



IN BRIEF – COUNTRY GUIDE

Selling on Amazon Australia

Bobsled Marketing

September, 2018

The Opportunity

Australian residents have high disposable income and are avid online shoppers; but the current online shopping marketplace landscape is unsaturated. The recent launch and announcements regarding Amazon in Australia has opened up a potential opportunity for Amazon retailers to expand their online business operations into Australia's online retail market.

Slow Launch yet a Promising Future?

Despite Amazon marking its Australian debut on December 5, 2017 as its 'most successful international launch ever', many Australian consumers were initially left feeling disappointed and its impact on the retail industry fell below expectations.

The Sydney Morning Herald

BUSINESS COMPANIES RETAIL

Amazon's Australian launch was 'weirdly underwhelming'

By Liam Comican

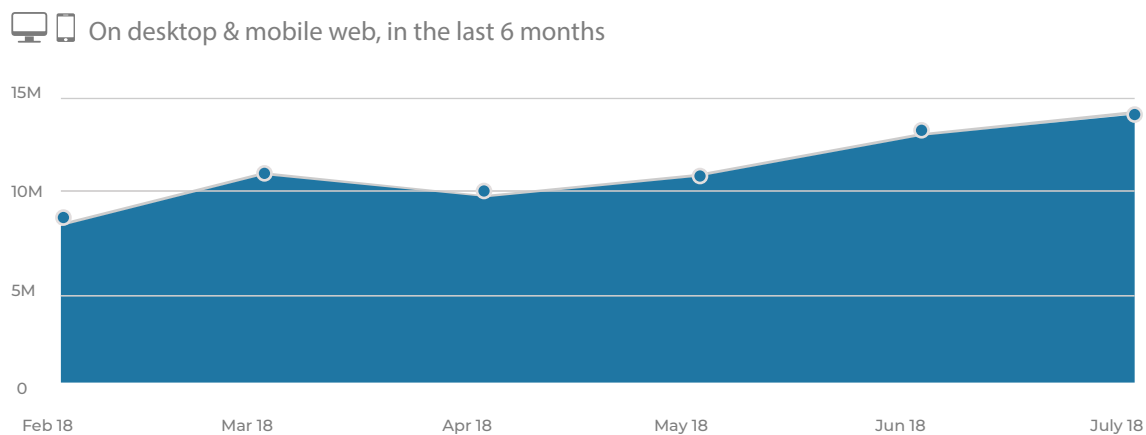
Updated 6 December 2017 - 5:44am, first
published at 12:05am

To address Australians' initial lackluster reception of the platform, Amazon has narrowed the expectation gap for consumers in product pricing, product range and delivery costs. As of May 2018, there were 60 million products available, compared to 22 million products at launch. Even more impressive, Prime and two business day delivery is now available to nearly 90% of Australians.

Additionally, in mid-2018, Amazon offered its third-party sellers a six-month fee waiver of the \$54.95 AUD monthly seller fee perhaps in an attempt to retain merchants who would consider leaving the platform if sales don't pick up. With these benefits and the forecasted growth due to the addition of Prime, joining this marketplace is an opportunity many Amazon sellers will not want to miss.

Already, we can see the traffic across amazon.com.au is increasing. Total visits to Amazon's Australian website have almost doubled in the last six months, rising from just over 8 million visits in February 2018 to over 14 million site visits in July 2018. These visits include both desktop and mobile web apps. These are promising trends for the aspiring e-commerce giant.

Amazon.com.au Total Visits February 2018 – July 2018



Source: <https://www.similarweb.com/website/amazon.com.au>

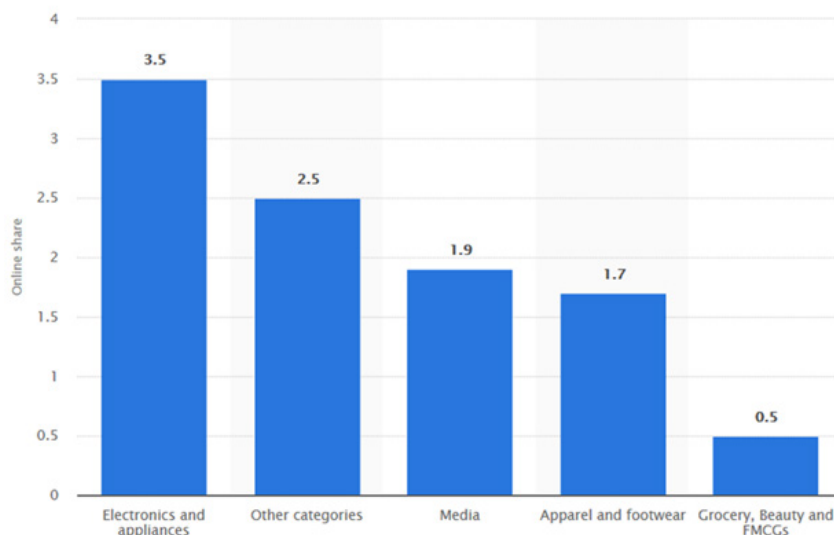
High Trajectory for Online Retail Sales

Despite Amazon marking its Australian debut on December 5, 2017 as its 'most successful international launch ever', many Australian consumers were initially left feeling disappointed and its impact on the retail industry fell below expectations.



Estimated Sales of Amazon Australia through 2026, by Category

The number one category for this marketplace is Electronics and Appliances which is expected to hit a \$3.5 billion by 2026. With the addition of Prime, it is anticipated that Media, Apparel, Groceries and Beauty will continue to grow but not at the rate of other categories. Grocery and Beauty combined are less than a \$1 billion. Amazon Australia's sales are forecasted to reach a \$10 billion by 2026; an alluring opportunity for many sellers.



Estimated sales of Amazon Australia in 2026, by category

(in billion Australian dollars)

This statistic displays Amazon Australia's estimated sales in 2026, by category. In that year, Amazon Australia's sales in the electronics and appliances category are estimated to reach around A\$3.5B. In total, Amazon Australia's sales are expected to reach around A\$10B in 2026.

Even if sellers have experienced solid sales on Amazon in other countries, or in Australia on their own website, there are many factors to consider before selling products via Amazon that include potential tax burdens and local regulation.

Tax Requirements and Regulation Considerations

Although brands won't need to establish an Australian corporation to sell on Amazon, they will have to comply with Australian import regulations, pay import taxes and duties and collect and remit local consumption tax.

All goods sold in Australia are subject to a 10% Goods and Services Tax (GST). Sellers are required to collect GST on behalf of the Australian Government and submit GST on a quarterly basis through a Business Activity Statement (BAS). If your current or projected GST turnover (revenue) is A\$75,000 or greater per year, businesses are required to register for GST.

Sellers should consider GST, and its impact on Customs Duty and fees before selling goods through Amazon Australia.

To conduct business activities in Australia, all businesses should be registered with Australian Securities and Investment Commission (ASIC). This also includes foreign businesses selling goods to Australian consumers through Amazon, who will receive an Australian Registered Body Number (ARBN) upon registration, and the appointment of a local agent.



Income Tax

Most international sellers on Amazon Australia will not be an Australian Resident for Taxation purposes. However, income from an Australian source is generally taxable in Australia. While international tax is complicated, most international sellers selling on Amazon Australia will only have two questions to answer to determine whether they are subject to Australian income tax:

Question 1: Does my country have a Double Taxation Agreement (DTA) with Australia?

Example response: If you are from North America (Canada, United States of America, Mexico), then yes, there is a DTA agreement with Australia.

Question 2: If my country has a DTA with Australia, does my company have a "Permanent Establishment" in Australia?

Example response: If you use Amazon FBA or a warehouse for storage and dispatch of your stock, then no, you do not have a permanent establishment in Australia. Local Agents or Tax Agents are also not examples of having a permanent establishment in Australia.

So in this example scenario, the seller is based in a country that has a DTA but no permanent establishment in Australia outside of the Amazon Fulfillment Center, therefore the seller would not be required to pay income tax or lodge income tax returns in Australia.

Customs

Customs duty is predominately 5% of the value of the goods (depending on the tariff classification of the goods.) Sellers will be required to communicate their product types with the Australian Customs Border Protection Service for more detailed and up to date information regarding relevant duty rates for your goods. GST is calculated based on the value of the goods + customs duty.

Regulations

All goods sold in Australia are subject to Australian Consumer Law (ACL) regulations and sellers may be subject to penalties for breaching requirements of the ACL .

You must provide acceptable documentation and other information requested about the products you intend to sell. Specific requirements for each product type can be found when applying to sell products that require approval.



Tax and Compliance Resources

Accounting and tax compliance services	Wise Accounting https://www.wiseaccounting.com.au/ admin@wiseaccounting.com.au Phone: +61 8 97 588 222
Australian Securities and Investments Commission (ASIC)	https://asic.gov.au/
Australian Consumer Law	http://consumerlaw.gov.au/
Australian Taxation Office	https://www.ato.gov.au/

The Benefit of Prime

Amazon launched its Prime service in Australia on June 18, 2018, giving 90% of Australians access to free, two-day shipping, Prime Video and a number of other perks.

In order for your products to be offered with Prime, they must be shipped to the Australian fulfillment Center, costs of that shipment must be factored into overall costs. Currently there is only one fulfillment center, with more planned in the coming years.

Prime comes ahead of a new policy that will prevent Australian customers from shopping on other countries' Amazon sites. In 2018, the country instituted a new law that requires retailers to collect goods and services tax on products shipped to Australia from abroad. And in response, Amazon chose to restrict Australian residents to its Australian website starting July 1st, 2018.

Amazon's Australian site has around 60 million products (as May, 2018), compared to the US' 500 million. With Prime, Australians will have access to approximately 4 million items sold on the US site that they won't have to pay shipping for as long as orders total more than AU\$49. You can see a full list of regions that qualify here that includes metro areas such as Sydney, Melbourne, Brisbane, Perth, and Adelaide. Non-metro areas that don't qualify for free two-day delivery will have access to an expedited three- to five-day delivery option for no additional charge.

Differences in Product Listings and Reviews on Amazon Australia

Because Amazon Australia is not part of the linked EU marketplaces, Amazon sellers in the North American or EU marketplaces will have to recreate each of their listings for the Australian market. There is no current bulk upload feature or ability to copy over listing information.

Listings are managed in the same manner as the North American Marketplace.

Linking Reviews across marketplaces: At this time, product reviews are limited to one Amazon site. However, there is a feature that spotlights reviews from your home Amazon marketplace on international Amazon websites for the same product. While the reviews are spotlighted, the votes and number of reviews don't count toward the total votes for the listings on international websites.

Example:

A Review of Hoppin' Fresh Deodorant on the Australian site includes the statement "Published on Amazon.com."

 stacey cline

★★★★★ Give it a try! Way better than other "natural" brands.

30 April 2018 - Published on Amazon.com

Verified Purchase

I had been searching for a really good, natural deodorant and came across this one. It had good reviews and so I figured I would give it a try. Please ignore the reviews that talk about how it didnt prevent sweating or all smell. When you take out the harmful ingredients, it doesnt do that. Plus it is a DEODORANT not an ANTIPERSPIRANT. I wore this to an outdoor kids museum in the heat. We walked a couple of miles. I put this on before getting out of the car, walked around with my kids in the humidity and heat for 4 hours and didnt start to feel uncomfortable until we were almost home (2 hrs away). I love it and it smells great!

The price is a big drawback but I will pay a little extra fro something that wont kill me later.

FBA Fees

FBA fees in Australia can be calculated with the FBA Revenue Calculator for Australia [here](#).

Storage Fees vary between (January to September) and (October to December)

Storage fees are based on the daily average volume in cubic metre per month.

\$19.40 January to September

\$26.50 October to December

Promotions/Advertising

The Australian marketplace does not offer any Advertising platforms as of the time of publishing this White Paper (September 2018) and has limited promotional opportunities. They offer free shipping, Percentage off and a BOGO offer. They do have Lightning Deals and they appear to follow the same procedures and rules as the United States' market.

Promotions [Learn more](#)

[Create a Promotion](#)[Manage Your Promotions](#)[Manage Product Selection](#)

Create a Promotion

Free Shipping

Set up a limited-time, free shipping offer for a subset of your catalogue (no Buy Box impact). To set up a free shipping order on your entire catalogue, consider changing your shipping settings (impacts Buy Box).

[See less](#)[Create](#)

Percentage Off

Offer a percentage or money discount on your entire catalogue or a subset of your catalogue.

[See less](#)[Create](#)

Buy One Get One

Set up a limited-time, "buy one (or many) get one free" offer to spotlight a new product or to get your current customers to buy differently.

[See less](#)[Create](#)

Offering promotional tools like coupons, subscription options and pay-per-click advertising would boost visibility and revenue for merchants and Amazon. We hope that further promotional opportunities will become available in coming months.



Australia Account Launch with Bobsled

At Bobsled we are excited to help both our existing clients and new clients build a custom strategy and execute their launch into the Australian Amazon marketplace. Below we have outlined how we support brands in this market.

Who is this service for?

Offering promotional tools like coupons, subscription options and pay-per-click advertising would boost visibility and revenue for merchants and Amazon. We hope that further promotional opportunities will become available in coming months.

Established consumer brands who are interested in tapping into the huge potential of Amazon's customer base through the creation of their own third-party Amazon seller account. Bobsled only works with brands who participate in Amazon's FBA (Fulfilled By Amazon) program or Amazon's Seller-Fulfilled Prime program--and we don't partner with sellers in the vitamin/supplement space.

What level of support is Bobsled providing?

Bobsled will oversee all the relevant pre-launch tasks and provide comprehensive account management once your products become available to be sold on Amazon. You ship product to Amazon Australia, we take care of everything else.

Which Amazon marketplaces can Bobsled work across?

Bobsled will launch your product line not only on Amazon Australia. If you're interested, we can also launch your products simultaneously on Amazon United States (Amazon.com), Amazon Canada (Amazon.ca) or any of the Amazon Europe marketplaces (Amazon UK, Amazon Germany, Amazon France, Amazon Italy and/or Amazon Spain.)

When can I expect the project to start and finish?

At the commencement of the project we'll oversee all the "pre-launch" activities such as creating your Amazon Seller Central account, building product listings and providing detailed inventory projections for your first shipment to Amazon Australia's FBA warehouses.

Once your inventory arrives at Amazon and is available for purchase we'll commence our 60-day launch program. During this period the Bobsled team will provide comprehensive account management and optimization. We'll handle all admin tasks, customer service and marketing strategy.

Beyond Day 60 we will automatically shift to a month-to-month, cancel anytime agreement, however, there is no obligation for you to continue with Bobsled beyond the launch period.

You will be working with three Bobsled specialists; a Project Manager (main contact), an Account Assistant (handles all day-to-day account admin and customer service tasks) and a PPC Specialist (responsible for advertising strategy).

At the start of the project your Bobsled Project Manager will send you a Client Welcome Kit and set up time for a 1-hour project kick-off call. During this intro call you'll get to know your Bobsled team and you can finalize the specific details of your Amazon launch.

All day-to-day communication regarding the launch project will take place in a private, invite-only Slack channel (Slack is an online messaging tool). This will allow all relevant members of your team and the Bobsled team to communicate in a single place, eliminating the need for long, confusing email chains about ongoing project deliverables. Throughout the project, we'll respond to any questions or comments you have within 24 business hours through your Slack channel.

Once your inventory arrives at Amazon we'll also send formal weekly reports to you. In addition to an overview of all sales and advertising data, our weekly reports contain detailed commentary about the work undertaken by the Bobsled project team over the prior week and what's in the pipeline for the week ahead.

Finally, your Bobsled Project Manager will schedule check-in calls with you on Day 30 and Day 60 of the project. Such calls allow the Bobsled team to update you on any developments occurring within the Amazon marketplace and this insight will help you develop your ongoing strategy behind Day 60.

Why should I partner with Bobsled?

Our team has launched thousands of products on Amazon's Seller Central platform across multiple international marketplaces, setting our clients up for long-success. Read about a Seller Central Launch success story [here](#).

