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ECOMMERCE NEWS

NOVEMBER – DECEMBER 2024



BY

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Foreword



“In the middle of difficulty lies opportunity,” said Albert Einstein. And what’s more captivating than stories of businesses seizing these opportunities and rising from the ashes?

Over the past two months, I’ve looked at remarkable success stories like Abercrombie’s—a company that went from “most hated retailer” to a major comeback story. On the other hand, I’ve also looked at businesses currently facing challenges, such as dollar stores.

Another fascinating topic is the critical role of marketplaces in the ecommerce world. Every decision made by marketplace operators or by local regulators now affects millions of small businesses.

As I’ve mentioned before, marketplaces are now competing harder than ever to retain both customers and third-party sellers. This report explores potential changes to the de minimis rule and the complexities marketplaces face in creating fair policies for third-party sellers.

As always, I hope you enjoy reading this report as much as I enjoyed writing it, and please feel free to contact me if you have any questions or suggestions.

François Maingret

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— NOVEMBER 2024

ONLINE THRIFTING IN THE AGE OF AI

HOW TO PRESERVE THE TREASURE HUNT EXPERIENCE

My favorite thing about thrifting is the treasure hunt. You never know what you'll find or how good of a deal you'll get. Thrift stores and garage sales have always been my go-to, but the internet has brought us even more options. Platforms like eBay, Etsy, Craigslist, and Facebook Marketplace offer a million possibilities for finding secondhand items. Some are even industry-specific, like Vinted and ThredUp in the fashion industry.

Thrifting has always brought me joy and excitement, but some people worry that the fun of the treasure hunt might be coming to an end.

With new technologies, especially AI, everything is becoming a lot more "optimized". If algorithms can quickly find the hidden gems, what's left for people like us? Today, we'll see how technology has impacted online thrifting and the secondhand market, and how the experience has changed over the years.

HOW AI CHANGED THE GAME

Before even looking at online secondhand platforms, it's important to note how AI and technology have completely changed the way some people shop at thrift stores. For years, smartphones gave shoppers access to tons of information about brands. Fast forward to today, and tools like Google Lens allow users to take a picture of an item and instantly identify it. You no longer need extensive knowledge to find a hidden gem, your phone can quickly tell you what an item is and how much it's worth.

This accessibility has made it easier than ever to turn thrifting into a resale business. Unfortunately, this has been bad news for regular shoppers looking for personal finds and for thrifting pros who used to rely on their expertise. Online, this trend is even worse due to features like pricing algorithms, which help sellers find the optimal price points. On the buyer's side, AI has introduced personalized recommendations and improved search features, making it easier to find exactly what you're looking for. Technology also helps with inventory management, making it easier for retailers to categorize items and for customers to discover them.

WILL AI KILL THE THRIFTING EXPERIENCE?

We've already discussed how improvements in search algorithms have made finding items a lot easier. This means treasures are now sometimes spotted by buyers well before they're available to the general public. Additionally, tools that let sellers accurately assess the value of their items made prices more accurate. As a result, it's becoming less frequent to find valuable items priced low due to sellers' lack of knowledge.

Unfortunately, this also means fewer great deals for the occasional shopper and more "flippers" (people who buy items cheaply at thrift stores and resell them for profit). This change has made thrifting a less enjoyable experience for many casual shoppers. The professionalization and gentrification of thrifting often negatively impacts those who rely on it out of necessity, turning unique finds into commodities and reducing the excitement for traditional thrifters.

Another trend gaining traction in recent years is brands launching their own resale channels. A few months ago, I wrote about the French sporting goods brand Decathlon, but now over 100 brands have resale programs. According to ThredUp's resale report, "74% of retail executives who don't offer a resale program are either considering or planning to launch one in the future."



“74% of retail executives who don’t offer a resale program are either considering or planning to launch one in the future.”

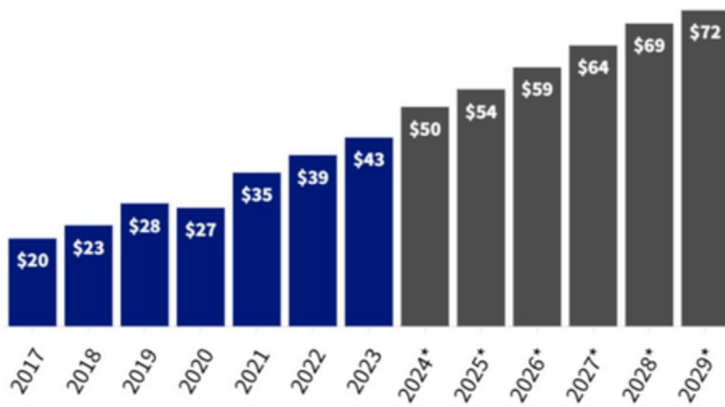
ThredUp’s resale report

Finally, a less direct but significant consequence of technological advancements is the rise of companies like Shein and Temu. These businesses use the latest technology and AI tools to optimize supply chains, allowing them to come up with thousands of new designs every day.

However, their products are often cheap, low-quality, and discarded or donated to thrift stores after only a few uses. I believe a lot of people visit these stores to find quality items at discounted prices, and now have to dig through piles of cheap polyester items from China before finding something interesting.

The Online Resale Market is Growing in GMV and # of Platforms

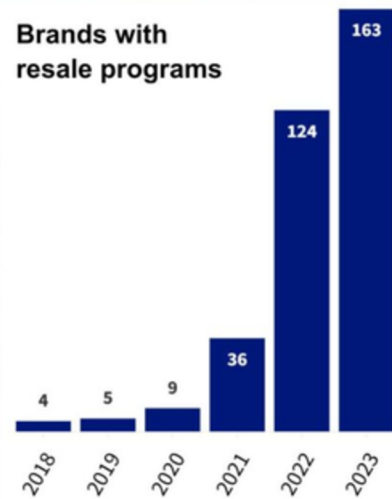
US Thrift and Resale Market in \$B



Source: Thredup Resale report

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Brands with resale programs



WHAT CAN BE DONE TO PRESERVE THE EXPERIENCE?

Knowing that some recent developments have alienated part of the customer base, should platforms get rid of these features? I don't think so. While these changes have had some negative impacts, improving navigation and product discovery is a major win for many shoppers. That said, I believe there are steps platforms can take to improve the experience for everyone.

First, platforms need a balanced mix of personalized recommendations and strong search features. It's always nice to see an unexpected item show up on the homepage that we didn't know we needed, but having the ability to filter items based on specific criteria is equally important. Going too far in either direction would be a mistake. eBay, in my opinion, found a good balance with its advanced search tools making it easy to search through millions of items listed, and personalized app notifications or email recommendations. Of course, platforms should allow users to disable AI-driven personalization. Why not even introduce "mystery selections" of uncategorized items to mimic the excitement of sorting through bins of random stuff at thrift stores?

I wonder if it would be possible to use AI to assist in curating human-selected collections of secondhand items. While this is more practical for new products available in bulk, sellers could potentially pay a premium to feature their listings in human-curated selections if AI finds that the listings are suitable. Adding a human touch in this way could make the experience more engaging for some shoppers.

Improvements could also be made on the listing creation side. At garage sales, I enjoy hearing sellers share stories about their items. Sometimes it's just a sales pitch, but other times you hear fascinating histories, for example a book annotated by someone locally famous or a watch once owned by a World War II veteran. Bringing some of that storytelling to online platforms could add depth to the shopping experience.

Finally, while online thrifting is convenient, it will never fully replicate the magic of visiting a thrift store or garage sale. These physical spaces are still goldmines for unique finds, and even if we can't return to the thrifting experiences of 20 years ago, I still see a lot of value in them.

year and brands starting to build their own platform, I am positive (maybe a little optimistic) that we will eventually see some improvements that will make online thrifting less mechanical and more interesting.

CONCLUSION

Thriftig, whether online or in-store, has always been about the joy of discovery and the excitement of finding treasures. While AI and modern technology have made items easier to find and pricing more accurate, they also killed some of the spontaneity that we used to experience one or two decades ago.

Although we will never go back to the past, there is still room for progress in how resale platforms can offer a more exciting experience. With the second hand market getting larger by the year and brands starting to build their own platform, I am positive (maybe a little optimistic) that we will eventually see some improvements that will make online thrifting less mechanical and more interesting.



OTHER NEWS FROM NOVEMBER 2024

AMAZON-WALMART RIVALRY AND LOYALTY PROGRAMS

Interesting article on the Amazon-Walmart rivalry. I agree with the author that the two companies are becoming increasingly similar, and loyalty programs could make a difference.

While Amazon has a massive assortment of items, I don't think that's a huge advantage beyond a certain point. How many brands of garlic presses do we really need? As long as the top brands are easy to find and there are affordable options, the sheer size of Amazon's assortment doesn't feel like a massive advantage anymore.

The gap also seems to be closing when it comes to fulfillment. Amazon might offer next-day delivery more often, but Walmart has an edge with its extensive network of retail stores.

Their dominance in the grocery category drives traffic to these stores, creating a stronger and stronger omnichannel experience. Plus, as we've seen with Temu and Shein, not every customer prioritizes fast shipping if they can get a better deal elsewhere.

I think getting people to subscribe to Walmart+ will be a big challenge for the company. Many people already have an Amazon Prime and/or Costco membership. But then again, people subscribe to five different streaming services, so why would three shopping memberships be unrealistic?

"Amazon vs Walmart Holiday Battle May Come Down to Loyalty Programs" - PYMNTS 11/22/24

<https://www.pymnts.com/news/retail/2024/amazon-vs-walmart-who-will-win-the-holiday-shopping-war/>

AMAZON HAUL

Have you tried the new "Amazon Haul"? I have, and while there's definitely room for improvement, I can see some potential value in this feature for customers.

The user experience, in my opinion, is lacking at the moment (let's remember this is still a Beta version), and I hate that it's only accessible in the app. There are fewer search filters compared to the rest of Amazon, which might be a way to simplify listing creation but ends up making it harder for customers to find what they need.

Another problem is the relatively small selection, which feels much more limited compared to what's available on Temu. Again, this is a new feature, so we can expect more items to be added soon. Similarly, most items currently barely have any reviews, but this should come soon.

So why do I think some customers might like Amazon Haul? First, because it's Amazon, a company many customers trust for the value it provides and its great customer service. Some buyers may also prefer purchasing from "an American company" rather than a Chinese competitor, even though the items are sold by third-party sellers based in China.

Another interesting aspect is that many of these items are already sold on Amazon. The difference is that customers now have the choice to pay more for next-day delivery or save money by opting for much slower shipping. We all love fast shipping, but the option to save could be attractive to many shoppers.

Will this be enough to steal market share from Temu? As of now, I don't think so, but I'm curious to see what will happen. Amazon isn't new to the ecommerce game, and I believe they have the resources to make this feature a success.

"Amazon takes on Temu" - DailyMail 11/15/24

<https://www.dailymail.co.uk/sciencetech/article-14086549/amazon-temu-online-haul-low-prices.html>



WOULD INCREASING TARIFFS KILL SHEIN AND TEMU?

Should apparel brands prepare for the death of Temu and Shein if tariffs increase next year? Not so fast.

“Nobody really wins a price war,” as the saying goes. This is especially true for Shein and Temu, even with potential increased tariffs and the elimination of the de minimis rule. I don’t believe these changes alone will be enough to kill the two Chinese giants.

First, they may find ways to minimize the impact of new regulations—such as moving production to countries less affected by tariffs, like Bangladesh or Thailand.

And let’s not forget that millions of businesses worldwide will also be affected. Tons of American companies import their clothing from China, and they too would lose competitiveness if their tariffs and customs costs increased.

We may even see Shein change its strategy and start selling higher-end items. I often think of Uniqlo, the Japanese brand many people love for its well-made basics using decent materials at reasonable prices. Could Shein move away from polyester and start offering cotton or wool basics?

Finally, the article mentions the need to educate consumers about the human cost of buying from Shein and Temu, for example the allegations of forced labor. While I agree this is an important issue, let’s not forget that major US and European brands like Nike, Adidas, and even Patagonia have faced accusations of working with questionable suppliers. True or not, these claims weren’t enough to kill these companies. Sadly, I believe there will always be customers willing to accept shady business practices for a better deal.

So no, I don’t think the end of fast fashion is imminent. The best way for apparel brands to stay relevant isn’t to compete with Shein and Temu on price but to provide value in other ways.

“How Can Today’s Apparel Brands Compete with Shein and Temu?” - Yahoo Finance 11/22/24

https://finance.yahoo.com/news/today-apparel-brands-compete-shein-163000686.html?soc_src=social-sh&soc_trk=linkedin

DOES BLACK FRIDAY STILL FEEL SPECIAL ANYMORE?

Does Black Friday still feel special anymore? Not as much, according to customers.

We've been seeing more and more deals and sales popping up in recent years. I still can't get over the fact that some companies even call their sales "Black Friday in July." I get the idea of extending deals to get customers to shop early, but let's be real—these permanent promotions and flash sales are causing serious fatigue for customers.

For anyone on a tight budget, it can be really stressful to not know when you'll actually get the best price on something you need. And for brands, standing out in this environment is getting more and more difficult.

The article tells us that "59% of shoppers are not strongly swayed by deals when choosing merchants." I found that very interesting. Does it mean the economy is so great that no one needs to save money anymore? Or could it be that discounts just aren't meeting customer expectations this year?

The article mentions factors like convenience and loyalty. This may seem like great news for brands, showing that getting the sale isn't all about pricing. However, delivering things like convenience and loyalty are easier said than done, and I immediately thought of membership programs like Amazon Prime or Walmart Plus.

Early reports suggest that Black Friday 2025 may have been a success, but I think it's more important than ever for brands to take a closer look at their performance and see if their BFCM strategy makes sense in the long term.

"Shoppers Want a Good Deal; More Than Half Still Pay Full Price" - PYMNTS 11/28/24

<https://www.pymnts.com/news/retail/2024/shoppers-want-a-good-deal-more-than-half-still-pay-full-price/>



THE DIFFERENCE BETWEEN COUNTERFEITS AND DUPES AND HOW THESE PRODUCTS IMPACT BRANDS

If you've been following my content, you often hear me say building a strong brand is one of the most important things in today's business environment. And one of the signs you have a strong and successful brand is when you start seeing counterfeit products.

According to OECD data, the global trade in counterfeit goods in 2023 was \$1.023 trillion, or 3.3% of the total global trade. And despite efforts from brands and marketplace operators, these products are all over merchant websites, including some of the most popular.

But counterfeit items aren't the only type of intellectual property (IP) concerns brands have. We have seen the concept of "dupes" getting a lot of traction on social media recently. And the difference between counterfeits and dupes can be a little tricky to understand. Are dupes legal or is it a fancy word to designate counterfeits?

Understanding the difference is especially important for brands in the fashion or skincare industry, but I believe that dupes could expand to other industries as well. Let's try to clarify what the difference is, and how it impacts brands.

DIFFERENCES BETWEEN COUNTERFEITS AND DUPES

Some people use the terms “counterfeits” (or more familiarly “fake products”) and “dupes” interchangeably. This is a mistake: these terms represent two different concepts, with significant legal differences.

COUNTERFEITS

Counterfeit items are unauthorized replicas of genuine products, often designed to trick consumers into believing they are purchasing the real thing. Sometimes, customers buy them knowing these aren't real (Come on, you know this \$20 brand new Louis Vuitton purse you saw at the flea market isn't authentic). These items infringe on trademarks, copyrights, or patents held by the original brand. Sellers of counterfeits use the original brand reputation to make a profit, while rarely offering the same level of quality control. As you can expect, counterfeits are completely illegal.



“Dupes,” short for duplicates, are products that look like high-end branded items but do not attempt to pass off as the original. They can have similar style and function as the original product, but do not use the same trademark and brand names. There is no confusion for customers, as they understand that they are not buying the original product or brand.

As opposed to counterfeits, dupes are generally legal as long as they do not violate any patents or directly copy protected elements of the original product.

Let's look at two examples mentioned in an article on thelawlegal.co.uk. The first one is the chain of supermarket Aldi selling £6.99 dupes of Charlotte Tilbury's famous Filmstar Bronze & Glow palette. According to The Mirror, a High Court judge ruled that Charlotte Tilbury's copyrighted packaging had been copied, which includes a specific pattern on the makeup and the diamond impression on the outer tin.

On the other hand, the Dior Saddle Bag was successfully duped. The luxury brand was unable to register its Saddle Bag as a 3D mark in 2021, as it was ruled that it lacked distinctiveness.

**Filmstar Bronze & Glow Palette and Aldi's Dupe (left)
Dior Saddle Bag (Right)**



Images: Hellomagazine.com, Dior.com

To summarize the differences between counterfeits and dupes:

	Counterfeits	Dupes
Trademark Infringement	Identical or nearly identical logos, brand names, and packaging as the original products	Dupes use similar designs, but do not use the same brand names or logos as the original product.
Customer Perception	Sellers of counterfeit products sometimes scam customers, tricking them into believing the product is genuine.	Dupes aren't designed to scam or trick consumers, as they know they are not buying the original item.
Legal Considerations	Counterfeits are illegal, plain and simple	Dupes operate in a grey area. They are generally legal, unless they violate a patent or protected element of the original item.

COUNTERFEITS AND DUPES IN THE ECOMMERCE SPACE

While ecommerce makes it easy and convenient to shop for millions of products, it also facilitates the sale of dupes and the more problematic counterfeits.

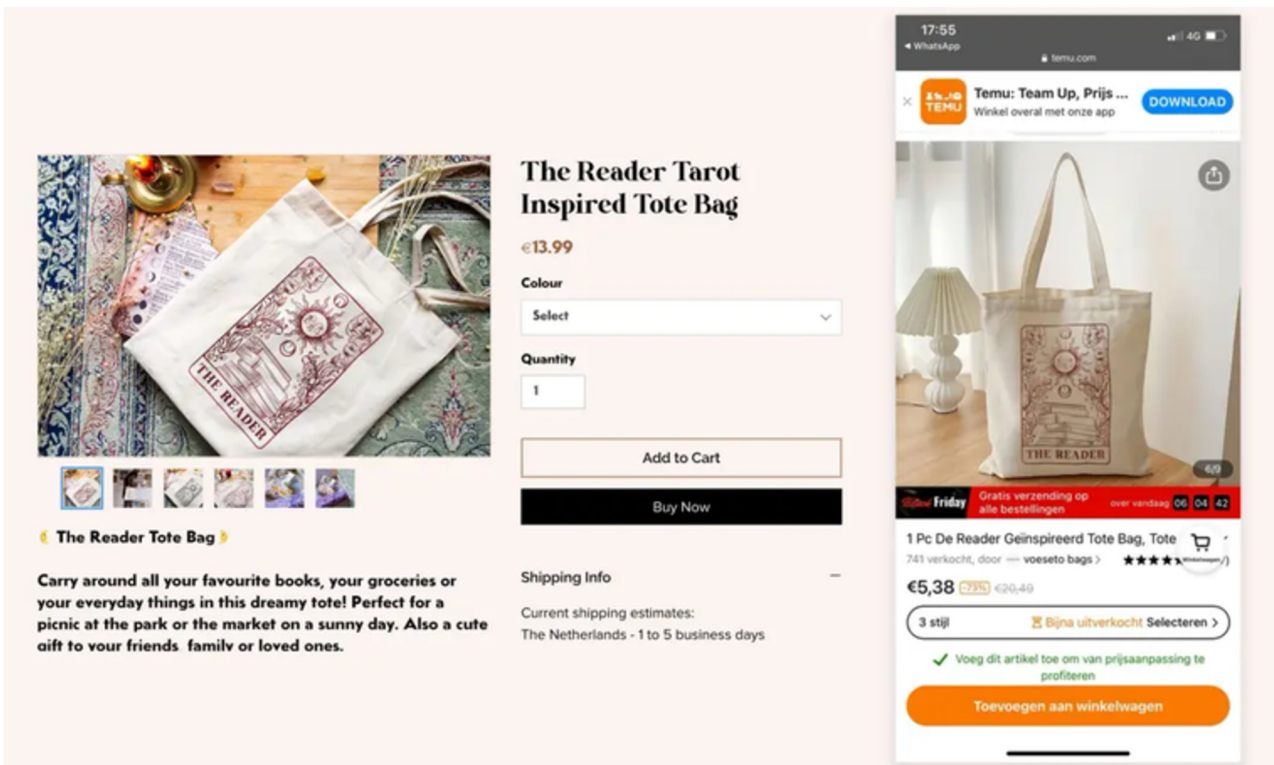
Let's talk about counterfeits first. Some of the most impacted industries by counterfeits are fashion, luxury items, jewelry, and cosmetics. These products are all over the internet, including on some popular marketplaces like Amazon, eBay, or Etsy.

A representative of Red Points, the largest IP service provider, discussed counterfeits issues in an article on Glossy.co.

They stated that "the number of infringement violations for the beauty, personal care, and beauty device categories have increased in the last few years with a compound annual growth rate of 62% between 2018 and 2023, including a major jump over the past 24 months."

Sellers of counterfeits will often use fake or stolen images from genuine products and abuse fake reviews to make them look legitimate.

In addition to large brands like Dior, there has been a lot of uproar from small businesses and independent creators claiming Temu/Shein allegedly stole their designs. This is obviously a huge issue, as some reported a drastic slowdown of their sales following the items being listed on Temu.



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

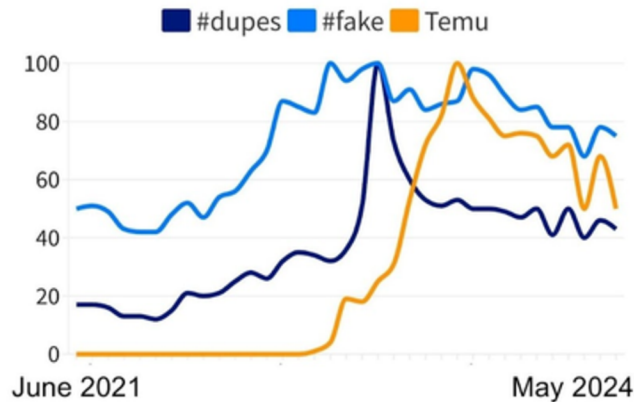
Source : Time.com

Counterfeits are always discussed on social media, especially among younger customers.

Dupes are also a popular theme, with a ton of new content every day from people discussing their latest findings.

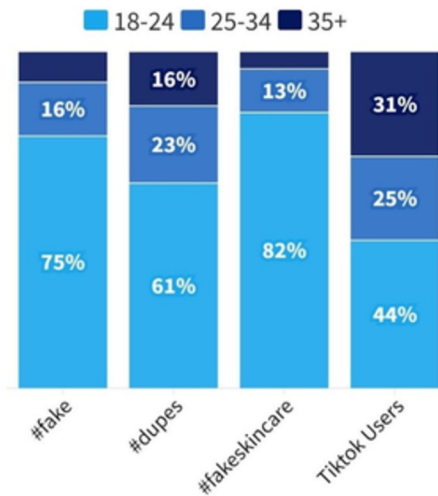
Dupes are Increasingly Popular - Especially With Younger Customers

A Popularity of TikTok hashtags vs Temu Popularity (Google Trends)



Sources: Google Trends, TikTok Creative Center, Statista
fmaingret.com

B Popularity of three hashtags compared with TikTok user base by age



Let's look at the three types of products sold and discussed online and how they impact the original brands.

1. COUNTERFEITS WHEN THE CUSTOMER BELIEVES THEY ARE BUYING A LEGITIMATE PRODUCT

This type causes the most damage to brands and can become a customer service nightmare, impacting the brand image. It also obviously takes revenue away from the brands, as the customers were likely to buy from them. This is especially bad in some industries like skincare or cosmetics, as these products can be unsafe to use if they don't meet certain quality standards.

Scammers will steal product images from the original brand and set a price high enough that customers believe they are getting an authentic item. When the item is listed on marketplaces, it is also an issue for the marketplace operators. Finding these scammers and removing their listings takes a lot of resources, and this type of offer is more difficult to spot than the other two listed below.

1B. COUNTERFEITS WHEN THE CUSTOMER WILLINGLY KNOWS THAT THEY ARE PURCHASING A COUNTERFEIT PRODUCT

While still damaging the brand image, in this case, customers are less likely to complain. Most of them know they are getting a counterfeit product because they are paying a very low price, and it is often obvious the product quality or features are different.

Customers buying these products are also less likely to buy from the original brand at much higher prices. It takes some work to take down these online offers, but fortunately, they are easier to spot.

2 - DUPES

Dupes are not counterfeit items and are generally legal to sell. These products are likely to take some market share away from the brands they imitate, at least in the short term.

Dupes typically do not have the same brand image or distribution network as the original brand. However, because these are so often discussed on TikTok, dupes can go viral and see their sales spike in a short amount of time.

Unless they think they can sue based on IP violations and win (see the example above of the Filmstar Bronze & Glow palette), brands need to see dupes as new competitors.

WHAT CAN BRANDS DO TO PROTECT THEMSELVES?

1 - AGAINST COUNTERFEITS

Invest in IP Protection: Brands should register their trademarks, patents, and copyrights to establish legal protections for their products and designs. This also includes protection within marketplaces, such as registering products with Amazon's brand registry.

Use Technology: Brands can use technologies like digital watermarking, serial numbers, and RFID tags to track and authenticate genuine products across the supply chain. These technologies make it easier to track products and authenticate counterfeits.

Proactive Customer Engagement: Brands can be proactive in how they deal with customers buying counterfeits. For example, the brand Laneige reported routinely ordering counterfeit products to understand what consumers are receiving, so they can be prepared to answer complaints and concerns. The same brand's parent company, Amorepacific, designed a website for consumers to report issues (AmorepacificCounterfeitReport.com), hoping that it will help in fighting IP violations.

Legal Action: In some cases, brands need to take legal action against counterfeiters, such as civil litigation, cease-and-desist letters, and takedown notices.

2 – AGAINST DUPES

Monitor the Market: Brands must constantly monitor the emergence of dupes and similar products in the market. In some cases, brands can report trademark or patent violations if the dupe infringes on protected elements.

Strong Brand Identity: When dealing with dupes, having a strong brand identity and effectively communicating the unique value of their product is key. If the original products have stronger features than dupes, customers should be educated on what quality standards set the brand apart from competitors.

Innovation: The original brands often have strong expertise in their industry and can continuously innovate. The large amount of social media content on dupes can help brands understand customer behavior and expectations better and help them adapt their offer.

CONCLUSION

Counterfeits have always been an issue for brands, and ecommerce makes it easier for scammers to offer their fake items online. It takes a lot of work for brands to fight counterfeits.

On the other hand, dupes are often legal and have gained a lot of popularity recently thanks to social media. These competitors are another threat for brands, requiring extra resources as they are sometimes in a gray area and can violate brands' intellectual property. It is important for brands to be proactive and constantly monitor customer feedback, or these two types of products can take away market share and/or damage the brand image.

<https://www.glossy.co/beauty/how-laneige-is-taking-on-temu-counterfeiters>

<https://www.globaleyex.net/en/dupe-products-vs-your-ip-rights>

<https://thelawlegal.co.uk/articles/f/dupes-counterfeits-and-the-ip-implications>

<https://www.hellomagazine.com/healthandbeauty/makeup/2019081976655/charlotte-tilbury-legal-battle-aldi-product-dupe>



DECEMBER 2024

AMAZON'S 3P SELLERS FACE FBA BOTTLENECKS BEFORE BLACK FRIDAY

WILL 2025 BE ANY DIFFERENT?

Benjamin Franklin may have said, "In this world, nothing is certain except death, taxes, and supply chain nightmares before the holidays." And I'd agree with him. To be fair, the marketplace has become so competitive and complex that large variations in volumes are bound to create some troubles. However, it seems like this year has been especially challenging for those selling through Amazon FBA.

Should we blame the port strike earlier this year, larger volumes of inventory being shipped, or other factors? In today's article, I'd like to go over what happened with Amazon and see how the company is dealing with it. We'll then look at how sellers were impacted, but more importantly, why fixing these issues is critical for the ecommerce titan.

AMAZON IS EXPERIENCING BOTTLENECKS DURING BFCM

Like every year, the holidays are a huge opportunity for sellers to generate revenue—not only because of BFCM or other sales events but also because of Christmas. This is especially true for those with seasonal businesses, such as holiday cards or toys. And as expected, sellers using FBA will want to ensure their product does not run out of stock during this period. This creates a lot more traffic across the supply chain and causes issues every year.

This time, some sources reported longer receiving times at some of Amazon's West Coast inbound locations. According to an MSN article, "These inbound facilities have likely experienced backlog due to an onslaught of cargo flowing in throughout major West Coast ports in summer 2024 as more retailers like Amazon pulled goods forward ahead of the Oct. 1 East and Gulf Coast port strike." As a result, Amazon lowered the inbound placement fees for shipments to the East by 5 cents per unit to encourage more sellers to ship their inventory away from the clogged western fulfillment centers.

However, I have seen several reports of major delays in the central and eastern parts of the country as well. Outside of the US, there are incidents in other countries where FBA is a thing.

For example, in Germany, Amazon has stopped accepting deliveries from DHL for now. As a result, DHL is sending affected shipments back to sellers.

Amazon took some preemptive measures and warned sellers well in advance to send their inventory in August and September to be ready for the holiday season. So should we blame sellers who saw their product go out of stock during this critical time of year?

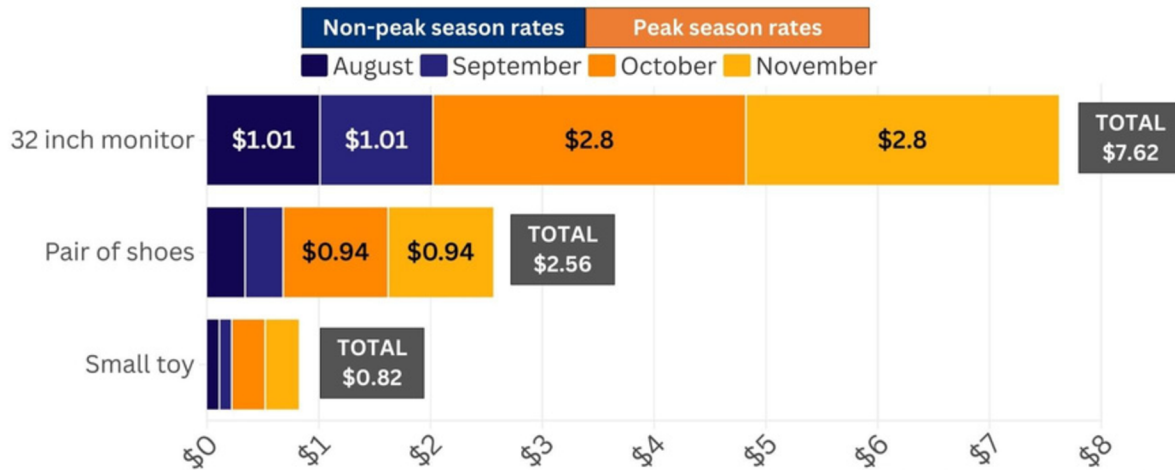
THE IMPACT ON THIRD-PARTY SELLERS

It is obvious why any shortage would negatively impact sellers. But planning for these events is also very costly, especially based on Amazon's terms and guidelines. Sending inventory in August, as recommended by Amazon, involves placing large orders of inventory well before the holiday season, impacting businesses' cash flow.

Once sellers have received and sent inventory to Amazon, they need to ensure their storage limits allow them to stock enough inventory for the season. Even if that is an option, storage costs are a significant expense, especially with Amazon increasing fees. Even with Amazon reducing inbound placement fees for shipments to the East by 5 cents per unit, many sellers feel that is not enough—especially knowing that the situation in the eastern region isn't great either.

Overstocking Too Early For BFCM Can Be Costly For Brands

Storage costs per unit between August and November 2024



Based on Amazon's recommendation to start shipping inventory in August. Toy : 6 x 6 x 6 inches 0.4lbs - Monitor : 28 x 18 x 4 inches 14 lbs - Pair of shoes : 14 x 8 x 6 inches 3 lbs

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In the end, we are stuck with sellers choosing to either miss out on sales by running out of stock or spending extra to try to have their product in stock, sometimes without guarantee. This is causing a lot of frustration. I can only imagine what it's like to be a seller in Germany and have DHL return an inbound shipment. But should we expect Amazon to make these inbound issues a priority?

IS THIS ISSUE A PRIORITY FOR AMAZON TO FIX?

The period around Black Friday/Cyber Monday and Christmas is the Super Bowl of ecommerce, and a lot of the sales happen on Amazon. You would think Amazon would be incentivized to increase their capacity and supply chain capabilities for this period.

They are proactive in their communications to sellers, giving them guidelines and discounts on inbound fees. On the other hand, increasing capabilities for just a few weeks a year is a significant investment for Amazon. Would the return on investment be sufficient to justify such a massive project?

Let's remember that Amazon's goal is to have products to sell to their customers. I like to divide their offerings into two categories: strong name brands that customers care about (Apple, Adidas...) and commoditized/semi-commoditized products that customers don't care about branding ("Oh, I bought this off Amazon.").

The first group of products is often managed through 1P, using different logistics processes. Brands have less to worry about, as Amazon orders directly from them. For the second group of products, the items are so similar they are almost interchangeable. If product ABC at \$9.99 isn't available due to supply chain issues, there is often a very good chance a very similar product XYZ will be available at \$10.49. And if customers don't care which one they buy, there is little difference for Amazon: they have made the sale and collected the fees.

I see one thing that would incentivize Amazon to do better: seller retention. The ecommerce world keeps becoming more competitive—not only with Walmart but also Shein, Temu, and TikTok trying to attract a wider variety of brands, as well as smaller marketplaces trying to gain an edge. If Amazon can't give their third-party sellers a good reason to stay, they may leave and help the growth of other channels. As of today, Amazon is still the king, but things can change fast in ecommerce.

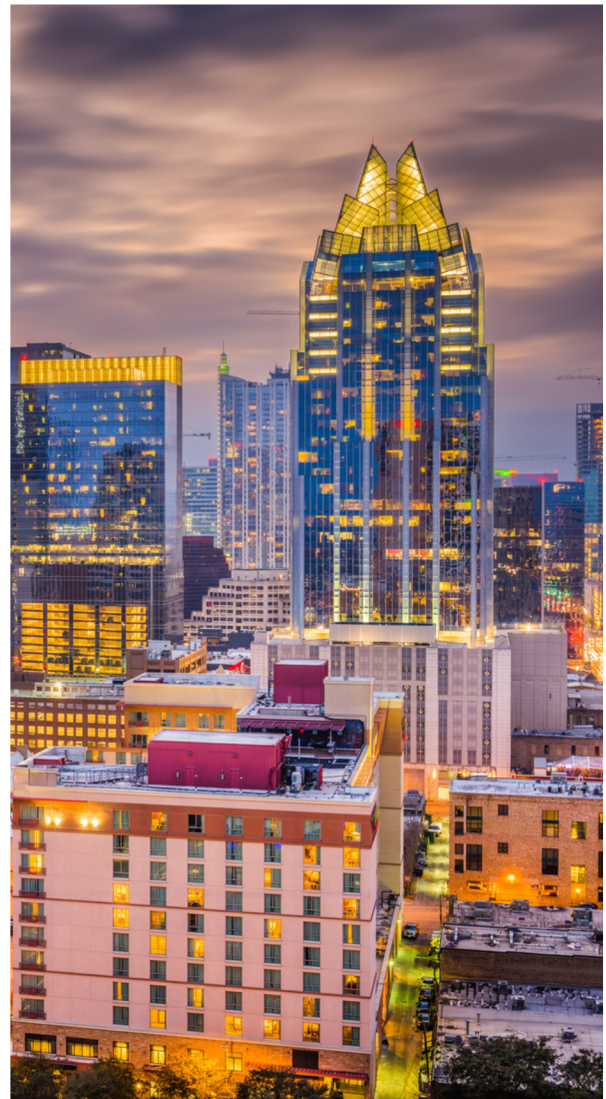
CONCLUSION

Amazon's Black Friday and Cyber Monday bottlenecks truly are a challenge for third-party sellers. While Amazon took steps like offering discounts and advising sellers to send inventory early, third-party sellers were still heavily impacted. These issues force sellers to either invest to stay stocked or miss out on critical sales opportunities, creating frustration.

It is true that customers—Amazon's priority—are not as impacted while doing Black Friday shopping. However, as ecommerce becomes more competitive with platforms like Walmart, TikTok, or Temu, Amazon must prioritize improving its logistics if it wants to retain third-party sellers.

<https://ecommercenews.eu/amazon-experiencing-bottlenecks-in-logistics/>

<https://www.msn.com/en-us/money/companies/amazon-says-high-demand-is-clogging-west-coast-fulfillment-centers>



OTHER NEWS FROM DECEMBER 2024

HOW WILL LULULEMON DEAL WITH COMPETITIVE PRESSURE IN THE ATHLEISURE INDUSTRY?

I think few people would be surprised to learn that Lululemon's sales have stopped increasing in the US. How long can the company keep growing with their current pricing strategy?

People willing to pay top dollar for the brand are already loyal customers, while many others simply can't afford the price tags.

What about those who can afford it but choose not to? Of course, athleisure is a competitive industry, and I understand that Nike or Adidas want their share. However, I believe social media, and especially TikTok, is a big reason why Lululemon's sales are flat in the US.

A quick search on TikTok gives you thousands of reviews of Lululemon "dupes," with the purchasing journey being easier than ever.

When customers used to distrust "fake stuff from China," social media users sharing product testimonials are changing the game.

Let's remember that dupes are not the same as counterfeits. Dupes operate in a grey area and are generally legal, unless they violate a patent or protected element of the original item.

Of course, there are inauthentic influencers pushing low-quality products, but overall, I wouldn't be surprised if we start seeing more and more quality dupes that effectively compete with local brands.

"Lululemon faces challenges in domestic markets despite global success" - PYMNTS 12/06/24

<https://www.pymnts.com/news/retail/2024/lululemon-faces-challenges-in-domestic-market-despite-global-success/>

NO NEW AMAZON FEE IN 2025 - BUT 3P SELLERS MAY GET LESS MONEY

Having Amazon lose your inventory is frustrating, but don't worry: starting in March 2025, the company plans to make sure you're reimbursed accurately for your products. They've announced that they will "help provide you greater transparency and more predictability in how reimbursements are calculated for items that are lost or damaged before a customer order." Sounds great, doesn't it?

Unfortunately, I see it as bad news for third-party sellers. Let's look at the next part of the announcement:

"To help provide you greater control and accuracy, you can choose how we determine the manufacturing cost for your products:

We'll provide a manufacturing cost estimate for you. This estimate is based on a comprehensive evaluation of comparable products sold by Amazon, by other sellers, and through wholesale channels.

You can provide your manufacturing costs directly. If you don't provide your own costs, we'll automatically apply our estimate, which you can change when you're ready."

Providing Amazon with your COGS (Cost of Goods Sold) to get the "correct" amount reimbursed might seem fair. But what about the additional costs involved—like shipping from your manufacturer to Amazon, duties, customs, inspections, pick-and-pack fees, and more?

Well, Amazon has clarified that "manufacturing cost means your cost to source a product from a manufacturer, wholesaler, reseller, or produce the item if you are the manufacturer. It excludes costs such as shipping, handling, customs duties, or other costs." So you'd be losing money on lost inventory.

Beyond that, sending your COGS, potentially with invoices, gives Amazon deeper insights into your profitability, which could help them figure out how much they can squeeze from third-party sellers before driving them out of business. Although Amazon has stopped expanding its private label range, this policy still gives them very valuable market data.

Now, you might think the other option, using Amazon's estimates, is more reasonable. But there's no guarantee Amazon won't lowball sellers. If Chinese manufacturers selling directly on Amazon report their low manufacturing costs for similar products, Amazon could undervalue your COGS, especially if your product is premium or you work with a middleman.

In the end, while Amazon has said it won't raise fees in 2025, this new plan could help them cut costs significantly. And for third-party sellers, lost inventory may become an even bigger headache than it already is.

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