



CONNECT
WITH YOUR
COMMUNITY

THE RETAIL HIVE LIVE

Cracking International Markets

Skyloft, London
July 2018



A summary of the day...

Our second annual Retail Hive Live – Cracking International Markets, was our biggest yet; welcoming over 80 senior retailers from across fashion, grocery, travel, homeware and many more industries – both pureplay and bricks & mortar.

We opened with an insightful and inspiring presentation from our Chairman, Mark Batty – Country Director, Germany & Rest of World at Boden who suggested that, in general, there are two types of approach for cracking international markets - the Hunter or the Farmer approach.

We learned that, for retailers today, going international is not an optional extra. We learned that, when it comes to entering new markets, it is not as simple as carbon-copying your home market approach. As a retail brand, you should have a dedicated international team with a clear, diversified strategy for each market; spreading your risk to grow your brand. Furthermore, if your home market is struggling, it will be difficult to be strong internationally. So a key tip is to make sure your ducks are in a row at home before you think about building a presence in new markets!

From here we moved into our series of discussion groups covering critical topics including:

1. Roadmap for Localisation
2. Tailoring online Experience to Local Customers
3. Focus on Cross Border Fulfilment
4. Global Customer Expectations on Returns
5. Getting the Best out of Marketplaces
6. Focus on USA
7. Focus on China
8. Focus on Germany

We'd like to thank everyone for their energy and contribution to this meeting and look forward to seeing you again at future Retail Hive meetings.

With thanks,

Noj Mather and Sally Green

Co-Founders - The Hive Network



Thank you to our partners:





ROADMAP FOR LOCALISATION

Translations.com

Discussion Summary:

Know your value proposition

Before you dive into the world of cross-border eCommerce, you need to clearly understand why someone would buy from your brand internationally. What do you offer that established local competition doesn't?

Examine website traffic and sales

Are you seeing traffic, sales or even a high drop-off rate coming from specific markets? Do you see this drop-off rate specifically at high-risk elements, such as checkout? Potentially focus on these countries.

What to do first?

Translation, Payments, Returns etc. What to focus on first changes completely from market to market. Some markets like Germany are best done all at the same time as they will see a similar uplift.

Marketplaces

Using marketplaces like Tmall and Amazon offer 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 eCommerce transactions and already benefit from the huge in-country traffic. This is not always a long-term solution since a marketplace may cannibalise sales from your sites.

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A great day to meet with other retailers to discuss ideas and any issues confidentially and in a positive environment.

Lulu Guinness

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ROADMAP FOR LOCALISATION

Translations.com

Top 10 Takeaways:

1. It is important to understand the tipping point for separate websites vs. dynamic localisation of your core site.
2. Each market needs individual consideration. i.e. the German market is security conscious and will need sufficient security reassurance before purchase. Factors such as culture, language and preferences should be considered.
3. Localisation is more than just translating your site. You need to understand your market and their behaviours. Knowing the demographics of your customer can help you to understand if it's worth paying to translate or not.
4. It is important to understand brand values to set the right tone for translations. Having a clear value proposition that reflects brand DNA will be beneficial. Without brand awareness growth will be slow.
5. Be aware of differences in length of translated text. i.e. the German language is around 35% longer than English and can cause problems. Arabic runs from right to left.
6. Testing localisation does not have to be in your biggest growth market. Testing translation can be done through local PR teams.
7. Weigh up the importance of implementing local payment methods and fulfilment vs. full site localisation vs all of these at once.
8. Across the board, traffic increases as a result of translations.
9. The moment you translate your site, you set the customer expectation that you can meet local service levels.
10. Don't forget bad debt expenses when preparing a business case.

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The Hive Network puts like-minded people in a room and enables honest conversation around retail/ecom evolution on an international scale.

MOO

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1. Localisation
Roadmap

2

TAILORING ONLINE EXPERIENCE TO LOCAL CUSTOMERS

Brightcove

Discussion Summary:

Translating content is not enough. Successful localisation requires a detailed and tailored strategy for each individual market.

Firstly, the basic hygiene factors need to be in place – think about understanding local language and nuances to create the right tone of voice for your market, local currency preferences, payment and delivery option. Secondly, delivering relevant products and content specifically for that market or region is of critical importance – advertising winter coats in Australia in November, which is their summer, will get you nowhere.

Having a dedicated team for each international market is critical. Some brands create a separate team with local experience, whether employed centrally or 'in market', whilst others work with local partners and agencies. Both options come with challenges and bring additional costs. These could be offset by leveraging advanced machine-learning technologies which capture and record local behaviour to take away heavy lifting from merchandising teams.

If you engage with a local partner to leverage scale, it is essential to have your brand proposition in place prior to entering a new market so you have clear rules and guidelines around your brand, ensuring it remains consistent across all markets, assuming there is no cultural conflict which may require flexibility of your brand.



2

TAILORING ONLINE EXPERIENCE TO LOCAL CUSTOMERS

Brightcove

Top 10 Takeaways:

1. Focus on fulfilment first and translations later.
2. Make use of a cultural gap analysis to understand the degree of localisation and possible barriers to entry.
3. Think global! Play Local! If your brand strategy requires domestic market education – keep it simple.
4. Localising is key in order to be successful in new markets. Cost of localising vs. benefit—how far do you go? Juggling authenticity while maintaining your brand identity.
5. Understand your content drivers - focus on local content once you've removed the other barriers. See what content works: quality or quantity. Images/videos are more important than the words.
6. Analyse the funnel by market and look where and how customers shop.
7. It's not good enough to have direct translation i.e. German shoppers like more details on products. Understanding local nuances is integral to successful localisation.
8. Get your feet on the ground- visit the market to understand it. Having local teams/agencies for advice on the ground is key to understanding the market/focus group culture.
9. Growth percentages are not the same everywhere. Dominant channels influence international strategy.
10. Lean on partners, distribution teams and local PR teams to find out what works in each market; but be aware that finding the right influencer is not easy.

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This is my second event with The Hive, and cannot recommend it enough! The wide variety of attendees provides for wide ranging insights, lessons learnt and tips that is unlike any other event. The now 'must do' event in my calendar is the next Hive day!

Scribbler

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3

FOCUS ON CROSS BORDER FULFILMENT

Aramex Global Solutions

Discussion Summary:

Over the 4 roundtables, there was a large variety of retailers, all wanting to discuss their common and own challenges. It was a very open discussion on “do’s”, “don’ts” and past experiences from e-tailers leading international eCommerce. We talked a lot about localisation versus going global, investing (or not) in local DCs and trying to find the right balance between “cost” versus “service proposition”.

By getting more control and visibility on the journey and solving the customs clearance challenge, as a British retailer, you can offer a frictionless experience for your international customers. Free shipping / free returns can work well but consideration should be taken on a case by case basis - it does not need to be free-for-all: it should very much depend on the product type, market and retailer size. Some retailers are prepared to try new options and new markets - even if it means failing to start with.

The key to success is to keep the focus on a small number of specific markets at the outset. In each of these markets it is integral to understand local trends and your local customer target, and localise your fulfilment proposition and delivery promise accordingly. Other markets could be considered on a more opportunistic approach depending on your .com traffic analysis.

China is a market that needs significant research. Having a local partner to grow the Chinese consumer demand is key to success.

One last interesting point discussed was around collaboration on fulfilment; sharing local fulfilment capabilities between retailers.



3

FOCUS ON CROSS BORDER FULFILMENT

Aramex Global Solutions

Top 10 Takeaways:

1. Study the market before going there; markets have different preferences i.e. home delivery vs. collection.
2. Partner with the right suppliers, look for expertise and find a great partner.
3. Free shipping is important to international customers. Offer free global shipping as a test for markets.
4. Split shipments which do not affect UX can work!
5. UK postal options are more established than many Europeans options.
6. The Netherlands is well positioned for DC locations.
7. China's EMS tracking service is well built for optimising savings and removes complexity of commercial shipments. Duties are only payable if parcels are stopped. Only around 5% of parcels get stopped and checked.
8. Fulfilment in the US is complex.
9. Labour in Belgium is expensive.
10. Refunding in 2 days supports repeated purchases and improves customer retention.

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Great content, awesome location, engaged participants and well looked after - thank you, Hive!

notonthehighstreet.com

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4

GLOBAL CUSTOMER EXPECTATIONS ON RETURNS

Rebound

Discussion Summary:

There was a lot of diversity across the roundtables in terms of retailer profile but there were some common attributes too. There was a big difference in returns rate across different industries i.e. less than 5% from perfume brands, rising to 35% plus for fast fashion. Product values also ranged from £5,000 for a handbag, to £30 for trainers.

However, a common theme was a need to integrate the rest of the business with returns and build some solid data to support the business case for international expansion.

Additionally, all have aspirations to build a cross border returns capability whilst very few have any experience on which to base future decisions.

A crucial tip from the day's discussions - Speed up the refund, but slow down the logistics.

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Talk a little, listen more and learn loads! You can save your business time and money by absorbing and acting on the experiences shared in The Hive events.

Nourish London

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4

GLOBAL CUSTOMER EXPECTATIONS ON RETURNS

Rebound

Top 10 Takeaways:

1. The returns route map is by no means finalised. Many businesses have a fragmented returns strategy.
2. Should returns be free? It is important to know your customer and have a localised returns policy.
3. Make use of customer insights generated through customer surveys. What are your customers' expectations around returns?
4. A lot of work is being done before the sale to try and minimise returns. Ensuring the quality of products and dispatch procedures to minimise damage to shipments will reduce returns rate.
5. Customers want a quicker and easier solution to returning products especially when it comes to refunds. But what about exchanges and spare parts? How to ensure customer satisfaction - customers don't always want a refund!
6. Including a return form in the parcel means that you have to rely on customer responses. People don't mind going online for a return and it gives you the opportunity to encourage re-purchases - use links, ads and promotions.
7. Don't be concerned about high return rates; be concerned about getting a better returns process! Look at how many customers who return rebuy!
8. Returns are seen as a barrier to cross-border. The high level of returns in Germany is 50-70% across all industries (see Focus on Germany!).
9. What do returns tell you about your business? Benefits of a high return rate? What is the true cost of returns?
10. Sometimes there is no other choice than to abandon stock internationally - even for luxury brands!

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Great event, good networking opportunities and very interesting topics!

AllSaints

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5

GETTING THE BEST OUT OF MARKETPLACES

Channel Advisor

Discussion Summary:

Key Learnings

- There is a real opportunity to use marketplace sales to drive sales on your own site as you build up your brand in new markets e.g. 45% of consumers on Amazon US ended up going to a company's website.
- You should raise the bar for your customer service to meet the requirements from marketplaces.
- By working with a 3rd party integrator you can avoid the complexity of managing multiple integrations.

Focus on Amazon

- Seller model (marketplace) gives you more control.
- Vendor model can drive more orders, but Amazon controls price.
- Easier to go from Seller to Vendor than vice versa.
- Limited opportunity to build a brand.
- Profitability is a challenge on Amazon.

Focus on Zalando

- There's an opportunity to engage with Zalando to help you grow your brand and trade on the market place. This is an opportunity that you don't get with Amazon.
- Very strong marketplace for fashion on the continent.
- Returns are very high (60%+).

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Great insights from other professionals who share the same points internationally. Lots to learn - shared knowledge through the event will help to drive us forward.

VivoBarefoot

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5

GETTING THE BEST OUT OF MARKETPLACES

Channel Advisor

Top 10 Takeaways:

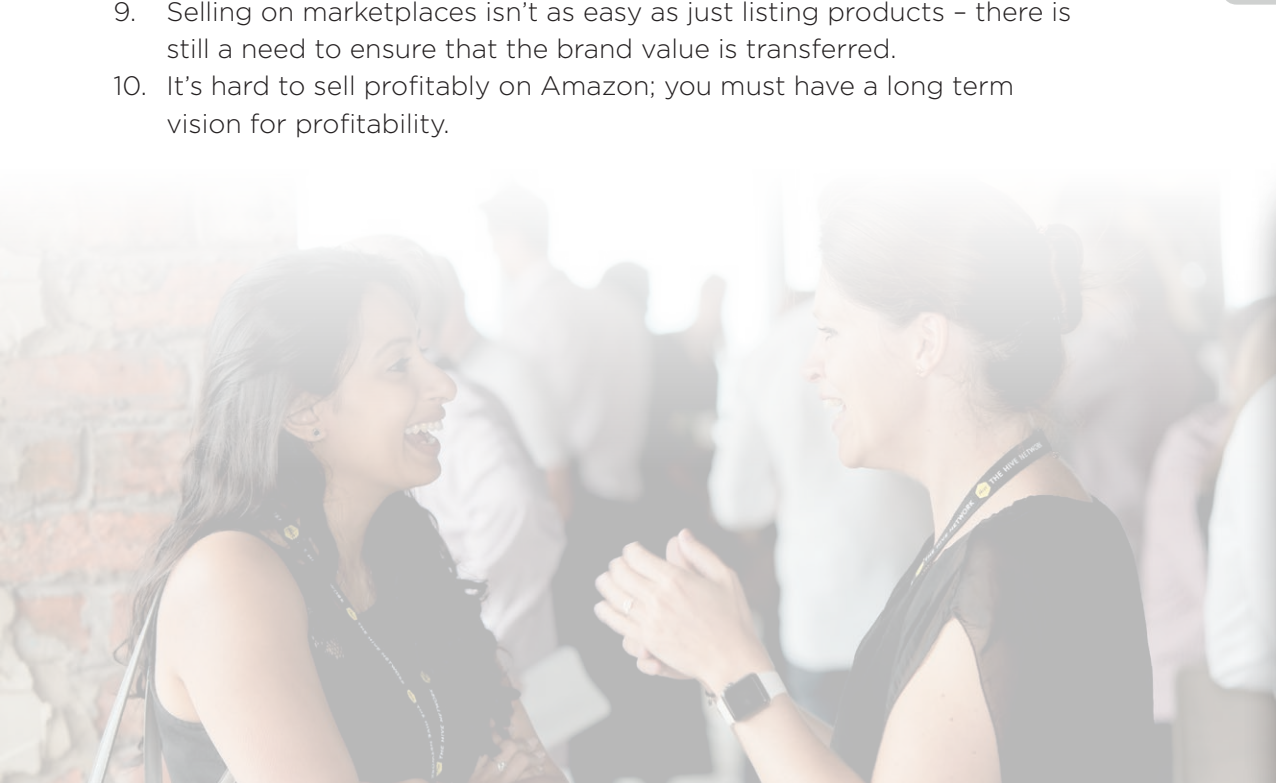
1. Carefully consider the merits and threats of wholesale/vendor vs. marketplace/seller.
2. Relationships with marketplaces matter - treat them as partnerships.
3. Shortcuts to getting a China SLA in place.
4. Zalando is a dedicated resource - #1 in Germany - create a relationship to drive business sales.
5. Techniques and technology for managing stock.
6. Amazon US offers a great opportunity for scale.
7. Use marketplace sales to drive sales on your own site.
8. Support is required to enter specific markets. Marketplace integration is much easier with a 3rd party partner.
9. Selling on marketplaces isn't as easy as just listing products - there is still a need to ensure that the brand value is transferred.
10. It's hard to sell profitably on Amazon; you must have a long term vision for profitability.

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This was my first Hive event and I found it very useful to get a broad view on topics. Great to see some suppliers I have not heard of before.

Sally Beauty

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6

SPOTLIGHT ON USA

Pitney Bowes

Discussion Summary:

Our discussions validated what we commonly see amongst retailers and brands when we first start a cross-border project: that the wheel is often reinvented because there isn't a common understanding of how to approach the US market. If you're spending hours of manual work on tax calculations, import compliance, or managing a US warehousing partner who doesn't understand cross-border—you may need to reconsider your outsourcing strategy. If you've automated much of this already—then it's time to look at last mile delivery optimisation, better forecasting and tuning promotions.

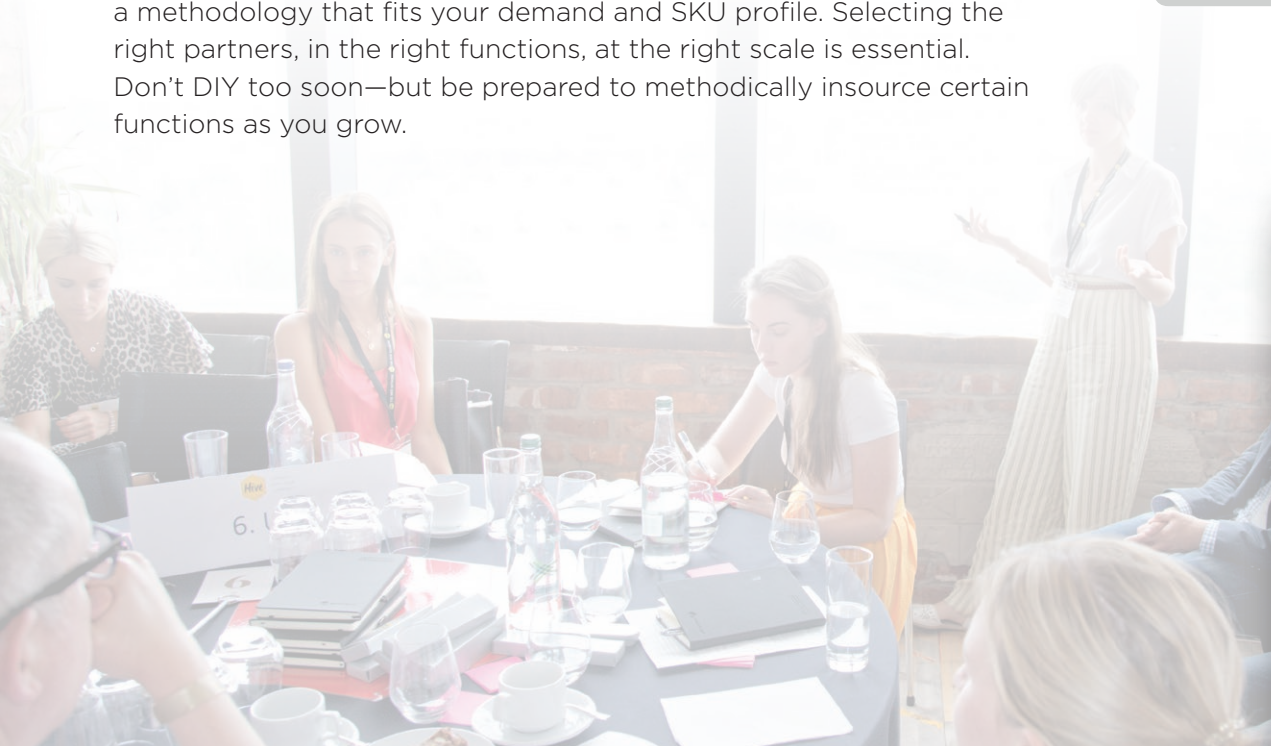
The US market is diverse, except for one universal truth: free shipping and returns are essential. To offer this profitably, you need a methodology that fits your demand and SKU profile. Selecting the right partners, in the right functions, at the right scale is essential. Don't DIY too soon—but be prepared to methodically insource certain functions as you grow.

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I'm used to auditorium conferences - this has been fantastic and a much easier way to collect information, network and share insights. Thank you! Well done Hive.

Missguided

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6

SPOTLIGHT ON USA**Pitney Bowes****Top 10 Takeaways:**

1. Don't see the US as "The US" - it is more diverse than that.
2. Sell into the US via marketplaces to test success rate before localisation.
3. Scale is very different compared to the UK - It takes a lot of effort to succeed in the US but it is worth it.
4. US consumers expect promotions - not just sales. They expect low prices throughout the whole year. So promotional strategies are essential. UK brands that offer promotions have entered the US with higher price points and use these for shipping and offering bigger promotions.
5. Free shipping and returns are more dominant in the US - they would rather receive items later for free than pay for next day delivery. You must offer free delivery and returns to keep up with Amazon.
6. Amazon is more dominant in the US - be on it, but tread carefully...
7. If you are looking to enter the US think about shipping out of the UK as a first option. From there you could use a 3PL or set up a warehouse and distribution centre. Take your time; don't jump into it too quickly - your strategy should 100% depend on scale.
8. If you have a lot of volume during peak time, relying on a third-party fulfilment house can be a risk as they are also servicing other brands and businesses.
9. Beware of subscription models - USA use prepaid cards. Fraud rates are higher.
10. Taxes don't have to be complex in the US but tax laws change often - handle with a third party partner such as Avalara.

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Great insight into cracking international markets from those who have already blazed the trail.

Fruugo

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7

SPOTLIGHT ON GERMANY & CHINA

Adyen

Discussion Summary:

Entering new markets is not easy and you should be diligent about learning as much as possible about the market you're targeting before attempting to jump in. Use local partners, local employees and local experts who are intimately familiar with the target market. Familiarise yourself with the MUST DOs vs. the NICE TO HAVES.

Germany MUSTs

- Free returns
- Quality
- Local language
- Local customer service
- Secure, trusted (use reviews)
- Payments (open invoice, online banking)

China MUSTs

- Quality
- Accurate labelling
- Key Opinion Leader strategy (KOLs)
- Social Media strategy (WeChat)

Use of marketplaces is a good strategy in both China and Germany at minimum as a testing mechanism. While Chinese consumers are drawn to high end and unique items, they tend to be very price sensitive. The China opportunity is not necessarily just in China - figure out ways into tapping into the Chinese tourist market as a 150 million Chinese tourists travel abroad each year and outspend Americans 2-to-1 while traveling.

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Excellent networking event, they build up the day to help you make the most of it.

Boden

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7

SPOTLIGHT ON GERMANY & CHINA

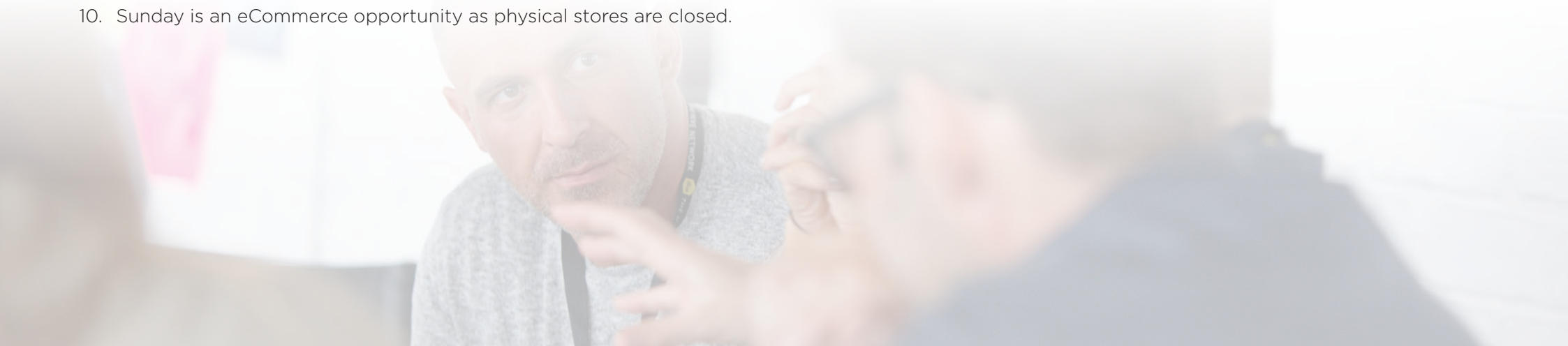
Adyen

Top 10 Takeaways - Germany:

1. It's key to tap into local markets with local partners.
2. In Germany it is good to test with local marketplaces such as Zalando before you build up your local footprint, and then once you have scale you can lead on your own.
3. Once you are established in Germany, look at different price comparison sites; this is a great way to optimise the way you manage the German market.
4. Levels of discount are lower in Germany. The cost of entering the market is Free Returns.
5. Profitability is a challenge.
6. Payment methods are important - credit cards are rarely used for online payments; you must offer 28 day invoice as a payment method. Don't sign up to a single open invoice provider exclusively.
7. Your service proposition needs to be very clear. Germany expect a localised experience and service - from website and payments to product, delivery and customer service centres.
8. Building trust in Germany is integral - they read the Terms and Conditions. Make use of trusted shops.
9. Grow database through Facebook advertising and competitions.
10. Sunday is an eCommerce opportunity as physical stores are closed.

Top Ten Takeaways - China:

1. China is the market to enter!
2. You MUST have partners in China. Local resources and partnerships are imperative but ensure you're direct with your partners on your brand strategy and don't lose your brand DNA.
3. Key Opinion Leaders (KOLs) are really important to sales - give them something exclusive.
4. Quality is absolutely imperative - be diligent with labelling; if you don't get it right you may get fined.
5. Become familiar with their social media platform WeChat - an end to end marketing platform - there are over 1billion chat users in China.
6. Use local agencies to crack Tmall. JD.com is a real proposition vs. Tmall.
7. There are a lot of perceived barriers to entry in China
8. Don't underestimate the importance of consumer-friendly payment methods such as WeChat and Alipay. There are many partners that can help you profitably negotiate these.
9. Large orders are not necessary. "Resellers" may be "friendship groups".
10. You can start building your Chinese business from the UK as over 150,000 Chinese tourists travel each year. Get them into your shop by offering Alipay with WeChat pay!



Future Retail Hive Live Meetings...

Omnichannel Customer Journeys in an Amazon World

New York City - 12 September 2018

Collaboration for Innovation in Retail

London - 25 September 2018

Retail Hive Live Scandinavia

Stockholm - 6 November 2018

Engaging the Connected Customer

London - February 2019

Retail Hive Live Germany

Berlin - 28 March 2019

Come and join us...

To register your interest for any of these future Retail Hive meetings please email Amy at amy@thehive-network.com



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To register your interest or refer a colleague for any of our meetings please contact:

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