

In conversation with Blockhütte

Find out about selling on Amazon.com



Blockhütte is an experienced Amazon selling partner based in Paderborn. They have been selling lunchboxes on Amazon.de since 2019 and decided to expand to the US in 2023.



The USA launch is not a decision that cannot be reversed. That's why, from our point of view, there were no consequences and we just did it, which was ultimately rewarded with success!

-Nils and Malte

Co-founders of Blockhütte



Tell us a little bit about your business and the start of your Amazon journey in Germany:

We are Nils and Malte, and we started Blockhütte at the beginning of 2019. In 2019 we decided to start both our own online shop and distribution as Amazon Selling Partners. Young brands often do not yet have a lot of trust from consumers, however, through Amazon, we could access an existing base of trust and their established infrastructure. In addition, Amazon takes on important tasks like shipping and handling returns, which offers immense advantages for a small brand like ours. Additionally, thanks to the Amazon, we could offer fast delivery times and attractive prices, which would have been difficult for us as a young brand on our own.

What inspired you to expand to the United States with Amazon?

We experienced the challenging COVID wave between 2021 and 2022. This period brought unexpected twists and turns, naturally affecting our company, which was on a remarkable growth trajectory in Germany. Despite the difficult circumstances, we achieved positive results, even though they didn't fully meet our ambitious goals. Given this background and faced with a certain level of overstock, we made a crucial strategic decision: to expand across Europe with PAN-EU. This move enabled us to further boost our growth. Highly motivated, we looked forward to the following year, even though our goals were once again quite ambitious. The next logical step was expansion into the USA. The US store presented itself as a massive potential for further growth, even larger than what we had achieved in Europe, and a critical opportunity to scale our business even further. In summary, our drive was not only to pursue aggressive growth targets but also to effectively market our overstock without compromising our reputation. The prospect of entering the USA energized our team and reinforced our belief that we could establish a strong foothold there and significantly boost our sales numbers. In this spirit, we aimed to pursue our growth ambitions with undiminished passion.



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How did you manage the Tax setup? Did you seek third-party support?

At the start of our project, we adopted a simple yet effective approach: As a first step, we consulted with experienced experts (Alton). Based on their advice, we decided to lay the foundation of our venture with insurance specifically tailored for Amazon business, combined with our German company structure. For deeper insights, I highly recommend considering a consultation with these experts. Alton not only organized the necessary insurance for us but also took care of tax registration and other administrative tasks. Some of these tasks were even handled by Amazon itself. After these preparations, we started selling. Looking closely at our current structure, we're currently operating with a US INC. This structure was specifically designed for our online shop. Should our business in the USA continue to grow, we plan to adjust and possibly restructure our Amazon business accordingly. This strategy allows us to remain flexible in response to industry developments and to scale our business activities efficiently. Regarding all



matters of taxes and VAT, Alton provided excellent advice. Not only that, but they also take care of these services for us. This represents a tremendous relief and allows us to focus on other aspects of our business without worrying about the complexities of tax legislation.

[Learn more about US tax requirements ↗](#)

How did you navigate US market requirements and regulations?

To ensure that we do everything correctly and to the highest standards, we pursued a multi-layered approach: The first step in our process was to acquire products from leading manufacturers. We aimed not only to gather the product information and process documentation but also to gain deep insights into the documentation. This step formed our foundation, on which we could build further. From there, we intensified our collaboration with our certification partner in Germany and the production company, DEKRA, also for the USA. These partnerships were crucial to our success. DEKRA not only supported us but also offered valuable consultations that enriched our understanding and competence throughout the entire process. With this comprehensive pool of information, we were able to identify the appropriate certificates, conduct tests, and ultimately gain new and valuable knowledge.

What tools or software do you use to create and manage listings in the US store?

We rely on the traditional management of our listings through flat files. We've certainly tested a range of different methods, including automation and the use of translation tools. However, for us, it's been proven that the careful maintenance of flat files for each store yields the best results. Nils places particular emphasis on getting every detail right, even if it takes a bit more time. Our goal is to maintain the quality of our listings while simultaneously optimizing our presence across various stores.

[Learn more about selling globally ↗](#)

How do you manage the translations and quality of content? Any tools?

We really took a standard approach by looking at the terms our competitors use to describe their products and seeing if there were also alternative terms. Additionally, we conducted comprehensive keyword research. As for translations, we relied on AI-powered DeepL, depending on which tool delivered the best result. I must say, I'm extremely satisfied with ChatGPT, especially when using the right prompt.



How does your supply-chain / inbound logistics setup look like?

In designing our logistics strategy, we place great emphasis on efficiency and cost-effectiveness. For each country, we operate a central warehouse that works closely with a specialized logistics partner. This partner handles not only the coordination of container transports, but also all customs formalities. The combination of a central warehouse and a competent logistics partner ensures smooth operations. Our preferred shipping method is sea freight, due to its cost efficiency. Air freight remains an option for particularly urgent or valuable shipments, but we typically choose between FCL (Full Container Load) or LCL (Less than Container Load) depending on the volume of the shipment. For fulfillment, we've partnered with Amazon. Their outstanding logistics infrastructure enables us to offer our customers excellent service. Theoretically, we could use our own capacities during peak times, but the stability of supply chains through Amazon currently offers the best solution. Another key advantage of this partnership is integration into the "Amazon ecosystem". Once we hand over our goods – whether by truck or package – to Amazon, we incur no further costs for domestic transport between warehouses. This represents a significant financial benefit, allowing us to use our resources more efficiently and serve our customers better.



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How did you handle the customs and import regulations? Did your logistics partner assist you with this?

We've completely entrusted our logistics partner with import regulations, customs formalities, and similar matters. They work closely with a customs office that handles all customs processing. Thanks to this expert support, we were excellently advised. Everything was clear: we knew exactly which documents we needed to provide, and our partner knew how to register everything correctly. Operations followed standard procedures—and exceptionally well at that. Such seamless, efficient collaboration truly makes a difference and lifts any worry about bureaucratic hurdles off our shoulders. Absolutely fantastic!

How do you manage international returns?

In our current system, we don't have international returns because we've made an agreement with our third-party logistics company (3PL) to use our products as sustainably as possible. This means that if there's any damage, we first try to repair it. If that's not possible, we use the usable parts as spare parts. Finally, products with minor flaws like scratches or other damages are donated to the homeless community in the USA or to institutions like schools where children otherwise couldn't afford such products. Due to this approach, we currently have no need for returns from the USA to Germany.



What is your advertising and brand strategy? What are the key tools you rely on?

Primarily, we rely on Amazon's advertising tools for about 90% of our product promotion efforts. This includes all the advertising options Amazon offers. We've developed our own algorithms that allow us to create very detailed and comprehensive campaign structures. The remaining 10% comes from external traffic sources.

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Do you see a significant difference between European and American customers?

We've learned that customers in the USA require very detailed explanations and you need to go into great depth because they are extremely demanding. This means if they expect a product to be high-quality, which they do with our products, then even the smallest flaw, which might not be a major issue in Germany, can be a reason for a one-star review there. Therefore, one should closely examine their products again. If you're already experiencing noticeable quality issues in Germany, which was not the case for us, you definitely need to consider whether you want to enter the US store at all, as these products are very likely to be poorly rated.

How do you decide about what selection to offer in the US?

Our approach's key to success lies in data-driven decision-making. We delve deep into the world of Amazon to closely examine which niches our products can occupy and the revenue they can generate there. Through this thorough analysis, we identify the products that have the greatest potential to be successful in the US store. But we don't rely solely on data. We also bring our own initiative and expertise into the process. Sometimes, we discover a product that we believe could perform better than the current bestsellers. In such cases, we decide to enter the market with a reasonable quantity of the product. However, these instances are more the exception than the rule. Overall, our strategy is based on analyzing each niche as detailed as possible to minimize our risk. This in-depth, data-driven approach allows us to act with greater certainty and maximize our chances of success in the US market.

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How long did it take to become profitable? Can you share any key learnings?

The biggest challenge regarding profitability in the USA, in our case, was the issue of constant product availability – the phenomenon where products quickly sold out and then came back in stock. Despite these difficulties, we were able to achieve profitability after half a year. Although in the first few months we repeatedly had no sales or profit due to stockouts, it took only half a year to become profitable. Interestingly, we didn't need any external investments. After the first two months, the business started to generate profit. A significant factor in our initial challenges were the logistics costs, which arose partly due to the movement of goods. However, we were able to recoup these costs over the course of the half year. Additionally, at that time, there were promotions from Amazon



that supported us in terms of logistics costs, setup costs, and advertising budget. However, I cannot say what the situation looks like today.

Where do you see your US Amazon business in the next 12 months?

Our goal is to match or replicate the revenue we generate in Europe in the USA this year and then, of course, to grow significantly beyond that. In the long term, we aim to achieve three times the European revenue in the USA. Additionally, we're turning our attention to Canada and Mexico, where we roughly want to replicate the revenue we generate in smaller stores, which accounts for about 15-20% of our European revenue. The USA offers us a huge opportunity and a fantastic chance to expand our business. We're going all-in on the USA, pushing full throttle, and are fully committed.

What are your final words and advice for Selling Partners starting the US expansion?

As you contemplate expanding into the USA, I want to emphasize the importance of thoroughly understanding the financial and logistical challenges. It's crucial to scrutinize your budgets closely and carefully weigh the opportunities of an expansion. The US store offers an excellent chance to counter any economic uncertainties in Germany. Utilizing the US dollar as a global currency can also somewhat insulate you from currency fluctuations in Germany. The size and vibrancy of the US store can be very appealing for Selling Partners. However, it's important to analyze the store segments accurately and identify a niche where you can be successful. Having a strong logistics partner on the ground is indispensable to support daily operations and act as a direct contact. Moreover, you should find a reliable sea freight partner for transportation. Pay special attention to logistics costs, as mistakes in this area can jeopardize the entire business model. Tax consulting and the legal setup are equally critical, for which you should seek professional support. The most important advice I can give you is this: Prepare thoroughly, calculate carefully, and choose strong partners for logistics and legal advice. The opportunity to establish yourself in the USA offers many possibilities but also requires careful planning and execution. Those who are well-prepared in these areas can greatly benefit from the expansion.



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