



Grow global: Unlocking the power of online marketplaces

- Keep more of your marketplace profits
- How to sell to the whole world
- Find the perfect product...
- ... and a suitable supplier
- Navigate the marketplace maze
- Understand your margins – and how to preserve them
- Do more of what you enjoy and less of what you don't

WORLDFIRST

Selling online is easy; maintaining margins is more challenging

Last year, consumers spent \$1.86 trillion through the top 100 online marketplaces, while eCommerce retail sales are projected to grow to \$4.9 trillion by 2021*. These numbers are significant and whether you're a new online entrepreneur or an established business, maximising how you engage global audiences is key to your growth plans. Continual online go-to-market iterations and consumer behavioural shifts brings new opportunities for online sellers.

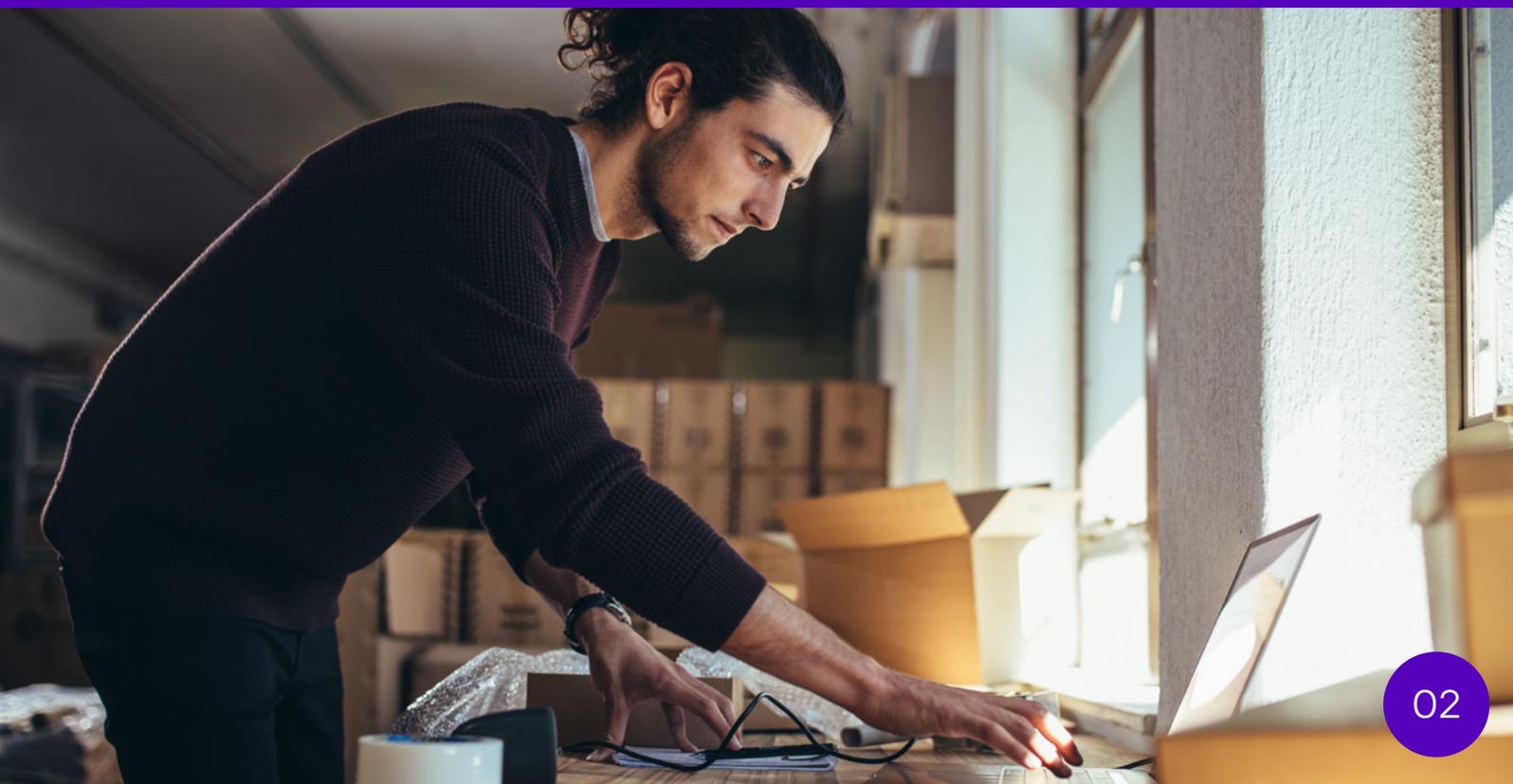
Doing business in multiple currencies means managing FX (foreign exchange) across borders to protect and expand your margins. Scaling your operation with pace while working smartly are challenges we can help you overcome, to ensure you maintain your bottom line.

*<https://www.digitalcommerce360.com/article/infographic-top-online-marketplaces/>
<https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/>

Getting your initial online operation started, and becoming a global retailer is more accessible than it's ever been, where millions of people now are conceiving businesses from their homes or offices around the globe. If you're a new seller (or plan to become one) we'll guide you through questions such as:

- **Which marketplace is right for you?**
- **How can you differentiate yourself from the other sellers?**
- **How can you keep more of the money you earn by avoiding fees and charges on foreign exchange (FX) transactions?**

If you're already an established marketplace seller, then this report will show you how to keep more of your revenue, expanding your global reach. And if you want to increase your profit, read **[Grow Global Part 2: Building your marketplace business and making more money.](#)**



The online marketplace: a world of customers

Online marketplaces have the power to transform the humblest online seller into a truly global business. [Amazon](#), [eBay](#), [Lazada](#), [Rakuten](#), [Newegg](#) and [Cdiscount](#) put vast amounts of money, technology and expertise into building iconic marketplace brands which draw customers in from around the world.

Three ways marketplaces can help you grow your business

1. Audience reach

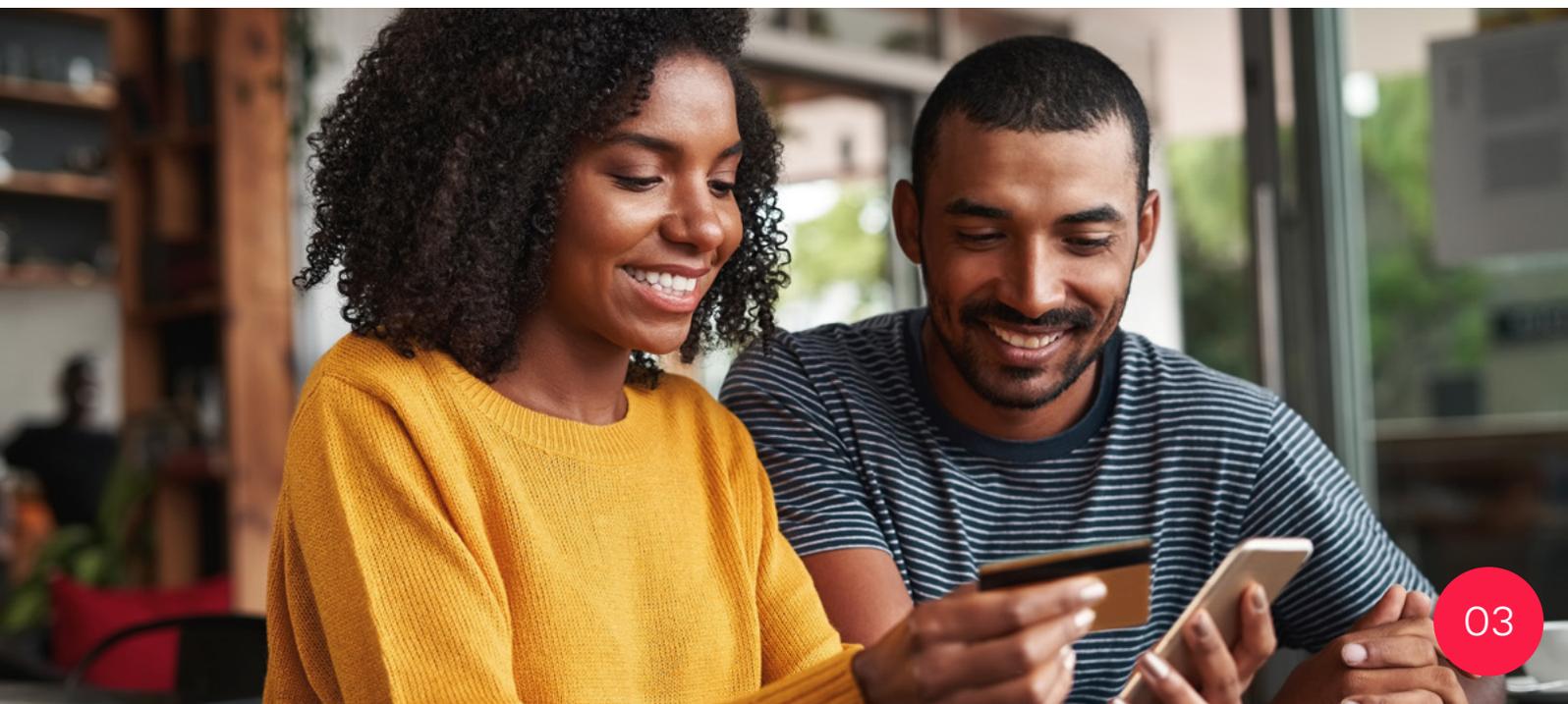
This is the overwhelming advantage. Marketplaces provide you with a ready-made audience of consumers around the world. Your challenge is to differentiate yourself from all the other sellers – on price, product, brand, and reputation, for example.

2. Data

Marketplaces can provide you with data insights into customers, demand, products to help you make good business decisions.

3. Low risk

The barriers to entry and to expansion are low. The upfront capital needed – apart from your product costs – is almost zero.



Online marketplace or your own webshop?

If you're someone who prefers a feeling of control over the idea of competing, then you might be inclined to favour setting up your own shop somewhere outside the souk and away from the other stall-holders' cries for attention.

Online marketplaces are crammed with sellers taking a similar go-to-market approach as each other, often selling the same product. There are few ways of differentiating yourself and the most obvious is on price. But with lowering your price, you lower your profit – or eliminate it altogether.

An alternative is to have an eCommerce shop on your own website where you can control almost every aspect of the customer experience.

But building a brand is a long haul and the process of reaching out and attracting an audience of potential customers can be expensive, time-consuming, and slow. It's important to rationalise the benefit of having your own shop component to your website to run in parallel with your marketplace activities, utilising popular DIY e-commerce sites like [Shopify](#), [WooCommerce](#) (a Wordpress plug-in) or [Magento](#).

And many marketplaces allow you to integrate directly with your own shop so that managing inventory and so on isn't quite twice the work you might imagine it to be.

Marketplaces

- + Quick and easy access to huge, ready-made audiences
- + Simplified logistics through, for example, Fulfilled by Amazon (FBA)
- + Search Engine Optimisation done for you
- Lots of in-marketplace competition
- Not owned or controlled by you



Webshops

- + Total control of look and feel
- + Potential for higher margins
- + Better for products with long lead times where content marketing and expertise will add value to the process
- + Building a business asset for the future that through search engine optimisation (SEO) will increase in value in the long term
- Find your own customers



Which marketplace?

While Amazon is by far the most prominent marketplace (outside China, anyway), there are plenty of other candidate's worth exploring. Not just [eBay](#), but more specialised sites such as [Etsy](#) for arts and crafts, and [Newegg](#) for tech stuff.

If you are looking for customers in a particular country or region, check which marketplaces are strongest there. Even Europe has unexpectedly country-specific sites such as France's [Cdiscount](#). Here's a run-down of some of the bigger sites around the world with links to information for sellers.

AliExpress

The Chinese online B2C marketplace owned by Alibaba is one of the largest cross-border platforms in the world. It's in the process of opening its marketplace to non-Chinese sellers with online retailers in France, Spain, Italy, Turkey and Russia first to get access. [Seller info](#)

Amazon

From Albania to Vietnam, the Amazon market is now open to sellers from more than 100 countries. [Seller info](#)

Cdiscount

French online marketplace popular in France (but open to sellers from other countries). [Seller info](#)

eBay

180 million active buyers around the world can't be wrong. [Seller info](#)

Etsy

The ecommerce site focused on crafts, arts, home-made and artisanal items. [Seller info](#)

Fruugo

A European marketplace which has branched out into Australia, Canada, New Zealand, South Africa and the US, Fruugo is open to any business registered in one of the 30 countries it sells to. [Seller info](#)

JD.com

China's second biggest B2C ecommerce site is generally only open to 'well-established reputable brands and merchants with operations in China'.

Lazada

This huge South East Asia marketplace is part of the Alibaba family and sells to Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. [Seller info](#)

Newegg

Tech marketplace with 36 million customers in over 50 countries. [Seller info](#)

Rakuten

The Rakuten (say 'rackerton') domestic ecommerce platform Rakuten Ichiba is only open to businesses with a Japanese presence but the company has also acquired companies in other countries including the US, Brazil and France. Seller info: [\(France\)](#) [\(US\)](#)

Tmall

Formerly Taobao Mall, Tmall is a Chinese-language B2C marketplace operated in China by Alibaba Group. [Seller info](#)

Walmart Marketplace

The world's largest bricks-and-mortar retailer is determined to dominate the online space too. [Seller info](#)

Do your digging

Before you start, research carefully. Look at the size of the marketplace, the geographical markets, the demographics of the customers. But also look carefully at the costs of selling. These can vary considerably between platforms (for example: Amazon charges a 7% referral fee on PCs while Newegg charges 10%) and even within a platform (Amazon charges 20% on jewellery and 45% on Kindle accessories). Fee structures can be complicated, so make sure you do your homework carefully.

Multi-marketplace options

Of course, there's nothing to stop you from setting up shop on more than one platform or trying one and changing to another if it's not working out for you. But time is money, so making an informed choice at the outset is going to be better in the long run. Also bear in mind that some marketplaces make you jump through a lot of hoops before you can begin selling.

Before you begin

What do you need to create a successful marketplace business? Here are some ideas for things you should be clear about before you even start applying for a seller's account on any marketplace:

Products

What are you going to sell? Is it unique or are you selling the same product as other people? If so, how will you differentiate yourself? Can you sell it cheaper? Can you ship it faster?



Capital

Selling online is cheap but you will almost certainly need a bit of capital to buy the products, stump up your marketplace subscription fees, pay the shipping costs and so on.



Logistics and fulfilment

How are you going to get the product to your customer? Who's going to deliver it? How will you get it to the people who are going to deliver it? What about overseas customers? Many online marketplaces offer a fulfilment service – they stock your products in their warehouse and ship them on your behalf. Amazon, AliExpress, Walmart and many others offer this service.



Your legal entity

If you're serious about selling, think about setting up a registered company with a dedicated bank account. Setting up a Limited company doesn't cost much and although it involves a certain burden of administration and sets standards you must meet, it will restrict your liability should your entire enterprise collapse around your ears.



Above all, you will need **energy, time, and entrepreneurial flair**.

And if you're doing this on your own, you'll need to enjoy your own company because you'll probably spend many long, lonely days with only a laptop for company.



Do your sums; know your margins; understand the fees

$$\begin{array}{r} \text{The price you **sell** at} \\ \text{(minus) The price you **bought** at} \\ \text{(minus) All your **other costs**} \\ \hline = \text{ your profit} \end{array}$$



But behind this simple model lie many challenges:

Buying your product at a price competitive enough price to give you a good margin

You're probably competing with people who have the buying power to purchase the same product much more cheaply than you can.

The pressure to compete on price

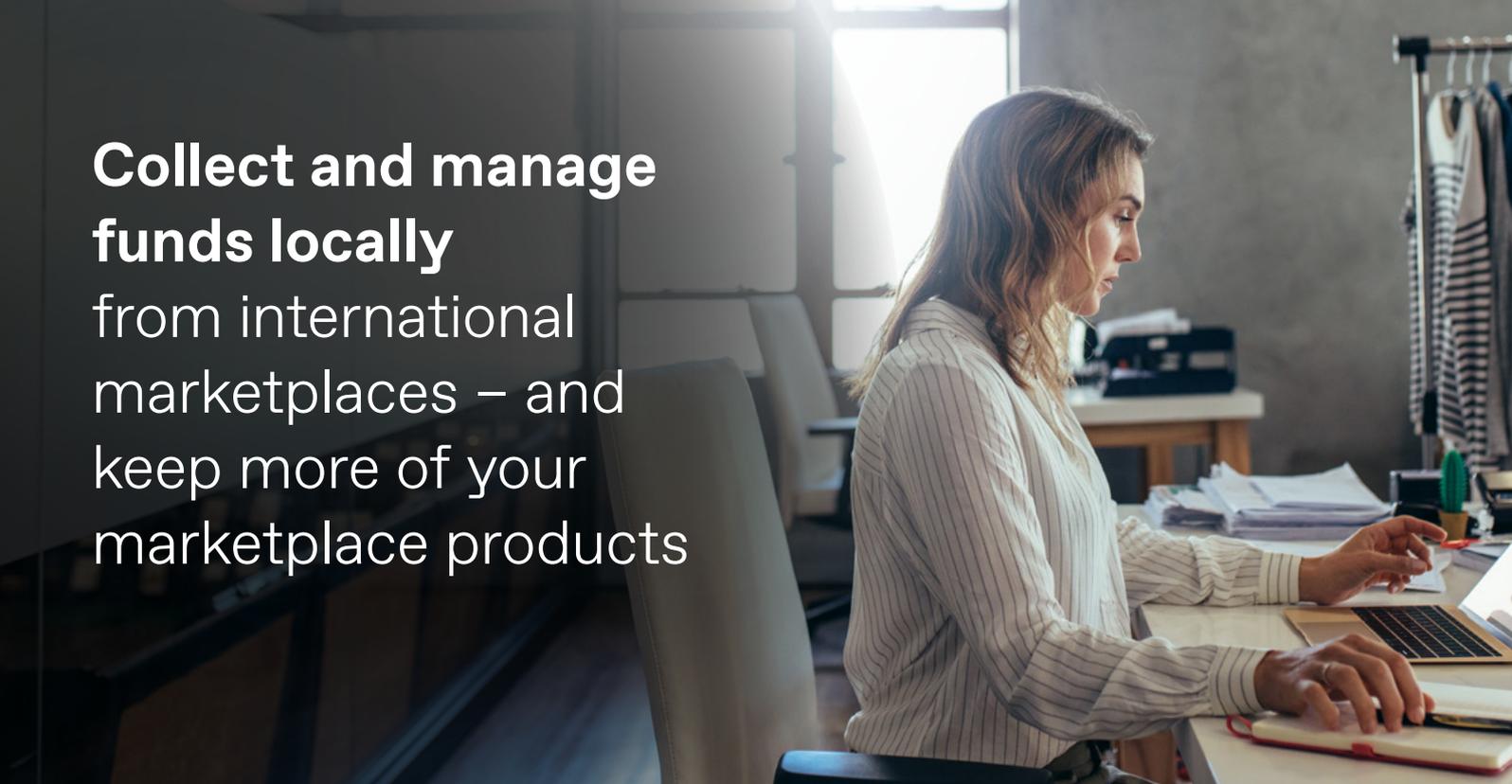
In a competitive marketplace you're unlikely to be able to offer the lowest price. On the other hand, buyers will need a very good reason to buy from you if they can buy the same product for less from another supplier on the marketplace.

Really, really, really understanding the 'all your other costs' bit

Not just the fees and commission you'll have to pay your marketplace but:

- Postage/fulfilment costs
- Packaging costs
- Allowance for lost items, faulty items, fraud
- Insurance (See [Insuring your online retail business](#), page 25)
- Contribution to your overheads – computer equipment / consumables / repairs, electricity/heating etc
- Currency exchange rate losses and FX charges





Collect and manage funds locally

from international marketplaces – and keep more of your marketplace products

Free to open and with no running fees, our World Account is designed with you in mind:

Free overseas accounts in up to 10 different currencies:

GBP, EUR, USD, CAD, CNH & HKD JPY, NZD, SGD & AUD

Hold balances in local currencies

And move money instantly between balances within World Account

Transparent FX rates from as low as 0.15%* and no hidden fees

With our transparent tiered pricing you receive a fixed spread based on your annual trading volume, so you'll always know what rate you'll receive on every trade, ahead of time.

Do business like a local

Collect funds and pay suppliers in local currencies quickly and easily. For example, collect revenue from clients or online marketplaces in EUR and pay your suppliers in USD – all without converting via GBP

Pay out in over 180 currencies

No transfer or collection limits

One easy-to-use platform

Send, hold and receive funds – online or via the app.

It's free to open a World Account.

Apply today

Setting up online marketplace accounts

The process of setting up an online account is usually relatively straightforward, although you may have to jump through a few hoops to prove your identity. Note that some marketplaces only accept companies as sellers, not individuals and some accept sellers only from particular countries. The process and requirements differ from marketplace to marketplace and also depend on which country you're in.

Expect to be asked for things such as:

- Name, address, email address, telephone number
- If you are trading as a company: your company name and registration number
- If you are trading as a sole trader: the trading name registered with the tax authorities
- An internationally-chargeable credit card with a valid billing address
- Your bank account details
- Your tax reference number

The Walmart Marketplace process

As an example of what to expect, here's the process for becoming a seller at Walmart Marketplace following your first contact:

1. **Walmart sends you a registration email** (the same day)
2. **Complete your registration** (takes 10–60 minutes)
3. **Complete the launch checklist** and get your authentication credentials (30–60 minutes)
4. **Test-load some of your products** (3–5 days)
5. **Order testing** (30–90 minutes)



Selling on marketplaces

Of the online marketplaces we briefly introduced on page 5, we're going to look at six in a bit more detail: AliExpress, Amazon, Cdiscount, Etsy, Lazada and Newegg.

AliExpress	English language marketplace selling to practically the entire world. Open to sellers only from China and a select few other countries
Amazon	Amazon is one of the true behemoths of global commerce. There are more than a quarter of a billion products for sale on Amazon's UK site alone.
Cdiscount	An unusually country-specific marketplace, Cdiscount is aimed squarely at the French and is popular in France.
Etsy	Arts, crafts and generally 'artisanal' products.
Lazada	South East Asia's main online marketplace.
Newegg	US-based marketplace (now Chinese-owned) traditionally focused on computer hardware and consumer electronics.

Confused about Alibaba? Open sesame!

The Alibaba ecosystem is vast and can be confusing for the uninitiated. What's the difference between Alibaba, AliExpress, 1688.com, Lazada and the rest? Here's a quick guide.

	What is it?	Market	Who can sell?	Who can buy?
Alibaba	English language B2B portal for buyers and sellers across more than 240 countries and regions.	B2B (worldwide)	Companies	Companies and individuals
1688.com	1688.com is a Chinese portal for domestic B2B trade	B2B (China only)	Companies engaged in domestic trade within China. UK businesses can play only by working with a local partner or setting up their own legal entity in China.	

	What is it?	Market	Who can sell?	Who can buy?
AliExpress	Retail website offering buyers the opportunity to 'buy small quantities at wholesale prices'.	B2C	Currently only 'companies and freelancers' in China, Russia, Spain, Italy, Turkey, France.	Consumers worldwide

WorldFirst (an Ant Financial company)

WORLDFIRST

WorldFirst is proud to be an Ant Financial company since Feb 2019, bringing a scale and infrastructure which makes us industry leaders:

REACH: WorldFirst offers local currency accounts in more countries than any other provider

SPEED: We always select the fastest payment methods as standard (whether that's local or SWIFT) with no extra cost to the sender

PRICE: We have the most competitive FX pricing in the market to help increase the competitiveness of any products that online sellers' source

EXPERTISE: Our expertise and experience in ecommerce marketplaces around the world makes us the best partner an online seller could possibly ask to have on their side

	What is it?	Market	Who can sell?	Who can buy?
Taobao.com	China's largest C2C online shopping platform	B2B+C2C	China companies only	Chinese-speaking
Lazada	Southeast Asia's largest online shopping mall. Majority owned by Alibaba	B2B	Companies only	People in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam

Alipay: Mobile wallet, online payment and digital lifestyle platform

Alipay is a third-party mobile and online payment platform, established in Hangzhou, China in February 2004. Alipay is a standalone operation but part of a wider ecosystem of other digital finance and fintech operations including:

- **Huabei** turns Alipay wallet into a credit card
- **MYbank** cloud-based online bank
- **Jiebei** a consumer loan service
- **Ant Fortune** wealth management app
- **WorldFirst!** see panel

Major marketplaces compared

	Who can sell?	Where you can sell	Costs (Charges vary according to many factors)	What you can and can't sell (Illegal/counterfeit goods are always on the 'can't' list)	Fulfilment service
AliExpress	You must be based in China, Russia, Spain, Italy, Turkey, France	Worldwide - 190 countries and regions – but limited according to where you're registered.	Commission rates vary between 5% and 8%, depending on the product category.	No food products, drinks, books, CDs, DVDs, vinyl and other media	No
Amazon	Pretty much worldwide. See list here.	European marketplaces: UK, France, Germany, Netherlands, Italy, Spain Amazon Global lets you expand your reach to the US, Canada, Mexico, and Japan. Note: Amazon.in (India) and Amazon.cn (China) are not currently open to sellers based outside those countries.	(See panel)	Amazon has a very complicated set of regulations including a ban on selling toys at Christmas. See 'What can you sell' below.	Fulfilment by Amazon (FBA)
Cdiscount	No restrictions, although you must undertake to provide email customer service in French (via a third party is fine).	Focused on France, but also covers Belgium, Germany, Spain, Luxembourg and Italy.	Monthly subscription of €39*99 + VAT. Sales commission ranges from 5% to 22%. See tariffs here .	Few restrictions	Expedié par Cdiscount
Etsy	No restrictions	Unlimited, although Etsy Payments works only in selected countries	Etsy charges a fee of £0.16 per listing. There are no monthly subscription fees When you sell an item, you will be charged: – a transaction fee of 5% – a payment processing fee of 4% + £0.20	This is an arts, crafts, and design marketplace. Excluded categories include: alcohol, tobacco, drugs, drug paraphernalia, medical drugs, animal products, human remains, dangerous items, hate items, pornography, items that promote, support or glorify violence.	None

	Who can sell?	Where you can sell	Costs (Charges vary according to many factors)	What you can and can't sell (Illegal/counterfeit goods are always on the 'can't' list)	Fulfilment service
Lazada	To become a Lazada seller, you need to have 'an officially registered business license' and have at least 50 products to sell.	The six Lazada markets are: Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam	No monthly fees or listing fees. Commission rates are from 1% to 4%	Quite prudish. Not only can you not sell marijuana, you can't sell anything bearing 'marijuana leaf images or text'. See list here.	Lazada Global Shipping (LGS) is available for sellers shipping from Mainland China, Korea, and Hong Kong.
Newegg	International sellers must be a company and you must be able to supply proof of insurance.	Sell to 80+ countries	Three membership options: — Standard (no fees) — Professional (\$29.95 / month) — Enterprise (\$99.95 / month) Commission rates range from 8% to 14% Different rates apply for international sellers.	Long list including used cosmetics, firewood, and political memorabilia (reproduction). See list.	Shipped by Newegg (SBN)

What can you sell?

Each marketplace has its own rules about what can and can't be sold. As you might expect, illegal stuff and counterfeit brands are a no-no. But just because something's legal doesn't mean it's going to be OK. In some cases, you, the seller, will need to be approved before being let loose selling certain kinds of products.

On Amazon, for example, you need prior approval before you can sell in these additional categories: Beauty, Clothing, Electronics Accessories, Grocery, Jewellery, Watches, Beer, Wine & Spirits, Health & Personal Care and Personal Care Appliances. There are restrictions on selling Toys & Games during the Christmas season. You can't sell anything illegal, obviously, nor counterfeit brands, prescription medications, tobacco, drugs, guns, ammunition, and so on. Amazon's policy is quite specific: soft porn is fine, apparently, but hard porn a no-no – so check out Amazon's detailed policy. It's quite a list but be warned – if you're thinking of getting rich selling anaesthesia machines or Kindle batteries you could be in for a disappointment.

Amazon charges and options

To get an idea of the of the kinds of costs involved, it's worth looking at Amazon in more detail as an example.

	Individual (formerly Basic) Sell a little	Pro (formerly Professional) Sell a lot
Aimed at:	Sellers expecting to sell fewer than 35 items per month	Sellers intending to sell more than 35 items per month
Selling fees:	£0.75 per item sold	N/A
Referral fees	Range from 7% to 45% (depending on category) A minimum referral fee per item applies in some categories Fee is based on total amount paid by the buyer, including the item price and any delivery or gift-wrapping charge Media items (books, music, DVD, video games and software, for example) also attract a closing fee of Sellers also pay a closing fee of £0.50 per item.	

But a Pro account also enables you to do many other things which are not available to Individual account holders, such as:

- Create listings for new products not currently sold on Amazon and create product bundles
- Sell at all in certain categories
- Manage your inventory using feeds, spreadsheets and reports.
- Compete for the coveted Buy Box
- Offer gift wrap services

Look downwards too

It's worth looking below the surface to see what other 'value add' services each marketplace offers as there could well be something which looks directly to your needs. For example, here's a run-down of some of Amazon's offerings:

- **Fulfilment by Amazon:** Gives you access to Amazon's 'world-class fulfilment resources, fast, free delivery options for your products, and trusted and acclaimed customer service in local language'.
- **Seller Fulfilled Prime:** Sell your products with the Prime badge but you do the shipping.
- **Amazon Business:** If your target market is business customers rather than consumers.
- **Advertise on Amazon:** Pay more and to hoist yourself up the search results.
- **Amazon Global Selling:** Exploit Amazon's tentacles around the planet.
- **Amazon Handmade:** Amazon's 'artisan-only' community for handcrafted goods – its bid for a slice of the Etsy market.
- **Amazon Renewed:** Sell 'like-new' products – certified refurbished, pre-owned, and open-box, and the like.

Choosing a product to sell

You probably know what you want to sell. If you don't, serious and urgent research is called for; if you do, you need to think about how feasible it is, how competitive you can be, and which marketplace is best.

- Is your product unique? If not, how will you compete with other sellers in the marketplace? On price?
- Where in the world is the market for your product? Is there a region where demand is high or where you will really be able to stand out?
- Can you sell reasonable quantities...
... at a price that leaves you with some profit ...
... and handle the administration, shipping etc

Large ticket items seem attractive because you have to sell fewer of them before you make enough money to live on. But selling furniture items for hundreds of pounds may only seem like an attractive idea until you start having to handle the returns.

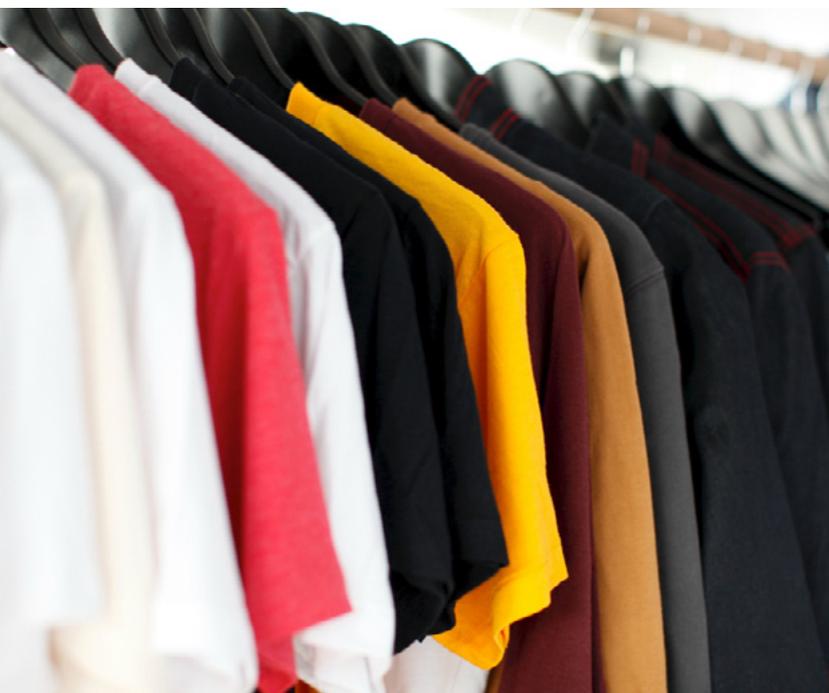
Here are some practical ways of thinking about the perfect product.

Start by choosing a product which:

- **Sells for something between £5 and £40, say.** Any lower and you're likely to find yourself overwhelmed by your fulfilment duties (this is where services such as Fulfilment by Amazon comes into their own); any higher and you're edging into the kind of money you might not be able to afford to lose if something goes wrong.
- **Has a margin of 60%+.** An ideal margin of somewhere between 60% and 75%. So, if the product costs you £10, you want to be selling it for between £24 and £40.
- **Is easy to ship.** Something light which is cheap and easy to ship – and preferably 100% unbreakable.

If you don't want to get into the game of competing on price, then try to think outside the product box for something more distinctive:

- **Things you have made (or someone else has).** In today's overused lingo, artisanal products. Things that are hand-made and not in direct competition with other sellers. This is the reason some sellers make trips to remote villages in far-flung continents to make deals directly with small scale producers. Etsy is the obvious outlet, but now even Amazon is after a cut with **Amazon handmade**.
- **Unique products that can be customised**
- **Niche products**
- **Vintage, antique, 'pre-loved'**
- **Things with your own exclusive private label on them.**



Laws of the land... and the marketplace... and your advertising channels

You'll need to be sure your product complies with the regulations pertaining in the country you're selling into. This means everything from the number of pins on the plug to the chlorination status of the chicken.

Marketplaces have often complex rules about what can and can't be sold and some categories will require you as a seller to be approved. Using a platform such as Shopify allows you to circumvent the problem because you are your own website owner.

But when it comes to promoting your product, your marketing channels will have different rules. If you're peddling soft porn for example, Google probably won't blink an eye, but you'll find Facebook and Apple take a harder line.

Do your research

Looking down the other end of the telescope, spend time looking at which products are already selling well on the marketplaces you have in mind (which might not be the UK) and how you could bring something new in order to stand out and compete. For example, the Amazon Best Sellers list is a good place to start. Drill down into the top 100 best sellers for various categories and subcategories to get more specific ideas. Look at other marketplaces– e.g. France or Japan – for ideas, too.



The Holy Grail is the product area where there is high demand, but the market is not saturated. Spot this by looking for categories whose top products have relatively few reviews. See what research tools are available to help you understand how popular products are and how much they might be generating in the way of sales.

Unless, it's in your nature, don't be too cold-hearted in choosing a product. You're going to be living and breathing it constantly. It may take over your life. So, if you can find something you can genuinely be excited about, that will make life easier. Hopefully your passion will also communicate itself to the people you are selling to.

Check out the competition

Pricing is important but it's not always the only deciding factor for buyers. Reviews and ratings are important too. If you can find a great product which is currently only being sold by second-rate sellers, an opportunity awaits you.

Apply some science



Marketplace SEO

Appearing high in the search results is as vital in a marketplace as it is on a search engine like Google. According to Amazon, 70% of customers never click past the first page of search results. The top three items in a search result account for almost two-thirds of clicks.

Marketplace search algorithms generally use fewer factors than those used by search engines which in some ways is good news because you have less things to think about (but so do your competitors). You can perform better in marketplace searches by being methodical and forensic.

- Include relevant key words in your product title (brand, description, material, colour, size etc) ...
- ... and in the description ...
- ... and in Amazon's 'hidden' (from the customer) keyword fields
- If your products have a common keyword, incorporating them into your Amazon seller name could help boost your rankings
- Makes sure you are competitive on price. Marketplace algorithms may assume customers aren't going to be interested in an overpriced product and relegate it to the hinterlands of the second, third or worse pages of results
- Amazon takes our own performance as a seller and the performance of your products into account – for example, your conversion rate of views-to-sales and your customer reviews

Customer insight data

Customer insight data takes the guesswork out of product selection and management. These tools consolidate information on products, and you can (for a fee) use them to make decisions about what to sell and at what price.

For example:

- Amazon – [Jungle Scout](#)
- eBay – [ShelfTrend](#)
- Shopify – [Dropship Spy](#)

Historical demand tools

How does demand for your products fluctuate across the year? And are more and more consumers clamouring for it as time goes by or fewer and fewer?

Tools such as [Google Trends](#) allow you to explore demand over time and by geography.



Weather warning

If your product is seasonal because it's weather-dependent, make sure you are selling on marketplaces in both hemispheres.

Finding suppliers

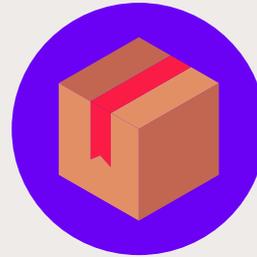
Having established what product to sell, the next hurdle is to find someone to buy it from. How you do this will depend on your business model and whether you are re-selling a well-known product or brand (lower margin) or whether you intend to private-label your product (higher margin). See **Create your own brand: private label products** on page [21](#).

Made in China – for you

Importing from China isn't as impossible as it sounds, or once was. Intermediaries have sprung up to meet the demand from marketplaces sellers like you.

Services such as Easy Imex allow you to source products – generic and private label – in china without having to know a word of the language. They act as local agents working on your behalf. Product sourcing managers and logistics coordinators are based in Shanghai while local quality control inspectors keeping an eye on the production side around the country.

For more information see easyimex.com



Finding a wholesaler

This used to be a headache before the internet came along. Now the world is smaller and it's easy to find opportunities with a simple Google search. Here are a few ideas for directions to take:

- Chinese site Alibaba has this [handy English language guide](#) on how to search for products and suppliers and a slick Request for Quotation system enabling you to let all the suppliers know what you're after at once, then sit back with your feet up and wait for a response. See rfq.alibaba.com
- Closer to home, there are companies which specialise in buying up clearance stock from retailers, and liquidation stock from companies which have gone to the wall. Search Google and find companies such as [Marthill International](#) and [Wholesale Clearance UK](#).
- There are even aggregators of such opportunities such as [Wholesale deals](#).



Dropshipping

If you don't want the hassle of handling stock – perhaps you simply don't have room in your attic for 50 washing machines – then dropshipping may be the answer. With dropshipping you hold zero stock. You advertise the product, take the order, then purchase the item from a third party who ships it direct to the customer.

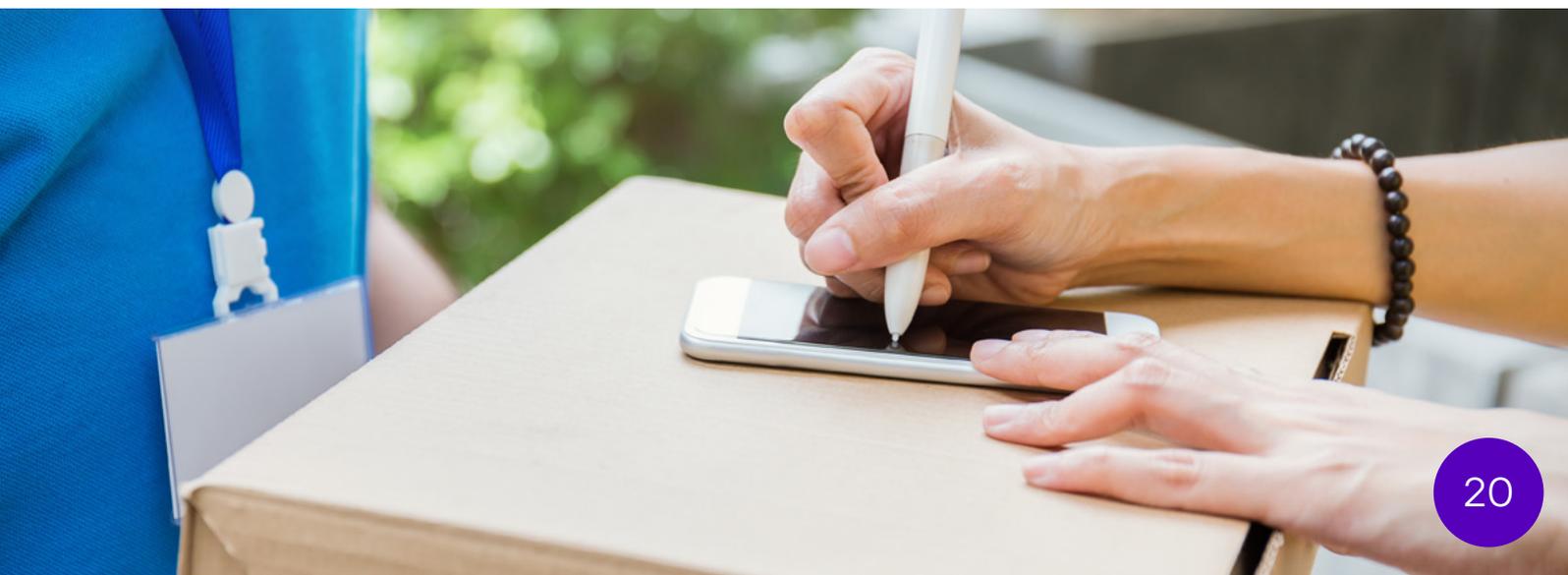
The great things about dropshipping are:

- + You don't need any capital.
- + You don't need anything at all apart from seller accounts on marketplaces, so it's cheap and easy to start.
- + You don't need a warehouse.
- + You can't find yourself burdened with stock you can't shift.
- + You don't have to get involved in packing and shipping.

On the other hand:

- Price is everything. Margins are poor. It's difficult to differentiate yourself.
- You're competing with people selling the same product with the same delivery times.
- You may not have any stock to manage, but neither is it yours to manage. You are at the mercy of your supplier's inventory and their ability to communicate it to you in real time.
- The same goes for the shipping. The product quality and the customer service are not within your control, yet as far as the customer is concerned, these things are down to you and any shortcomings will reflect on you.

Despite the drawbacks, dropshipping is big business. There are now dropshipping consolidators offering software interfaces which avoid you having to deal with multiple suppliers. They also integrate directly with marketplaces such as Amazon and ecommerce sites such as [WooCommerce](#) to save you the hassle. If the idea appeals, do an internet search.



Create your own brand: private label products

Fancy creating your very own brand?
There's really nothing to it.

With 'private labelling' you simply find a product you like, get the manufacturer to stick your logo on it, then sell it. Exclusively.

Brands add value to products. The stronger the brand, the more you can get away with charging. Looking at it from the opposite end of the telescope, pricing your items higher than the norm can actually bestow value on your brand. But let's not get ahead of ourselves...

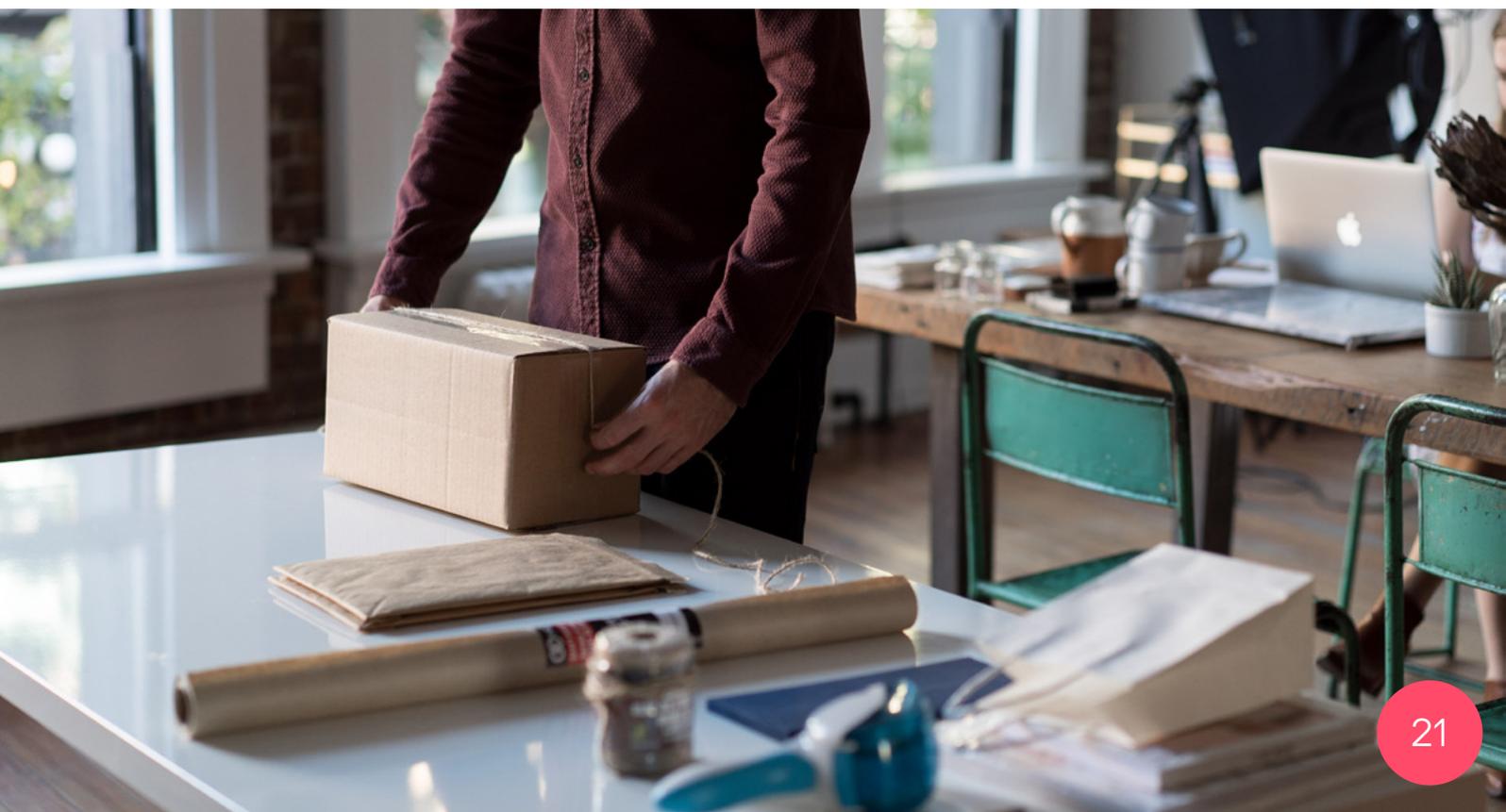
Giant corporations and famous brands use private labelling. Why go to the time, bother and expense of designing a product and commissioning a production line, when you can choose to apply your brand to a ready-made product.

Of course, other people are selling exactly the same product but without the veneer of your brand's flair. And it's unique where it counts – in the online marketplace where you're selling it.

Suppose you have a passion for tea. You find a supplier who manufactures a 'white label' tea pot you really like, get them to customise it for you with your brand (maybe even skip branding the teapot, but brand the box) and – ta da! You have a private label product.

And why stop with the paraphernalia? Why not seek out producers and distributors of tea leaves and create your personal range of teas?

The great thing about private labelling is that it makes the selling price more elastic. Your own unique branded product has no direct competition.



You also get to control the marketing.

This is where the real fun starts. With brands, perception is reality. Does your brand evoke:

- The sophistication of a 1930s art deco tea room?
- A cheery and indomitable British spirit? Visions of the temperate hills of northern India?
- The plain-speaking sound of Yorkshire slurping from its cup?

You decide.

On Amazon, one huge benefit of having your own brand is that you get to own the coveted Buy Box! If you're selling the same product as other people, you're competing with them for Amazon's Buy Box – the 'Add to cart' button on a product listing.

If you're selling your own unique brand, you automatically get the Buy Box because you're the only person selling it.



Finding private label products

To find a private label supplier, try [Alibaba](#), [Easy Imex](#), or search Google for the product you're after plus such search terms as:

- supplier
- private label
- white label
- OEM (short for Original Equipment Manufacturer)
- contract manufacture



Money matters

If you're buying and selling in different countries around the world, you're going to find yourself moving money around in different currencies – perhaps buying from China, paying in US dollars, and selling into Europe, your revenues arriving in euros.

Traditional ways of moving money around the world just aren't up to the job – they are usually some combination of slow, inefficient, complicated, and expensive.

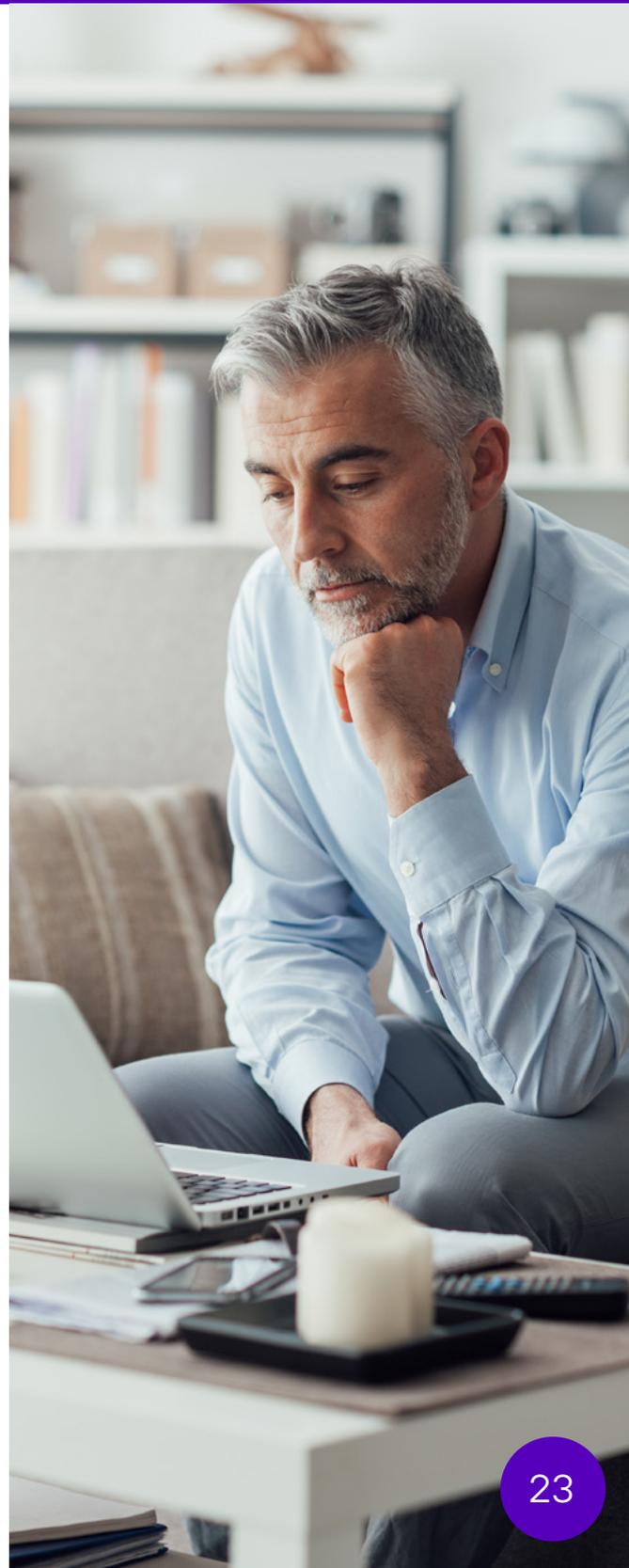
CASE STUDY

One of our clients is a UK company which scours the world for good value, high quality lifestyle products from sink strainers to Ultra HD action cameras to add to their huge range of products.

Many of their suppliers are in China and are paid in US dollars, while most of the sales are through Amazon Europe so most of their income is in euros.

Through their WorldFirst World Account, they have currency accounts in GBP, USD, EUR, CAD, and AUD. But unlike other multi-currency accounts, WorldFirst's lets them settle their USD purchases directly from their EUR account without first converting to GBP, thus halving the number of FX transactions involved and significantly reducing the cost.

They also use WorldFirst to help them reduce their exposure to currency fluctuations. By pre-agreeing a EUR/USD exchange rate every three months, they can trade with the knowledge that their margins won't be eroded were the value of the euro to fall against the dollar. Over the last 18 months, for example, the euro fell by about 10%. In early 2018, € 1,000 would have bought you US\$ 12,500 whereas by August 2019 you would have got just US\$ 11,500. WorldFirst's hedging services gives clients like them the luxury of being able to trade confident in the knowledge that their margins won't diminish as a result of any changes in the FX spot rate.



Fixing FX rates means one less thing to worry about

CASE STUDY

This client began life in 1991 as a small shop selling discounted art and craft supplies. Today it is a major online-only business with its own warehouse selling products to customers around the globe.

Most of its overseas customers are in Germany and France and it sells to them through Amazon's European marketplace, so their income is in euros. For their business to be successful, they need to maintain their margins so when selling a four-pack of pure sheen glitter golden years, for example, they need to make sure the price they get in euros doesn't fall much below the £9.99 UK price.

While they might begin by setting the price at € 11.20, any strengthening of the pound would mean having to increase the euro selling price in order for them to realise the same £9.99. This would make them more expensive and therefore less competitive in the Amazon Europe marketplace.

FX movements in the wrong direction can be a real threat to the health of cross-border businesses. **Our client was delighted by the fantastic FX rates WorldFirst offered them. As a result, they were able to reduce their euro prices and increase their volume.**

When the pound depreciated by 5% over the next quarter, the pressure on prices became even more acute. WorldFirst again came to their aid, forward-selling them a fixed rate for converting their anticipated euro sales back to pounds for the next 12 months. With a fixed rate in place the company didn't have to worry about the pound strengthening. We at WorldFirst were pleased to be able to give them some welcome certainty in an increasingly turbulent trading environment.



Insuring your online retail business

Insurance – who needs it?

No-one until they need it.

Only you can decide whether or not you need insurance – it depends on what's at stake and your personal appetite for risk. But you should at least understand the risks that go along with being an online retailer and how they could affect your business, even if they seem unlikely or unthinkable.

In addition to the general insurance requirements any business might need (public liability, professional indemnity, employers' liability, business buildings etc) you can add these two policies:

Product liability insurance

As a marketplace seller you're deemed to be the manufacturer as far as the law's concerned. So, if a buyer suffers as the result of something you sold them, you're the person they're going to come after, not the marketplace, and not your supplier. Product Liability Insurance covers you against personal injury and/or property damage that your product may cause. The policy would also pay any legal costs associated with defending yourself against a claim. Some providers also have policies designed for specific marketplaces such as Amazon and eBay.

Shipping and cargo insurance

Only around 1,500 of the 130 million containers transported each year are lost at sea. But if your shipments are in one of them, that's a blow to your business. Shipping and Cargo Insurance policies designed for online sellers' area available to protect your shipments against loss or damage in transit whether by sea, land or air.



Seller suspension insurance

Having one's account suspended is the nightmare of every seller. The best way to avoid it is by studiously observing the rules of the marketplace. But it can happen – sometimes it's a mistake or an excess of caution on the part of the marketplace, and sometimes because the seller has accidentally contravened the regulations. A single complaint from a buyer – even a malicious or erroneous one – can be enough to trigger a total suspension. This can have devastating effects on a business. Of the seller accounts which are restored following a suspension, only 10% are back up and running within 24 hours. 80% take three days or more.

You can now get insurance specifically to compensate you in the event that your business suffers at the hands of an unwarranted suspension. Services are also available to handle the appeals process on your behalf.

To ship or have shipped: fulfilment options

Fulfilment /fʊl'fɪlmənt/ noun

Fancy word for storing your products, picking them out, packing them and shipping them to your customer.



Fulfilling expectations

Once they know what they want to buy and how they can pay for it (rarely an issue in marketplaces), customers are left with two main preoccupations:

- How soon can I have it?
- How much are you going to charge me for getting them to me.

Both of these are important factors for buyers when it comes to choosing between sellers. The Amazon Prime standards of next-day and even same-day delivery have ratcheted up consumer expectations to an almost unreasonable level.

So, what are your options? There are countless ways, but broadly they fall into four categories:

- Self-fulfilment
- Shipping aggregators
- 3PL
- Fulfilment by the marketplace

We'll look at each in a little more detail shortly. But in the interim it's worth taking a little peek into your future to see why this all looks so complicated. On the face of it, fulfilment is about packing your product and getting it to your customer as quickly, cheaply and reliably as you can.

But as your volumes grow and your business expands, you'll quickly see that fulfilment is a strategic part of your business and the choices you make can allow you to:

- Increase conversion rates
- Extend your geographical reach
- Cut your costs
- Improve your overall operational efficiency

But we're getting ahead of ourselves...

Freight aggregators

Freight forwarders or (aggregator) who automatically chooses the most efficient or cost-effective carrier for your shipment. One example is [Parcel Hero](#) which uses the services of DHL, UPS, TNT and DPD.

3PL (third party logistics) providers

Large-scale online retailers use full-service companies such as [Synergy Retail Support](#) and [IMD Fulfilment Services](#) which provide an end-to-end service. These companies will store, pick, pack and distribute your products for you.

Self-fulfilment

If you're a small-scale operation or just starting out, then you'll probably be doing most of this work yourself – storing the products in your garage, bedroom or wherever, boxing them, labelling them and taking them down to the Post Office (if you have the stomach).

Your best / fastest / cheapest delivery option will depend on a number of factors:

- the product you're shipping – weight, size, shape
- where it's going
- whether it needs to be tracked/insured and so on

Popular options in the UK include:

- **Royal Mail** If your product fits into a pillar box slot this can be a relatively hassle-free option
- **Collect Plus** Send parcels across the UK from any of 7,000 parcel points, mostly local shops (Similar services include **DPD Local**)
- Traditional carriers such as **DHL**, **FedEx** and **UPS**

Fulfilment by the marketplace

Many marketplaces offer fulfilment or delivery services (for a fee). Here are some examples:

Marketplace	Service	Overview
Amazon	Fulfilment by Amazon	Full-service from holding your stock in the warehouse through to delivery. It may even be virtual, rather than actual, stock
Cdiscount	Cdiscount Fulfilment	Cdiscount will store pack and ship your products, handle returns and manage any customer interaction.
eBay	eBay Global Shipping Programme (eBay GSP)	To make it easier for sellers to offer to sell around the world, eBay developed their Global Shipping Programme. Pack your order and get it as far as their international fulfilment centre and they'll take it from there.
Newegg	Shipped-By-Newegg	Store your stock in Newegg's US fulfilment centre and they will pick, pack and dispatch for you..
FlipKart	Flipkart Fulfilment	All sellers on Flipkart are obliged to use Flipkart Fulfilment.
Rakuten		Rakuten doesn't offer a fulfilment service, but it does work with partners to offer international sellers with 'final mile' delivery and returns.

Why are these services so popular?

- Not only do fulfilment services take the hassle out of shipping, they can also **make your products more attractive to customers** – which means more sales. With Amazon, for example, using FBA makes your products eligible for inclusion in Amazon Prime and available for fast-delivery.
- Outsourcing your fulfilment also **frees up your time** which you can then spend on more strategic, creative – even enjoyable – parts of your business.
- It also gives you tremendous flexibility because **things carry on uninterrupted without you** – laze around on a beach for a month without disrupting your business.
- It's an easy way to **open up new territories**. For example, FBA allows you to send your inventory to an Amazon Fulfilment Centre in the UK and Amazon will distribute it 'intelligently and automatically' throughout its European Fulfilment Centres based on anticipated demand.

Fulfilment: is 'being in control' really holding you back?

CASE STUDY: GT Omega

GT Omega is a UK company that makes chairs – even cockpits – for gamers. They have a strong brand which they were keen to protect when selling and shipping to the US, a market they entered through the Newegg marketplace.

GT Omega originally fulfilled the US orders themselves but by adopting Newegg's Shipped by Newegg (SBN) services they were able to streamline their US operations to such a degree that demand for their products rocketed. As a result, sales grew by 400% year-on-year. Spurred on by this success, the company had expanded into new territories through Newegg Canada and Newegg Global.

To simplify the task of managing payments in different currencies and to manage the risks involved, GT Omega uses WorldFirst's World Account solution which, the company says, helps them to 'compete like locals' when operating overseas.





What next?

If we've done our job, then you're now bristling with excitement at the prospect of your journey as a marketplace seller. And so, you should be. Who knows where it might take you?

But whilst there is almost limitless opportunity to create something special, there are no shortage of common mistakes too which, if avoided, can save you lots of time, money and effort. The best advice is to ask questions and seek advice wherever you can. You'll find that there are lots of forums, groups and even businesses out there who can offer invaluable support. Use them. And that includes WorldFirst. Use us.

Our team of international trade experts are always on hand to help you set up as an international marketplace seller and support you on your global journey. We're here to help.

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