



ECOMMERCE NEWS

JULY - AUGUST 2024

BY

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Foreword



"You either die a hero, or you live long enough to see yourself become the villain."

In today's eCommerce world, it's more like, "You either die a hero, or you live long enough to see yourself selling unbranded items directly shipped from China."

This seems to be the path Amazon is taking, while companies like Etsy are facing declining sales and realizing this isn't the direction they want to go. These major decisions have been reshaping eCommerce for the past few quarters.

From DTC initiatives to unexpected partnerships between marketplaces, brands have more options than ever when it comes to their sales channel mix.

And while sales channels are a key part of the equation, let's not forget the core of any business: the product. As we'll see in this report, no amount of marketing gimmicks can save a company with a bad product.

I hope you enjoy this report as much as I enjoyed writing it. If you have any comments or suggestions, feel free to message me on LinkedIn or X.

François Maingret

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JULY 2024

AMAZON PLANS TO FACILITATE DIRECT SHIPPING FROM CHINA ARE TEMU AND AMAZON TWO SIDES OF THE SAME COIN?



Right before taking a vacation, I saw the news about Amazon planning to assist sellers based in China to ship directly to US customers, similar to what Temu does. While I recognized the importance of this move, the news didn't surprise me. It's been clear that China-based sellers have become a key part of Amazon's strategy. We've seen several moves in the past to help Amazon compete with Temu and Shein, so this isn't entirely new.

However, this might be Amazon's boldest move to date. My initial thought was, "Some Amazon sellers are in big trouble." After discussing this shift, I'd like to reflect on the convergence between Amazon's and Temu's strategies and review the potential impact on US-based sellers.

AMAZON PLANS TO FACILITATE ITEMS SHIPPED DIRECTLY FROM CHINA

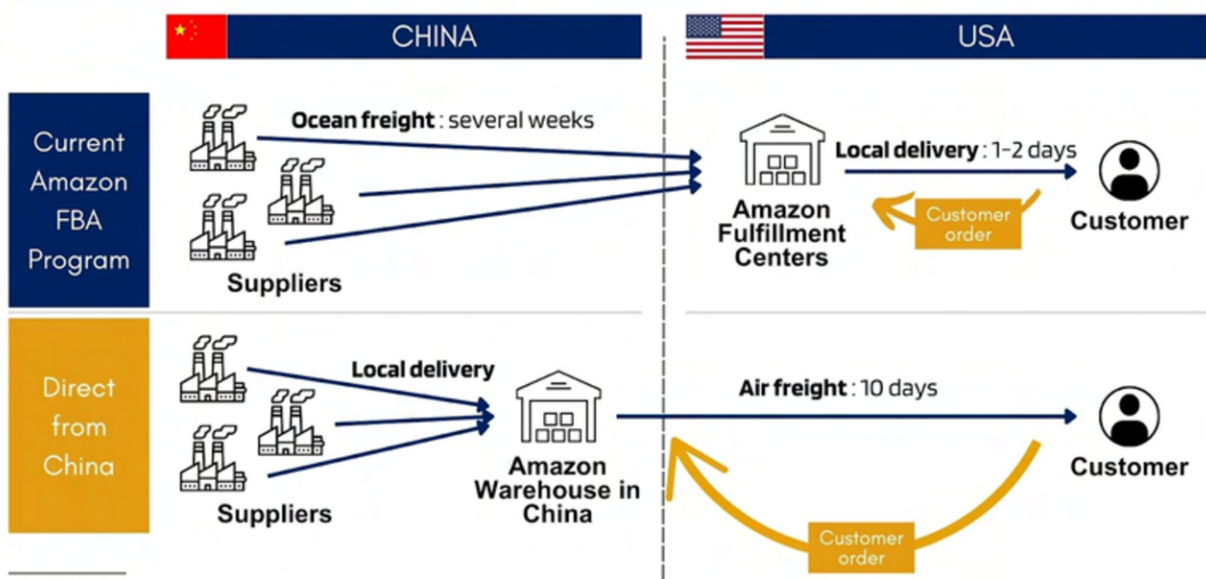
CNBC reported that Amazon hosted an invite-only call with sellers in China to discuss these plans. The idea is that Amazon will help China-based sellers ship products directly from China to customers in the US, focusing on low-priced fashion and lifestyle items.

Unlike Amazon's current model where sellers store their items at Amazon fulfillment centers, the items will be stored in Chinese warehouses and shipped directly from China via air freight.

As a result, customers won't receive items from China within 24 to 48 hours but within 9 to 11 days, according to Amazon. Amazon would take advantage of the de minimis rule that helps Temu save on duty and some taxes. We all hate waiting for our packages, but sometimes we don't mind compromising if we get deep discounts. That's exactly what makes Temu successful and what Amazon attempts to replicate.

It's still unclear when this program will start, but I assume it won't take very long. The competition is tough between Amazon and Temu, and both are adapting their strategies. Interestingly, Amazon is taking inspiration from Temu, while Temu imitates some aspects of Amazon's strategy.

Comparison of Current Amazon FBA Program vs Direct from China



THE CONVERGENCE BETWEEN TEMU AND AMAZON'S STRATEGIES

Before analyzing Amazon's and Temu's strategies, let's look at the advantages and drawbacks of each model.

The first advantage of having local fulfillment centers is shipping speed. One of Amazon's greatest strengths is their ability to offer free next-day delivery to millions of Prime customers. While customers are sometimes willing to wait longer if they can get lower prices, longer delivery times when ordering directly from China can cause frustration and a poorer customer experience.

Shipping from China gives manufacturers more flexibility in their productions, allows them to do more testing via small batches, and potentially offer a wider range of products. This also facilitates inventory management, as sellers don't have to ship large quantities of inventory overseas.

Finally, basing a business model on exporting from China and taking advantage of the de minimis rule exposes the company to risks if regulators decide to take action. While nothing has happened yet in the US, there are discussions about it, and the European Union is working on a proposal to impose import duties on cheap goods bought online.



Now it's clear that Chinese sellers are an important part of Amazon's strategy. The marketplace has seen an additional 20% increase in Chinese sellers joining in 2023, and the number of Chinese sellers exceeding \$10M/year in sales increased by 30%. Recently, Amazon also slashed selling fees on clothing items priced below 20%, attempting to compete with Shein and attract more Chinese sellers. It's no surprise to me that they may now facilitate the sale and shipping directly from China. This offers lower prices to their customers while giving third-party sellers more flexibility.

On the other hand, Temu may fear new regulations that would significantly increase their costs, such as the elimination of the de minimis rule. Temu also understands that delivery speed is more important than pricing for a significant part of US customers. Temu has already begun shipping some orders from US warehouses, a shift from 0% just a year ago. According to Marketplacepulse, 102 out of 120 recommended products on Temu's homepage ship from the US and arrive in less than 5 days. This shows how much their priorities are changing and helps them compete effectively with Amazon's extremely efficient supply chain.

Personally, I find that diluting each company's value proposition will create a confusing experience for consumers. The marketplace model is great, but we're now starting to see the same product assortment on every platform, from Amazon to eBay, including Walmart or TikTok Shops. On the other hand, many customers would love to experience low prices and fast shipping by cutting out the middlemen.

There are millions of middlemen currently selling on Amazon. So how can this strategy shift impact them?

HOW THIS COULD IMPACT US-BASED SELLERS

It's hard to predict how many sellers will opt for this program. However, some potential consequences of this move are obvious:

A larger number of China-based sellers joining the platform

Lower prices across strategic categories such as clothing or lifestyle

A lot more listings in these categories

Wider discrepancies in delivery times

In my opinion, every Amazon seller will experience the impact of this program, but to varying extents. Amazon seems to focus on certain categories like fashion or lifestyle, so sellers in these areas will likely feel a stronger effect compared to others.

When it comes to types of sellers, I believe big-name brands will be the least affected. Many of them sell directly to Amazon rather than through the marketplace and have a major asset: brand equity. They generate significant traffic through branded search, and many customers are loyal to the brand and its perceived quality. Customers are also less price-sensitive. Similarly, wholesalers selling brand-name items should experience minimal disruption.

On the other hand, private label sellers will take the biggest hit if this program becomes popular.

They will face more competition, likely lower prices across categories, and potentially increased costs for acquiring traffic. Business has already been challenging for these sellers since their own suppliers started selling on Amazon, and I believe it will only get tougher from here.

Somewhere in the middle are brands with unique items but lacking brand recognition. I believe these sellers should be fine as long as their product cannot be easily replicated. Getting traffic and launching products may be initially harder, but things should improve in the long run.

Finally, the difference in delivery times between the two models can be relevant in some industries. Brands selling products that customers buy impulsively and need right away should be less concerned than those selling items customers don't mind waiting 10 days for.

CONCLUSION

Amazon's move to facilitate direct shipping from China represents a major strategic shift to compete more effectively with Temu. Amazon and Temu are battling for market share, trying to meet customers' needs in terms of pricing and delivery speed.

Having products locally available is a key part of Temu's strategy, while Amazon is deploying more features to attract China-based sellers and lower prices.

For US-based sellers, the impact of this program will vary. Established big-name brands should experience minimal disruption, while the millions of private label sellers may face intensified competition, pricing pressures, and potential impacts on profitability and customer acquisition costs.

Ultimately, customer behavior will drive both Temu's and Amazon's strategies, but regulatory changes could potentially affect the direct-from-China model. Amazon is taking a risk here, and we'll have to see if it pays off.

<https://gizmodo.com/amazon-temu-shein-shopping-china-direct-shipping-1851562838>

<https://www.marketplacepulse.com/articles/amazon-and-temu-swap-strategies>

<https://www.cnbc.com/2024/06/26/amazon-plans-discount-store-in-bid-to-fend-off-temu-and-shein.html>



SELLER SUPPORT SHORTCOMINGS

How it Can Hurt a Small Business

Last week, I came across a great article by Spencer Soper in Bloomberg (link below, I recommend reading it) about how Amazon sold a returned used diaper, and hurt an American small business relying on the FBA program. I found that this story is the perfect example of the shit (no pun intended) Amazon sellers have to deal with every day. The process of the incident is complex, with many actors and tasks involved, and I'd like to break it down to identify what went wrong and what could have been done better. Then, I'll give my opinion on what I think was the main issue here, and how frustrating it can be for millions of sellers.

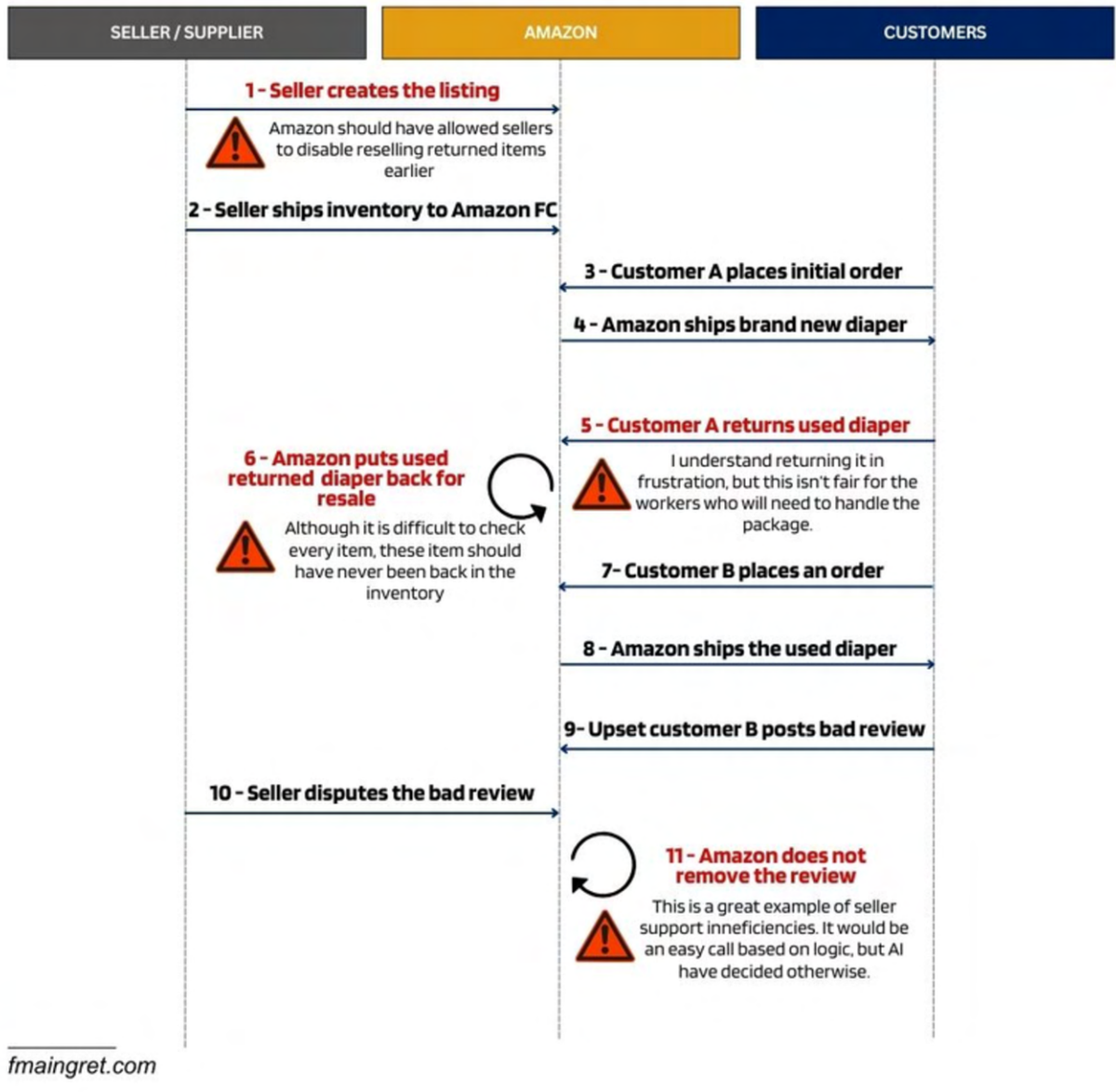
THE ORDERED DIAPER JOURNEY AND THE CONSEQUENCES

Paul and Rachelle Baron created a best-selling reusable swim diaper that they listed on Amazon.

The business was successful for a while, but troubles started after a customer posted a negative review, featuring photos of a used, stained diaper. The couple tried to get Amazon to remove it, but the review stayed online, causing a massive drop in sales. It turns out, Amazon did not check an item returned and shipped it to another customer.

Now, what went wrong and who is responsible? This story is more than just a returned item processed incorrectly. Below is a chart showing the complete story and where I think things didn't go well.

What Went Wrong in the Paul and Rachelle Baron Story



The first problem occurred during the listing creation. At the time, Amazon did not give sellers the option to disallow reselling returned items. They have since fixed this, but this change could have helped this couple avoid the whole issue.

Next is the customer who returned used diapers. This is obviously very disrespectful and unsanitary for the workers who need to process the shipment and open the box.

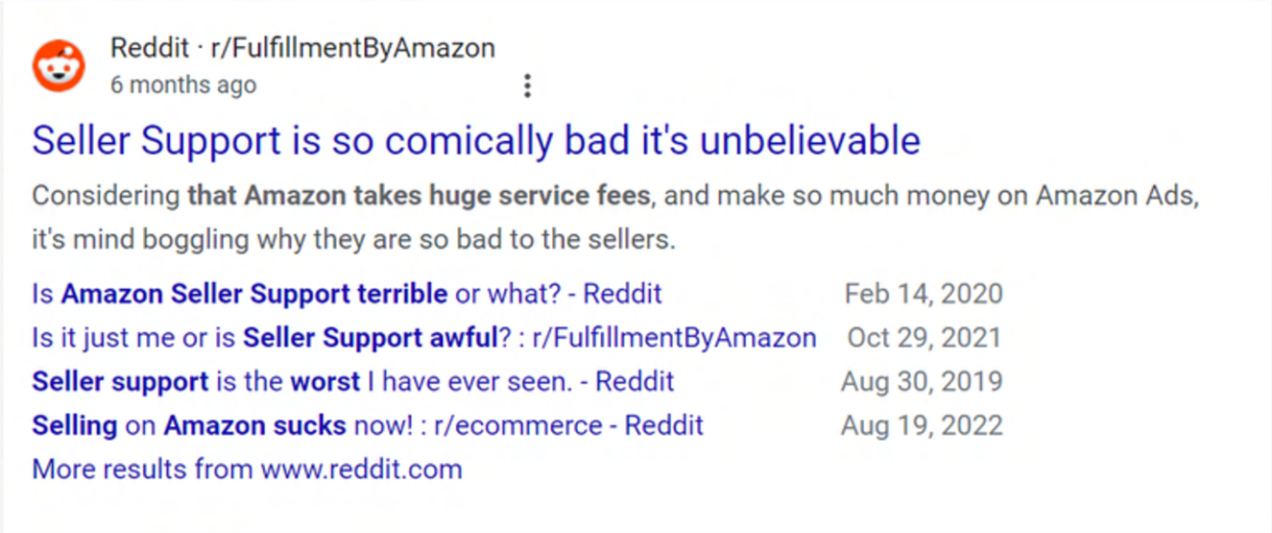
Yes, Amazon should have never put the item back for sale. But it is hard to blame them; they process tons of returns every day, and as explained in the article, it is impossible to do a full inspection on each package. There will be some mistakes, and it would be unrealistic to expect a 0% error rate.

I think the main issue here is how hard it was to remove the review (which was still on until the article was published in Bloomberg).

It should have been an easy process, but the review stayed, and the review sorting algorithm made this review visible to thousands of customers. I am not saying this alone contributed to the decrease in sales (Amazon got a lot more competitive in the last few years, and they may suffer from other sellers duplicating their product), but I can imagine how frustrating it was. I believe this highlights one of the main issues Amazon sellers are facing: the difficulties dealing with Amazon Seller Support.

THE PROBLEM WITH SELLER SUPPORT

The few times I interacted with Amazon’s customer service as a customer, I had the best experience. Employees on the phone were knowledgeable, and the return/refund processes were extremely easy. As a seller, however, it can be a different story. You don’t have to go very far to find a lot of negative testimonials on Amazon seller support:



The screenshot shows a search result on Reddit for the subreddit r/FulfillmentByAmazon. The search term is "Seller Support is so comically bad it's unbelievable". The results list several posts with their dates:

- Is Amazon Seller Support terrible or what? - Reddit (Feb 14, 2020)
- Is it just me or is Seller Support awful? : r/FulfillmentByAmazon (Oct 29, 2021)
- Seller support is the worst I have ever seen. - Reddit (Aug 30, 2019)
- Selling on Amazon sucks now! : r/ecommerce - Reddit (Aug 19, 2022)

More results from www.reddit.com

To be fair, providing quality customer support is expensive, especially knowing there are over 9.7 million sellers worldwide on the platform. And the marketplace is extremely complex; it can be very difficult to resolve unique cases. While things got worse until about 2020, I have noticed an improvement since the pandemic.

But it is very frustrating that critical cases causing millions of losses for third-party sellers sometimes take so long to resolve.

Between the cases being transferred between departments and the AI-generated responses, sellers must be very patient. While some brands may choose to work with an Amazon account manager (at the cost of \$1,600/month + 0.3% of total sales in the previous calendar month + tax), others may resort to outside firms. A lot of companies are now specializing in helping sellers reinstate their accounts after being suspended or with other issues when seller support may be difficult to deal with.

According to CNBC, there were even Amazon employees offering to help sellers, selling their services on the black market via Telegram (Although Amazon cracked down on these practices).

As a result, the future is uncertain for TikTok. Brands must prepare for a ban, even if it isn't confirmed at this time. And if it does get banned, the future of e-commerce is also uncertain. Will traffic move to Youtube and Instagram? What media will use Gen Z to discover new products? And what will the typical customer journey look like without TikTok shops? Only time will tell.

I advise Amazon sellers to learn and understand the "language" of seller support. There are more efficient ways to formulate an issue and get a case resolved faster. I also found that calling or using chat is typically better than via email. It involves luck, as some seller support reps are way more knowledgeable than others. Finally, I recommend sellers ask the community about critical issues on the official seller forums, and on other sources such as LinkedIn or Reddit.

CONCLUSION

The incident with Paul and Rachelle Baron's business gives us a great example of how a minor incident can cause major troubles for a business. While Amazon has made some improvements, the complexities of the marketplace and the current seller support can cause a lot of frustration for third-party sellers. I recommend sellers learn as much as possible about the platform and don't hesitate to reach out to experts when facing major issues.

<https://www.bloomberg.com/news/articles/2024-07-15/how-bad-amazon-review-destroyed-beau-belle-littles-swim-diaper-business?embedded-checkout=true>
<https://www.ft.com/content/64f01bfe-39b9-49f6-86eb-be96374539cf> <https://www.cnbc.com/2023/08/01/amazon-employees-leak-info-that-marketplace-sellers-buy-on-telegram.html>

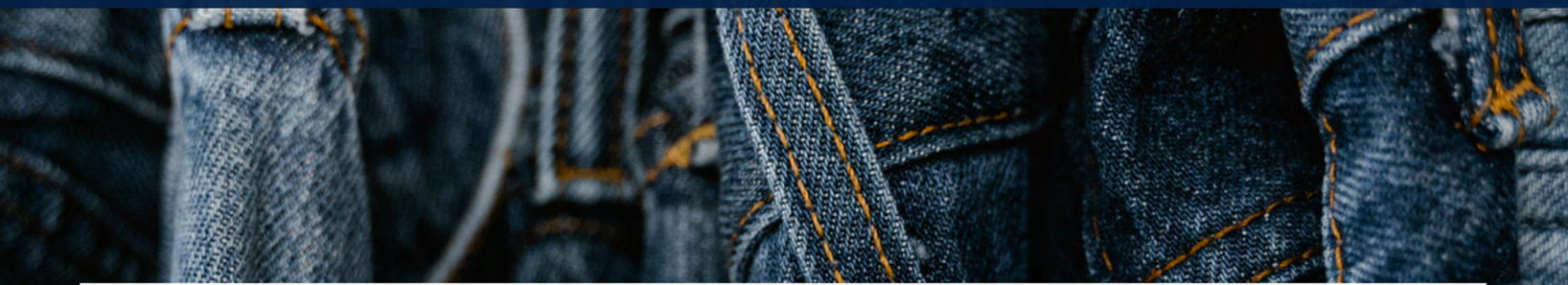




JULY 2024

LEVI'S FOCUS ON DTC

WHY I THINK THE BRAND HAS WHAT IT TAKES TO BE SUCCESSFUL



Hot take: I think over 95% of businesses selling on large Amazon would fail miserably if they opened a DTC channel. Anyone can build a storefront on Shopify, list their product, pay \$100 a month membership, and start selling. But how many entrepreneurs can sell profitably in significant volume via a DTC channel? People complain about Amazon's fees without realizing that for many brands, CACs would kill them if they had their own channels.

On the other hand, some brands are seeing massive success with DTC.

One of these brands is Levi's, which claimed to have doubled their DTC revenues in the last decade and now making this channel a major part of their strategy. According to Michelle Gass, Levi Strauss & Co. president: *"With the strong momentum and consumer permission, now is the time to accelerate our transition to D2C, where we will evolve our culture and operating model, and our consumer centricity will drive every aspect of how we operate."*

This brings me to think, what makes Levi's a good candidate for a successful DTC channel, and when should a business stay away from it?

“

“With the strong momentum and consumer permission, now is the time to accelerate our transition to D2C, where we will evolve our culture and operating model, and our consumer centricity will drive every aspect of how we operate.”

Michelle Gass, Levi Strauss & Co. president

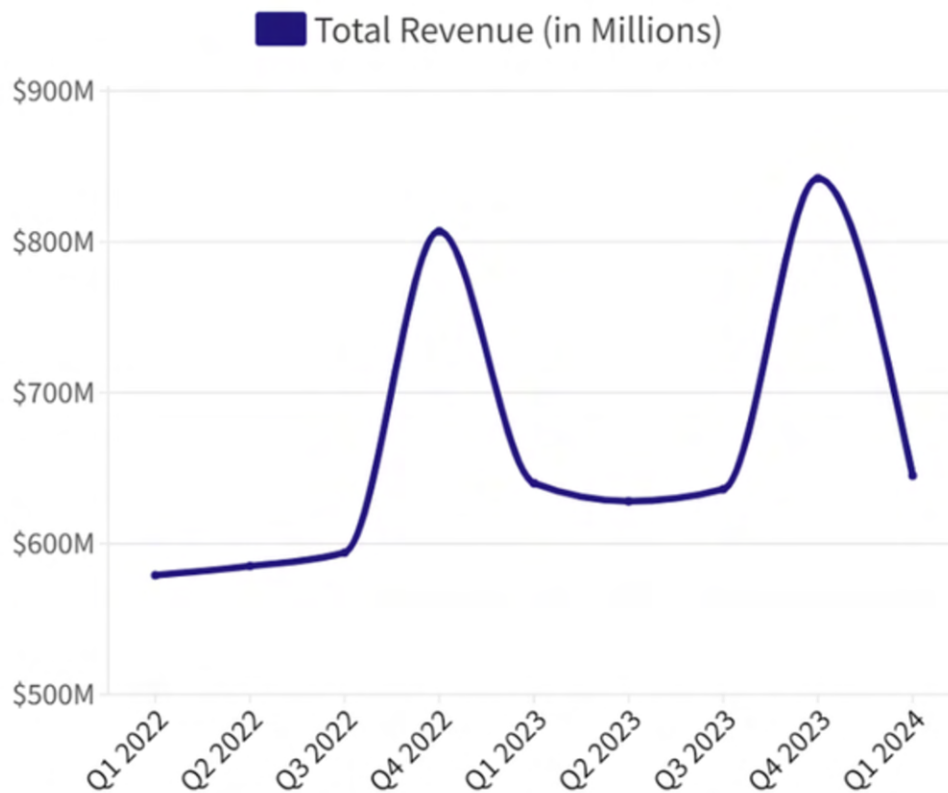
WHAT MAKES ME THINK LEVI'S DTC ADVENTURE WILL BE A SUCCESS?

I think one of the main factors making a brand a good candidate for a DTC website is a strong brand identity. And no one can deny that Levi's is a heavyweight in that category.

I don't think I can name a single person who has not heard of it. The brand has been around for over 150 years. According to YouGov, it is the 18th most popular brand in the US as of July 2024. Because Levi's is so well-known around the world, they are getting a ton of direct searches, and many customers will pick them over any other brand.

Levi Strauss & Co. (LEVI) Stock





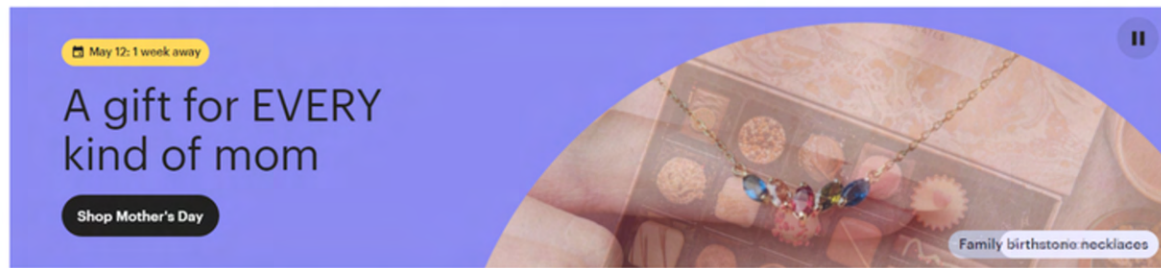
GIFT MODE AND THE PARADOX OF CHOICE

It is a hot summer day. You're craving ice cream, and your freezer has vanilla or chocolate. Unless you're like me and you get a scoop of each, it isn't hard deciding between the two. Now let's say you walk into an ice cream store and they have literally every flavor you can think of and more: triple fudge brownie, avocado swirl, wasabi, fried chicken, etc. That is the paradox of choice: the more options you have, the more likely you are to end up in a mental flavor frenzy rather than enjoying your scoop. And it is easy to experience that on Etsy, when customers are offered with a large number of items in each category.

Enters Gift Mode, one of Etsy's recently launched features. Gift Mode uses human interaction and machine learning algorithms to display a curated selection of products to visitors shopping for a gift. It feels like going into a gift store and telling the sales clerk who you are shopping for and what your criteria are. As an Etsy customer, I find the shopping experience fantastic and very helpful. As Mother's Day is coming, I can see this feature making a difference, and I really think it adds value to Etsy. I am hoping it will make a difference in conversion rates.

Gift Mode makes gifting extra-easy

Extra-special gifts for anyone



Get inspired! Popular gift ideas →



“CREATING CLEANER SHOPPING AISLES” VERSUS CREATING AD SPACE

As Etsy CEO explains, “We stand for keeping commerce human and believe that doing this in a way that no one else can is our most important competitive advantage. We’re focused on creating cleaner shopping aisles for buyers.” This makes sense to me, and I am looking forward to seeing how these new initiatives contribute to the marketplace’s success in the long run.

He continues: “All too often, when you visit Etsy, your search is cluttered, showing you too many items that feel very similar, increasing cognitive load while failing to highlight the incredible diversity that is a towering strength for Etsy.”

While this sounds great, I took the time to review Etsy’s financials and found that its share of revenues coming from “Services” is getting larger and larger.

My concern is that revenues from ads are increasing, meaning that potentially 1 – Etsy is charging more for ads and is squeezing its third-party sellers and/or 2 – Etsy is dedicating more ad space in the search results, resulting in a less than ideal customer experience. We have seen this trend with Amazon: it isn’t uncommon that half of Amazon’s search results are ads, making it difficult for customers to find the most relevant product. The FTC has an eye on these practices, as I explained in past articles. If that is the case, it would go against Etsy’s efforts to “create cleaner shopping aisles for buyers”.

Rachel C. Glaser, Etsy CFO, briefly mentions ads later in the call: “During the quarter, we continued to enhance Etsy Ads.” However, it isn’t clear what Etsy’s long-term strategy regarding advertising is.

More importantly, the main issue I don't see addressed here is the intellectual property issue, and the numerous reports from small businesses and independent creators on Temu/Shein allegedly stealing their design. This is in my opinion a huge threat for Etsy, one they must take seriously.

It can create a very confusing experience for customers, and some of them won't see a reason to not get the cheaper item from a Chinese website. In the long run, this can cause many of these sellers to go out of business or to offer a much smaller assortment of items. Now, fixing this issue is easier said than done, but I really believe it can't be ignored by Etsy management.



The Reader Tarot Inspired Tote Bag

€13.99

Colour

Select

Quantity

1

Add to Cart

Buy Now

The Reader Tote Bag

Worry around all your favourite books, your groceries or your everyday things in this dreamy tote! Perfect for a picnic at the park or the market on a sunny day. Also a cute gift to your friends, family or loved ones.

Shipping Info

Current shipping estimates:
The Netherlands - 1 to 5 business days



Left, a screenshot from Leora Aileen's website, a small business owner. Right, the same design on Temu. Source : Time.com

CONCLUSION

Don't expect me to tell you whether you should buy Etsy stock or not; there are people way more qualified than I am if that is what you are looking for. Plus, I'd feel bad if some of my readers lost money in the stock market after taking my advice.

What I can tell you is that Etsy seems to be focusing on the customer experience seriously, with great innovation such as "Gift mode", and the initiative to remove low-quality offers.

However, my main concerns are the intellectual property issue, which can definitely deter sellers from selling on the marketplace, and the growing % of revenues from services.

Ultimately, I enjoy looking at businesses like Etsy or eBay, which really bring something unique to the e-commerce landscape. Let's see how things go for Etsy, but you can be sure I'll be using it for gift ideas.

<https://investors.etsy.com/financials/quarterly-results/default.aspx>
<https://time.com/6342387/temu-copy-work>

OTHER NEWS FROM JULY 2024

WAYFAIR'S BLACK FRIDAY IN JULY SALE

We are now getting more "Black Friday in July" events. I recently argued that frequent flash sales can have diminishing returns and can be confusing for customers. A good illustration of this is how retailers like Best Buy and Wayfair name their summer sales events.

This sounds like great news for price-conscious customers and for retailers looking to boost their top-line numbers or move old inventory. We've also heard that Prime Day has become the most successful sale to date.

However, I wonder what this trend will mean for retailers on a broader scale, beyond just Amazon or Temu. Flash sales rely on creating urgency and scarcity, but this feeling diminishes if the next event is just around the corner. I even believe this model is one of the reasons Zulily went out of business recently.

Customers dislike seeing items on sale shortly after purchasing them at full price. As a customer, I start losing trust in a retailer if I don't see consistency in their pricing strategy.

I'm not saying flash sales have no place in business, but I believe they should be used strategically rather than automatically.

"After Prime Day, Wayfair weighs in with its own summer sale" - 7/19/24

<https://www.hometextilestoday.com/online-retailers/after-prime-day-wayfair-weighs-in-with-its-own-summer-sale/>



ETSY STRATEGY SHIFT

"When Etsy launched nearly two decades ago, it provided a sanctuary for artisans and craft makers, fostering a community centered on unique, handmade products. However, the platform has since struggled with an influx of mass-produced items, diluting its brand and frustrating its core sellers."

I agree 100% with this extract from the article. Etsy's roots are in its unique assortment of artisanal products. Imagine being on vacation, walking into a store, and seeing a mix of handmade products, and cheap plastic items imported from China. You'd think it's a tourist trap. This is how I feel about Etsy today, but I hope to see improvements soon.

Amazon and Temu are increasingly alike, and we're now seeing the same products across every marketplaces. Etsy didn't have to follow this path but still saw a ton of mass-produced products, probably misleading some customers looking for handmade goods.

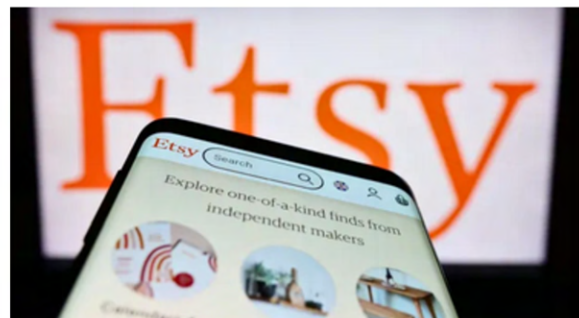
According to the same article below,"Silverman's narrative is clear: Etsy will not compete with eCommerce giants on price and speed."

While this may seem counterintuitive in an environment where customers love cheap stuff from Temu and Amazon's lightning-fast delivery, I understand where this comes from.

I wrote about Etsy's Q1 results recently and thought the company was going in the right direction. I also had high hopes for their gift mode feature. Let's see how things turn out, but I don't see how they can survive if they try to compete in the Amazon/Temu space.

"Etsy Aims to Have Its Artisanal Cake and Eat it Too" - 7/9/24

<https://www.pymnts.com/news/e-commerce/2024/etsy-aims-to-have-its-artisanal-cake-and-eat-it-too/>



AMAZON'S CONFLICTING PLANS

Customers love fast shipping. Water is wet. But things will get interesting now that Amazon plans to facilitate shipping directly from China.

We know that some customers prioritize fast shipping above anything else, while others don't mind slow shipping as long as they get the best price. However, there's likely a significant overlap between these two groups: customers willing to compromise on their preference (fast shipping or pricing) if they encounter an attractive alternative deal.

I've started to think that the best experience for customers would be to have this option when adding an item to their cart, if it exists in both a US fulfillment center (FC) and a China FC : "\$20 and receive it today or \$15 and receive it in 10 days."

I think a mistake would be for Amazon to alienate customers who love fast shipping by showing them too many listings that ship slowly. Sure, there are filters based on delivery date, but that isn't convenient. And Amazon is now packed with sponsored listings, which adds complexity.

I am very curious to see what the shopping experience will be like. Will this give customers more options and better deals, or make it frustrating to find what they really need? Either way, I think this is bad news for many US-based sellers, except for the strongest brands.

"Amazon Sees 30% Rise in Same-Day and Next-Day Delivery"
PYMNTS 7/9/24

<https://www.pymnts.com/amazon/2024/amazon-sees-30percent-rise-in-same-day-and-next-day-delivery-speeds/>

HOW TO DEFINE DRIP PRICING?

Don't you love finding a \$50 concert ticket, only to realize it will cost you \$120 after convenience fees, payment processing fees, delivery fees, and other "because-we-can" fees?

Washington, D.C., Attorney General Brian Schwalb has filed a new lawsuit against StubHub, calling the practice of drip pricing "deceptive and unfair."

We ecommerce professionals know that adding extra fees at the last step of the checkout process causes frustration and upsets our customers. So why are all these companies doing it?

Because it works! According to a publication by Santana, Shelle, Steven Dallas, and Vicki Morwitz titled "Consumer Reactions to Drip Pricing," :

"Across six studies, we find that when optional surcharges are dripped (vs. revealed upfront) consumers are more likely to initially select a lower base priced option which, after surcharges are included, is often more expensive than the alternative."

Banning these frustrating fees sounds like a good idea, but in practice, what constitutes a "junk fee"? It may be clear for things like "platform fees," but not as obvious for shipping charges or credit card processing fees.

I'd be curious to hear my network's opinion on this. Does drip pricing have a place in ecommerce? And if not, how should we limit or ban it?

"Regulators Have Been Sounding the Drip Pricing Alarm for Years"

PYMNTS - 7/31/24

<https://www.pymnts.com/amazon/2024/amazon-sees-30percent-rise-in-same-day-and-next-day-delivery-speeds/>



NEW FLASHY AD CAMPAIGNS WON'T ALWAYS FIX YOUR BUSINESS

WHY ECOMM ENTREPRENEURS SHOULD CONSIDER ALL 4PS OF MARKETING

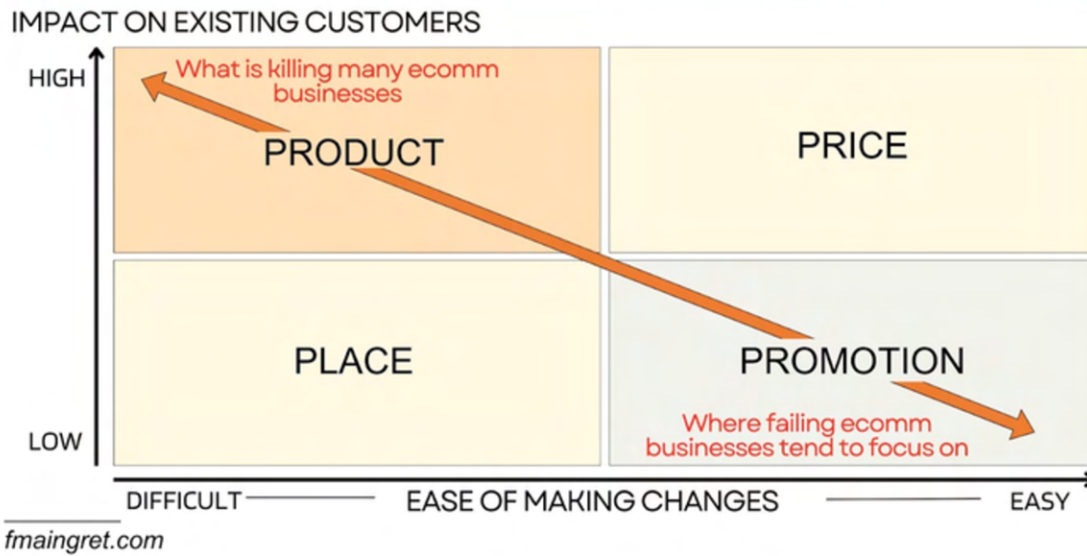
You've probably heard of the "Four Ps of Marketing." If not, the 4Ps—**Product**, **Price**, **Place**, and **Promotion**—are the key elements that help businesses strategize how to develop, price, distribute, and promote their offers effectively.

If a company was a house, **Price** and **Place** would be how much the house is worth and where it is located—very important elements that are frequently discussed. **Promotion** would be the fancy cabinets and the fresh coat of paint on the kitchen walls. There are millions of blogs, YouTube channels, and TV shows about home decor, and many homeowners think their house will double in value if they put a fresh coat of beige paint on the walls.

Finally, **Product** is the house itself: the walls, foundations, plumbing, insulation. It is not the "sexy" part of the building, something people even avoid discussing sometimes, but a house with structural issues will be a lot less attractive to buyers.

The same thing is happening in ecommerce. There's a lot of focus on **Promotion**, with entrepreneurs thinking a new flashy campaign will solve their problems. On the other hand, there's not enough talk about the **Product**, which is a problem for many sellers. This is especially true in 2024 when the market is more competitive than ever, and a strong brand and value proposition are necessary to succeed. So let's review these 4Ps and how they are approached today.

Many failing ecomm businesses would benefit more from improving their products than from tweaking their advertising campaigns



WHY PROMOTION, ALTHOUGH NECESSARY, IS OFTEN OVERHYPED

“**Promotion**” means the communication strategies used to inform and persuade customers about the product. This includes, but not limited to, advertising, sales promotion, public relations, or social media. Promotion decisions focus on how to effectively reach and engage the target audience.

Promotion is often the main focus of entrepreneurs for a few reasons. First, the impact on revenues is fast. Unlike developing a new product or building a DTC channel, striking deals with influencers can very quickly drive traffic and sales. PPC campaigns can work even faster if a company decides to increase its budgets.

Next, because it is the easiest to do. I’m not saying it’s the easiest to do right, but it is the easiest to start working on. Tweaking budgets, keywords, and creatives are rarely expensive and can be done quickly.

Even adding a new advertising channel isn’t difficult (scaling and being profitable is a different story).

Another reason is risk. Adding or removing promotional channels isn’t the riskiest choice a business will face. Very few customers would be upset if they stopped seeing ads for their favorite brand on TikTok or Instagram.

And in the worst-case scenario, decisions regarding promotions aren’t terribly difficult to reverse. Sure, problems can occur if a campaign is terrible enough to damage the brand image (such as the “Coolest Monkey in the Jungle” ad by H&M), but these are fortunately rare occurrences.

Finally, the ecommerce world is saturated with ads and marketing agencies. I’d say 80% of the sales emails I receive are from marketing, SEO, or most often PPC agencies trying to sell me their services, sometimes with unrealistic claims.

Advertising is often seen as the fun and attractive part of ecommerce, and it can be tempting for new entrepreneurs to be overly focused on it, at the expense of products, pricing strategies, supply chains, or analytics.

To be clear, I don't think Promotion is worthless. Quite the opposite, I believe it is a key part of any business. My point is, there is more than Promotion, and entrepreneurs should not make it their only focus.

Price and Place Are Getting Some Attention

Updating product **Prices** immediately impacts a business's financials, including both top and bottom lines. It influences customers' demand and their perception of the products (expensive items sometimes appearing more exclusive and higher quality). It is a very impactful decision for existing customers. Increasing prices may slow down customer demand and upset existing customers who are used to the lower prices. On the other hand, decreasing prices can attract new customers, but frustrate those who bought previously at high prices and negatively impact the brand image.

Changing the whole pricing strategy is a massive decision for a business. However, small to medium businesses in the ecommerce space have more freedom in this area. If they don't have an extensive network of resellers and distributors, they typically have more control over their prices.

Ultimately, many businesses could benefit from experimenting with different pricing strategies (see my post here: [Pricing Strategies for the Ecommerce Entrepreneur](#)). Too many are still applying cost-based pricing or copying competitors' pricing.

Place gets a little more attention in the ecommerce world. New sales channels are popping up every day. TikTok Shop is all the rage now, and who knows what the next hot thing will be. However, while it is very important to stay up to date on new trends, I don't recommend entrepreneurs mindlessly launch their product on the latest cool channel. The right sales channel mix depends on a business's products, cost structures, industry, competitive landscape, and many other factors. Businesses with limited resources should be focused on what will ensure long-term growth and profitability.



MANY TIMES, PRODUCT IS THE PROBLEM BRANDS DON'T WANT TO SEE

The **Product** is the cornerstone of a company's strategy. It influences the pricing and marketing strategies, the sales channel mix.

A bad product makes it very difficult to generate a profit, even with the best influencers, marketing campaigns, and the greatest PPC ads teams. Not saying it never happens (in fact, there are many terrible products sold successfully), but winners are very few compared to the millions of unsellable products.

So why is there so little discussion on products? The first reason is how difficult it is to change a product after launch or create something new. Adding a new sales channel or launching a new advertising campaign is way easier than building something to sell. Product development expenses can add up, while the revenues and profits are not seen until after the product is launched.

It is incredibly hard for an entrepreneur to realize their products are terrible. Their products are not only a financial investment but also an emotional commitment. Even when they don't care about their product, recognizing failure and moving on is difficult. This is especially hard when a product was performing well in the past but became outdated or the market became too competitive. A good example of this phenomenon would be US sellers offering white-labeled products for sale on Amazon in 2015-2017. While this model worked relatively well at the time, Amazon has seen an influx of Chinese sellers during the Covid pandemic, which slashed prices and forced a lot of these previously successful sellers out of business.

Agencies won't tell businesses how to build successful, innovative products. If they could come up with great business ideas, why wouldn't they use them for themselves? Instead, most of the content online addresses either the 2-3 other Ps of marketing or discusses low-barriers to entry models such as dropshipping or white labeling. Few people would approach failing businesses to tell them "Your products are the problem and no amount of marketing can fix that."

CONCLUSION

What is the point of all this talk? My conclusion will be short: ask yourself the right questions. If your financials are disappointing, can it be fixed by addressing a new channel, tweaking your pricing policy, or creating new campaigns? In some cases, the answer is yes. But sometimes (especially for newer companies with less brand equity), the problem is deeper and lies in the last P of marketing: **Product**.



— AUGUST 2024

ETSY LAUNCHING THEIR PAID INSIDER MEMBERSHIP PROGRAM

IS THIS ENOUGH TO HELP WITH THEIR DECLINING GMV?

What do you do when you want to increase your customers' purchase frequency and lifetime value (LTV)? The current trend among retailers seems to be paid membership programs. If it works for Amazon or Costco, can it work for niche platforms?

Etsy recently announced they would experiment with their own membership program in September. We don't have a lot of information yet, but I still want to discuss what this membership is about, reflect on why Etsy might do this, and give you my opinion on whether this can reverse the company's decreasing GMV trend.

WHAT IS ETSY PAID INSIDER MEMBERSHIP?

Simona Shakin, vice president of product and retention marketing at Etsy, went over the perks of Etsy’s future paid membership program. The benefits include:

- Free U.S. domestic shipping on millions of items
- A birthday bonus
- Limited edition annual gift, designed by an Etsy seller
- First access to special discounts and select merchandise
- Double impact with Donate the Change

It still isn’t clear what products qualify, what the bonus or gift will be, or what this “special merchandise” will include.

The free domestic shipping is a significant perk, as this is one of the reasons Amazon Prime is so successful. Customers shopping online now expect free shipping, and I wouldn’t be surprised if Etsy eventually pressured its sellers even more for fast shipping.

Another big question mark is the price. Etsy did not say exactly how much customers would pay. The only information we have comes from Etsy’s COO, Raina Moskowitz, who said the monthly fee will cost roughly as much as a latte.

For now, the membership will be released in a beta version to a selected group of customers, with no information on when it will be open to the general public.

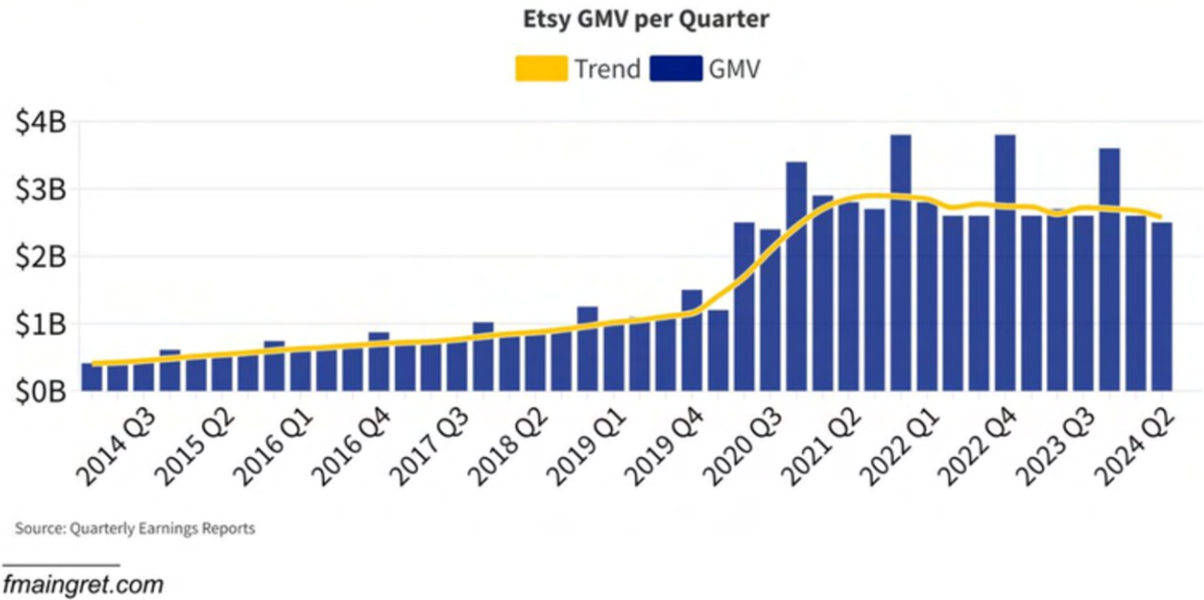
Feature	ETSY Membership	Amazon Prime	Walmart+	CostCo Gold Star
Price	“Price of a Latte”?	\$139 per year	\$98 per year	\$60 per year
Delivery	Free on selected items	Free One-Day and Same-Day Shipping	Free shipping Free delivery from store(\$35 min)	N/A
Other benefits	Birthday bonus Limited edition annual gift First access to special discounts and select merchandise Double impact with Donate the Change	Prime Video, Reading, Gaming and Amazon Music access	Fuel discounts Paramount+ Free flat tire repair Free road hazard warranty	Warehouse access Costco Fuel access Free household card Access to Costco services
Members	Closed-beta version soon	29 Million	160 Million	129 Million

WHY IS ETSY LAUNCHING THEIR PAID MEMBERSHIP PROGRAM?

I believe three challenges Etsy currently faces are pushing them to experiment with a paid membership program.

A more competitive environment, and a low customer LTV, which ultimately causes a decline in GMV growth.

Etsy GMV Has Been Declining Since the End of the Pandemic



Etsy was originally all about handcrafted and vintage items. However, things changed during the pandemic when the platform allowed the sale of mass-produced items. Unfortunately, Etsy could not compete with Temu, Shein, and Amazon in that segment, in an environment that became extremely cutthroat and competitive. While Etsy is refocusing on handmade products, the company is likely to see a further decline in GMV in the short term as customers buying mass-produced items leave.

This leaves us with unique products often bought as gifts.

It also appears that the sales are highly seasonal, with a spike in Q4. I assume the main goal for Etsy with this membership is to increase purchase frequency and customer loyalty, resulting in a boost in GMV in the long term.

THE REAL QUESTION: IS THIS THE RIGHT MOVE FOR ETSY?

It is difficult to evaluate this strategy without having enough details on the costs and benefits of this program for shoppers.

if, as Etsy's COO said, the price of the membership is "roughly the price of a latte", this can be worth it for shoppers after 1-2 purchases, depending on shipping fees and where Etsy COO buys her lattes. Etsy said they would subsidize free shipping benefits and not pass cost onto sellers, but it is hard to have an opinion until we have more details.

While that sounds like an interesting deal for customers, Etsy will need to persuade them to buy more frequently. How often does the average Etsy customer need to shop? There is Christmas, maybe a birthday or two, or a wedding?

I can understand the success of paid membership programs for everyday, non-seasonal purchases: Amazon, Walmart, or Costco. But if Etsy refocuses on its main niche, handmade products, the scope is much narrower. Etsy has three groups of customers:

- Those who won't shop more than once or twice a year no matter what, and won't need the membership (I assume this is the largest group).
- Those who are buying very frequently even without a membership. These people are likely to subscribe and buy more.
- Those who don't buy frequently but may spend more if they had the option to subscribe to the paid membership. I think that is the smallest group.

In reality, I think this program can increase customers' LTV and revenues. But would that make a big difference?

Another big question is how profitable this would be. If frequent shoppers now stop paying for shipping and Etsy has to subsidize it, how would that affect total revenues?

CONCLUSION

We need more details on their plan and more data on their current customer base to really evaluate this strategy. It can't really be compared to Amazon or Target since Etsy has a narrow focus and no retail stores.

However, my guess is this can move the needle in the right direction, but may not be enough to compensate for the decline in GMV. And if the rate of adoption is high, I can't see how Etsy could keep membership costs low without passing shipping costs onto third-party sellers. I really like the idea of Etsy (not so much the current version) and I hope I am wrong, so I am looking forward to seeing more details on this plan.

<https://www.digitalcommerce360.com/2024/07/31/etsy-insider-beta-launch-paid-membership-program>

<https://www.cbsnews.com/news/etsy-online-shopping-loyalty-program-insider>



TIKTOK PARTNERS WITH AMAZON

SIGN OF A MAJOR ECOMMERCE CHANGE OR A SMALL PIECE OF TIKTOK'S SOCIAL COMMERCE STRATEGY?

Is there a better way to break our attention spans and budgets than a partnership between Amazon and TikTok? The king of ecommerce is teaming up with the most addictive social media app to allow TikTok users to purchase items directly from Amazon without leaving the app.

Unfortunately, we don't have all the details on this partnership yet, but people are already speculating on how it will impact the ecommerce world. Let's first look at what we know about it and what the potential consequences could be for customers, brands, and the future of ecommerce.

WHAT IS THIS PARTNERSHIP ABOUT?

Amazon customers in the U.S. will now be able to make purchases directly through TikTok, as an Amazon spokesperson told Bloomberg in a report posted on 8/8/24. According to the report, “Customers who choose to link their accounts in the U.S. will see real-time pricing, Prime eligibility, delivery estimates, and product details on select Amazon product ads in TikTok as part of the experiences,” the spokesperson said.

TikTok announced on the same day that this partnership will “create a frictionless shopping experience for our users to discover, browse, and buy — wherever and however our community chooses to shop.” In some ways, we can say this is similar to “Buy with Prime,” but on TikTok.

Amazon has become saturated over the past few years with millions of products and keeps dedicating more and more space to ads on their marketplace. As a result, the company is seeing its ad revenues increase, but it has become more difficult for customers to find the products they need. TikTok, being a great channel for discovery, could make this partnership a game changer. However, we still don’t know where this will fit into TikTok’s existing system and how much space will be dedicated to these ads.

WHAT WILL BE THE CONSEQUENCES FOR THE FUTURE OF ECOMMERCE?

Again, it is difficult to fully estimate the consequences of this partnership without knowing more details.

Many people see it as a sign that Amazon might acquire TikTok, especially given the U.S. decision to ban it if it doesn’t separate from its China-based parent company, ByteDance. I still think that would be questionable under antitrust laws.

We’ve also seen TikTok aggressively pushing its social commerce feature, TikTok Shops, working hard and investing heavily to attract sellers and customers. But why would they give traffic to Amazon? Is TikTok slowing down on its own social commerce? Do they realize they lack the logistics capabilities to gain market share?

On the other hand, this could be an attempt not only to grow their user base but to make their existing users more engaged and more willing to participate in social commerce. Letting them buy from Amazon could be a stepping stone for some users to buy on TikTok Shop. These are pure speculations, and we’ll have to see the execution of this plan before having a clear idea of what’s happening.

CONCLUSION

Integrating Amazon’s vast product offerings with TikTok’s highly engaging platform could redefine how users discover and purchase products online. However, with limited details available, many questions remain about the long-term impact on both companies, their customers, and the broader market. Does this move show TikTok’s social commerce ambitions, or is it a sign of a future acquisition?

<https://www.pymnts.com/news/social-commerce/2024/amazon-deals-expands-to-tiktok-pinterest/>

TIKTOK PARTNERS WITH AMAZON

DATA ON SOCIAL COMMERCE

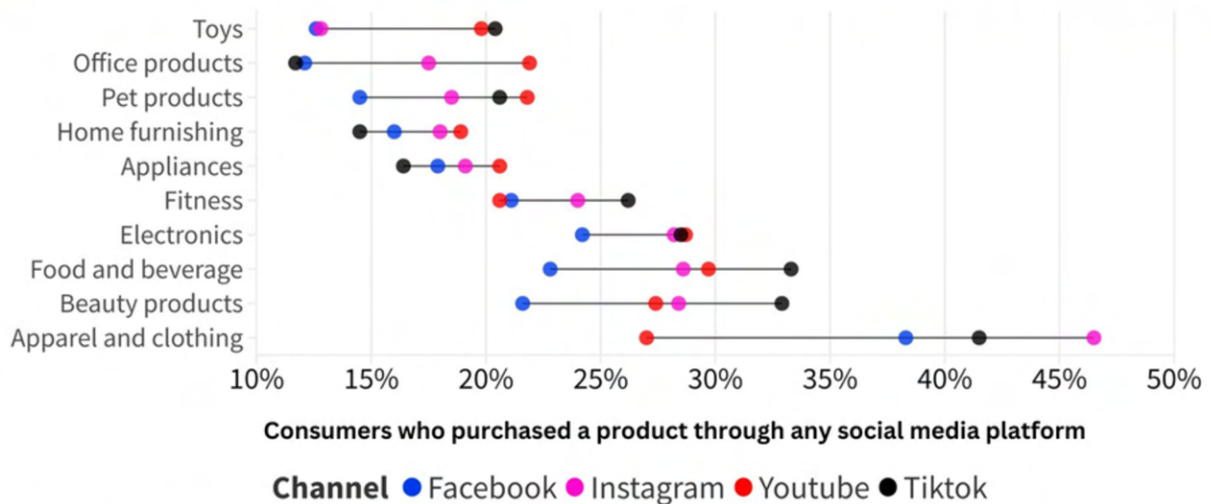
Following my recent post about the TikTok-Amazon partnership, I did a little more research. I analyzed data from the PYMNTS report, "Tracking the Digital Payments Takeover: Monetizing Social Media," and plotting it on charts revealed something big.

Not only are some product categories far less popular with social commerce, but TikTok also seems to do really well with emotionally driven purchases (like apparel and food) and struggle in more rationally driven categories (such as appliances or office products), behind every other platform.

One reason behind the partnership could be TikTok Shop's need to gain market share in these less competitive categories, using Amazon as a strategic ally.

This is pure speculation, but given how TikTok's marketing has evolved since its early days, I wouldn't be surprised to see growth in categories that are underperforming today.

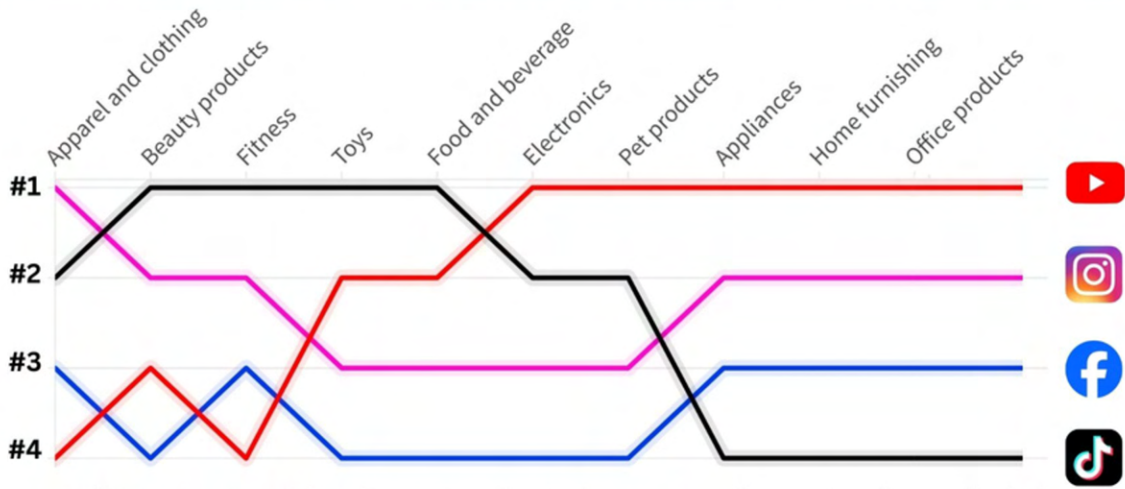
Apparel and Beauty Products Lead Social Commerce Purchases



Source: PYMNTS - Tracking the Digital Payments Takeover: Monetizing Social Media, July 2023

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Product Category Influences Social Commerce Platforms Popularity

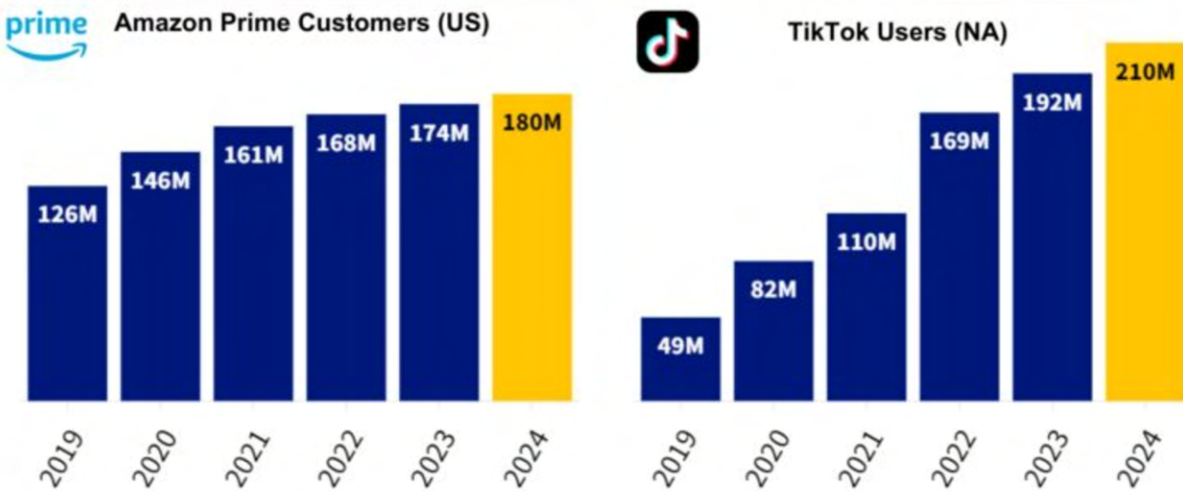


Rankings of each social media platform (by % of customers who purchased on each platform)

Source: PYMNTS - Tracking the Digital Payments Takeover: Monetizing Social Media, July 2023

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The # TikTok Users Exceeds the # of Amazon Prime Customers



Even though the data for TikTok is about North America and not just the US, we can assume that they exceeded (or will soon exceed) the number of US Amazon Prime customers.

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AUGUST 2024

WALMART'S IMPRESSIVE Q2 ECOMMERCE PERFORMANCE

SHOULD BRANDS PRIORITIZE WALMART OR TIKTOK SHOPS AFTER AMAZON?

If there's one underdog in the ecommerce world, it's Walmart. Earlier in 2024, all eyes were on TikTok Shops. We also hear a lot about Shein and Temu, and of course, the current king of online sales, Amazon. But seasoned ecommerce professionals always keep an eye on Walmart. The retail titan finally grabbed more attention with its Q2 results, showing over 20% growth in ecommerce YoY.

This raises an important question: How should brands prioritize sales channels? Should they focus on Walmart or TikTok Shops first? Let's quickly review Walmart's performance, see how its marketplace compares with Amazon, and explore what brands should do next.

WALMART'S Q2 2024 PERFORMANCE

Let's quickly go over the news: Walmart reported strong performance in Q2 2024, especially in ecommerce. Consolidated revenue grew from \$161B in Q2 2023 to \$169B, a remarkable 5% increase.

Operating income grew even faster, up 8.4% YoY. Notably, according to John David Rainey, advertising and membership accounted for more than 50% of Walmart's year-over-year operating income growth in the quarter.



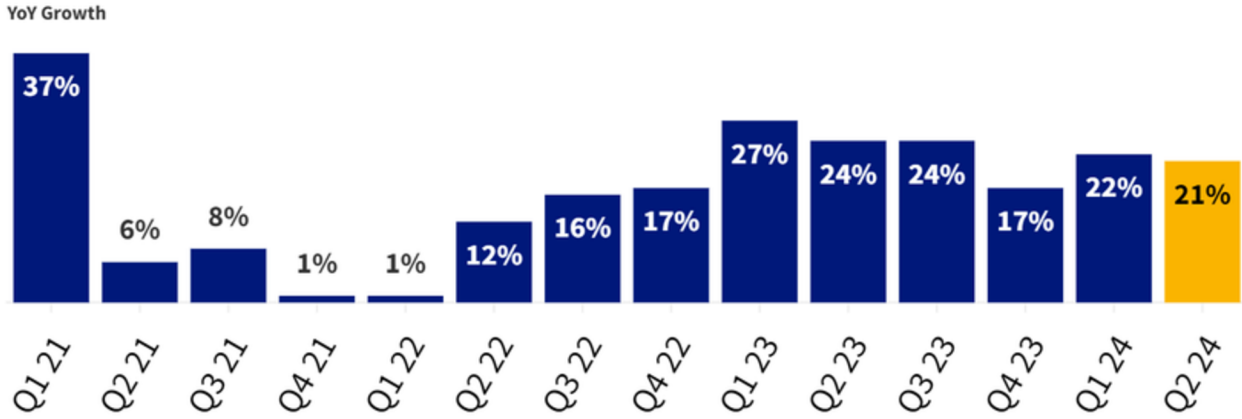
“Pickup is growing faster than our in-store or club sales, and delivery is growing even faster than pickup. Delivery accuracy and speed continue to improve”

Doug McMillon, Walmart CEO

But the real headline is Walmart's ecommerce sales growth, which hit 21% globally in Q2 2024. CEO Doug McMillon highlighted, “Pickup is growing faster than our in-store or club sales, and delivery is growing even faster than pickup. Delivery accuracy and speed continue to improve.”

Walmart Marketplace sales grew 32% YoY in Q2, showing how valuable this channel is for brands. So, is Walmart Marketplace becoming the new Amazon for brands?

Walmart Ecommerce Growth YoY



IS WALMART THE NEW AMAZON? HOW THE TWO TITANS COMPARE

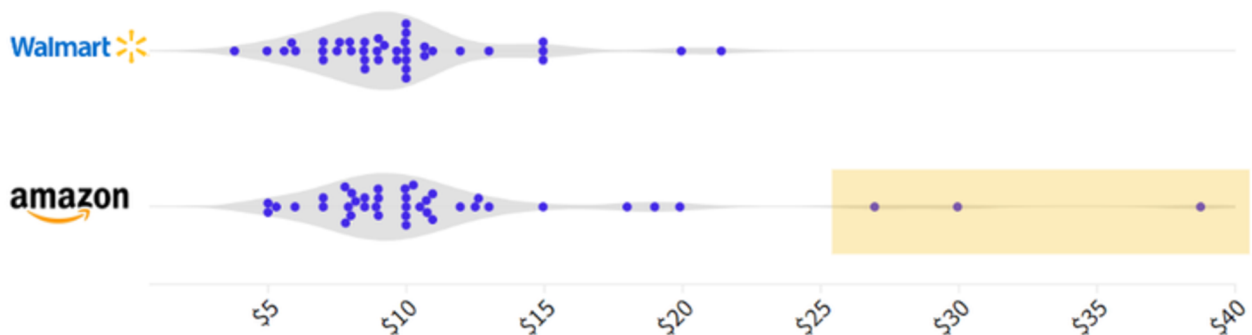
With Walmart's impressive growth in ecommerce, is it fair to say Walmart is the next Amazon? Amazon still leads in this race with a broader reach. Beyond just ecommerce, Amazon is on track to surpass Walmart as the #1 US retailer. Amazon ended 2023 with \$575B in revenue, compared to Walmart's \$648B. However, Walmart is improving fast and has several strengths that could help it compete with Amazon effectively.

First, let's talk logistics. During the Q1 earnings call, President and CEO Doug McMillon said Walmart delivered 4.4 billion items with either same-day or next-day shipping speeds in the U.S. over the past 12 months. They also reduced delivery costs by 40%. With over 4,500 stores in the US, Walmart's extensive network boosts delivery speed and efficiency—one of the top reasons people love Amazon Prime. But now, Amazon isn't the only one offering this speed.

Walmart's product assortment is also expanding extremely fast. We used to say "Anything you can think of is sold on Amazon", the same thing is becoming a reality with Walmart. The marketplace has grown from 100,000 sellers last year to over 150,000. Sure, this is not even 10% of Amazon's 1.9 million sellers, but the growth is impressive. These new sellers are bringing tons of new products to the marketplace. Walmart even offers U.S. inbound shipping to sellers in China, so we can expect even more items.

When it comes to pricing, it's hard to tell which platform is cheaper due to the lack of comprehensive data. However, studies of a few dozen items suggest prices are similar on average, with occasional large differences. In a personal experiment last year, I found Walmart slightly cheaper on average (you can check it out here: [Case Study on Walmart Marketplace](#)).

Price Distribution for the First 39 Search Results

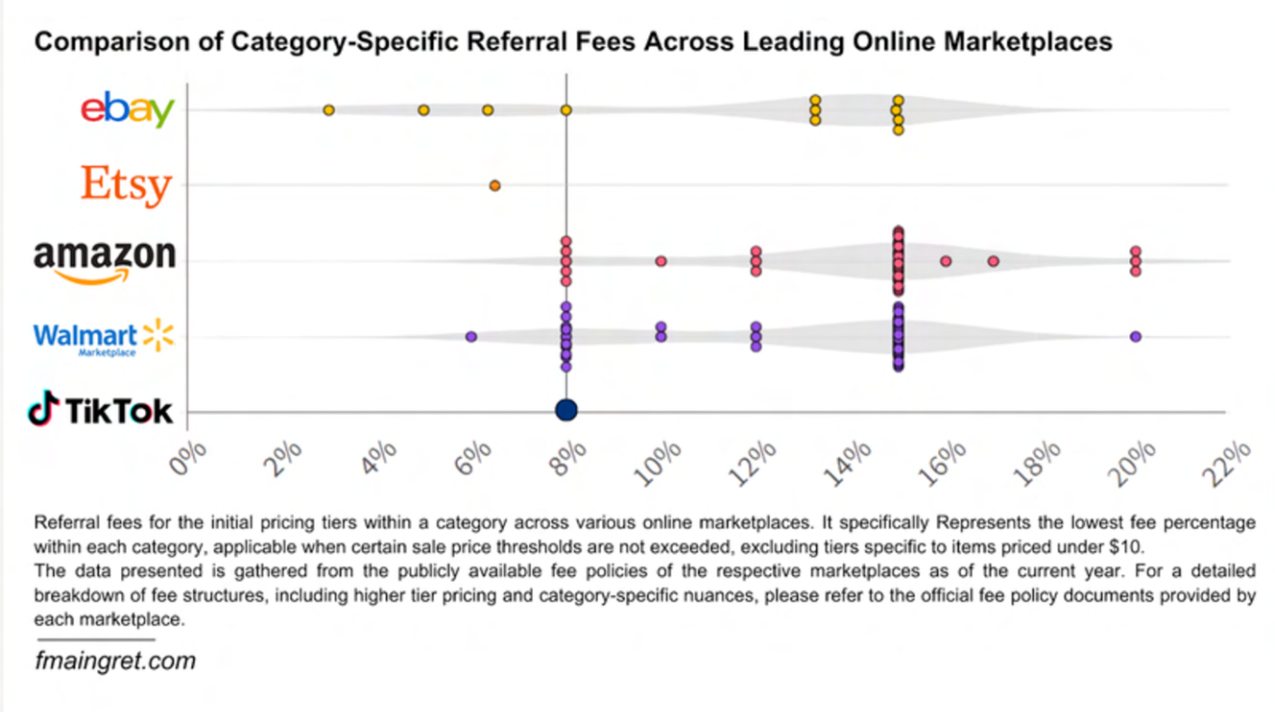


We've covered delivery speed, product assortments, and pricing—great for customers, but what about sellers? What makes Walmart Marketplace so attractive to brands and entrepreneurs?

In my opinion, the answer lies in Walmart Fulfillment Services (WFS) and its competitive fee structure. WFS is the equivalent of Amazon FBA, making it much easier for sellers to offer their products to customers.

No need to spend time and resources on order fulfillment, and the rates are competitive compared to 3PL companies. Yes, there are restrictions, but I see this program as a key reason Walmart is now attracting thousands of new sellers each month.

Finally, let's focus on the two main expenses when selling on the marketplace using WFS: referral fees and fulfillment fees. Comparing these fees across multiple marketplaces, Walmart and Amazon are pretty aligned.



On the next page is a simplified case study comparing profitability across three items, focusing on referral and fulfillment fees.

It appears that:

1 - The referral fees are the same across three categories : Jewelry, Shoes and Electronics

2 - Amazon's FBA fee are slightly cheaper for light items, and more expensive for bulkier items

3 - The difference can be significant for the heaviest item : WFS fee is \$5 lower for a printer

From this comparison, it's clear that Walmart is very competitive for sellers. The main thing missing currently is traffic—Amazon still dominates in that category.

	Necklace		Shoes		Printer	
	Amazon	Walmart	Amazon	Walmart	Amazon	Walmart
Sale price	\$ 50.00	\$ 50.00	\$ 80.00	\$ 80.00	#####	#####
COGS	\$ 10.00	\$ 10.00	\$ 15.00	\$ 15.00	\$ 80.00	\$ 80.00
Referral Fee (%)	20%	20%	15%	15%	8%	8%
Referral Fee (\$)	\$ 10.00	\$ 10.00	\$ 12.00	\$ 12.00	\$ 16.00	\$ 16.00
Fulfillment	\$ 3.06	\$ 3.45	\$ 6.31	\$ 5.75	\$ 26.70	\$ 21.35
Profit	\$ 26.94	\$ 26.55	\$ 46.69	\$ 47.25	\$ 77.30	\$ 82.65

WALMART VS TIKTOK SHOPS: WHICH CHANNEL SHOULD BRANDS ADDRESS AFTER AMAZON?

When it comes to sales channels, most brands start with Amazon, and sometimes with a DTC channel. The next step often raises the question: Should brands address Walmart or TikTok Shops first in 2024?

My stance is pretty clear: Walmart Marketplace is the low-hanging fruit for those already successfully selling on Amazon. I believe Walmart should be prioritized over TikTok Shops until the initial setup is done. This sales channel works similarly to Amazon, and it's easy to reuse Amazon content and data to list products on Walmart. I also find the system to be less complex and require less daily maintenance. Yes, volumes are lower (most brands should expect 1-5% of their Amazon sales on Walmart), but it's relatively easy and low-risk.

Of course, this assumes brands are already successful on Amazon.

Walmart Marketplace is competitive—there are far fewer sellers than on Amazon, but they have to fight for a smaller amount of traffic. Competition is only increasing, with prices at the same level as Amazon's. Additionally, Amazon and Walmart Marketplace have similar cost structures. If a company is losing money on Amazon, they're likely to lose money on Walmart Marketplace too. Brands struggling on Amazon should fix their issues before expanding to Walmart Marketplace.

So, what about TikTok Shops? TikTok Shops is a relatively new channel, still much smaller than Walmart. TikTok Shops reported \$16B in GMV in 2023, compared to \$82B for Walmart Marketplace. On the other hand, TikTok Shops has 500,000 sellers, making it theoretically more competitive than Walmart.

TikTok Shops is a different beast altogether. Amazon and Walmart are optimized for product searches; it's not terribly difficult for a brand to attract traffic and generate sales. On the other hand, TikTok Shops is optimized for content and product discovery.

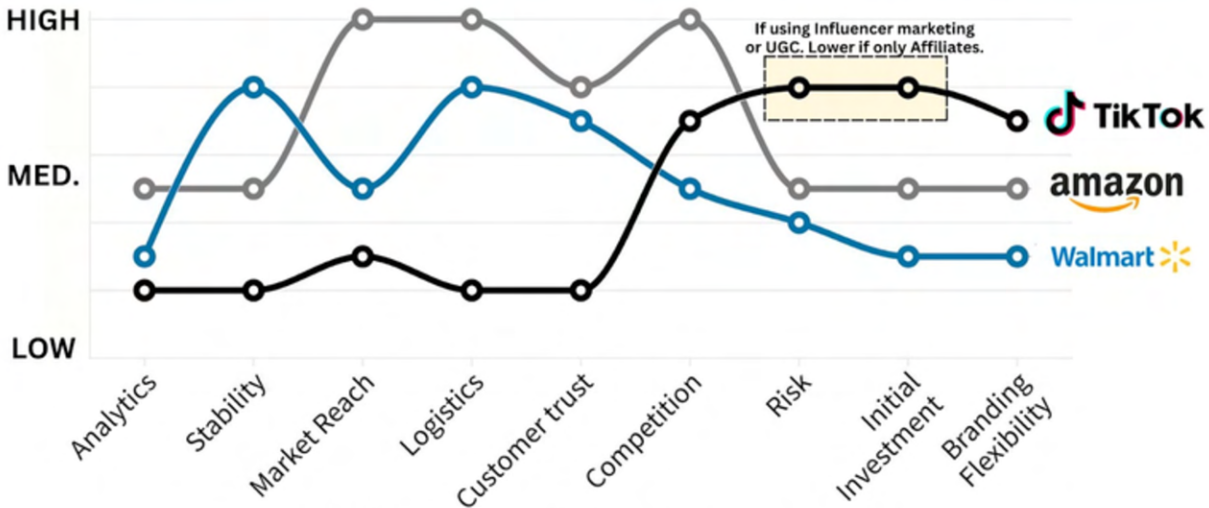
This means brands need content (either organic, through ads, or influencers/affiliates) to effectively sell their products. This can be a significant investment with no guarantee of profits. Amazon advertising is more predictable, and most brands with a good value proposition can generate sales easily. But TikTok feels more like a winner-takes-all situation—many campaigns and creatives will yield zero results, while a rare ad might generate a ton of revenue.

TikTok Shops is still a very new platform and isn't as mature as Walmart or Amazon.

They don't have fulfillment services like FBA or WFS (which can be a barrier for many businesses), have limited analytics functions, a lower market reach, and are constantly evolving. We don't even know how long it will be around. On the other hand, it can be a massive opportunity for brands with a strong social media following or those seeing great results from content and influencer marketing. This is especially true for emotionally driven purchases.

For these reasons, I recommend brands that already sell on Amazon address Walmart first, then consider TikTok Shops if they have the resources and the right products. Focusing on a DTC website can be another option, but that's a whole different conversation.

TikTok Shops Has Potential but is a High-Risk High-Rewards Channel



Comparison of Popular Platforms for Ecommerce Merchants

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CONCLUSION

Walmart's Q2 performance shows the company can thrive in the ecommerce space. Often overshadowed by giants like Amazon and the new shiny objects like TikTok Shops, Walmart has consistently proven to be a major player.

Walmart's marketplace and logistics capabilities are strong reasons for brands to prioritize this channel.

While TikTok Shops offers an exciting opportunity, especially for brands with a strong social media presence, Walmart's established infrastructure, lower risk, and ease of entry make it the clear next step for those already successful on Amazon.

Walmart may not yet rival Amazon in size, but its consistent growth and strategic investments suggest it's a platform brands cannot afford to ignore.

<https://www.digitalcommerce360.com/article/walmart-online-sales/>

<https://www.statista.com/forecasts/1218322/walmart-revenue-development-ecommercedb>

<https://corporate.walmart.com/content/dam/corporate/documents/newsroom/2024/08/15/walmart-releases-q2-fy25-earnings/q2-fy25-earnings-release.pdf>



OTHER NEWS FROM AUGUST 2024

AMAZON RECALLS 400,000 PRODUCTS : IS THE CUSTOMER YOURS OR AMAZON'S?

When I buy an item on Amazon, sold by a third-party seller and shipped by Amazon, am I considered the third-party seller's customer or Amazon's customer?

Amazon can't have it both ways.

If I am the third-party seller's customer, that brand should be able to contact me directly, build a relationship with me, and even send me marketing messages if I agree. Amazon should not have too much control over the brands' listings and replace parts of it with AI-generated content.

On the other hand, if I am Amazon's customer, I believe they should be responsible for recalls on unsafe products.

"...the CPSC on Tuesday said an administrative law judge sided with the agency, ruling that Amazon acted as a distributor for third-party goods."

I find this decision interesting, as Amazon plans on facilitating direct shipping from China. This is good news for consumers and for businesses that comply with US regulations, with strict quality control processes.

I still wonder how Amazon can realistically limit the risks for consumers, knowing there are now over 600 million items listed. With their current strategy, are they going to be more selective about who can list their products? Or are they going to pass inspection costs onto third-party sellers?

Amazon forced to recall 400K products that could kill, electrocute people after Consumer Safety decision about years-old purchases
Dailymail 07/30/23

<https://www.dailymail.co.uk/news/article-13690963/Amazon-forced-recall-400K-products-kill-electrocute-people.html>

SHEIN RECALLS TOXIC ITEMS

How many people will read this article and think, "It's okay, I'd never buy those toxic clothes from Shein made in sweatshops. I get my clothes from Amazon"?

The issue with the current marketplace environment is that many brands and suppliers are selling across multiple channels. While this makes sense for them, it leads to each platform's assortment becoming more and more similar, sometimes even including dangerous products. Amazon successfully attracted millions of sellers to offer lower prices to customers, they can't realistically test every new product listed. And I assume offenders can easily create a new account to start selling again.

I don't see significant changes happening until regulators step in. Quality control isn't free, and I can see this becoming an additional expense passed on to brands.

But beyond quality issues, I believe that marketplaces saturation will change the way we shop in the next few years. Product discovery and personalization will become even more important for marketplaces and social media platforms. This will make branded search more valuable than ever, giving brands that succeed across multiple channels a significant advantage.

There's been a lot of talk about customers increasingly preferring cheaper, no-name brands, and I agree to an extent. But that doesn't mean all brands are doomed. Those that offer great value and a unique value proposition will thrive, while weaker brands or commoditized products will struggle.

"Shein recalls toxic kids' clothes after failing chemical tests" MSN 08/02/24

<https://www.msn.com/en-us/travel/news/shein-recalls-toxic-kids-clothes-after-failing-chemical-tests>



AMAZON REBRANDS THEIR RESALE PROGRAM

I'm all for recommerce and extending a product's lifecycle. Not only is this better for the environment, but it also gives customers opportunities for real bargains.

These days, it seems like every other retailer has a resale program. Amazon is rebranding its own program as "Amazon Resale." While it sounds good on paper, I'm a bit skeptical about its execution.

I love the idea of giving customers the option to buy new or used on the same product page. This allows them to quickly weigh their options while providing sellers with opportunities to move their used items. However, I see two problems with the current system:

1 - The Buy Box on Amazon usually highlights the new product over the used version. In some cases, there's no Buy Box at all, just a message saying "No featured offers available," which customers might interpret as "Out of stock," even though there's a used option below the fold. The used option is hard to find, and the "Amazon Resale" category isn't very user-friendly.

2 - According to the announcement, "Yes, your Amazon Resale purchases are covered by Amazon's returns policy." I'm concerned that some customers may buy products that don't meet their expectations, leading to a customer service and profitability nightmare for sellers. I think Amazon's return policy is too liberal for secondhand items, and that eBay's model—where the seller's reputation is prominently displayed—works better.

I can't complain about this huge retailer developing a resale program, and I understand the goal isn't to beat eBay (or Craigslist) at their game. However, if Amazon wants this feature to be a meaningful part of their platform, I think they should: 1 Display the option to buy used in the Buy Box and 2 - Adjust their return policy / work with reputable sellers only.

"Amazon Warehouse for Used Goods Is Rebranded to Amazon Resale" CNBC 08/20/24

<https://www.cnbc.com/2024/08/20/shein-sues-temu-over-copyright-infringement-trade-secret-theft.html>



SHEIN ACCUSES TEMU OF COPYRIGHT INFRINGEMENT

Remember when cyclist Lance Armstrong accused other athletes of doping and cheating while his own doping practices were being exposed?

Could the same scenario be unfolding with Shein and Temu? Both companies are suing each other for copyright infringements, and they're also facing lawsuits from various outsiders.

Here's my favorite part of the article: "The complaint includes a screenshot of a Temu-sponsored Google ad that shows Shein in the headline but Temu as the web address."

If true, it's sad that such large companies resort to cartoonish marketing tactics to steal market share from each other. The Tom and Jerry of the e-commerce world would be a funny concept if it weren't a potential threat to smaller businesses and employees.

Shein sues Temu over copyright infringement, alleges rival loses money on every sale

CNBC 08/20/24

<https://www.cNBC.com/2024/08/20/shein-sues-temu-over-copyright-infringement-trade-secret-theft.html>



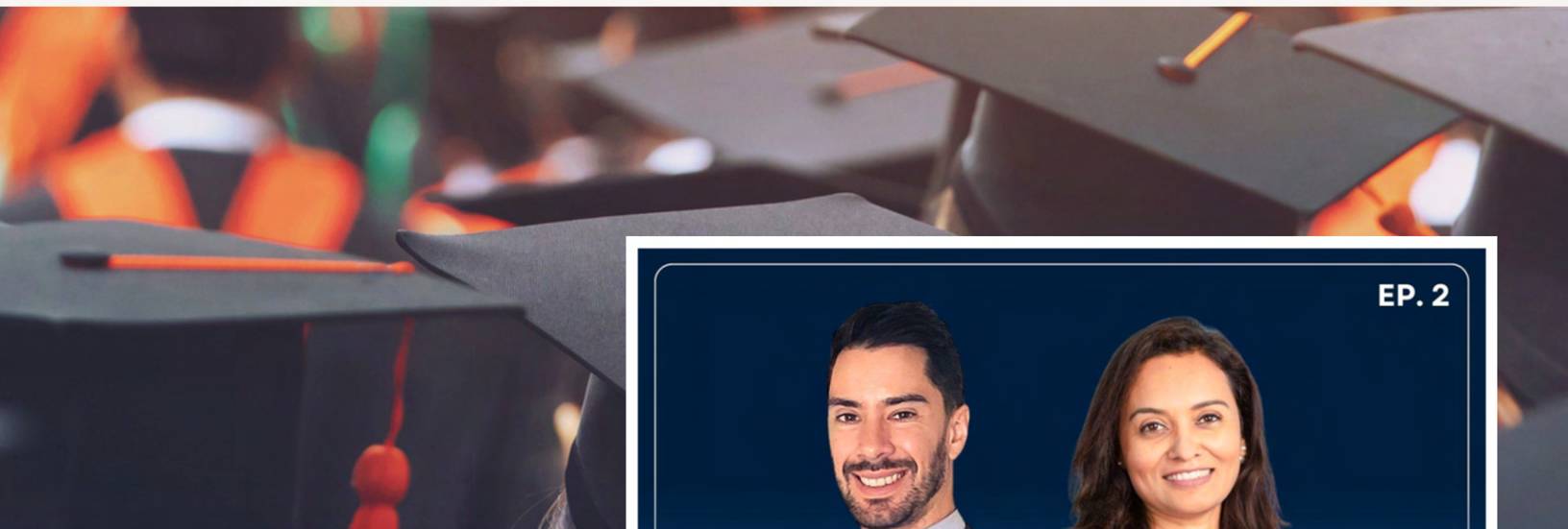
BEFORE YOU CLOSE THIS REPORT

When I first heard about the Digital Retailing program at the University of North Texas, my first thought was, “Where was this when I was starting my ecommerce journey?”

Earlier this month, I had the opportunity to sit down with [Malini Ratnam](#), a professor at UNT in Denton, to discuss what makes this program so special.

Having managed and mentored several UNT graduates, I've always been impressed by their knowledge and practical expertise in ecommerce and retail. After learning more about the program itself, I believe it deserves more recognition.

That's why I connected with Malini, and I highly recommend that any ecommerce professional—or anyone interested in this field—check out our conversation. [Malini Ratnam](#) tells us everything we need to know about this program, and what sets it apart from traditional business degrees.



Interview

 [@francoismaingret](#)

Info on the program

 www.unt.edu/academics/programs/digital-retailing-degree.html





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