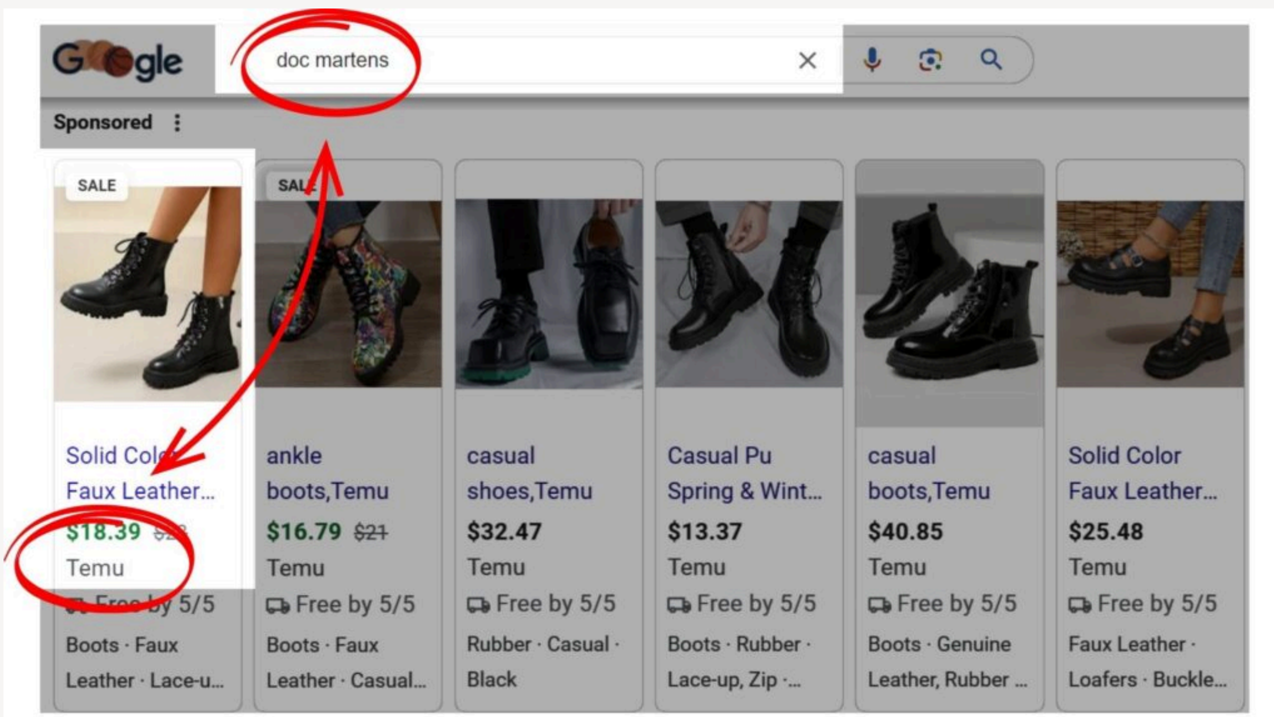
WHAT ARE BRANDED KEYWORDS IN ADVERTISING?

The iconic British brand claims that Temu uses its brand in Google ads keywords, such as “Doc Martens” or “Airwair”, so that Temu’s cheap boots appear above its own in the search results.

Let’s clarify what this means. The ads displayed by Temu do not feature words related to Dr. Martens explicitly. It is when a user searches for “Doc Martens” on Google that ads for Temu may appear, next to the brand’s own products. The ads for Temu’s products display the product as “Ankle boots” or “Faux leather boots”.

While Google prohibits ads that infringe on trademark rights, it does allow advertisers to use branded keywords. Using branded keywords is a very common practice in e-commerce. When you search for “Geico” on Google, it is very likely that the first result you will actually see will be an ad for State Farm or another of its competitors.

As a marketer, you know that there is a chance the person searching for Geico is shopping around for new car insurance and isn’t looking specifically for Geico. In the world of Amazon ads, there is a feature called ASIN targeting that allows brands to design ads targeting specific products, including their competitors.



Furthermore, it isn't clear who is behind these ads for Temu. Temu acts as a storefront for companies that sell their own products. It would be difficult to track who posted these ads, in the case it was established that using branded keywords is violating IP laws.

DOES USING BRANDED KEYWORDS CONSTITUTE TRADEMARK INFRINGEMENT?

First, let's take a look at what actually constitutes trademark infringement. According to a document posted on Harvard's overview of Trademark Law, "the use of a trademark in connection with the sale of a good constitutes infringement if it is likely to cause consumer confusion as to the source of those goods or as to the sponsorship or approval of such goods."

I personally fail to see how using branded keywords in search ads causes consumer confusion. While Temu's products are similar to Dr. Martens in the sense that these are the same product category, none of these ads feature explicitly Dr. Martens' trademarked names. The products look different, have different claims (it is clear that these items are made of different materials), and are sold at very different price points.

The way I see it is that a customer looking for black boots will search for "Doc Martens" because that is the first name that will come to their mind, but could potentially be interested in cheaper, different boots. But that is just my personal opinion, so let's take a look at previous cases.

> *"The FTC's position follows from case law trends indicating that the use of keywords does not constitute trademark infringement under the Lanham Act."*
>
> American Bar Association

Back in 2016, the FTC filed a complaint against 1-800 Contacts, the largest online contact lens retailer in the US. The FTC challenged agreements between the company and 14 of its competitors preventing them from using the keyword "1-800 Contacts" in their search ads campaigns.

The agency claimed that these agreements limited competition and reduced the number of relevant and unambiguous ads for consumers. According to the American Bar Association, "The FTC's position follows from case law trends indicating that the use of keywords does not constitute trademark infringement under the Lanham Act."

The American Bar Association also mentions the case of The Ninth Circuit suing Amazon for the use of branded keywords in search ads. Customers would see ads for competitors' products when searching for the brand name, just like what is happening with Temu and Dr. Martens. The court held that, "[i]n light of the clear labeling Amazon uses on its search results page, no reasonable trier of fact could conclude that Amazon's search results page would likely confuse a reasonably prudent consumer accustomed to shopping online as to the source of the goods being offered."

CONCLUSION

Using competitors' brand name keywords in online advertising is nothing new. There have been numerous cases where the FTC sided with advertisers, claiming that using branded keywords does not create confusion. Now, there could be some technicalities that could change the way this practice is seen in other parts of the world, but I doubt Dr. Martens will be successful. I believe there might be some legitimate intellectual property issues with Temu, especially designs stolen from other designers, but the use of branded keywords in advertising is a fair commercial practice. However, if you have experience with IP laws and see things differently, please let me know, and I would be happy to add more nuance to this review.

https://us.fashionnetwork.com/news/Dr-martens-sues-temu-over-google-search-results,1624510.html
https://cyber.harvard.edu/metaschool/fisher/domain/tm.htm
https://www.americanbar.org/groups/litigation/resources/newsletters/business-torts-unfair-competition/keyword-advertising-trademark-infringement/#:~:text=The%20FTC's%20position%20follows%20from,their%20competitors%20in%20keyword%20advertising.

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