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OnTech
With Shira Ovide

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An American comeback on Amazon

Chinese merchants have been huge on Amazon. But now we're seeing the trend reverse.





By [Shira Ovide](#)

One essential ingredient for Amazon's success is the explosion of businesses based in China that sell products through its vast digital mall.

But starting more than a year ago, Chinese businesses have steadily been selling a smaller share of stuff that Americans buy on Amazon. Merchants based in the U.S. are gaining ground.

Experts told me that they didn't have a satisfying explanation for this shifting balance of Amazon merchants in the U.S. and China. Nor could they say whether it's a blip or a lasting reversal of what had been a long trend of growing market share for Chinese merchants.

At the moment, most shoppers wouldn't notice that Chinese merchants are selling relatively less stuff on Amazon. And the change may be another example of [unpredictable shifts in shopping prompted by the pandemic](#).

But Amazon's aggressive effort to court Chinese merchants over the past half decade led to a profound and trendsetting change in online retail and the global economy. If that phenomenon has lost steam, it is worth watching for what it might mean for shoppers, international trade and the millions of businesses that earn their livelihood from selling on Amazon and elsewhere online.

I'll step back to explain how Amazon works: The company operates partly like a conventional store that resells products bought from manufacturers and partly like eBay. More than half of the products sold on Amazon come from this eBay-like approach of [independent businesses that list their products alongside those that Amazon sells](#). When we buy a child's game or a phone charger on Amazon, odds are that it actually came from a [Texas toy company](#) or a large [Chinese electronics conglomerate](#).

Starting around 2015, Amazon made it far easier for merchants based in China to list products for sale. This has been copied by other retailers including [Walmart](#) and the Chinese clothing company [Shein](#), and it has transformed the experience of shopping online — in both good and bad ways.

Chinese merchants have been a source of Amazon's power and among the company's biggest headaches. They are a big reason you can find almost any product on Amazon, and they have probably helped lower prices for shoppers.

But Amazon's critics also say that the company hasn't done enough to protect shoppers from [dangerous or subpar products](#) and from [manipulated customer reviews](#) from Chinese sellers that may be out of the reach of U.S. consumer protection laws.

Over the past few years, Chinese merchants sold a growing percentage of what Americans bought on Amazon until there was a roughly 50-50 split between sellers based in the U.S. and China. The percentage sold by Chinese merchants, however, [has declined](#) to about 42 percent in May from about 48 percent in late 2020, according to the e-commerce research firm Marketplace Pulse.

Merchants based in the U.S. are capturing a bigger chunk of sales instead. Domestic Amazon merchants have also been selling more relative to Chinese merchants in Britain and Germany. (An Amazon spokesman declined to comment on the changing mix of Chinese and domestic merchants.)

I asked Juozas Kaziukėnas, the founder of Marketplace Pulse, whether this shift away from Chinese merchants was caused by [temporary closures of factories in China](#) related to the pandemic and the [increased costs and complexity of shipping products](#) from Asia. He said probably not. Most merchants based in the U.S. buy and ship from manufacturers in China or elsewhere in Asia, too.

Kaziukėnas said that it's difficult to know exactly what caused the change, but some merchants have been frustrated with the increasing costs and Byzantine rules on Amazon. There have been [news reports from China](#) of product sellers [hoping to find websites other than Amazon](#) to [sell their goods](#) to the world. Those gripes about the downsides of selling on Amazon are definitely not new, however, and are commonly expressed by merchants outside China, too.

Yaniv Sarig, the chief executive of Aterian, a U.S.-based merchant that sells products on Amazon, is among the e-commerce experts who believe that some Chinese businesses may have gravitated away from Amazon because they were spooked by the company's [crackdown last year on some merchants based in China](#), apparently for manipulating customer reviews.

The shake-up of Amazon's marketplace could be an opportunity for merchants based in the U.S., including those like Molson Hart, the [Texas toy seller I wrote about last year](#), who believes that U.S. laws and policies [give an unfair advantage to online product sellers from China](#).

Finding out that the sales mix of Chinese and domestic merchants has been shifting for a year left me with burning questions: If the flourishing of product

sellers from China was a profound change in online shopping, why has it seemingly not affected shoppers when the trend reversed?

I wondered if we overstated the benefits of opening Amazon to millions of product sellers. Maybe having 20,000 choices of blenders on one site doesn't really help anyone.

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Before we go ...

- **“The war broke so many of those ties.”** For several years, Russian-speaking technologists from countries that were once part of the Soviet Union shared a townhouse in San Francisco. My colleague Cade Metz reports on how Russia's war in Ukraine has [tested the dreams of the community of housemates](#) from countries including Ukraine, Belarus, Georgia and Russia.
- **Social media doesn't have the answer to baby formula shortages:** Facebook, YouTube and other social media websites have been [flooded with recipes for homemade baby formula](#) that experts warn are unsafe, Bloomberg News writes. *(A subscription may be required.)*
- **What was wrong with BUTTONS on the dashboard?** Jay Caspian Kang, who writes a newsletter for The New York Times Opinion section, writes [about all that's wrong with the touch screen in his car](#) and longs for the knobs and buttons that used to set the temperature and control the audio system.

Hugs to this

Rescuers helped [release a 400-pound \(!!!\) stingray](#) that had been caught on a fisherman's line in the Mekong River in Cambodia. Humans managed to avoid the stingray's venomous barb, which is capable of piercing bone (!!!), Jason Bittel wrote for The Times.

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