

Marketplace Superheroes:

Module #11 – Going International

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Introduction to Going International



Now it's time to learn how to expand your business internationally from absolute scratch. It doesn't matter if you are a seller who is currently selling in the US or a seller that's selling within one of the European Amazon platforms. The process of international expansion is identical in both cases.

A lot of information is going to be covered in this lesson, and you are going to be introduced to some experts that will give you the specifics that you need to know about logistics, customs, taxes, business structures, accounting, currency conversions, and so much more. By the end of this lesson, you're going to know exactly how to expand your business internationally and begin to achieve a Rule of 5 business.

You have nearly reached the end of the Marketplace Superheroes course. It's an incredible achievement that you have made it this far. You've already gone through so much from finding a product, to finding a supplier, to negotiating with suppliers. Also, you've talked to freight forwarders and have gotten your products in. All of these are real accomplishments. Finally, you can begin focusing on the expansion of your business.

In the previous lesson you learned how to expand your product line and things like that. This lesson is different in that you are going to learn how to take one product and expand it into different countries. You are going to learn how to bring your products into the closest countries to you first and then you'll move on to selling overseas. Now, the idea of taking your

business to an international level may seem kind of scary to you. However, the reality is that Amazon makes it so simple when you are using their fulfillment network. All of this will be discussed in detail throughout this lesson.

Robert and Stephen say that the way things work now is a lot simpler than when they first started out on Amazon. For instance, back then they had to find companies to ship their items into the US for them. It was also very hard to monitor all of this on a day-to-day basis. Nowadays it's much easier. If you communicate well with your freight forwarder, moving your products to a different country really isn't much more difficult than moving them into your own.

At the beginning of this course, the Rule of 5 was broken down for you. A major component of that system was to sell internationally in five countries. Again, the Rule of 5 involves selling five items in five countries per day at \$5 profit for each item. That's the goal that you want to reach in order to really have the type of income that you deserve, and of course, there's no reason why you can't eventually expand past that. The point is that you shouldn't settle for selling in one country just because you are beginning to make a decent amount of sales. Robert and Stephen wish to encourage you to keep moving forward.

The process of expanding your business internationally has been broken down into nine key stages. They are:

1. Leverage – Decide to go international
2. Learn – Understand all the moving parts of the international sales process
3. Lift – Monitor and recalculate your item's profitability
4. Limited – Create a suitable entity, or entities, that can sell in the target marketplace(s)
5. Logistics – Organize, arrange, and inform your freight forwarder about where you plan to sell
6. Lead – Utilize and set up an account with a third party currency conversion expert/local bank account
7. Listen – Report on your international business and maintain stock levels at all times

The first stage is 'Leverage'. This is where you are deciding to expand your business internationally and you commit to that task. In the second stage, which is to 'Learn', you'll begin to understand each of the moving parts involved in the international sales process. The third stage has been dubbed 'Lift', and in this stage you'll be monitoring and recalculating your item's variables to ensure its profitability within these new marketplaces.

The fourth stage is titled 'Limited'. By creating a suitable entity, or entities, that can sell in the target marketplace(s), you are effectively setting your business up with a solid foundation for growth. Next, you will 'Localize', which just means that you'll be optimizing your products for sale within the marketplaces that you are targeting. Sixth is 'Logistics'. It's very important for you to organize and arrange your goods with your freight forwarder, discussing where you wish to ship your goods to.

The seventh stage is 'Lead'. This is where you're going to be utilizing experts in order to lead your money down the correct channels and squeezing the exchange rates for that last drop of profit. The eighth process is the 'Link' stage. This involves setting up an additional Amazon Seller Central account and linking products in Europe to automate the fulfillment process. Lastly, you'll need to 'Listen' to your figures. In this final stage, you're going to use Xcellerator to manage and maintain the stock levels of your international sales business.

Why is it Important to Go International?

GOING INTERNATIONAL



1. Expansion of sales from current products
2. No reason not to – Amazon makes it easy
3. New markets & channels – no new infrastructure
4. Moves us towards the Rule of 5

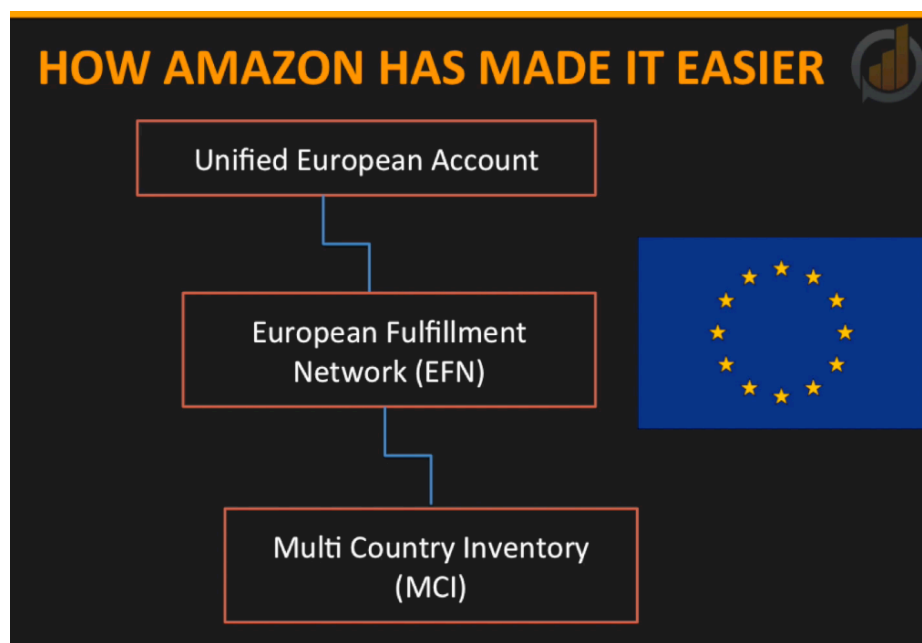
Before diving in and discussing how to expand internationally, you need to understand why it is so important that you do so. The main reason why this makes so much sense for your Amazon business is because you'll be able to sell the same product faster. That's because you now have different customers in different countries who can buy your product at the same time. For example, someone of Amazon.de wouldn't see your offer if it were only listed on Amazon's US platform. So, when you expand internationally, you are making your products visible to many, many more customers and dramatically increasing its sales potential.

Amazon has made the process of selling internationally much easier than ever before. Each Amazon marketplace runs on an identical platform to the next. Therefore, you can simply replicate everything that you have done previously after you have gone through the research process. The only real differences are that you have to ship your items to another country and translate the product listing into the local language of the country you are now selling to.

The good news is that you don't need to invest any time or money into any new infrastructures. The global shipping process is made extremely easy by the freight partners that you have access to, and the Xcellerator software that you are using makes recalculating your profit for new marketplaces very simple as well. Finally, you have been provided an outsource solution for the translation of your listing.

You are now moving towards a business that makes it possible to implement the Rule of 5. Just to remind you briefly, one of your chief goals is to sell five products in five different countries at \$5 in profit apiece. That comes out to be £3 pounds in the UK or approximately €4. You're going to be dealing with new currencies in this section, so it's important to familiarize yourself with this. When you reach the goal of building a "Rule of 5" business you'll be making a total of \$18,750 per month or \$225,000 in net profit per year.

Over the last few years, Amazon has made the international expansion process a lot easier for its sellers. There are some different terms that you need to understand before you dive into selling products in Europe. It doesn't matter if you are currently selling in the US or in one of the European marketplaces; the process is pretty much identical.



The first innovation that you need to know about is the Unified European Account. This allows you, the seller, to control every function of every European marketplace from one central account. Basically, there's a dropdown menu that enables you to switch between each country in seconds. Don't worry; you won't have to learn any new languages. Amazon allows you to do everything in English. Once you select a country from this dropdown menu, you will have complete functionality available for that country. This is intuitive and very easy to use. To get the account into English, you just go to the very bottom of the page where you'll find another dropdown menu over on the left-hand side that allows you to select English.

The next innovation to be discussed has been an absolute game changer for people. This is especially true for sellers that start small wishing to scale up. This is the European Fulfillment Network (EFN). It allows you to sell in every European Amazon marketplace at the same time,

fulfilling orders from every country from one source. Essentially, if you send your inventory to the UK, you'll then translate your English listing into Italian, Spanish, German, and French. You'll then create listings for each country and link each of those countries to your UK store inventory item.

After you have created each product listing for each country and set the appropriate pricing for all of them, the item will be made available for customers in their own Amazon marketplaces. So, German customers will be able to see your product on the Amazon.de platform and French customers will be able to see it on Amazon.fr, etc. If a customer places an order for your item on their market's platform, Amazon will dispatch that order from your singular account. When you are using the EFN, you don't have to send an item out to each individual country it has been purchased from.

There is an added fee for using EFN, and you might be wondering how much this is. Quite simply, the FBA fee that you would pay is calculated according to the country of destination. For example, if you sell your item to a customer in Germany, you will pay the German FBA fee for that item as well as the EFN service charge that Amazon charges for getting the item to Germany from the UK stock hold. All of these fees can be found listed within your Xcellerator software, and the program helps you to calculate out the profitability to the penny.

As you can probably tell, this is a fantastic starting point for your international expansion because it allows you to build up data for what you can sell, how fast it can sell, and where it can be sold profitably and sustainably. This is so valuable. You don't even need to ship multiple items to various countries because you have one stock source that reaches all of them. However, as your business grows and scales over time there is a more advanced way of stocking your items. It is called Multi Country Inventory (MCI). This allows you to send your inventory to a specific Amazon marketplace.

MCI helps you to get your products closer to the customer. In the majority of cases, it can reduce the overall cost of fulfillment, thereby making your product that much more profitable. This is a more advanced step, so it's highly recommended that you start out by using EFN.

Amazon has also made things easier for sellers in the US and Canada. Similar to the European marketplace, there is what's called a Unified North American Account which allows you to manage sales for both the US and Canada from one Amazon Seller Central account. The only issue at the moment is that you have to send inventory to Canada and the US respectively. Over time this may change though.

US and Canadian FBA works very similar to the way it works in Europe. At this point, you've likely been selling products on Amazon, so you should be very familiar with either the US or the European fulfillment process. No matter what type of Seller Central account you have started

off with, the next one that you create will be very similar. You don't have to learn new pieces of coding or anything like that with each. Basically, if you have one Seller Central account, you'll be able to set up your products in the same way with the next.

Later on, you'll find out how you can link your items so that Amazon understands that you have the same product selling in multiple countries. This is amazingly advantageous when it comes to simplifying your logistics. Currently, Amazon is in 10 countries. However, there are seven countries that are recommended for you to focus on. These are the two North American marketplaces, USA and Canada, and then the five main European marketplaces, which are UK, Germany, France, Italy, and Spain. Amazon FBA is also active in China, Japan, and India, although at the moment, these markets are difficult to set up and trade in. That's why it's advised that you focus on the other seven countries instead.

Amazon has done a lot of work over the last few years to grow its US market, and for a while, Amazon.com accounted for the vast majority of its sales. This has changed dramatically over a short period of time though. You'll continue to see changes such as these as Amazon expands further and into new marketplaces.



Amazon marketplaces outside of North America have the potential to continue their explosive growth they have been experiencing. Therefore, US sellers can expand into these growing marketplaces, and potentially double their business, by taking advantage of this huge opportunity. On the other hand, that huge opportunity also exists for European sellers that move into the North American marketplaces. They can continue to grow their businesses by making their products available to an already-established audience. Also, some European

sellers haven't yet taken advantage of expanding into all of the available marketplaces in Europe. This is a no-brainer, really, because you can use one stock source for this.

At the present moment, the North American marketplace still dominates when it comes to the amount of sales that Amazon gets. That being said, Robert and Stephen are confident that very soon you'll begin to see a far more even split between North America and the sales that come from these European countries. There's never been a better time or opportunity to expand your business internationally.

Before moving on to the next section, there are a few more things that you should know. First of all, understand that you aren't just learning to sell your products in multiple countries. You are also trying to build a long term, sustainable business. There are going to be certain costs involved with setting your business up the right way. However, what's being recommended to you is not at all expensive when you consider the grand scheme of things. The costs that you will assume are generally one-off costs, and many of them will come off your taxes at the end of the year.

One of the things that really need to be discussed is the type of company structure that you're going to want to use when selling internationally. If you're going to expand into Europe, it's recommended that you mutually establish a limited company in the United Kingdom. It's recommended that you set up an LLC when expanding into North America. Eventually, you're going to have to separate business entities, in other words.

These two entities should have their own bank accounts, preferably in their own countries. So, let's say that you are a North American seller. You will want your Canadian and US sales paid into a US dollar (USD) account. Alternatively, you'll want your European sales to be paid into a European account in Great British pounds (GBP). That is the ideal scenario anyway.

You'll want to use an identical EAN or UPC for the same product no matter what country you are selling within. So, if you list your products in the UK, for example, you would simply add your product into each other country using the same EAN or UPC. Amazon will recognize that product by its EAN or UPC and it will connect that product in every single country it's being sold in. It will also be associated in the same stock source.

The process of setting up an Amazon seller account and adding products is almost identical for the European nations and the North American ones. There are certain restrictions on where you can sell based on your country of residence. For more information you can check out the resources in this module for links to pages containing these requirements.

When Should I Start Selling Internationally

Once you know what product(s) you're going to sell, you *should* start selling internationally immediately.

You may be wondering when you should start selling your products internationally. The answer to this question is actually pretty simple. Once you know what product(s) you are going to sell, you should start selling internationally. This can even be before your first product sells in the marketplace you are beginning with.

Let's say that you plan to start selling your product in the US. In this instance, it's recommended that instead of only selling in the US, you also open up to Canada and the European marketplaces at the same time. After you have opened up to all five European countries, you would only need to send stock to one country in order to take advantage of the European Fulfillment Network.

Equally, if you decide to start selling in Germany initially, Robert and Stephen would advise that you open up the other four European marketplaces at the same time, using the EFN while also sending stock to the US and Canada. This is 100% applicable no matter what country you are selling from. In other words, no matter which country you're starting in, you really should consider selling in these other marketplaces as early as possible.

You may be wondering "Why so soon?" There are quite a few reasons for this, actually. First of all, it's no more expensive to send a portion of your stock to either Europe or the US at the same time. Another big reason is that you should be focusing on the fact that you are moving toward a Rule of 5 style of business. In order to achieve that, you'll need to have five products

selling in five countries. The earlier you can start selling within each country, the less time it's going to take to build momentum with your listing on Amazon.

This will also help to increase your flip time. In other words, the more countries that you are active in at one time, the faster you are going to be able to flip or sell out your stock in full. Something that hasn't been covered in real detail is the idea of the annual investment multiplier. Once you get this right, when your stock is flipping at an optimal rate, this rapidly compounds your investment capital. So, you'll be getting a faster return on your investment.

How does the investment multiplier work? An example of this is demonstrated in the picture above. If you were to divide 360 days by the flip time that it took, which in this case would be 180 days, then you have a POI of 100% divided by 50 and multiplied together. When you complete this sum, you get an answer of 4. So, what does this represent? Well, you can use this number as a multiplier against your initial investment.

This would show what your earnings would be at the end of the year, bearing in mind that in this example it took 180 days to sell out the stock in full. There are more advanced ways to estimate this, but for now, this is a great way to see how your investment is growing. A \$10,000 investment in stock, in this case, would have brought you \$40,000 by the end of the year.

If you could increase the flip time by selling in more countries, the amount you would make by the end of the year would go up dramatically. For instance, if you came up with a number of 6 instead because you were selling in more countries, then you would end up with \$60,000 by the end of the year. Hopefully, this example shows you how powerful of a multiplier you could end up with if you could sell your products faster in more countries.

Critical Things to Be Aware Of

THINGS TO BE AWARE OF



1. Currencies – US (\$) CA (\$CDN) UK (£) / EU (€)
2. Fees – differ between countries (sales price)
3. Language – 4 new languages to translate
4. Invoicing – on request only (EU)
5. Sales Taxes – taxes on sales & imports

Before you dive into selling internationally, there are some very critical things that you need to know. To begin with, you need to understand how to deal with all of the different currencies involved. You also need to know about Amazon's fee structures and how they differ between each Amazon marketplace. Furthermore, it's vital that you comprehend how different languages play a part in all of this and that you know a bit about invoicing in the Europe. Finally, it's imperative that you learn how sales taxes are structured in both the EU and the US.

When you sell your products internationally, you are going to be paid in a variety of different currencies. The European marketplaces, excluding the UK, are unique in that they share a common currency, which is the Euro. The UK uses pounds, and the US uses the United States dollar, or USD. Canada, on the other hand, uses the Canadian dollar as a currency. Your product is going to be sold in the currency of the country you're selling the product within. So, if you're selling your products in Italy, your product will be sold in Euros and your fees will be charged in Euros. You will be paid in Euros as well. The same thing goes if you're selling in Germany, France, and Spain. In the UK, however, you'll be paid in Great British Pounds (GBP).

As you'll be paid out in the currency of the country that you are selling within, you may have a bank account in that particular country that Amazon will pay your money directly to. In the continental European countries, one Euro-based bank account will work perfectly. Another thing that you can do is have Amazon convert the money that you have made from one currency to your home country's bank currency and deposit those funds into the bank account

that you have in your home country. Let's say that you are selling in the US, but you actually have a UK-based business. So, you have a bank account in the UK, and when you receive your payments from Amazon, they convert the money you have made into GBP in order to deposit it into your account, at their own exchange rate.

This second scenario seems as though it is a better option because it can become extremely laborious to set up a bank account within every country you do business in. However, Amazon's exchange rate is not the best rate in the market. In fact, you can save a considerable amount of money by using an intermediary such as WorldFirst. WorldFirst is a service that will set up a bank account for you in each region that you are doing business in. This keeps your money from having to be converted by Amazon at a higher exchange rate. You'll learn more about this service later on in this lesson.

Every Amazon marketplace has its own fee structure. Generally speaking, the referral fees (also known as their commission) that Amazon has are fairly similar in each country, but the FBA fees differ. It's very important that you are aware of this, especially when you are calculating the price that you are going to have to sell an item at to make a profit. Of course, you'll want to make sure that you're making an optimum profit and stretch that even higher if possible.

Manually calculating all of this is an administrative nightmare. Robert and Stephen know this because they did it for years. Thankfully, Xcellerator works to completely eliminate these issues as it will calculate your exact profit to the penny for every country. You just need to enter in a certain amount of information that's required for each country. This allows you to recalculate your pricing quickly and accurately, making sure that your POI and POR is as uniform as possible. You should have a POI of around 100% and a POR of around 30% or more; the higher the better, of course.

Take note that Europe tends to be a little more expensive in terms of FBA fees and taxes, and therefore, the price the customer pays for an item is usually higher than in marketplaces like the US. This is a standard in Europe, as sales taxes have always been higher. Whenever you've got your single-source inventory within the UK, there is a small additional fee that will be paid when a purchase occurs in a non-UK, European marketplace. This would include Germany, France, Italy, or Spain. That being said, let's take a closer look at some of these fees so that you know how they can affect your business as well as how to deal with them.

In terms of where to look at what fees Amazon is going to charge you in these different countries, you can simply go to Amazon.com, scroll down to the bottom of the homepage, and choose 'Sell on Amazon'. Click on this, and you will be brought to the Amazon Services page where you will find information about the categories and the referral fees that Amazon will be charging you. Also, from this page, you can click on the 'Fulfillment by Amazon' option at the

top of this page to bring up a submenu and click on 'Pricing' to learn more about the fees related to this program. The page you will come to is shown below.



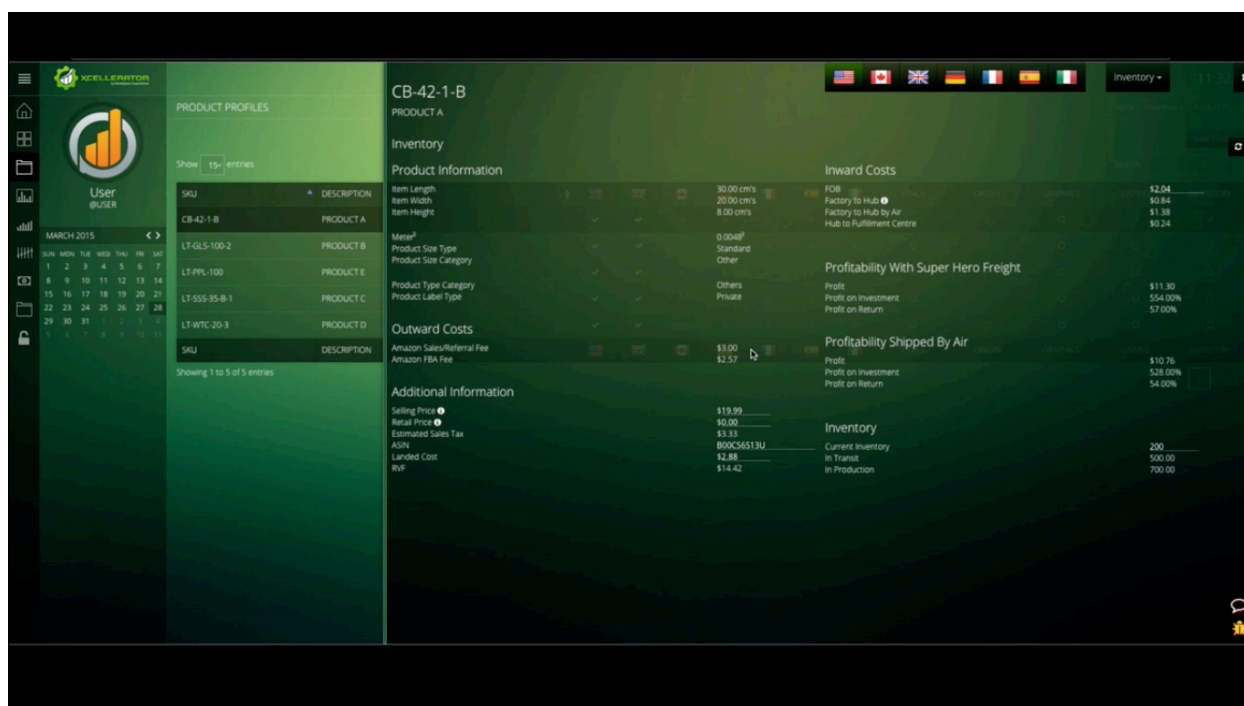
On this page, you'll find the option to get a complete list of FBA fulfillment fees. When you click on this option, a popup will appear containing the information you have requested. To get more specific information, you can click on the link to view 'Fulfillment Fees for Orders on Amazon.com'. This will redirect the popup so that it shows the exact pricing that Amazon charges, including the fees involved with order handling, pick and pack, and other such services. Most of your items are going to fall into the category of 'Standard-sized non-media' and possibly the 'Over-sized non-media'. The term 'non-media' just means that your item is not a book, CD, DVD, or game.

You can actually apply the variables that you have on your product to the rate cards provided by Amazon.com. If you wish to look into the other international sites, you can begin by visiting Amazon.co.uk. On this homepage, you'll want to scroll down to the bottom and click on 'Fulfillment by Amazon' to look at the FBA fees and 'Sell on Amazon' to look at all the rest. Just as before, when you get to the FBA page, you'll want to click on 'Pricing' to get the exact figures that you'll be working with. An interesting thing about the European side of things is that if you log into any of the European sites, you will be able to get the rate cards for all of the different countries that are inside the European Fulfillment Network.

These rate cards will give you all the product dimensions that will put your product into different tiers. You'll also find the pricing for order fulfillment for things like 'pick and pack' services. You'll also find information pertaining to storage costs and oversized products as well. So, if your product falls into any of these categories, you will have the rate cards needed to calculate these types of things. Again, you can get exact information for each of the countries

you're selling within either by visiting Amazon.co.uk or by the platform for that individual country itself.

One great thing about the Xcellerator software to take note of is that it takes the need for you to do this out of your hands because it calculates everything for you. To begin looking at one of your products, you'll go into the inventory tab of the product after you've inserted all of the details about the product. So, this page will contain data about the products weight and size. The program will actually discern whether the product would be considered standard sized or oversized as well as what tier it would belong in. The software will also have calculated the referral fee for the product and its FBA fee.



The inventory page for one of Robert's products is shown above. As you can see in the picture, the US tab is selected. However, you can look at the information pertaining to different countries simply by clicking on a different tab. If you were to click on the UK flag, for example, the program will recalculate the fees to those that would be charged for that platform. It will also change the sales rate and currency. Again, you could click the German flag to look at the particulars for that platform. If you ever have a price increase or decrease on a particular product, all you would have to do is change the price, click 'Refresh', and the system will automatically make any changes to the data needed.

As previously mentioned, each country has a different fee structure and several have a different language. You must translate your listings in full to the language that is used by that country. Thankfully, this is relatively simple. A common concern here is in relation to customer service.

Amazon completely takes this issue away, as they deal with inbound customer services in each country. Now, you may be contacted via the Amazon messaging system from time to time in relation to simple queries. In cases such as these, you can just use translation tools, such as Google Translate, to both translate the question and translate your answer back into the language of that marketplace.

Services like Google Translate should never be used to translate your listing. For that, you'll need to use professional services. Later on in this lesson, you'll be presented with the services that Robert and Stephen use for this. Also, take note that some countries share a common language, and this makes things much easier for you since you don't have to translate your listing. However, there will still be some things that need to be localized. The exact details that you'll need to localize will be pointed out in another section of this lesson.

How to Make Sure Your Product Stays Profitable

PROFIT KILLERS TO AVOID



- ✓ Not expanding into each available market
- ✓ Launching with the wrong business entity
- ✓ Not using EFN to build data in the EU
- ✓ Not knowing when to go MCI
- ✓ Using Amazon's Currency Conversion
- ✓ Directly converting sales prices across markets
- ✓ Not incorporating appropriate fees into costs

You're about to learn how you can make sure that your product stays profitable at all times, and the costs that can dramatically affect your profitability will be pointed out to you. In fact, you are about to be given a list of the most common profit killers that you must look out for and avoid. The first mistake that a lot of sellers make is that they don't expand into each of the available marketplaces. Hopefully, by now you've been convinced of just how important it is to expand your business in this way. If not, please understand now that this is absolutely critical.

The second most costly error is that most sellers don't launch the correct type of business entity. You will soon learn why launching into Europe with an LLC is an extremely ineffective strategy. Similarly, launching in the US as a European entity is also a poor strategy. Using the correct business entity is required to maintain a sustainable business. This is one of those "costs of doing business" that really should be avoided. The costs of getting this wrong are simply too great.

Next, not using the EFN to build data and jumping straight into MCI is another bad strategy. The EFN is a no-brainer for your business, as your only cost in activating it initially is a product translation. This is a very good, low-cost investment. Then, there are sellers that never use MCI and always stick with EFN. There may be nothing inherently wrong with this strategy, depending on the size and weight of your product, but once you hit the distant-selling VAT thresholds in the EU, it usually makes sense to start using MCI to get your products closer to

your consumers. If you don't understand what VAT is yet, don't worry because this will be discussed shortly.

Another problem people have, that really makes no sense at all, is that their whole bank account is in a currency other than that of the marketplaces that they are working within. For example, it doesn't make much sense to get your German deposits made to a USD bank account having Amazon convert each sale into dollars for you. It's free of charge to use third-party services such as WorldFirst, and it's highly recommended that you use these services because you will save thousands of dollars, pounds, or Euros every single year by being smart with your money.

Directly converting sales prices from your home marketplace to a foreign marketplace that has a different currency is absolutely a bad decision because of the varying fees. On this point, it's vital to incorporate the appropriate fees into your costs. Thankfully, Xcellerator does most of this for you, so you never really have to worry about these costs and fees individually or how to calculate them. For your review, here are some of the profit killers that you should avoid:

- Not expanding into each available market
- Launching with the wrong business entity
- Not using EFN to build data in the EU
- Not knowing when to go MCI
- Using Amazon's Currency Conversion
- Directly converting sales prices across markets
- Not incorporating appropriate fees into costs

Not using professional translations is one of the best ways to tank your conversion rates. It's as simple as that. Imagine if you were to arrive on a listing in your home country, and when you read that listing, you quickly realize that the grammar is a nightmare and the content is almost impossible to make out because of the incorrect word usage and sentence structure. Would you buy a product if it had a listing like this? Probably not. Customers in other countries are no different really than you are about these sorts of things. Their decision to buy is going to be highly influenced by the quality and accuracy of a listing. So, you're going to want to make sure and use a professional service for your listings at all times.

You may remember that at the beginning of the training, you were given a list of product specifics to avoid. If you choose to include them anyway, then you could potentially cut

yourself off from making hundreds of thousands more in profit. For instance, let's say that you decide to sell an electronic product. This could have a multitude of compatibility issues when selling overseas, and this would disqualify you from selling to tons of customers in other areas of the world. Even if you choose to have your products manufactured with the required power plugs, you're going to create needless logistical nightmares in your business. Keep your products simple so that you can scale up with them in a global market easily.

Another mistake that you might make is to not localize your product's sizing and keywords for the foreign marketplaces you're moving into. This is a really bad idea because your customers will be confused and will likely bounce off your listing quickly as a result. This would absolutely kill your conversion rate, and at the same time, it has a long-term impact on your business. That's because as your conversion rate drops so does your ability to rank within Amazon as well as your ability to sell and grow your business.

Overreliance on airfreight is another thing that people commonly do wrong. The reason is simple; it is costly, and it kills profit. That's why it's highly recommended that you use sea freight in most cases. This helps to ensure that you are making the optimal amount of profit at all times. In addition, people often have problems because they don't understand how to maximize their imports by utilizing the cubic meter sizes provided for shipping freight. You don't really want to pay to ship a lot of air, do you? You really need to work to squeeze every last piece of profit out of every single product with no exceptions.

Making bad decisions like avoiding the use of freight hubs can have a huge effect on your profit levels too. Think about this. Let's say that you sent a bulk-load of products directly to Amazon from China, but your order labels have been peeled off of your products in transit, or your items have become damaged as a result of a long voyage. This becomes a recipe for disaster for you. Many of these types of issues can be easily avoided with the use of a reliable freight hub. Here is another simple list of some of the profit killers you'll want to avoid:

- Using poor, non-professional translations
- Not adhering to the product specifics to avoid
- Not localizing your product's sizing
- Overreliance on direct airfreight shipments
- Not understanding and maximizing CBM
- Avoiding the use of freight hubs

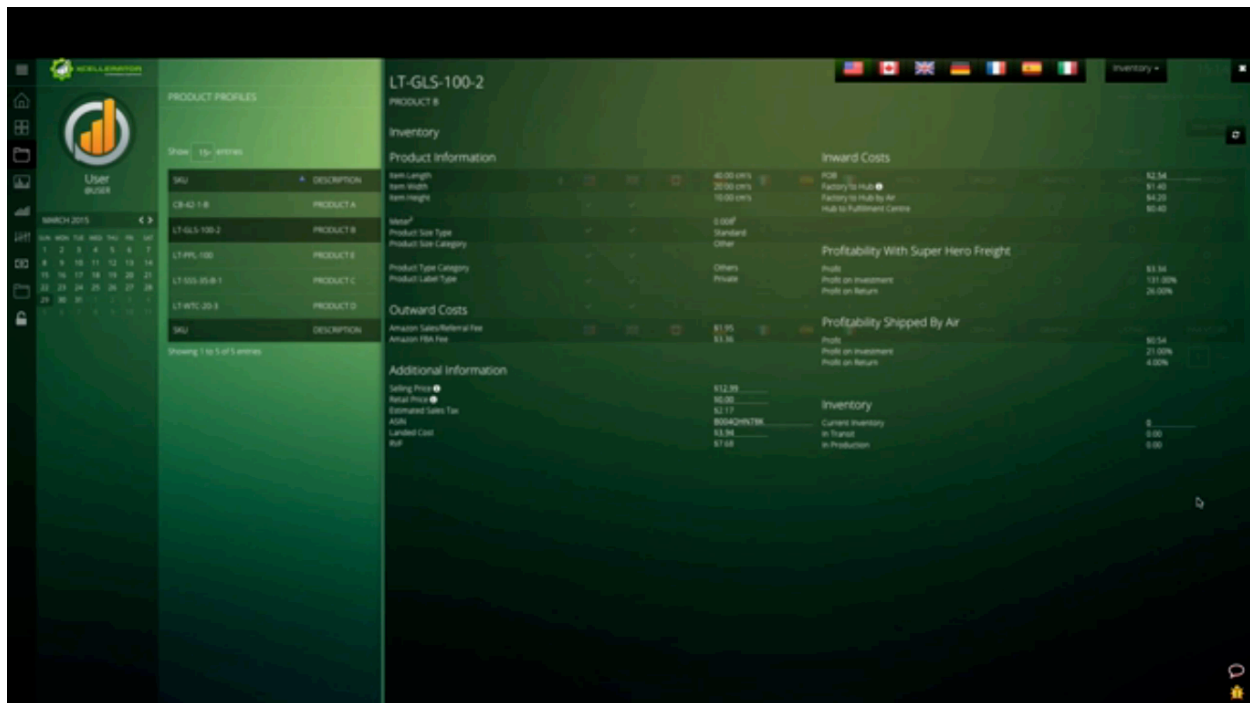
What are the essential things that you must take into consideration when you are calculating your profit? What specific elements can make or break a product's profitability? First of all, you must take into account VAT/Sales Tax regardless of your company size or sales level. The reason is because some sellers that choose to expand drop their prices by 20% initially before they start paying VAT, or they may calculate their sales price 20% lower than they "need to sell at". That's because they figure that they are not registered VAT sellers, so they just leave this out. This is actually a huge error.

Always calculate your pricing to include all of the sales tax that you will eventually have to pay. Why? That's because you will have to pay them at some point, and the period that you aren't, you'll be profiting 20% more than you will in the future. You can use these additional funds to scale your business up faster while also saving on your VAT payments.

Next, you need to take Amazon's referral fee into consideration. Check to be sure that the referral fee for each marketplace has been applied, as they can vary. You must also account for all Amazon FBA fees, taking into consideration the fact that you will pay a light surcharge on all EFN orders. After that, you need to carefully calculate the cost of shipping goods from their origin, and you must make sure that when you are doing this, your focusing energy on sea freight as opposed to costly airfreight.

Finally, you must account for the product cost itself. You may have either an FOB price, which gets your goods delivered to the docs, or you may have ExWorks where the goods are produced but you must move the goods to the nearest port with your own freight forwarder. You may also have DDP, Delivery and Duty Paid, where goods are produced and shipped to their final destination by your supplier. This last method is not recommended, however. Robert and Stephen believe that you should separate the transport of your goods from your supplier, taking this out of their control. They say that you just need to trust them on this point because it can be costly to go against this advice.

After all of these elements have been accounted for, you will need to monitor your profit to make sure that you're making the most amount of profit possible. Always weigh out your costs to make sure that they are accurately reflected in your profitability calculations. Again, you can keep track of all of these costs inside of your Xcellerator software. An example of this is shown below. The details of this product are shown, and the software has all of the data that it needs to calculate the cost for the product at hand.



Right now, the information pertains to the US site. Let's say that the sales price on this page was \$12.99, and you wanted to recalculate into pounds for the UK currency. A simple calculation would be to divide \$12.99 by around 1.5. That would come out to be about £9.00. However, if you were to just enter that in, the profitability of your item would drop dramatically. That's because there are some additional costs, and the FBA fees can be slightly higher. There may also be some inward and outward costs that would be higher, and the biggest variable probably would be that the sales tax would be higher. That means that you will have to use some trial and error to get the correct profitability out of this item.

Simply start adjusting your sales price to try to get this item as profitable in the UK as it was in the US. In his example, Robert tried £11.99 first. This caused the product to start approaching the same level of profitability that the US page had. Robert kept manually changing his sales price, clicking the 'Refresh' button, and testing each one until he came across a figure that would give him the right amount of profitability. Keep this process in mind as you change all of your prices because the same thing could occur with any of these different countries. In other words, you are going to have to do this to find the optimal sales price for each country.

Sales Taxes & Company Structure in the EU

SALES TAXES - EU



- VAT – Value Added Tax – a tax on sales & imports
- % differs for each country
- Initially set up to pay to UK
- Pay quarterly
- VAT thresholds

This section is going to be a bit complicated, but you need to understand how sales taxes affect your sales prices and your business as a whole. First, the sales taxes pertaining to doing business in the EU will be discussed, followed by those concerning the US. It's recommended that you run this through a UK-based company. That's because we are going to be sending your products into the UK so that they can be stored and shipped via the EFN.

VAT is a tax that the government collects upon entry to the country and at the point of sale. The levee is placed on the consumer rather than your business, but your business must collect VAT for the government and pay it back to them. No matter what type of legal entity you are using, when your items first arrive into the UK, your freight forwarder will inform the UK government of the total value of goods inside of your shipment plus any transport costs. The total value of goods inside of the shipment will be detailed on the commercial invoice, also known as a PI or purchase invoice. You would have, at this point, already received this invoice from your supplier.

The government will calculate how much you owe by charging 20% of the total invoice. That 20% will be your VAT amount. The total invoice is inclusive of any shipment charges as well. Once the VAT amount has been paid, then your goods can legally enter the country, which in this case is the UK. Your freight forwarder will take control of this process for you; you'll just pay them the VAT after they have paid it to the government.

Before discussing how VAT is calculated, when it needs to be paid, and how you can get around paying it for a period of time, let's go over some very fundamental concepts. To begin with, you need to know that the VAT in the UK is managed by a government body known as the HMRC. This stands for Her Majesty's Revenue and Customs. It is the entity that you'll be dealing with whenever you register your company to become part of the VAT program. Now, the VAT is simply a sales tax, but it differs in style from US-based sales taxes.

In the US, if you were to buy a product in a store, the price would generally be displayed without the sales tax included. For example, a baseball cap might cost \$5 plus tax. This sale tax is added on at the point of purchase. With that being said, the sales price on Amazon US does include the sales tax. The actual level of sales tax depends on where the company is registered within the US.

In the UK and in the EU this works very differently. Normally, whenever a customer is buying a product, the price shown will include the VAT, whether it's on Amazon or in another type of store. As the VAT in the UK is 20%, a product that costs £20 would actually cost £16.67 plus 20% VAT, and it would be shown on Amazon to be £20.

Each European country manages their own physical policy, meaning that they have control over their own taxation. Therefore, the VAT rates in each European country can be very different. However, generally speaking, you can allow for 20%. Again, the VAT is always included in the sales price within Amazon's European marketplaces. As a percentage, VAT is usually higher than US sales taxes. Don't let that concern you though because prices in Europe are normally higher as a result. This is just the way that it is, so your margin normally won't be affected by this higher rate of taxation.

VAT is not the only tax or levee you will incur whenever you import a product into the UK. You will also incur "import duties". These duties vary by product type and the country that you're importing to. The easiest way to find out about the duty percent your product will incur is to contact your freight forwarder. However, there is another resource provided within this lesson that you can use. You'll supply this contact with all the product details that you have, and they will inform you of your duty percentage. Unlike VAT, no matter what business entity you have, duties cannot be reclaimed. You can calculate a lot of these duties inside Xcellerator.

Let's look at two different types of value added tax statuses that a company can have out of EU. Your status will be either non-registered or registered. Let's take a look at the non-registered status first. This is where it is recommended that you start with your UK Company. The reason is that you can avail with what is called the UK VAT threshold. That threshold concerns the amount of sales that you can make in a 12-month period, or a 12-month financial year, without having to charge, collect, or report the VAT on sales.

Non-Registered	Registered
<ul style="list-style-type: none"> ✓ UK Limited should start here ✓ Trade up to £81k before reg. ✓ Must pay input VAT (& duties) ✓ No obligation to charge / collect and report on VAT 	<ul style="list-style-type: none"> ✓ US LLC must start here ✓ Reg. must occur day 1 ✓ Must pay input VAT (& duties) ✓ Must charge / collect & report on VAT ✓ Quarterly return with input vs outputs

Once you go over that threshold value in a financial year, your status will then have to change from non-registered to registered. After that, you will have to register for VAT and start charging, collecting, and reporting on that every quarter. Non-registered companies will pay on imported products, and they will also pay import duties as previously discussed. Since a non-registered companies have no obligation to charge, collect, or report on VAT, it's highly recommended that you start here. As a non-registered status company, if you don't exceed £81k in your first financial year, you get the benefits of the threshold in the next year by remaining non-registered.

Now let's look at registered companies. The first point here is that any non-UK business entity, such as a US LLC or a Canadian Limited Company that's starting to trade in the EU must register for that in the EU country where they are warehousing their stock, and they must register on Day 1 with no VAT threshold because they are a non-UK business entity. That company will be charged input VAT on all imported products as well as input duties. This input VAT can, however, be reclaimed when you are a VAT registered company. Inputs, outputs, and how to reclaim will be discussed momentarily.

The good news is that Xcellerator takes all of this into consideration when dealing with profitability. Another good piece of news is that Robert and Stephen can put you in touch with accountants and their logistic teams in the EU who understand this process and how it relates specifically to an Amazon-based business. A registered company must complete quarterly returns to the HMRC using the input versus the output method that's going to be discussed. There are links provided in this lesson that you can check out to learn more about this.

Many US LLCs, or really any business entity formed outside of the EU, tend to bring their business directly across to Europe and sell within the Amazon EU marketplaces. It's highly recommended that you don't do that. For one, the moment that you bring your LLC into the EU, you must register in the country that your products are warehoused within. You won't have a VAT threshold; it's instantaneous. Even worse than that, if you are using the European Fulfillment Network and selling to customers in countries outside the UK, like Germany for example, then you'll have to register in those countries the moment that you make your first sale.

It gets even more complicated and costly than that. Let's say that you make your products available for sale in Germany, fulfilling from the UK and selling a US LLC, and let's say that the customer isn't from Germany, but from nearby Austria. Many times, customers in surrounding marketplaces make purchases because they don't have an Amazon-equivalent marketplace in their country of residence, such as in this example.

As of this year, there is now Amazon marketplace in Austria, and therefore, these customers will generally buy from the German Amazon marketplace because it shares a common language and is closely located. In this case, you would technically have to register for VAT in Austria the moment that sale was made to that customer because you don't have a UK-based entity. This is referred to as a 'distant selling rule'. When you don't have a UK or a European entity in place, things can become very, very costly. That is why it's recommended that you set up a UK limited structure if you plan to sell in Europe.

As has been mentioned, VAT-registered entities must pay in on a quarterly basis or every three months. The amount of the VAT to be paid is the sum of the totals collected at the point of sale during a quarter with the amount paid at the point of entry deducted. Before you are shown how to arrive at this VAT payable figure, you need to know about two fundamental elements that affect the amount of VAT during each quarter.

Inputs, also known as purchases, and outputs, also known as sales, are two key elements that affect your VAT exposure. Inputs are generally going to include things like stock and equipment, but it can include any business-related purchases that your business makes. It's important to know that this isn't collected by the government on everything. Items like physical books, food, and children's clothes are known as zero-rated goods. You are likely to be dealing with goods that are standard-rated as Amazon sellers. That is, items that have a 20% VAT rating.

OUTPUTS



- Charge & collect VAT on each Amazon sale
- 20% of each sale
- Pay each quarter to Government
- Divide sales price by 1.2 to get VAT free price
- E.g. £20 sales price (£16.67 sales / £3.33 VAT)

Outputs are sales that involve having to collect VAT on behalf of the government. This will involve having to collect 20% of every sales price and pay that to the government every quarter. You don't necessarily have to pay all of this in, as you will see when you discover more about how this works in this lesson.

If you want to find out more about the rates of VAT on the different goods and services within the UK, you can visit <http://www.gov.uk/rates-of-vat-on-different-goods-and-services>. There is a lot of information in there that is well-worth checking out. Much of it is irrelevant to your business at the moment, but if you're an overachiever, you'll likely enjoy consuming this information. You are being given everything that you need to know, but the reality is that you are going to need a bookkeeper or an accountant to calculate your VAT exposure. You do need to understand, however, what's being calculated and how.

Whenever you import products into the UK, you'll be charged 20% of the invoice value, including any freight that you have paid to get the products from their origin into the UK. This is referred to as a VAT input, also known as an Import VAT. Many people ask why they have to pay this before they have even sold anything. That's a great question. The best way to understand this is to imagine your business as a consumer. Every time a sale is made, as has been discussed, there is a levee on the consumer that must be paid to the government. In other words, in this instance the government treats you like a consumer and it charges your business 20% VAT.

Thankfully, your freight forwarder usually takes care of the 20% VAT on your behalf. Then, you pay the freight forwarder back any amount that they have paid to the government as they

don't receive any credit on this whatsoever. This VAT is due once the products arrive in the UK. The goods will only be released after the VAT and duty payments have been made. It's the government's way of making sure that you have paid this amount.

Output VAT is a levee that's been placed on every consumer that makes a purchase. The most common error that people make when they start figuring out how VAT works is that it is 20% in addition to the sales price. As was discussed prior, the actual way to figure out the VAT is to take the sales price of the item and subtract 20% from the total cost. So, let's say your sales price was £20. Most people would think that the amount to pay in would be £4, which is 20% of £20. That's not correct though.

To calculate the correct amount of VAT, you would divide the sales price down by 20%. So, you would take the sales price and divide it by 1.2. This would give you a sales price of £16.67 plus a VAT of £3.33. When you add these together, you would arrive at the VAT-inclusive price of £20. This will be the price that you need to display and paid by the customer on Amazon. This same calculation would work for every other European country.

To figure all of this out, you will need to take into account every single sale that was made in a quarterly period. An example might be January 1st to March 31st. You would then calculate the value that was collected on those sales, and then you would take all of the input VAT, or VAT that you paid on any business-related purchases, and subtract that total. What you would come out with is the amount of VAT owed for that quarter.

£50k in sales
£41,666 (Sales Minus VAT) + £8333 (VAT)

£20k imported goods
£20k + £4k (VAT = £20 x 1.2)

VAT Owed = £8,333 – £4,000 = £4333

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Now let's imagine that your turnover for a quarter was £50k in sales. The VAT on that much in sales would be £8,333. Do you see? It's not 20% of the turnover figure. The total that you

would have made would be £41,666. You would also reclaim the amount of VAT that you would have paid in on your imports during that same quarter. For instance, let's say that you have imported £20k of goods. The VAT on those goods would be £4,000. So, you could deduct this from the £8,333 total, which would mean that you would only really end up paying in £4,333.

The next important element that you need to understand is that the VAT is initially calculated where the products are warehoused. So, if you send your products to the UK, you would fall under the UK VAT program. This can change over time as you make certain amounts of sales to different countries. It's important that you know you don't necessarily have to start collecting VAT on your outputs at first. The reason is because a company that stores their units in the UK qualifies for the VAT threshold previously discussed.

Basically, if you sell under £81k worth of physical products in a 12-month period, that would come out to be approximately \$120,000 USD that you won't have to register for VAT. So, in essence, your business can sell in multiple European countries via the EFN (it's critical that you use the EFN for this) up to the value of £81k without any obligation to charge, collect, and report VAT to the HMRC. Most other training systems never discuss this very crucial point. This alone can save your business an incredible amount of money, of which you can reinvest and grow your business with.

It's also important that you understand that the only way to achieve these savings on VAT is to have a UK limited structure in place. If you make sales in the EU with a company structure that's outside of the UK, such as a US LLC, you will not have access to that threshold. This has been repeated several times during this training, but that's just because it's so vital for you to grasp this distinction.

Imagine that you have a LLC that's selling in Europe and has stock located in the UK. You make sales totaling £81k in 12 months. In this case, you would have to collect and pay an output VAT of £13,500. Remember, you don't have a VAT threshold as an LLC. Now, let's say that you imported £20k in stock, including transport. The input VAT on those purchases, including freight, would be £4,000. Therefore, the VAT owed would be an output VAT of £13,500 minus the input VAT of £4,000. So, the amount owed to the government in this example would be £9,500.

Now let's imagine that you created a limited UK company and then made sales of £81k in the first year. The output VAT that you would have to collect and pay would be £0. That's because you would have a VAT of £81k. Again, let's say that you have imported £20k in stock including transport. The input VAT on those purchases, with freight included, would still be £4,000. As the company has no obligation to charge, collect, and report on output VAT, there's no

additional VAT owed. The amount paid to the government in this example would be the original input VAT of £4,000.

At the end of the year, if this company was an LLC, you would have paid £13,500. However, you would have been able to reclaim the £4,000 you paid on your transport. That would have left you with a VAT of £9,500, which is \$14,725 USD. If your company was a limited company, you wouldn't have to pay the £13,500 output tax, nor would you be able to claim the £4,000, since you would have access to the UK VAT Threshold. The amount paid to the government in this example would be £4,000. Your company would effectively save the £9,500 or \$14,725 just due to the fact that you have access to a UK VAT Threshold. This is basically free money that you really should take advantage of in growing your European business.

You can increase these funds and scale your business even faster. This is a no-brainer. If you already have a limited company structure in a European country, with your product stored at Amazon in that country, the savings and threshold will be very different as each European country has their own VAT rules. The previous example only applies to the UK.

There are many reasons why it's recommended that you register your company in the UK. The first is that the UK has an extremely favorable threshold. While you can register in other European countries, their VAT threshold rates are nowhere near as favorable as the UK's. In some European countries, such as Spain, there is no threshold at all. On top of that, the UK has a very straightforward company setup and VAT registration process. Another important factor to take note of is the issue of a shared language. Also, the UK is in a perfect location for distribution with easy access to continental Europe.

So, how do you actually go about starting a UK-based entity? To set up a UK limited company structure, you have a few different options. You could go to a "companies" house online and set up a limited company yourself, or you can use an online service that can set one up for you. You could also use an accountant or lawyer who would do this on your behalf. A service like this is available to you via this training. Your company will need a registered office. Most accountants actually offer this as part of their service if you set up the company with them.

This is very useful, as without a registered office, you'll need to get access to a virtual office. This will cause you to have an extra charge that your business would incur every month. In fact, it would cost you at least \$50 to \$100 per month for something like this, plus you would usually have to pay for your mail to be forwarded on top of that. As previously mentioned, the UK VAT threshold is £81k, or \$120k, which actually may increase in the near future. It's not recommended that you apply for a UK VAT right away as UK limited company for all the reasons already outlined.

EFN SALES?



- Calculated on where goods are warehoused
- Don't necessarily have to start collecting immediately
- How? Establish a UK business entity (LTD)
- Can trade up to £81k in 12 months without reg. requirement

Whenever you get to the point where you're coming close to selling £81k, you'll have to register for VAT with the HMRC. Make sure to go to the accountant that's monitoring your sales so that they can affectively forecast the date when you're going to go over this VAT threshold. Once you hit the threshold amount, you have to register; it's as simple as that. Registering for a VAT takes approximately 30 days once you have completed and sent in the forms requited by the HMRC. You can do this online, by the way. The accounting team that you are given access to through this training will do this for you.

You must register within 30 days of breaching the VAT threshold. In other words, once you've exceeded the £81k revenue inside of the financial year. At this point, you'll have to give the HMRC the exact date that you reached this threshold, as giving false information is a serious offense. Failure to submit and pay on time will result in serious consequences, so make sure that you comply. These laws must be adhered to.

You've already learned about the European Fulfillment Network and a little about Multi-Country Inventory. Now, it's important that you know a little bit about how this effects VAT. The first thing to remember is that there is a freedom of movement within the European Union. Basically, this means that if you sell to a German customer, for example, the goods are free to move between states without requiring any additional information. However, as your selling to customers in other countries, these sales do fall under a particular legislation that is called 'Distant Selling Rules'.

With Distant Selling Rules, you will be required to register for VAT once you hit a certain amount of sales in that country. This is true even if you're shipping your goods via the EFN. Essentially, every country has its own VAT threshold. You may be paying VAT to the UK where

your country is registered until you hit that £81k threshold in the UK. Once you hit that threshold in sales for each European marketplace, you will then have to register for VAT there and pay what you incur on those sales directly to those countries.

No additional business entity is required for this step, only the VAT registration. The VAT registration for each additional country, where the threshold has been reached, will be attached to your UK limited company. You will receive a separated VAT number in each country, and this number will be associated with your UK-based entity. VAT thresholds are subject to change, and as of this year, Germany has a distance selling VAT threshold of €100k. This is the same for France. In Italy and Spain it is €35k.

The VAT registration process for each country won't be covered in this training because it is highly recommended that you have an accounting partner that can set this up when you hit your thresholds. The accounting team that you are getting access to can help you to get all of this set up in the various countries you're doing business in.

Just a reminder: if you plan to sell in Europe as an LLC, you won't have any thresholds and you will be required to register for VAT in each country. You'll start by registering with the country that you are warehousing your goods in, and then you'll have to register with VAT in other countries as well, even if you're just using the EFN. This is why Robert and Stephen feel as though it is vital for you to start a UK company. It will allow you to build and scale your European business.

Localizing Your Products Internationally

LOCALIZING YOUR PRODUCTS



1. Language
2. Product Packaging
3. Metric vs Imperial System
4. Product pricing
5. Item specifics to avoid
6. Different fee structure

The next part of the process that you need to consider is localizing your products for international sales. What are the key elements that you need to consider localizing to make sure that your products are a 100% match fit for international sales? In Europe a big difference is, of course, language. Luckily, solving this problem is often incredibly simple. A lot of people fear this problem, but there's really nothing to be afraid of. For just a minimal investment, you can easily resolve this issue, and Amazon takes care of the rest.

Another aspect of localizing your product is using the right product packaging. Again, this is something that's a lot simpler than most people make it out to be. Keep in mind that switching between the metric and the imperial system will seem very odd. However, in the training, you'll be told what you need to consider and how to translate across each of these. Thankfully, Google can help you to no end.

Next, you have product pricing. You're going to find out exactly what you'll need to sell your product for in each country to make sure that you can make optimal profit levels. Then, item specifics to avoid will be covered again briefly as a reminder. If you follow the system closely at this point, this shouldn't really be an issue, but this will be covered briefly just to make sure that you haven't missed out on anything that can cause you any issues. Finally, the different Amazon fee structures will be discussed so that you understand the fees pertaining to each marketplace.

The first thing that you should know pertaining to language is that you need to consider each word that you use in each country. In the US, you might use certain words that don't translate directly. For instance, in the US you have what's called a "sidewalk" and in the UK it's called a "footpath". Parts of a car are different too. For example, in the UK a "trunk" is a "boot" and a "fender" is a "bumper". Also, clothes are different. A "vest" in the US is a "waistcoat" in the UK, and a "sweater" in the US is a "jumper" in the UK.

2. PRODUCT PACKAGING



- Language – not initially necessary
- Short product title translated recommended
- Aspire to a multi-language instruction manual
- Country specific boxes not required
- Tip: Dual faced packaging

On a basic level, these linguistic differences don't make much of a difference. However, they can make a lot of difference when it comes to product keywords. A keyword that you would want to use in the US might be entirely different than one that you would use in the UK. The best way around this, from both sides, is to initially use your product's primary keywords within the Amazon marketplace you're targeting to see how many results come up. From there, it's simply a matter of searching that marketplace to see if you can find out whether or not the keywords that you are trying to rank for are indeed the best keywords for that market.

There are some very useful tools that can help you with the linguistics involved. One of them is the Amazon suggestion tool. There are services that can help too, such as Merchant Words. You'll want to use these tools to make sure that you're localizing your keywords. You'll want to make sure that the language that you are using makes sense to the intended audience.

Aside from English, you'll need listings in German, French, Italian, and Spanish. The best way to ensure that your keywords are accurately translated, as well as your listing and bullet points, is to use a professional translation service. In this training, Translated.net is the one that's recommended. Robert and Stephen say that this site has been an instrumental part of their

business' growth. It's easy to set up, and you can pay upon delivery, which is a very useful feature. The reason why it is advised that you use a professional service for your translations is that you simply can't be sure that a foreign translation is correct unless you speak the language natively yourself. Therefore, you must use a language partner that you can trust.

When it comes to product packaging, people often ask if it is necessary to have it created to suite the language of every specific country. The answer is that you don't have to do this, and in fact, it's advisable that you don't. If you think about it, it's impossible for you to do when you are using the EFN because you'll be using one stock hold and there's no way to partition this stock. Therefore, it's best that you just focus on using simple product packaging.

You can include a short product title translation in multiple languages on the packaging. For example, if you were selling 'pool rakes', you could simply have that product name translated into several different languages and have them all printed onto the packaging. Again, it's recommended that you keep your labels very simple since customers aren't really buying based upon the packaging. What's going to sell your online product is your listing and your images.

Over time, you can scale up your packaging, if you like, and move towards multi-language, country-specific packaging. The best tip for the intermediary period is to move towards 'jewel-faced' packaging. This is where you put labels in different languages on each side of the packaging, which is a great way to make a package to more than one country at a time.

It is also recommended that you get a simple instruction manual translated into each marketplace's language and provide it with your packaging. This is important if your product requires a significant amount of instruction. A final point on instruction manuals is that you should see if you can make use of images more than text to reduce the amount of translation required.

The metric and imperial translation systems can cause some confusion. In the UK, both the metric system and the imperial system are used. The metric system includes measurements like cm, ml, and kg while the imperial system uses measurements like inch, fl oz, and lbs. Countries in the EU only use the metric system. Therefore, you don't want to use any imperial measurements within your EU listing as it can really cause perplexity among your customers. Luckily, Google can help you immensely when it comes to this as you can use the tool to figure out the conversions that you need.

You also need to take care to make sure that you are using the right sizing within your listings. For instance, if you were selling shoes, different countries use diverse measurements for this. A size 8 in men's show is actually and 8 ½ in the US, for example, and it would be a size 41 in the EU. The same thing goes for clothes sizes in the various markets. It's very important that you market these variations and accurately convey them within your listings.

Product pricing is an area that can cause problems when you are first expanding internationally. You cannot simply convert your pricing from one country to the other. There are many reasons for this such as the difference in taxations and FBA fees. Therefore, you need to calculate your sales prices to include things like the FBA fees and any sales taxes that apply. It's also important to monitor your competition closely to see if a sales price that will make you an optimal profit is realistic. The best way to do this is to monitor the competition in order to get a sense of what they are selling for and what you can sell for.

By following this system, you'll find that your offer is competitive in each marketplace as you are going to be offering far more value than your competition. You just need to make sure that you have enough room within your margin to make selling in that country sensible and profitable. A side note that you will need to consider is that the EFN makes selling in EU countries pretty inexpensive. Generally speaking, the translation that you have created is the biggest cost involved in getting a product to sell in multiple countries once your business is established. Even if your product is slightly more expensive than those of the market leaders in that country, it's still worth setting up as incremental sales can bring additional profits to your business for a minimal outlay.

By now, you should be very familiar with the product specifics you should avoid, but there are some that Robert and Stephen want to draw your attention to at this point. The main ones are:

- Does your product have a plug or is it powered in any way?
- Is your product over 30kgs (66 lbs) in weight?
- Does the product have potential compatibility issues?
- Does your product sell well in one country but not in another do to cultural reasons?

If you are selling paper, for example, paper sizes are completely different in the US than they are in the EU. This would essentially disqualify your product from being sold in Europe. This would be a problem with compatibility. Cultural issues may also play a part. For example, in Japan most people ride a bike to work as opposed to taking a car, and therefore, in that country the market for car parts and car accessories isn't very large. It's not that it's non-existent; it's just that it's not going to work quite as well for your business.

In any case, it's recommended that you look at your product critically at this point. You want to make sure that your product isn't going to be disqualified in any way. Of course, if you have followed the MPSH system closely throughout this process, it's unlikely that you are going to have any of these sorts of issues. Now let's take a moment to look at the different fee structures involved in selling in the various markets suggested.

Again, each Amazon marketplace has a slightly different fee structure. The types of fees don't change too much, but there are some differences that come into play. It's really the values that change, and the origins of the goods also must be considered. If you are selling in the EFN or the MCI, the fees do change. These fees can have an effect on your overall profitability. First, let's look at the similarities between the marketplaces.

6. SIMILARITIES BETWEEN COUNTRIES

- Inward shipping fees
- Amazon Seller Central account subscription fee
- Sales referral fee
- Pick & pack
- Weight based fee
- Handling fee
- Storage costs



MARKETPLACE
SUPERHEROES

| Our Step-By-Step Blueprint To Building A 7 Figure Online Business

First you have your inward shipping fees. This is the cost of bringing a unit from the factory all the way through to an Amazon fulfillment center. Basically, it will go from its origin to a hub and a hub to a FC. Then, you also have the subscription fee for your Amazon Seller Account. Thankfully, the Amazon subscription fee in the EU covers your unified European account. In other words, you are essentially selling in five countries for the price of one. That's an incredibly great value.

The Amazon sales referral fee is similar in each category and within all of the different countries. It's important that you categorize each of your products in the right categories within Amazon and within Xcellerator to make sure that you're paying the correct referral fee and that you are allowing for that in your costs. Make sure to monitor this as each country can have different referral fees, and don't take for granted that they are all the same although they are very similar.

Next, you have the 'pick and pack' and weight-based fees as well as the handling fees and storage fees that apply. They are similar in that they exist in each country, but the pricing for each is different. You'll also need to consider the classifications of your products. Amazon classifies each product in accordance to whether it is standard-sized or oversized. Xcellerator

takes care of this for us, but if you want to check out the minor differences that apply to this between countries, you can find these within Amazon's rate cards.

Finally, the Amazon Customer Returns Policy and reimbursement notifications all work pretty much identically within each marketplace. Really, all of this stuff is similar. The only things that change, basically, are the percentage being charge, the weight classifications, and the fact that some countries use a different form of measurement. Just keep these small diversities in mind and you should have no trouble reaching the optimal amounts of profitability with each of your products.

Behind the Expansion Process (Logistics)

3 MAIN ROUTES:

- 1. China to UK / EU**
- 2. China To US / CA**
- 3. USA to UK / EU**

It's time to talk about the international expansion process in detail. You should already have a good idea about how this works as you've likely already gone through the purchasing and importing module within this training. For faster reference, the international logistics process is being covered in further detail just to make sure that you are 100% filled in about the process whether you are shipping to Europe or the US from China. The process of shipping from the US to Europe will also be covered just in case your supplier is based in the US.

As you're probably already aware of, there are three main routes to be discussed. They are China to the UK/EU, China to US/CA, and USA to UK/EU. As you'll be starting with your sales in Europe using the EFN, shipping into continental Europe won't be necessary for you in the beginning. However, as you move towards using MCI, it will become very important and relevant to you.

As you know by now, there are many ways that you may receive pricing from your supplier. The best one is FOB, or Free/Freight on Board. It's important that your freight forwarder is able to provide Chinese consolidation so that they can compound multiple products from multiple factories into one outbound shipment. The vendors that you are receiving access to through this training can do this for you. It's recommended that your provider is IATA approved. IATA, by the way, stands for International Air and Transport Association. This approval is important in that it means your air freight and sea freight is covered by your forwarder.

Finally, you want to ensure that your forwarder will deal with all of the major shipping lines on your behalf so that they have plenty of transport options available at all times. You will also want to use a company that can ship domestically inside the UK or the US as well as in continental Europe. You also want one that has customs brokerages tied in. To summarize, the main things to look for in a freight forwarder that you wish to use are Chinese consolidation, multiple shipping line options, domestic and inter-European haulage availability, and built-in customs brokerage.

What about the process of shipping from China? The first step is ensuring stock consolidation from China. If you're selling multiple products that are coming from multiple suppliers, it's important that you communicate your supplier's location to your freight forwarder earlier in the process, as was covered in the earlier modules of this training. That way, they can plan for the departure of your goods in the most cost-effective ways.

Once you have a provider that you can use, the next step of the process is to get the products shipped from the country of origin to the country of destination. Remember, your supplier will have shipped your products to the port as you should have FOB pricing. If you are using some other type of pricing, this may not be the case for you. Your freight forwarder will pretty much pick up the process when your products reach the port they are going to be shipped from. They will request the forms and documents that are required from you and deal with your supplier on your behalf, making sure that they have everything in order.

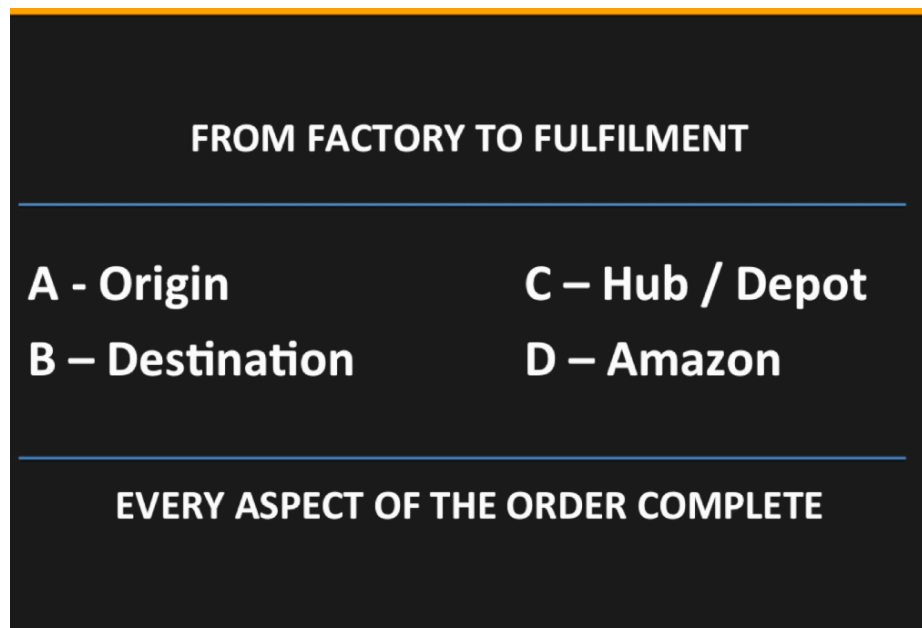
Once they match and marry all of the necessary documents, the goods will be loaded onto the vessel and shipped. It's hard to pin down an exact time for sea or even air shipments, but the goods will arrive into the country of destination and upon arrival, certain documents will need to be submitted to the custom body of that country by your freight forwarder. This tells them what your product is, and they will know what the appropriate custom charge will be to apply to your products. This is unfortunately a 'sunk' cost that you cannot claim back.

At the same time, in the UK or EU a VAT will be charged on your order. Remember, this is a 20% add-on to the commercial invoice value that your supplier gave you plus any costs you paid to get your products shipped. Your freight forwarder will send you a customs bill and a bill for any relevant tax charged. This is something that you'll have to pay straight away. In the US, there is no VAT, but the duties on your shipment will still apply. Once paid, you'll then receive a release notice for taxes and duties. Then, the goods will be yours and can legally enter the country.

Your freight forwarder will then move your goods to the next step of the process. As mentioned, the shipping line will release your goods as soon as all of the applied charges have been paid. The goods will then be transported from the port to the freight hub. If you wanted

to ship products to your own warehouse or location, your goods will be transported from there at this point. If you have decided to use a freight hub, your goods will be unloaded from the container and sorted out to the appropriate Amazon fulfillment center.

You'll already have created your inward FBA orders at this point and would have sent all the needed information and labels to the freight hub. If you are doing this yourself, you'd have to complete this part of the process. If using a freight hub, the freight team will label your orders and prepare them for delivery to the appropriate fulfillment center. There are also additional services that the freight team will have done on your behalf. Finally, one of two things will happen. You will either use a preferred Amazon carrier to collect the goods and deliver them to the appropriate fulfillment center, or your freight forwarder will arrange delivery into Amazon on your behalf.



The main locations concerning your freight are outlined in the screenshot above. First the goods will be at the point of origin, then they will go to the country of destination, and after that they will be sent to your freight hub or depot, and finally they will reach Amazon. It's important to note that it's highly recommended that you use a freight hub, and for a number of reasons.

Amazon cannot be the Importer of Record (IOR), so the hub you use will serve as a pre-Amazon location. Plus, by using a hub, you'll be able to use the hub to make sure your goods are labeled correctly and prepared for onward shipment into Amazon. You can also inspect products to ensure that they won't be classified as unfulfillable, and you can repack the boxes if for any reason your goods aren't in a good enough condition to send to Amazon. Understand that if you were to send your products directly to Amazon after they have been damaged in

transit your goods would be refused. A pre-Amazon location is well-worth the small investment involved, and this may even save you a fortune over time.

It's important that in time you will be shipping out to the rest of Europe. The freight team that you are being connected with covers all of the European marketplaces of Amazon. If you're using your own freight forwarder, make sure that they have the ability to ship into each Amazon fulfillment center in each country as well as that they are aware of the different shipping parameters inside of all the different FCs. For example, the pallet sizes accepted by some countries are different those accepted by centers in the US and the UK. This is very important. Stephen and Robert's freight partners cover all of the US and Canada. Generally, you'll import your order in full into the US and they will be distributed from there to the various Amazon fulfillment centers.

Each part of this process has now been outlined for you. Stephen and Robert's team are highly trained in this area, and if you use them, there won't be much that you'll have to worry about. Again, if you're using your own provider, make sure that they have all their bases covered as previously discussed.

Now let's move on to discuss shipping products from the US to the UK and/or EU. This process is very similar to the last one. The documentation is all the same as in the other processes. You will have to make sure that your goods are travelling from the East Coast of the USA to the UK. You will likely have to use roll freight to get the products from your supplier to the East Coast. The arrival and delivery to Amazon will be the same as if you were shipping from China to the UK.

Your goods will need to be consolidated and prepared in the US before they are shipped to the UK. A pre-Amazon location should be used to prepare the shipment only. All other labeling and preparation should be done stateside before shipping into the US. When it comes to freight hubs, you have multiple locations available to you. There are multiple consolidation hubs in China that you can use, a preparation hub in Florida, and a destination service in the UK for the European market.

A complete all-in-one service can be offered for you, but of course, you don't have to use the services offered through MPSH. However, product labeling, preparation, inspection, and pretty much everything that you'll need is available through MPSH. If you're doing this yourself, you'll need to arrange preparations for each of these areas so that you can get your products to their destinations fast and effectively. It has taken Robert and Stephen years to build up these valuable tactics and resources.

Currency Conversion – How It Works

GLOBAL CURRENCIES



- 2 main European currencies (£ & €)
- UK > £ / DE, FR, IT & ES > €
- 2 main North American currencies (USD & CDN)
- Price, fees & settlements – local currency
- Settlement– currency conversion can occur

Now let's move on to learning how currency conversion will work within Amazon and how you can save considerably whenever a currency conversion takes place. When you're dealing with Europe, there are two main currencies. These are the Euro and the Great British Pound, which is also known as pound sterling or sterling. The UK is the only country in Europe that uses the sterling as its currency. The other countries use the Euro.

In North America, there are two currencies. These are the US Dollar and the Canadian Dollar. All the prices on Amazon are displayed in the currency of the particular marketplace you are shopping within. In other words, within the UK marketplace, prices are displayed in pounds, on the US marketplace the prices are displayed in USD, and so on. The majority of Amazon sellers will receive an Amazon settlement every two weeks for each country they are selling in. If you are using the default setting, which uses Amazon's currency conversion, the settlement itself is converted into the currency associated with the bank account the user is selling under.

Let's say that you were selling in France and had a US bank account associated with that account. Remember that the Unified European account lets you operate within each country individually within one master account. So, your settlement would be converted from the marketplace currency of Euro into the bank account currency of USD. You actually want to avoid this as you lose money each time this occurs. Why? The currency conversion will take place at the end of every settlement period automatically and that payment is deposited within the bank account associated with your seller's account. Amazon charges a rate of 3.5% on this currency conversion. It doesn't matter how the currency is performing at the time.

You can save a few conversion points off this. It's easy to do, and you can do it for free. To save on a currency conversion, you can use a third-party provider, and this is completely within Amazon's terms of service. In fact, before Amazon had the ability to perform these sorts of transactions, they actually recommended the same company that's currently recommended in this training. This company will actually set up a local bank account for you that you own and operates in the same currency that you require. Therefore, no currency conversion will take place via Amazon at the time of payment because the bank account that's associated with your account uses the same currency as the marketplace you're operating within.

You can transfer the money from the foreign bank account that you have set up to any bank account that you wish whenever you need to. This puts the control back in your hand, and although this third party does make some money off of these transactions, it doesn't charge anywhere near what Amazon charges for its conversions. So, this is essentially free money.

The company recommended by this training is WorldFirst. Robert and Stephen have built up a relationship with them and have been absolutely delighted by the level of service that they provide. You can go ahead and start a free account, but it's recommended that you hold off until your actively trading in the EU, or at least that it's in your plans to be soon. It does cost WorldFirst some money to set up these bank accounts.

WorldFirst has nine years experience in dealing with Amazon, and now services over 14,000 Amazon seller accounts. Cross-border transfers for ecommerce is one of their fastest-growing businesses. These guys are really at the top of their game when it comes to this. So, how does it all work? As mentioned Amazon charges 3.5% on the foreign exchange. WorldFirst will set up a bank account for each country that you're doing business in that you don't yet have a bank account in.

WorldFirst can set up bank accounts in a large number of different countries around the globe. These bank accounts are unique and segregated, meaning that they are absolutely 100% yours. WorldFirst cannot interfere with these accounts in any way. By being charged 2% rather than Amazon's 3.5%, you can effectively add 1.5% to the settlement that you receive from Amazon when you convert your currency this way.

Once your settlements get sent to you automatically by Amazon to the bank accounts that WorldFirst has set up for you, you'll then have the option to your own currency and send it to your home bank account. This gives you the ability to transfer money when the currency rates are more favorable. When you get set up with a WorldFirst account, you'll be set up with an account manager that you can contact at any time to get a feel for where prices are going in the currency market. This is invaluable because you don't want to have to spend all of your time learning about the currency markets.

The accounts set up for you through WorldFirst are free to open, free to maintain, and free to close. To reiterate, let's take another look at why you should use a service such as this. First of all, when you do this, all of the control is in your hands. Secondly, WorldFirst deals with 14,000 Amazon sellers already. So, they are very experienced and well-established. You can automate your transfers or transfer money manually. This all works online, and this may help you to be able to transfer your money at more favorable rates to make more money. Also, take note that transfers made through WorldFirst bank accounts are same-day.

HOW IT WORKS



- Amazon charge 3.5% on the foreign exchange
- Will set up accounts in target zone
- Unique & segregated accounts
- WorldFirst add 1.5% to your bottom line profits

At this point, you may be wondering how secure your funds will be. It's important to know that WorldFirst is an FCA regulated company. Therefore, your funds are as secure as with any other bank. They are a completely regulated financial institution, and no one can touch your safeguarded accounts in any way. Best of all, there are no limitations on the types of companies accepted by WorldFirst.

You might also be wondering about how much you can actually save using this method of currency conversion. Imagine that you are a US-based company that has set up a UK limited company and that you are set to receive a £10k settlement from Amazon.co.uk. Your bank account is a USD account despite the fact that your company is a UK limited company. Yes, this can actually happen. Anyway, that £10k settlement would actually convert it to \$14,492 by Amazon, whereas WorldFirst would convert it to \$14,705. These conversions were accurate at the time this record was made, by the way. Anyway, this would effectively add \$213 to your settlement and your business.

Across 26 settlements, you would end up saving \$5,538 in a year's time. That's money that you would otherwise be throwing away and giving to Amazon. Since WorldFirst is a free service, it

really is a no-brainer to use them. Now, what if you did a £50k settlement? Over a year, you would end up saving \$27,690. That is a considerable amount of savings, wouldn't you agree? In conclusion, this method of currency conversion is excellent because it gives you a higher level of control, it's extremely cost effective, plus it's fast to implement, easy to set up, and negates the need for a European bank account. In this training module, there's a link to get set up with WorldFirst. If you need any assistance don't hesitate to get in touch with the MPSH support team.

Putting It All Together In Amazon

1. US TO EU



1. Set up Amazon.co.uk Seller Central Account
2. List your products using EAN / UPC
3. Finish listing using localized copy
4. Complete & update account settings
5. Now ready to ship goods to Amazon FC
6. Once items arrive, listings activate

Let's put this all together by getting your business set up in either the EU or the US. There are a number of expansion abilities available to you as an Amazon seller. First, you can set it up to expand from the US to the EU. This process should start in the UK, and you should start out with a US-based entity. In this case, a LLC is highly recommended. If you were to start in Europe, you will be selling in multiple countries at the same time initially with the EFN and over time expanding to using MCI. In the US, you may over time wish to expand into the Canadian market.

Now, let's take a closer look at the process that you will go through as a US seller expanding into Europe. First, you're going to create a European-based business entity as well as an Amazon.co.uk Seller Central account. Then, you are going to create your listing, using the same EAN or UPC for the product. After that, you'll localize your listing copy, making sure that they keywords and phrases are useful for the UK market.

Next, you'll complete and update your Seller Central account settings, making sure that they are correct and in order. Finally, you'll ship your goods to the UK from either China or the US, and get them from the freight hub to the UK fulfillment center. Once your items arrive in stock, your listings will be activated and your products will be available for sale.

If you are a European seller that's expanding into North America, you are going to begin by setting up a US-based business entity and set up an Amazon.com Seller Central account. Then,

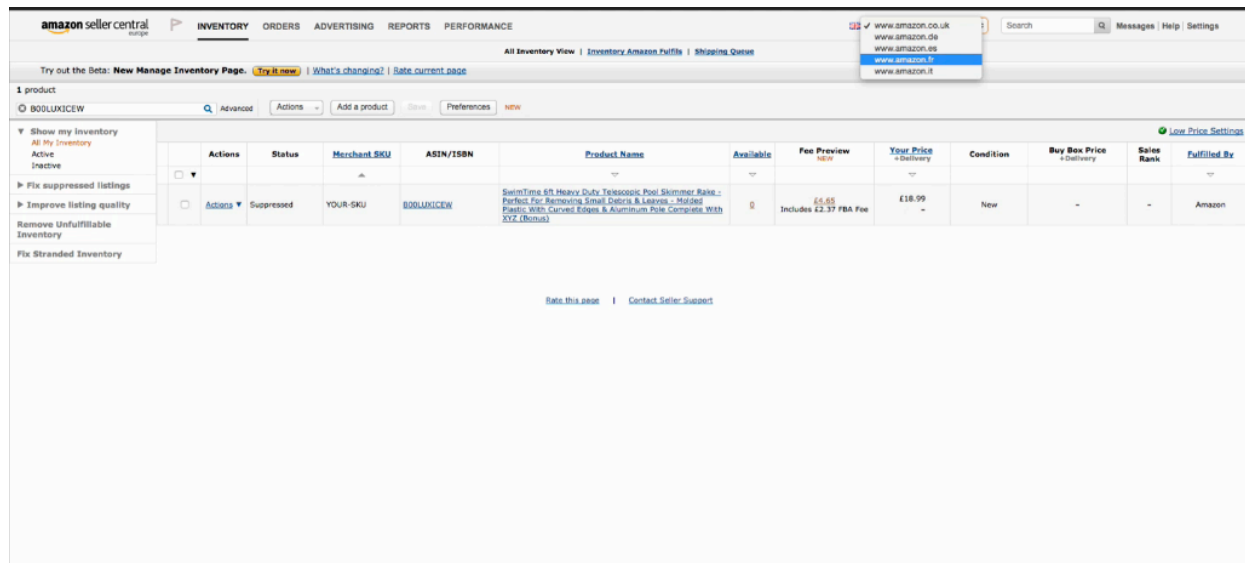
you're going to list your product, using the same EAN or UPC for your product. After that, you'll localize the copy within your listing, making sure that you're using keywords and search phrases that work well within the US market.

The next step would be to complete and update your account settings. Once again, you'll want to make sure that everything is correct and in order, and then you'll ship your goods from China or domestically. Last, you will get them to their destination fulfillment center, and once these products have arrived, your US listings will activate and your product will be available for sale.

Now, let's say that you are a seller that wishes to expand into each European country. You'll start out by setting up a European-based business entity and set up an Amazon.co.uk Seller Central account. Then, you'll create your listings using the same EAN/UPC in each European marketplace country. Afterwards, you'll translate the listing copy as well as make sure that you're using keywords and search phrases that apply to each particular marketplace.

You will then link your products together within the EFN and then complete and update account settings. This is when you would want to add in the information for your WorldFirst bank account(s) in order to receive your settlements. You will then ship the goods to the destination Amazon fulfillment center, and again, once the item arrives, your listing will become active. It goes without saying that the more countries that your item is available in, the better it will be for your business. You can translate and localize your listings one at a time.

Imagine that you are a seller expanding into the Canadian market now. In this case, you're going to create an Amazon.ca Seller Central account. You should consult your accountant to decide what the best type of entity to establish within Canada. After that, you'll create your listing using the same EAN/UPC, and you'll create a Canadian listing that is translated, localized, and optimized with keywords and search phrases that would work best for Canadian buyers. This will be very similar to that of the US site. When you are done with your listing, you will complete and update your account settings, and then you'll ship your goods to the US. Finally, once the items arrive in stock, your listings will become active and your products will be available for sale.



So, how do you go about linking your EU products together anyway? You would begin by logging into your Amazon.co.uk Seller Central account, and then you click on the 'Inventory' tab up at the top of the screen and click on 'Manage Inventory'. That's going to bring you into the page shown above. From here, you'll want to click on the dropdown menu up at the upper-right of this page. This menu will contain a list of all the different European sites that you can choose from to start working within a different platform. In Robert's example, he chose France. This brought him into the inventory tab within the French layer of his account. Since he didn't have any items inputted there yet, none were listed.

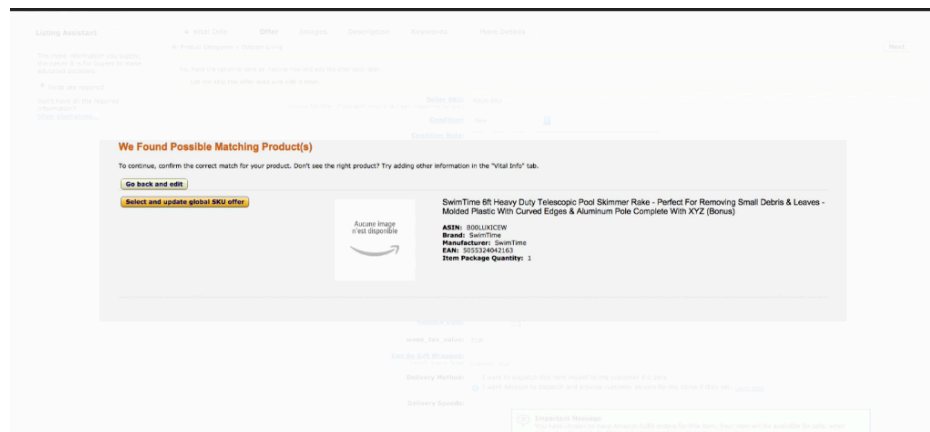
The first thing that Robert did at this point was add in his product. You, of course, wouldn't want to add your product until you got your listing translated and had worked out your pricing. Also, you would want to have any localization worked out for going from a UK listing to a French listing. Again, France uses the metric system. Be sure that the title, the bullet points, and your description are all translated accurately and that you are using the most optimal keywords for French buyers to find your product. You may also have to trim your description if the translation caused it to be filled with too many characters.

Next, you're going to click to add your product. When you get to the 'Add a Product' page, Amazon is going to try and look to see if the product exists in its catalog. You can check by searching for your ASIN or barcode. If it doesn't come up, you can click to create a new product. This option is in the middle of the page. If you are seeing everything in French, you can click on the option at the bottom of the page which will allow you to change the primary language of your account.

When you add your product, you are going to classify it just like you did for your original listing. You'll simply want to reselect the same category you did the first time that you added in your

product. You may need to select a subcategory and even a sub-sub category to make sure that everything matches up. That's going to assign your product to that category and bring you into an area where you can add in all your details. Take note that when you get into these other sites, titles can be in the same place where brand names normally are, so be sure to look down the left-hand side to double check what information is required for each field. Don't just go on instinct when it comes to this.

It's recommended that the first thing that you put in when you get to this page is your EAN/UPC. After that, you can start putting in your item name and manufacturer name. Robert warns that you don't really want to add anything in aside from your titles until the Amazon system catches on that the item that you're adding is connected to that on your Amazon.co.uk site. This can take four or five minutes sometimes. When it does, the screen below will appear. This basically just says that Amazon knows this item is connected to other items. You'll want to select the option to update your global SKU offer.



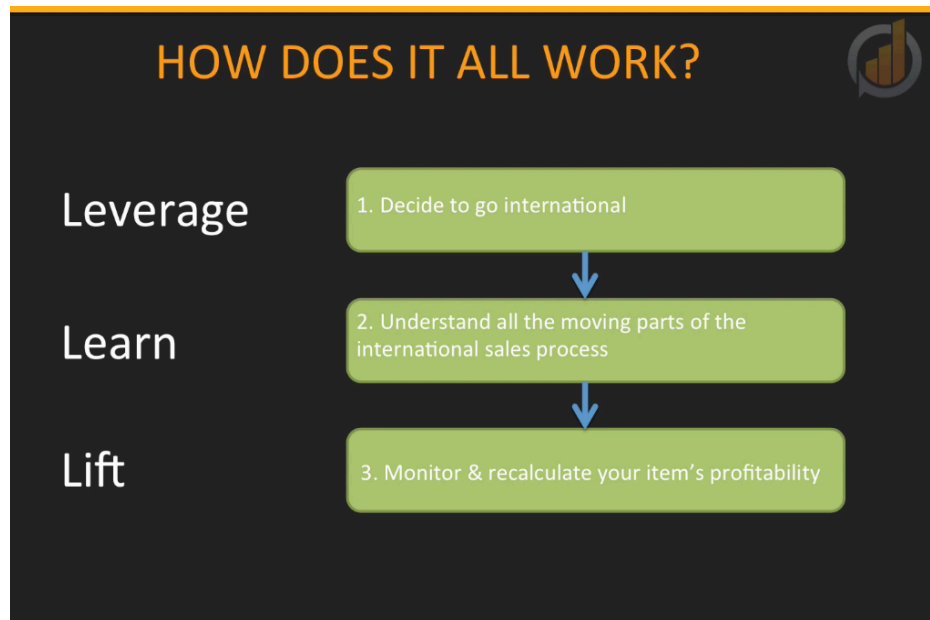
The next page you come to will allow you to connect this new offer with your existing one. This is going to cause the system to pop in some of your product details. Again, you'll want to change up the pricing and other such details, and you may want to put in a title that's more optimized for the site. When filling out the fields that pertain to your product, you are going to add in your description translation and the keywords that you have chosen for the French marketplace. Feel free to add in any other details that you deem necessary.

After you click to save your details, you'll be brought to you 'Manage Products' area. You can then go down through each and every item that you have. For each country, you'll have to repeat this entire process. The one thing to remember is to put in your EAN and weight so that Amazon's catalog can come back with the details.

After you are ready you can link a few of these together, and you'll see the option to 'Expand Internationally' within the right-hand side of the 'Manage Products' area. You can click to

'Enable more listings' and that will bring you into a 'Build International Listings Area'. Make sure that your source marketplace is Amazon.co.uk and your target marketplace column lists all four of the other marketplaces. This page will allow you to link your listings, and that's how you expand your business all across Europe.

The International Expansion Process



Now that you understand a lot of the background issues involved with selling internationally, let's revisit all of the steps of this process as a review. Initially, in the process, you looked at the nine "L's" that made up your international expansion process. These were:

1. Leverage
2. Learn
3. Lift
4. Limited
5. Localize
6. Logistics
7. Lead
8. Link
9. Listen

The first stage is where you decided to commit to taking your business into international expansion. The second was 'Learn', and in this stage you learned to understand all of the

moving parts involved within the international process. The third stage was 'Lift', and this is where you monitored and recalculated your item's variables to ensure profitability on the new marketplaces.

The fourth stage was 'Limited', and by creating a suitable entity in the target marketplaces, you set up your business with a solid foundation for growth. Up next was the 'Localize' stage where you translated and localized your listings, optimizing your products for sale within most target marketplaces. The sixth stage was 'Logistics'. You have been in contact with your freight forwarder, and you know how and where your goods are moving.

The 'Lead' stage was the seventh. This is when you started to lead your money down the correct channels, squeezing the exchange rates for that last drop of profit. The next stage was the 'Link' process, which involved setting up the additional Amazon Seller Central account and linking the products in Europe, automating that fulfillment process. Finally, the last stage was titled 'Listen', and it involves listening to your figures. You'll be using Xcellerator to manage and maintain your stock levels for your new international business.