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DIGITAL BOARDROOM: DRIVING GROWTH THROUGH INTERNATIONAL





Introduction

This August, The Retail Hive invited eShopWorld to co-host a closed group of retail leaders with a common goal: optimising digital to grow reach and sales in international markets.

During the session, the group – which comprised both large and small retail brands and pure-players from a diverse range of product categories – shared the pain and challenges they’re facing in addition to strategies, channels and techniques they’re deploying to win in international markets.

A number of key themes quickly emerged including trading in Europe post-Brexit, balancing brand control and reach when working with marketplaces, and the importance of operating in line with local expectations.



BALANCING BRAND CONTROL AND REACH

eShopWorld describe Amazon as a very successful dispensing machine. The challenge for most is that brands cannot control the brand or customer experience and must work under Amazon rules, whereby the customer is an Amazon customer and always will be. For a lot of brands, especially those with strong brand equity, this doesn't fit their proposition and, as a consequence, many will have tried trading on Amazon and subsequently come off.

One member shared how their motivation to work with the behemoth was purely as a low-risk way of reaching new customers and testing out new markets and territories. With around 50% - 60% of customers now starting their search on Amazon, rather than Google, they felt that they couldn't ignore being on Amazon anymore - if the customer is there, they want to be there too.

However, this same brand also shared that they have found over 620 different brand infringements on the marketplace; sellers selling inferior counterfeit products under the brand name.

An alternative way to work with Amazon is to use it as a channel to shift old product. One member shared how they work with their brand partners to sell full price products on their own brand platform, with all the right content and authenticity that goes into making that a success. Inevitably, within that, there will be products that sell a lot, and others that don't sell at all and at this point they agree with their partners to sell these less successful products on Amazon to shift the stock.

For fashion products, international marketplaces such as Zalando and Otto are a much better fit than Amazon. One member shared their positive experience with Zalando, claiming that "they really show you what you don't know from your own site".

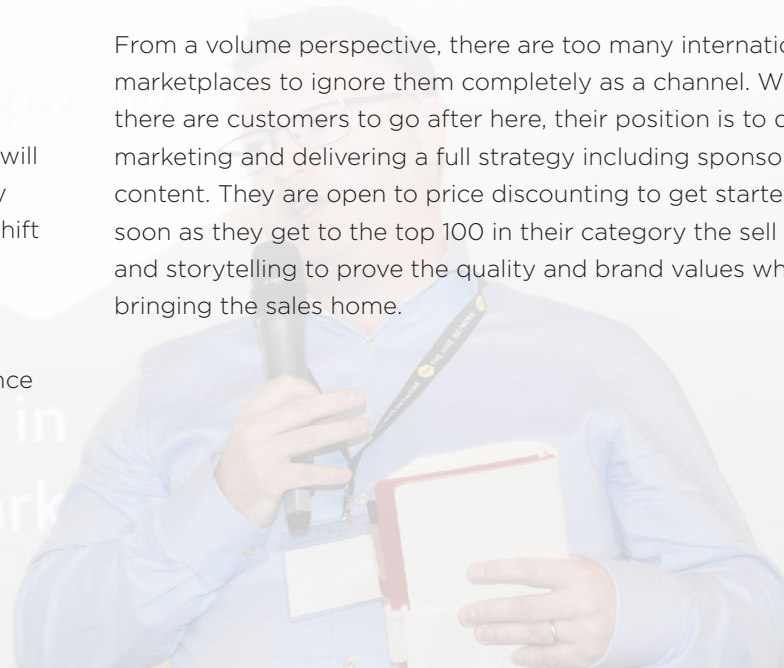
Using Germany as an example, this brand predominantly sells kid's wear on their branded site, however on Zalando and Otto it is their women's wear stock that sells most. This proves that sometimes the marketplace customer isn't the same as the brand customer.

Whilst sales on Zalando are 35% more expensive than buying via their branded site, this member found very few customers would convert back to their own site, even when receiving the product in a branded bag and label including a direct link to their website. Rather than seeing this as negative, they accept these customers belong to Zalando and want a Zalando experience (where they can have a mixed brand bag for example) and that this is where the customer will stay.

Another member sells a mixture of branded products, in addition to their own in-house collection. When it comes to selling non-own brands, they provide this service via Amazon, however when it comes to selling their in-house brand, they take a different view.

From a volume perspective, there are too many international customers on fashion marketplaces to ignore them completely as a channel. Whilst they concede that there are customers to go after here, their position is to do it right by embracing marketing and delivering a full strategy including sponsored products and A+ content. They are open to price discounting to get started in new markets, but as soon as they get to the top 100 in their category they sell at full price, using content and storytelling to prove the quality and brand values which are successful in bringing the sales home.

Building Scale in
International Markets



ADVICE FROM ESHOPWORLD

If brands are going international themselves, they need to deliver a good experience. If they deliver a bad experience, that's worse than going through Amazon. International expansion should be about quality, not quantity - brands need to understand where they're going and do it right. Focus should be on countries where there is already demand for the product and time should be spent in really understanding the strategy and positioning for that specific country so that the right product, pricing and experience can be delivered - if brands get this right, that's where they will find they get and keep their customers.

"You won't ever find our good stuff on Amazon. You could do a couple of years ago, but this was a massive problem for all brands in our category because it's a race to the bottom on price. Some brands destroyed themselves doing this - Michael Kors being the obvious one!"

"If You Can Accept Customers Belong to The Marketplace, Your World Will Be A Happier Place"



OPERATING IN LINE WITH LOCAL EXPECTATIONS

A big factor to achieving success in international markets is operating payment and delivery models that are in line with customer expectations. Any friction in the checkout experience will discourage customers and result in abandoned baskets.

Using services such as Open Invoice in Germany and After Pay in Australia will significantly improve demand. In Russia, the ability to pay on the doorstep after delivery is essential – this doesn't have to be cash delivery – incorporating mobile payment and card payments are more secure for all.

For some African markets, such as Nigeria, customers who are trying to buy are unable to close baskets due to fraud barriers. In South Korea, if brands are not shipping same day, they are not in the game.

"We're on Amazon but it accounts for less than 1% of our business. In my opinion, this is purely down to mismanagement and understanding the basics: one website does not fit all. Whilst it's easy to overlay translation onto your own site, enabling customers to understand content and journey wherever they are, issues will arise when they get to the checkout. In countries such as the Middle East or India, postcodes do not exist and this is before they've even got through to the payment method page, which brings with it another layer of complexity.

All these nuances; how you market, how you sell, payment methods etc – these are the minefields of international and not many brands have achieved this well without having maximum investment in the market and a foothold in the region."



EUROPEAN TRADE POST-BREXIT

The major concern surrounding Brexit was the extent to which cross border trading would suffer from friction and delays, subsequently having a negative impact on the customer experience.

Many of the group shared that they have a Brexit committee in place who liaise directly with government agencies and third-party suppliers to gain as much information as possible on these barriers so they can be suitably communicated to customers.

Whilst reduced service is a major concern amongst the group, they recognised similarities with the impact of Covid-19 where fulfilment both nationally and internationally was significantly reduced, yet customers were understanding and prepared to wait for the most part.

eShopWorld reassured the group that vast quantities of goods are coming into the UK today successfully and are being entered and cleared digitally. Their advice was to pay more attention to trade agreements and structuring customer experience so that customers understand and accept brand positioning around post-Brexit fulfilment.

"With our international strategy, it's either fully localised or not at all. We look for customers who want to be the first to buy the brand in that territory, as they tend to be quite keen to talk to us (and love to tell all their friends that they've known about the brand for years!) We'd rather get some learnings and try to grow a little bit with a customer that's brand new so that we can gain some direct consumer feedback on what they want and how they found our products and service, as this then gives us a steer on which country to go after. Definitely the problem we found when we have existing demand within in a country is that you might just have a bigger percentage of people who are willing to bite first, but this might not actually turn out to be as big an audience as you would expect later when fully launched".



MARKERS FOR SUCCESS FROM ESHOPWORLD

eShopWorld typically represent well-established American and European brands with strong brand equity, which is key when it comes to digital. When the global pandemic hit, their brands experienced a short, sharp shock in the first two weeks, followed by an exponential (130 - 150%) uplift in digital overseas growth, with certain core markets such as Mexico, Russia and Australia achieving up to 200% - 300% growth.

- Brand experience is key to success internationally; a shot-gun approach will not work. It is essential to gain customer engagement and provide customers with a good customer experience relevant to their needs within that market.
- Customers have become much more tolerant about speed of delivery during the global pandemic. As long as you are keeping your customers well informed and setting expectations at the start of the delivery process, and maintaining communication during it, offering a next day delivery option is no longer essential for closing sales.
- It is more important to have strong in-country knowledge held and managed well from a central location, rather than having local teams on the ground in different markets.
- International markets not only hold a broader audience, but also offer incremental price and margin opportunities, as opposed to the UK or the US which are very heavily discounted markets.

ABOUT ESHOPWORLD

eShopWorld is the world's leading global ecommerce solution provider. Partner to many of the world's best-loved brands, ESW accelerates their crossborder revenue growth through a blend of innovative technology, human ingenuity and global infrastructure that brings brands and shoppers closer together.

From online storefront and payments to shipping and returns, ESW makes it easy, safe and fast for global shoppers to buy from their favourite brands through locally optimised shopping experiences. With relentless focus on the complete customer journey, we help our clients translate exceptional customer experiences and grow faster in more than 200 markets worldwide.

ESW's solutions provide: brand protection, speed to market, customer acquisition, site localisation, pricing management, duty and taxes calculation, currency conversion, checkout, order-payment processing, customs clearance, logistics, returns management and customer service.

For more information, visit www.esw.com