

Seller's Guide to Amazon Australia



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WORLDFIRST

Why Amazon Australia?

For many people in the United States, it might take a minute to think back and remember a time when Amazon wasn't an ecommerce behemoth impacting their daily lives. And with the prevalence of Amazon Prime same-day delivery, it might be nearly impossible to imagine a world where it might take more than a week to get your online order.

For Australians, the world of Amazon is still in its infancy stages, launching in early December 2017 with about 20 categories compared to the more than 40 in the United States. Visitors to Amazon Australia's homepage in its first months of operation can clearly see it's heavily geared toward books and e-readers, much like the humble beginnings of the company in the United States. And estimated delivery times, even in major city areas, can reach up to seven days.

Even though much of the Amazon Australia landscape is still taking shape, there is high earning potential for ecommerce sellers looking to penetrate the market. Right now, about 90 percent of the goods advertised on Amazon Australia are sold by third-party seller with the rest sold by Amazon.

There is room for a seller to make a splash on Amazon Australia – and if they do it the right way, they could rise above the fray and help shape the emerging platform.



“Only about **10% of the \$300 billion** Australian retail sector is from online shopping”

The Australian retail industry is still heavily brick and mortar, with only about 10 percent of the \$300 billion industry from online shopping. Large retailers, like department store Myer, which has a \$431 million market capitalization, dominate the sector. While stores like Myer do have a strong online presence, there is a lot of room for an online only retailer like Amazon to make an impact in Australia. Ebay, Etsy, Groupon and Google Shopping have a presence in the country and local brand Kogan.com says on its website it has shipped three million items in the past 12 months.

But the challenge many e-tailers face is the vast geography of the country. **Australia's population – around 24 million people** – is very spread out in an area that is roughly the same size of the contiguous United States. Australia's minimal infrastructure in the inland part of the country only complicates that geographic challenge.

Kogan.com gives shoppers estimated delivery times of 14 days or less nationwide, depending on destination location. Amazon is currently estimating three to seven business days for the major city areas and up to 10 days for other areas, with the caveat that remote areas could take longer than 10 business days.

In Canada, another country with a population spread out over a large area, Amazon is able to offer free two-day shipping nationwide with Prime, except to remote areas where only standard shipping is available and can take six to eight days.

If Amazon can set itself apart from other retailers in Australia by dominating the quick-shipping game, as it's done in other countries, the company could have a huge impact on the land down under.



Getting started

Before jumping right in and signing up for Amazon Australia, there are a few steps you need to take to prepare your business for expansion.



Evaluate your current products

The first thing you should probably do is have an honest conversation with yourself about whether the products you sell will be a good fit in the Australian market. There are some products that simply aren't in demand by Australians. For example, Australians don't have the same affinity for peanut butter and Hershey's chocolate as we do in the United States. Australia also has different power outlets, so it is important that the electronics you sell can be used with an adapter if they need to be plugged in. Take into factor the country's climate, culture, and demographics.

Once you've determined you have items that would be worth selling in Australia, think about your best-selling items in your home marketplace. Those products are likely going to be the most natural fit for selling in other countries. Again, evaluate why they sell well in the United States and ask if they will perform the same way in Australia.

When shopping U.S. stores online, Australians are most commonly purchasing men's and women's apparel as well as toys and games, according to the site [MyUS.com](https://myus.com).

Most common items

Australians purchase online from U.S. sites:



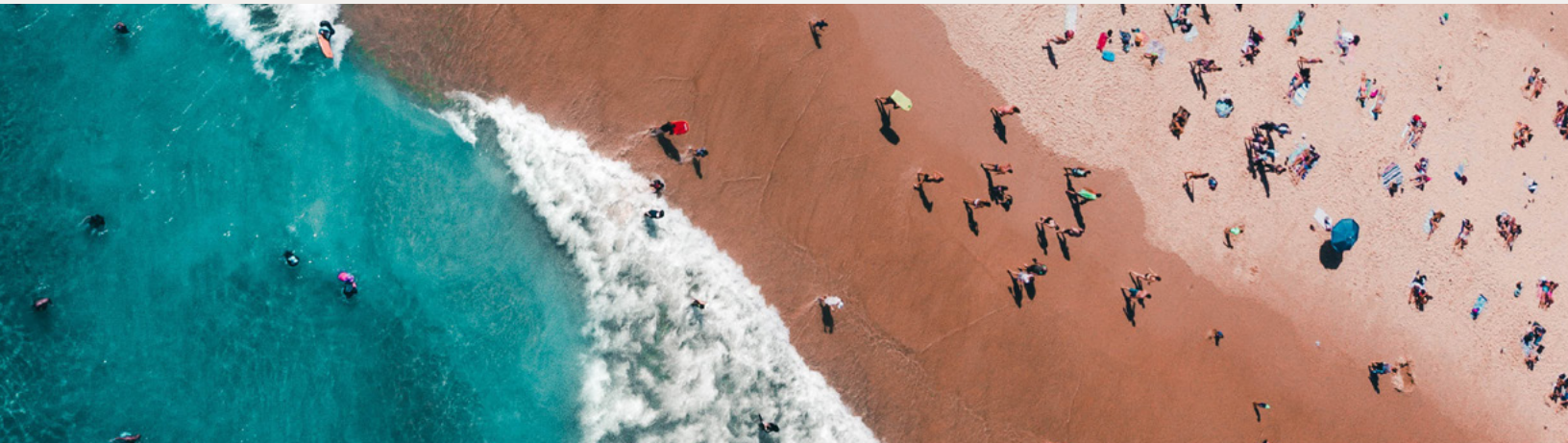
1. Women's apparel



2. Men's apparel



3. Toys & Games



Swap selling seasons

One benefit of selling on Amazon Australia is that the country's seasons are opposite of the United States. June, July and August are actually the coldest months, so selling inflatable pool floats during that time might not be as profitable as the U.S. sales. However, one way this seasonal change can help your business is by shifting leftover summer inventory to Australia during its summer months of December, January and February. You could build a strong selling rotation this way and never have extra inventory sitting for long periods of time.

Observe the market

Doing some market research can be as simple as browsing through the Amazon marketplace and seeing what is most prevalent. Review the best seller, top-rated and featured items. Customer reviews can be a great resource to determine if there is room for your product. If you have a great book reading light, but the current options on the site have received low ratings from customers, chances are you have an opportunity to capitalize on the market weakness. Here are some key points to observe when looking at products:

- The **number of reviews** and ratings
- **If the item is Prime eligible**, which could mean there are a lot of shipments
- The product's **Amazon Best Seller's** rank
- How many **competitors** sell the product

You could also broaden your search to local ecommerce site Kogan.com. See what resonates on that site and if there is potential to replicate the success on Amazon Australia.

Test the market demand

“Amazon suggests that sellers entering a new country start by selling a wide range of products a few at a time instead of a deep amount of inventory for a couple products.”

Once you've determined the products you want to start selling and after officially signing up, it is important to still test the market. Amazon suggests that sellers entering a new country start by selling a wide range of products a few at a time instead of a deep amount of inventory for a couple products. This way, you can test the market demand and determine which products you want push further with additional inventory.

You can adjust the price or remove listings as you see the demand change. This also helps you avoid running out of stock on popular items.

While we suggest sellers use Fulfillment by Amazon (FBA) when they sell in a foreign marketplace, to test the market at first it could be smart to send items directly to buyers. This allows sellers to avoid storage fees at the Amazon facility when inventory isn't selling. However, this route means you need to manage the customer's expectations regarding duties and taxes. The carrier you choose will act as the customs broker and collect duties upon delivery to the customer. While Australians are used to doing a lot of their online shopping offshore and could be used to this import cost, it could make your products less attractive compared to other Amazon listings.

We suggest getting set up with a shipping and tax partner to help avoid unexpected costs. They can be helpful when it comes to registering your business for Australian goods and services tax and appointing an Australian resident tax agent. More on this soon!



Signing up on Amazon

If you already sell on Amazon's other country marketplaces, there is a good chance you will have no trouble getting onto the Australian marketplace, but we recommend starting the Amazon application process before setting up your business for the Australian tax structure.

In first few months of 2018, selling on Amazon Australia was by invitation only. Today, sellers can register online in a four-step process. Amazon wants sellers to [register](#) on their site to begin selling. This can be found in the footer of the site under "Make Money with Us" or through the "Sell" hyperlink directly below the main search bar.

You have the option to log into an existing seller account or create a new account. After agreeing to the seller agreement, you will need to fill out the following information: your name, company name, company email, company website, physical address, phone number, and credit card information. Amazon then asks a few final details about the products you sell.

Right now, it costs \$49.95 per month (excl. GST) plus fees on each product sold to sell on Amazon Australia. For more information, see [Amazon's FAQ page](#).



Registering in Australia

Before selling on Amazon Australia, there are some Australian government registrations you need to partake in as a non-resident selling in the country.



Tax obligations

Australia charges a 10% goods and services tax (GST) on most items sold or consumed in Australia. This will be your main tax obligation as a U.S. company with no physical presence or employees in Australia. This tax is usually passed onto buyers and listed on online product pages. Since the United States has a tax treaty with Australia, you will not be liable to pay income tax or capital gains tax in Australia. However, you are exporting goods to Australia by selling to an Australian resident, so there are import-tax implications for the customer. In the shipping section, we will show you how to avoid passing these costs along to the customer.

To get started, online sellers should register for GST with the Australian Taxation Office. Using an international tax compliance firm, like our partner AVASK Accounting and Business Consultants, can be an easy way to make sure your business is set up in the best way to operate on Amazon outside of the United States while staying compliant. AVASK has been supporting ecommerce sellers with GST registration in Australia since Amazon launched last year, and has more than 1,000 Amazon-seller clients overall. AVASK can also serve as the resident tax agent required to communicate with the Australian tax authorities.

“AVASK recommends registering for GST even if you won’t break through the \$75,000 threshold”

Registering for GST is sometimes a two-step process. You may hear that you need to register for an Australian Business Number in order to register for GST. This depends on how you structure your business. If your business is based in the United States and you are simply selling on Amazon Australia without a presence in the country, such as employees or making supplies connected to Australia, you likely aren’t even eligible for an ABN.

If your business doesn’t qualify for an ABN, you can still apply for GST under the “standard claim only GST registration.” To obtain a copy of this application, you must contact the Australian Taxation Office via email at AustraliaGST@ato.gov.au or by phone +61 2 6216 1111.

However, registering for GST may not be necessary for all sellers. If the GST turnover from sales from Australia is lower than \$75,000 AUD (or roughly \$59,300 USD based on exchange rates at time of writing) you do not need to register for GST. But it might be smart to register anyway to be able to collect GST credits. AVASK recommends registering for GST even if you won’t break through the \$75,000 threshold. Filing for GST returns is based on the annual turnover. Business Activity Statements are usually due on a quarterly basis, unless your annual GST turnover is more than \$20 million AUD, in which case they are due monthly.

To contact a member of the AVASK team for more information, call 213-256-0537 or visit the company [website](#).



Shipping and fulfillment

Now that you are registered on Amazon and with the Australian government for tax purposes, the next step is to set up a shipping and fulfillment strategy in order to save money and stay compliant.

We suggest sellers use Fulfillment by Amazon (FBA) when entering other countries. Sellers ship their inventory directly to an Amazon fulfillment warehouse in Australia. Once an order is placed, Amazon ships the product to the buyer. This can be an effective strategy for foreign businesses selling on Amazon Australia.







However, shipping to Amazon internationally still requires the seller to be responsible for the duties and taxes that are usually billed to the receiver.



Using a shipping partner

Using a shipping partner, like First Choice Shipping, which offers door-to-door, two-day service through UPS or DHL, is the smartest way to manage duties and taxes while still getting the product to Amazon in a timely manner. By using First Choice, the shipper is the importer of record instead of the receiver, the taxes are prepaid, and packages are delivered duties paid.

How the process works:

- 1. The seller **logs into Amazon Seller Central** to start a shipment to FBA, getting a shipment ID and an FBA address.
- 2. The seller then logs into the First Choice portal to **create shipping labels and a commercial invoice**.
- 3. Based on the information entered into the First Choice portal, like the Australia address, the system **sets up the appropriate tax parameters** to the seller's account.
- 4. The seller puts the **two labels on each package**.
- 5. DHL or UPS **picks up the package from the seller** and ships it to the FBA facility.
- 6. The whole process is **tracked in the First Choice portal**.

In addition to taking the guesswork out of the duties process, First Choice says it also saves sellers about 60% on shipping costs with their services versus going directly to DHL or UPS.

First Choice doesn't have any minimums or maximums when it comes to cargo weight or pallets. Since the company is able to get packages delivered door to door in two days, First Choice suggests sending only a couple boxes at a time to test the market and avoid FBA storage fees.

To contact First Choice, email them at support@firstchoiceship.com

Start selling!

Now that you have an effective shipping strategy in place, you can begin filling orders through Amazon Australia.

Optimiz(s)e your listings

You may notice after you start selling that you need to change the way your products are listed in order to attract more local customers. Make sure to take into account the local language. While Australia still primarily uses English like the United States, there could be subtle nuances that will make your products more attractive to the Australian consumer. For example, the “Storage & Organisation” department on the site is spelled with the British S instead of the American Z, so if you are selling a drawer organizer you may want to spell it with an S.

“Ezi Returns can provide a local ‘in country’ returns address for customers to send unwanted items.”

Manage any returns

As you start selling, you may also notice that you are getting some of your products returned by customers. If you are using FBA, Amazon will handle the returns and the customer service associated with it. While Amazon does assess any damage to the product and returns sellable items to your inventory, it might be helpful to work with a returns provider like Ezi Returns to process all returns.

Shipping items back to the U.S. every time they are returned isn’t the most cost-effective strategy. Ezi Returns can provide a local “in country” returns address for customers to send unwanted items. The company can then consolidate and ship back returns to the seller in bulk, or even evaluate the returns for resale. If items are eligible for resale, Ezi Returns ships them to the new buyer or back to FBA. This service can be especially helpful for sellers not using FBA. By using the [Ezi Returns](#) facility in Australia, sellers can ship directly to the new buyer in Australia or get a consolidated shipping of their returns back to the United States.

To contact Ezi Returns, fill out their [online form](#) or email info@ezireturns.com.

Bring home your earnings

Once you start making money from your Amazon sales, it is smart to stop and think about how you are going to get that money back to the United States. Buyers on Amazon will be paying in Australian dollars and eventually you are going to want that at home in USD.

Picking an international payments provider like WorldFirst could help you save on conversion costs. While Amazon does offer to transfer overseas back into USD on a recurring basis, they can charge a 3 to 5% fee for every \$10,000 you send or receive.

Boost your bottom line

Not only can **WorldFirst** help you save on conversion fees, we work on your schedule. Amazon Australia usually converts and transfers sellers' earnings every 14 days no matter the exchange rate. With WorldFirst you can look for a favorable rate and make the transfer at a scheduled time. We will even set up rate alerts so you don't have to spend time watching the currency markets.

Not only does this help with bringing your earnings home, but it can be useful when paying Australian taxes or payments to international suppliers. [Learn how](#) WorldFirst can help you reach your full earning potential.

Already a WorldFirst client?

Contact your account manager to open an Australian dollar receiving account.

Good luck!

Now that you've had the chance to learn more about selling on Amazon Australia and how to get started, it's time to start selling. Much like the vast and arid land of the Outback, the Australian ecommerce market is still sparse when it comes to competition. Australians are craving more online shopping options, but are faced with limited inventory.

The launch of Amazon Australia could make it easier for U.S. ecommerce sellers to make their mark on the land down under and start earning overseas.

