To calculate the investment costs for Bennetto Natural Foods to enter the US market via Amazon, several key factors need to be considered:

## 1. Amazon Seller Fees

* **Monthly Subscription Fee:** Amazon charges a monthly subscription fee of $39.99 for a Professional Seller account (“Selling Plans”, 2024).
* **Referral Fees:** Amazon charges a referral fee for each item sold, which varies by category but typically ranges from 8% to 15% of the selling price for grocery items, including chocolate. (“The ultimate guide” ,2024).
* **Fulfillment Fees:** If using Fulfillment by Amazon (FBA), there are additional fees based on the size and weight of the products. For standard-size items, fees start at $2.50 per unit.

1. For standard-size items weighing 10 oz or less:
   * The fulfillment fee starts at $3.22 per unit (Sumrak ,2024).
2. For standard-size items weighing 10-16 oz:
   * The fee is $3.86 per unit.
3. For standard-size items weighing over 1 lb to 2 lb:
   * The fee is $4.75 per unit.
4. For items weighing over 2 lb:
   * The base fee is $4.75 plus $0.48 per lb above the first 2 lb.

These fees include picking, packing, shipping, and handling customer service for the items. It's important to note that:

1. These fees are subject to change and may vary depending on the time of year (e.g., holiday season surcharges).
2. Fees for oversize items are different and generally higher (“Amazon FBA”, 2024).
3. There are additional fees for items in certain categories, like apparel.
4. Amazon regularly updates its fee structure, so it's crucial to check the most current information on Amazon Seller Central or use Amazon's FBA Revenue Calculator for the most accurate estimates (“Amazon”,2024).

For the most up-to-date and detailed information on FBA fees, it's best to consult Amazon's official fee structure on Seller Central, as these fees can change periodically.

## 2. Shipping and Handling Costs

* Shipping to Amazon Warehouses: Costs will depend on the location and weight of the products. International shipping from New Zealand to the US can be significant and using a freight forwarder might be necessary.
* Packaging Costs: Due to the delicate nature of chocolate, special packaging may be required to ensure product integrity during shipping (Connolly, 2024).

## 3. Customs and Import Duties

* Import Duties: Chocolate is subject to US import duties, which can vary. It is essential to check the specific tariff rates for organic chocolate.
* Customs Brokerage Fees: Hiring a customs broker to handle the import process can incur additional costs (“Tariff classification”, 2014).

## 4. Marketing and Promotion

* Amazon Advertising: Investing in Amazon PPC (Pay-Per-Click) campaigns to increase product visibility can be crucial. Budgeting for these campaigns is necessary to drive initial sales. PPC can vary from $0.15 to $6.00. Assuming we spend $0.15 PPC and we have 2000 clicks per month, it will come up to $300 for social media campaigns (Timmermann, R., 2024).
* Social media and Influencer Marketing: Additional marketing efforts outside Amazon, such as social media campaigns and influencer partnerships, can help build brand awareness (“What is influencer”, 2024).
* Instagram Ads
* Cost per Engagement: $0.03 – $0.08 per engagement (“How much”, 2024).
* Cost per Click (CPC): $0.40 – $0.70, with destination URL clicks ranging from $0.50 – $0.95 (DeFazio, 2024).
* Cost per Thousand Impressions (CPM): $2.50 – $3.50 for better-performing campaigns.
* Minimum Budget: Meta recommends starting with at least $5.00 per day, or roughly $150 per month per campaign.

## Meta Ads (Facebook)

* Cost per Click (CPC): Generally lower than Instagram, often about half the cost.
* Cost per Thousand Impressions (CPM): Higher than Instagram, nearly twice as much.

## Google Ads

* Cost per Click (CPC): Varies significantly depending on keyword competition. High competition keywords can be more expensive (“Google Ads”, 2024).

## Google SEO

* Cost: Generally, involves costs for hiring SEO experts or agencies, which can range from $500 to $5,000 per month depending on the scope and competitiveness of the industry.

## Pinterest Ads

* Cost per Click (CPC): Typically ranges from $0.10 to $1.50.
* Cost per Thousand Impressions (CPM): Around $2.00 to $5.00.
* Cost per Engagement: Approximately $0.10 to $1.50.

## X (formerly Twitter)

* Cost per Engagement (CPE): Ranges from $0.50 to $2.00.
* Cost per Click (CPC): Around $0.50 to $3.00.
* Cost per Thousand Impressions (CPM): Typically, $6.46.

## Thrive Market Ads

* Cost: Specific cost details are not readily available, but it typically involves a combination of listing fees and promotional costs.

## Summary

* For advertising Benetto chocolate in the US, Instagram offers competitive engagement rates and relatively low costs per engagement and impressions. Meta ads (Facebook) tend to have higher CPMs, but lower CPCs compared to Instagram. Google Ads costs are highly variable based on keyword competition, while Pinterest and X offer moderate costs per engagement and impressions. Thrive Market's costs are less clear but likely involve listing fees and promotional expenses.

## 5. Product Costs

* Production Costs: Include the cost of raw materials, manufacturing, and packaging. Organic and Fairtrade certifications can add to the production costs.
* Labeling and Compliance: Ensuring that product labels meet US FDA requirements for food products.

## 6. Miscellaneous Costs

* Insurance: Product liability insurance is often required for selling food products on Amazon (Connolly, 2024).
* Legal and Administrative Costs: Costs associated with setting up a business entity in the US, legal fees, and other administrative expenses.

(“A Comprehensive Guide”, 2024)

## Example Calculation

Here’s a simplified example to illustrate the potential costs:

1. Amazon Seller Fees:
   * Monthly Subscription: $39.99
   * Referral Fee (10% of $10 selling price): $1.00 per unit
   * FBA Fulfillment Fee: $2.50 per unit
2. Shipping and Handling:
   * Shipping to Amazon (estimate for bulk shipment): $500
   * Packaging: $0.50 per unit
3. Customs and Import Duties:
   * Import Duties: 5% of shipment value (e.g., $5000 shipment value = $250)
   * Customs Brokerage: $150
4. Marketing and Promotion:
   * Amazon PPC: $500 per month
   * Social Media Campaigns: $300 per month
5. Product Costs:
   * Production Cost: $3.00 per unit
   * Labeling and Compliance: $0.20 per unit
6. Miscellaneous Costs:
   * Insurance: $100 per month
   * USDA Organic Certification equivalency laws with EU and Switzerland does not require to pay any fee, which otherwise would have amounted to $2800.
   * FDA annual costs vary ($2000 to $10,000) that cover the cost of U.S. agent who acts as intermediary for FDA communications (“The Real “, 2024).
   * Legal and Administrative: $2000 (one-time)

## Total Initial Investment Estimate (for the first month):

* Amazon Seller Fees: $39.99 + ($1.00 + $2.50) \* 1000 units = $2,539.99
* Shipping and Handling: $500 + ($0.50 \* 1000 units) = $1000
* Customs and Import Duties: $250 + $150 = $400
* Marketing and Promotion: $500 + $300 = $800
* Product Costs: ($3.00 + $0.20) \* 1000 units = $3,200
* Miscellaneous Costs: $100 + $2000 = $2,100

Total Estimated Initial Investment: $10,039.99 This example provides a rough estimate and should be adjusted based on actual costs and specific business needs.

Taxation in US

Goods and Services Tax (GST) differences:  
New Zealand applies a 15% GST on food products, while the US has a different system. In the US, sales tax varies by state and locality:

California has a base sales tax rate of 7.25%, with additional local taxes that can increase the total rate.

New York also has varying sales tax rates depending on the locality.

Unlike New Zealand's GST, some US states exempt or reduce taxes on certain food items.

Income tax considerations:  
While not directly related to Bennetto Foods, it's worth noting that personal income tax structures differ between New Zealand and the US. This could affect the company's employees or owners if they relocate:

The US has a progressive federal income tax system, with additional state income taxes in most states, including California and New York.

New Zealand's personal income tax system is also progressive but structured differently.

Corporate tax implications:  
Bennetto Foods would need to consider the corporate tax rates and structures in both countries:

The US federal corporate tax rate is currently 21%, with additional state corporate taxes in California and New York.

New Zealand's corporate tax rate is 28%.

Compliance and administrative costs:  
Entering the US market would likely increase Bennetto Foods' compliance and administrative costs related to taxation. The US tax system is complex, with federal, state, and sometimes local tax requirements.

Potential for double taxation:  
Bennetto Foods should be aware of potential double taxation issues and investigate any tax treaties between New Zealand and the US that might mitigate these concerns.

If you open an Amazon store online in New York from abroad, you'll need to consider several tax obligations:

Sales Tax:  
New York requires out-of-state sellers to collect and remit sales tax if they meet certain economic nexus thresholds (Birrell, 2024). As an Amazon seller, you would likely need to:

Register for a Certificate of Authority with the New York State Department of Taxation and Finance at least 20 days before starting operations (Schwartz, 2024).

Collect sales tax on taxable items sold to New York customers.

File sales tax returns and remit the collected taxes to New York State.

However, Amazon's Marketplace Facilitator law requires Amazon to collect and remit sales tax on behalf of third-party sellers for sales made through their platform. This means:

You don't need to collect and remit sales tax for sales made through Amazon's platform.

You still need to keep detailed records of all your sales for at least three years.

Income Tax:  
While not directly related to sales, you may have income tax obligations:

You may need to pay U.S. federal income tax on your profits from U.S. sales.

New York State may require you to pay state income tax if you have sufficient economic nexus.

Corporate Tax:  
If you incorporate your business in the U.S., you may be subject to corporate taxes at both the federal and state levels.

Compliance and Reporting:  
Even though Amazon collects and remits sales tax, you still have reporting obligations:

You need to file sales tax returns with New York State, typically on a quarterly basis.

When filing, you would report your total sales but indicate that the tax was collected and remitted by a marketplace facilitator (Amazon).

LLC Formation: The cost to form an LLC varies by state but generally ranges from $50 to $500. For example, in Arizona, the fee is $50-$85 depending on processing speed. However, using an attorney for LLC formation can cost significantly more, with one lawyer mentioning a flat fee of $650 (including state filing fees) for comprehensive LLC setup services.

Legal Services: While it's possible to set up an LLC yourself, many businesses opt for legal assistance. An attorney can provide valuable services beyond just filing paperwork, including drafting a proper operating agreement, creating membership interest units, and offering general legal advice. These services can cost around $650-$1500 or more.

Employer of Record (EOR): EOR services allow companies to hire employees in a country without setting up a legal entity there. Costs for EOR services vary widely depending on the provider and the number of employees, but they typically include a setup fee and ongoing monthly charges per employee.

Office Space/Coworking Space: Costs for office or coworking space vary greatly depending on the location and type of space. In major US cities, coworking spaces can range from $200 to $1000+ per month per person, while traditional office leases can be much more expensive.

Registered Agent: If Bennetto Foods decides to form an LLC, they'll need a registered agent in the state where they incorporate. This can cost anywhere from $50 to $300 per year, though some businesses choose to act as their own registered agent to save on costs.

Additional Costs: Other potential expenses include obtaining an EIN (Employer Identification Number) from the IRS (which is free), business licenses and permits (costs vary by location and industry), and insurance (“How much “, 2024).

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