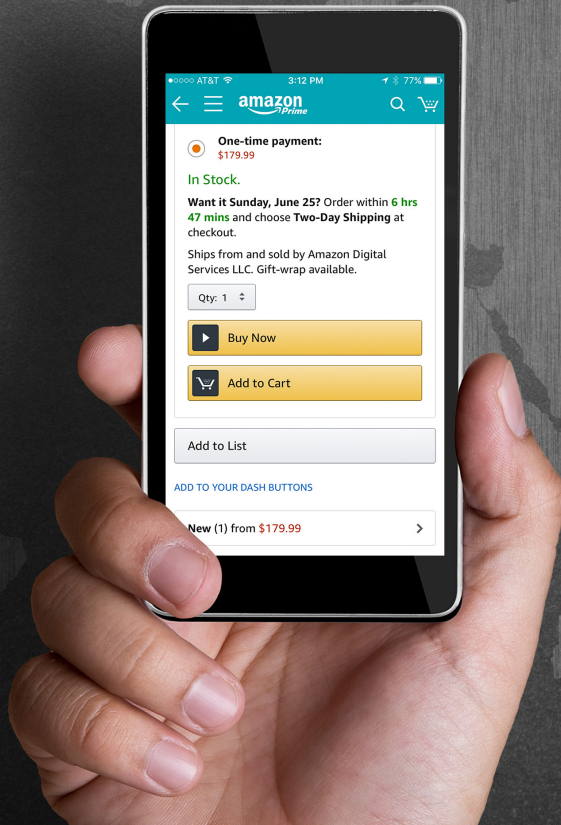


Taking Your E-Commerce Business Global

A White Paper for Brands and Retailers



When it comes to online sales, there are no borders: Online buying is happening everywhere. And these days, the biggest profits come to those who travel.

Taking an e-commerce business across borders has never been easier. From worldwide marketplace distribution centres to e-commerce technology built to support global expansion, an array of options means that selling internationally is not the complex undertaking it once was. But when you're starting out, it can be difficult to know where to grow or how to get there.

This white paper serves to simplify international e-commerce for growing retailers and brands.

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Worldwide retail e-commerce sales will top
\$4 TRILLION
by 2020

Source: eMarketer

Why Go Global?

Around the world, people are turning to the internet to buy everything from cleaning supplies to cars. Worldwide retail e-commerce sales are projected to top **\$4 trillion** by 2020. The world's four biggest online shopping markets — China, the UK, the US and Germany — continue to experience major increases in e-commerce retail sales every year, as do many other regions where consumers are hungry for foreign goods. Here's a snapshot of what's happening around the globe:

CHINA

- Online sales in the world's largest e-commerce trading market are approaching **\$899 billion**, accounting for nearly half of all e-commerce sales worldwide.
- Sixty-four percent of the country's **731 million** internet users shop online for an **array** of foreign goods including clothing, home furnishings, electronic appliances, mobile phones, digital goods, food and drink and baby products.

UNITED STATES

- In the US, where **79%** of consumers buy products online, **nearly half** of avid shoppers are turning to international retailers.

EUROPE

- **Sixty percent** of internet-using Europeans shop online once a month, and **1 in 4** do so every week.
- Online retail sales in the United Kingdom reached **£133 billion** (\$170 billion USD), surpassing growth forecasts by 5%. The increase in online spending was fueled predominantly by smartphone use.
- Germany's e-commerce sales grew approximately **12%** in 2016 to €66.9 billion (\$74.00 billion USD), due largely to €52.7 billion (\$58.34 billion USD) in online retail transactions.
- Online spending in France increased 14.6% to **€72 billion** (\$81 billion USD) from 2015 to 2016, when the frequency of purchases also grew 21%.

LATIN AMERICA

- As one of the **fastest-growing** regions for e-commerce, Latin America is expected to see online retail sales grow to **\$84.75 billion** USD by 2019. Brazil is leading the way with over **\$16.58 billion** USD in e-commerce sales in 2016, followed by Mexico's **\$7.19 billion**.
- By 2019, **151 million** people in Latin America are expected to buy goods and services online — a dramatic increase from 131 million in 2017.

AUSTRALIA AND NEW ZEALAND

- In Australia, consumers spent **\$41.3 billion** (\$31.48 billion USD) on online shopping in 2016, with 40% of consumers purchasing products from e-commerce stores at least once a month. Some **79%** of the country's **13.5 million** internet users prefer online to traditional shopping.
- Nearly **2 million** people in New Zealand (almost half the country's population) are shopping online for some 20.6 million items worth \$4.7 billion (\$3.43 billion USD).

Consumers are everywhere — and sellers should be, too. In the words of **WorldFirst**:

“The era of international expansion is upon us, and if you aren't at least considering expanding your business overseas, you could get left in the dust.”

As consumers increasingly rely on browsers and mobile apps for their buying needs, the revenue potential for brands and retailers is massive.

ChannelAdvisor **supports over**
90 MARKETPLACES
around the globe



Key Considerations for Internationalising E-Commerce

CHOOSE THE RIGHT CHANNELS

By Leveraging the Selling Power of International Marketplaces

When going global with growth, e-commerce marketplaces continue to be one of the easiest and fastest ways to grow international sales channels. Choosing strong marketplaces with established customer bases can free up brands and retailers to focus selling strategies around pricing, promotions and fulfilment services.

Throughout the world, several marketplaces are rising to the top as solid options for offering foreign goods to purchase-ready consumers.



CHINA

Tmall

China's explosive e-commerce growth is due largely to fast expansion of online shopping giant Alibaba's Tmall marketplace, which holds **56.6%** of the country's e-commerce market.

Amazon China

In the first quarter of 2017, Amazon sales in China had increased 11-fold compared with the same period two years ago. The country's consumers have purchased nearly **17 million** items of cross-border merchandise from Amazon since the service began in October 2014.



UNITED KINGDOM

Tesco

The number one brick-and-mortar grocery and general merchandise retailer in the UK, Tesco has transferred an enormous customer base to its online marketplace. With its popular **click + collect** program and **15 million** registered clubcard customers, this invitation-only marketplace is a top competitor for other popular UK channels including Amazon and eBay.



EUROPE

While Amazon is number one in the **Internet Retailer Europe 500** based on web sales, several other marketplaces are performing well in Europe, too.

Zalando

With fulfilment centres in France, Italy, Sweden and Poland, Germany's online-only clothing and shoe retailer is rapidly expanding. Zalando's sales shot up **23%** in 2016, generating €3.64 billion (\$3.86 billion USD). More than 69 million orders were processed, with an average order value of €66 (\$74 USD).

Cdiscount and La Redoute

Cdiscount is the second most-visited online marketplace in France after Amazon France, which sees **18 million** unique visitors each month, and is followed by La Redoute. With more than one billion purchases made online overall, the country sees some **33** transactions every second.



LATIN AMERICA

MercadoLibre

With over **50 million** unique visitors in June 2016 alone, MercadoLibre has managed to surpass Amazon as Latin America's most popular online retailer.

Additionally, US retailers are investing heavily in building out their e-commerce businesses in the region. Walmart, for example, has constructed **several** new e-commerce fulfilment centres for online orders in Brazil.



AUSTRALIA AND NEW ZEALAND

eBay Australia and Product Review Australia

Much of Australia's online shopping is driven by eBay Australia, where reports have put visits above **23 million**, and Product Review Australia, where people can pour through consumer ratings and reviews before buying products online.

Trade Me

The top brand for New Zealand's online shoppers is Trade Me, with more than two in five (**44%**) e-commerce consumers buying from this marketplace.

Connect to Customers

BY GOING MOBILE

Making meaningful connections with e-commerce consumers in the modern economy, regardless of location, means going mobile. The language of smartphones and tablets is universal, with mobile commerce growing **300%** faster than traditional e-commerce.

In China, the number of consumers who use mobile phones to place orders has grown at an annual rate of 30% to reach **441 million**.

Mobile sales have been the driving force behind unexpected e-commerce growth in the UK, where a **47%** year-over-year increase in smartphone sales exceeded economists' expectations.

In Latin America, **27%** of internet users rely on mobile devices to make purchases — and **43%** of them do so monthly.

Meanwhile, **35%** of Australian e-commerce transactions are made on smartphones, with **27%** of shoppers making mobile purchases on a weekly basis. Those numbers are slightly higher in New Zealand, where **37%** of online shopping takes place on smartphones and tablets.



Whether through established marketplace apps or through your own e-commerce website, the mobile buying experience will continue to play a starring role in cross-border trade.

Optimise Operations

WITH THE AGILE CROSS-BORDER TRADE FRAMEWORK

Traditionally, retailers and brands entered new markets by building out region-specific transactional websites and mastering fulfilment and returns from the start. This approach required significant upfront investments long before a single sale was made.

A more scalable approach is the Agile Cross-Border Trade Framework, which divides international expansion into four distinct stages that can be used to start small, expand slowly and follow a cycle of testing, learning, iterating and integrating.

1: PASSIVE

Tap into channels with loyal customers and existing demand.

- Explore international options on marketplaces where you're already selling
- Ship from your home market
- Localise your web store checkout process for international orders
- Begin to tackle shipping and returns, taxes and legal processes

2: ACTIVE

Increase engagement to connect with more customers.

- Add more products to your offerings on marketplaces
- List products in the local language and currency
- Offer customer service in the local language
- Address any lingering tax, legal or accounting issues

3: LITE SITE

Become fully equipped and prepared for the final stage.

- Launch a local version of your international e-commerce site, with a focus on basic functionality
- Begin low-risk retention marketing such as affiliate, retargeting, email and social
- Build your reputation and customer service
- Strengthen your local logistics

4: FULL SITE

Offer a fully local e-commerce experience.

- Provide full website functionality, including mobile optimisation
- Ramp up marketing to include paid advertising
- Regularly monitor product and ad performance and adjust as needed
- Use previous "lessons learned" as a guide for expanding to more regions

The Agile Cross-Border Trade Framework can be customised for individual regions: Some international markets may require more time in certain stages; while in others it may be possible to skip a stage altogether.



Taxation: Tax is one of the biggest stumbling blocks retailers face when selling abroad, since each country has its own tax requirements. Value-added tax, or VAT, can be triggered when transactions pass a region's defined threshold in places like the European Union. Other factors like sales import taxes, goods and services taxes and state taxes can also come into play during international expansion.



Languages: Language is a big consideration when listing abroad. Even UK sellers that list products in other English-speaking countries will find subtle differences such as "pants" instead of "trousers" in the US. Getting the message right can have a major impact on sales, so it's important to view professional translation services as a key component of international expansion.



Pricing: Just because the same product is being sold overseas doesn't mean it should be priced the same way. As an added bonus of becoming familiar with competitor pricing in foreign markets, retailers and brands will learn when product scarcity in an international market means sellers can price at a premium.



Fulfilment: Aside from leveraging marketplace options, such as Fulfilment by Amazon (FBA), gaining an in-depth knowledge of a country's shipping and returns expectations is critical. Starting with lighter, higher-margin products is one way to test postage and delivery performance before expanding broad inventory to a new market.

Before growing too far, too fast, it's important to have a process in place to streamline expansions and keep marketplace management from becoming overwhelming. For most e-commerce companies, the easiest solution is relying on one centralised platform that's designed to accommodate cross-border trade.

Going Global with ChannelAdvisor

Cross-border trade is your ticket to millions of new customers, but it requires a lot of moving pieces. ChannelAdvisor's comprehensive e-commerce platform and consulting services are designed to remove the mystery from decisions around how to get started and which marketplaces to expand to next. With direct integrations to dozens of international marketplaces and a network of international e-commerce experts, ChannelAdvisor provides assistance on an array of mission-critical tasks, including:

- Choosing the right channels from a multitude of international marketplaces
- Managing inventory across international channels
- Streamlining fulfilment of cross-border orders
- Staying ahead of tax requirements and translation needs

With over 15 years of experience and more than 2,900 customers, ChannelAdvisor can keep you ahead of the latest international marketplace trends and ensure you're maximising every opportunity. We make it easy to connect with customers, optimise operations and grow sales channels.

To learn how ChannelAdvisor can help take your e-commerce business across borders, email us at UKTEAM@CHANNELADVISOR.COM or call 0203 014 2700.



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Connect and optimise the world's commerce

ChannelAdvisor is a leading provider of cloud-based e-commerce solutions that enable retailers and branded manufacturers to integrate, manage and optimise their merchandise sales across hundreds of online channels including Amazon, Google, eBay, Walmart, Facebook and more.



Connect and optimise the world's commerce

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