

The opportunity and the desire for companies to expand operations abroad are growing significantly. In Europe alone, cross border e-commerce sales are expected to grow by 27% each year up until 2020, reaching a projected USD \$1 trillion.¹

That said, even companies that have decided to grasp these overseas customers can struggle to identify how, when and where they should start this journey.

This article aims to give a high-level overview of what we see as some of the critical elements you need to consider to drive this international growth as well as some common challenges faced.

How/Where/When

There is no-one-size-fits-all solution for all markets, and what is right for one retailer may not be right for another, but many of our clients find the below strategies useful when determining when and how to enter a new market.

Examine website traffic and sales – are you seeing traffic, sales or even a high drop-off rate coming from specific markets? Are you seeing this drop-off rate specifically at high-risk elements, such as checkout? Once you have this information, list out all these countries then compare key metrics and rank them against the next point – barriers to entry.

Look for areas with lower barriers to entry. If you are a British brand, would it be easier to enter the US, Australia, France and Germany rather than Russia and China, where the localisation, payment and fulfilment challenges can be more significant? These barriers to entry will change depending on your origin market.

Using marketplaces like Tmall, ASOS and Amazon offers an easier entry point into specific regions as you may not need to deal with the fulfilment, localisation and payment challenges while they can help you build up an in-market brand presence. In China, marketplaces account for 90% of all e-commerce transactions and already benefit from huge in-country traffic.² This is not always a long-term solution since a marketplace may cannibalise sales from your own sites.

Fulfilment

Localised Fulfilment Options

Each region will be satisfied by different fulfilment options. 82% of Nordic consumers rate free delivery as the most important element in retail fulfilment, above faster delivery or using a well-known courier.³ Look at how and where you offer different fulfilment options as they may have more of an impact in specific regions.

Limited Options

Brands starting out on their international journey may feel that their options are limited. Do you use a national provider like the Royal Mail which is more affordable or do you pay to use a courier and ensure brand expectations are met? Once you have proven the business case do you look to set up local distribution centres or one centralised centre? Carefully weigh the benefits of centralised vs. local distribution.

Returns

If you do it right, no one may notice. If you do it wrong, it can stop a customer shopping with you again. Getting your product to the consumer is only half the problem. There is a trade off when balancing the operational and financial considerations of a return policy with a desire to please the customer. A difficult returns process may reduce the chances of that consumer returning to buy again. Within the UK alone return costs top £60bn a year and this problem is exacerbated in high-return regions like Germany.⁴

Localisation

All or Nothing – Not Any More

Companies that are looking to drive international growth can see it as an all-or-nothing effort – an often expensive and risky gamble to find out whether a particular market is viable. Testing the market with a low-cost localised website can be better in the long term than using a marketplace, which will provide little feedback on sales and customers, and can cannibalise sales.

Look at launching with a local landing page or offering a sub section of your top-selling SKUs to keep the launch cost low and to test potential ROI. One Translations.com client saw a 200% growth in conversion rate through one localised landing page during a local holiday.

Customer Service

The importance of language is especially acute when it comes to customer service, with up to 80% of consumers expecting local-language customer service.⁵ Once you have launched a local-language site, you might find consumers calling your help lines, emailing or going through live chat expecting local-language customer support. Hiring a country manager before you see ROI can be risky and costly. Over-the-phone interpretation offers a cost-effective, scalable solution until you have proven the business case to employ someone full time.

ISEO

Sometimes after investing in a local-language site brands do not see the traffic they were anticipating. Part of this can be due to a lack of focus on local-language SEO. The same amount of effort should be spent on the localised site as you do on your source-language site, including content optimisation, link building, keyword research and campaign development. If you get this right, the profitability of your translation spend will increase dramatically.

Payments

Understand the Local Market

It is important to research, understand and offer the payment methods that consumers would expect in their local markets. For example, over-the-counter payments like 123 are popular in Thailand, whereas open invoicing is one of the most popular methods in Germany.⁶ One size does not fit all.

Pick the Right Partners

If you do not pick the right payment provider, you will find yourself working with multiple acquirers per region, which adds costs, time and complexity. Providers like Adyen and Worldpay can help you integrate with the majority of local payment methods, reducing the IT and resource complexity.

In-App Payment

Do you accept international payment natively through your app? In mobile-first regions like China, where 69% of users shop through applications⁷, consumers can be concerned by being forced out of an application and onto a browser to make payments. Accepting mobile wallet payments such as Apple Pay and Android Pay make international payment as easy as possible.

¹ Accenture/Aliresearch, "Cross-border B2C E-commerce Market Trends," 2015

² EssentialRetail, "Marketplaces as a route to accelerate international expansion," Mar. 14, 2016

³ AudienceProject, "Device Study 2016 – E-commerce across the Nordics," 2016

⁴ Aliya Ram, "UK retailers count the costs of returns," Financial Times, Jan. 27, 2016

⁵ WhalePath, "The Business Value of Communication in Native Languages for Sales & Customer Care," April 2014

⁶ Adyen, "The Global eCommerce Payments Guide," 2016

⁷ eMarketer, "Asia-Pacific Boasts More Than 1 Billion Smartphone Users," Sept. 16, 2015