

# Amazon takes its fight with Temu to new markets

Article

**The news:** Amazon plans to expand its low-cost marketplace, **Haul**, to Europe this year, per The Information, as it looks to go head-to-head with **Temu** and tap into global demand for affordable goods.

The retailer is also working toward a Mexico launch, according to job postings.

**A promising start:** Amazon is relying on Haul to reinforce its position as customers' go-to destination for deals. The marketplace is "off to a very strong start" in the US, CEO **Andy Jassy** said during the company's Q4 earnings call, although steep discounts have fueled that early success.

- The retailer is currently offering shoppers 50% off everything on Haul, following prior discounts of as much as 90%.
- Given that everything on the marketplace is priced under \$20, Amazon is likely losing money for now on each order as it tries to undercut Temu and **Shein**.
- But that bet could pay off in the long term if it convinces shoppers to make Amazon their first port of call for ultra-cheap goods.

**Our take:** Amazon's decision to expand Haul comes at a critical time for low-cost marketplaces, with their business model under threat as more governments look to scrap de minimis exemptions. The end of de minimis also exposes Amazon to higher tariffs, since the items for sale on Haul largely originate from China.

For the time being, however, Europe is a more hospitable market for retailers reliant on China imports, given that it does not (currently) have broad tariffs in place.

- That could make it the perfect testing ground for Haul, especially with [Temu and Shein facing crackdowns from EU regulators](#).
- At the same time, growing hostility to US brands and retailers in the face of a potential trade war could limit consumers' appetite to spend with Amazon, regardless of how low its prices are.