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Going Global 2021: The Digital Commerce Steps to Success

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Introduction

Expanding your product offering into new markets in the post-pandemic landscape might seem daunting. The aftershocks are still being felt and the natural progression of eCommerce has been hurdled 5 years ahead of its time.

The theory behind successful international eCommerce remains simple - it's just a case of enabling customers from multiple countries to visit your online store and purchase your products. However, the reality is far from straightforward. Cross-border trading merely starts with translating your online store into multiple languages and converting your price list into different currencies. But then you have to consider your supply chain. And payment methods. And returns. Oh, and tax of course. Not forgetting new challenges such as Brexit and Coronavirus. All of a sudden, the task of getting your products from A to B is not so simple.

However, with a global pandemic giving way to a new reliance on eCommerce, we have already surpassed expectations predicted in our previous eBook. In 2020, retail eCommerce sales worldwide amounted to 4.28 trillion US dollars and e-retail revenues are projected to grow to 5.4 trillion US dollars in 2022. Online shopping is one of the most popular online activities worldwide - and was one of few activities to thrive through coronavirus.

As events were called off, socialising was prohibited and even the commute cancelled, people around the world were turning to the only plausible vice – online shopping. In our last guide, we spoke about Amazon Prime Day 2018 and how sales approached $4 billion dollars. In contrast, the takings for Amazon's Prime Day 2020 more than doubled to $10.4 billion dollars. A figure that no one should turn their noses up at, but rather to digest as food for thought since it's clear to see the appetite of consumers around the world.

Did you know that Germany had the highest expenditure when it came to online shopping in 2020? Or that over 50% of all spending in Ireland has been done online since the first lockdown? (An increase of 25%) In our previous volume of this guide, it was estimated digital commerce sales would approach $4 trillion by 2021. By 2020, they had already reached $4.29 trillion.

So, while there may be a few obstacles, the opportunities for retailers looking to expand internationally have never been greater! In this E-Book, we're sharing our Digital Commerce Steps to Success for brands to expand into new markets in the new normal.

The most common challenges when going global

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The most common challenges when going global

1. Logistics

Covid-19 exposed some very telling kinks in the supply chain. With international warehouses, inventory distribution, order management to be considered, how can businesses even begin to establish a global supply chain?

2. Legalities

It's *important* to make sure that your online store is localised and optimised for conversions in multiple European countries - and now Britain following Brexit. However, it's far more important to make sure that everything you're doing is above board in the eyes of the law.

3. Deliveries & returns

How will orders be delivered on time in international territories, (and even more mind-boggling - how will you manage returns coming from overseas?!

4. Localisation

You will now need to operate in various languages and currencies and provide dynamic content that's relevant on a local scale. Does your website have these capabilities?

5. CX

Have you built up a local reputation of reliability? Breaking into the overseas market might result in lower conversion rates as you adjust to delivering personalised experiences internationally.

6. Promotions

There's no 'one-size fits all' method when it comes to promotions in various territories. Do you have the resources to manage bespoke campaigns?

7. Payment Methods

Accepting all major credit and debit cards for your international customers at checkout isn't enough to make you an international player... How do you know what's going to be the best fit for each region?

Step 1: Develop a strategy for expansion

Many businesses, operating on a local scale, can experience rapid growth from the time they're established right up until they become an SME. This where they reach the glass ceiling – it can be difficult to overcome the challenges of international expansion. Make sure that you have the resources, the time, the technology, and the budget to move forward!

Like anything else, for success, you should examine your options, test the market, create a plan and do a little soul-searching before expanding into a foreign marketplace. Gather industry and consumer data, pull together competitor analyses, familiarise yourself with the legalities associated with trading in each new market or country.

Measure the opportunity

Is there a demand for your product in particular regions? How many customers could you accumulate in each country? Zero in on your initial pool of customers, and make sure you have a handle on this group before you expand.

The golden rule of creating successful international expansion strategies: one market = one country.

Lead with your reputation.

Overseas markets will still have access to your core market impressions, your PR initiatives and the way your customers generally perceive how you conduct business. Your company carries a reputation with it wherever it goes. Make sure it's a positive one.

Match your business model with your mode of entry.

Processes that flow smoothly in your home country won't necessarily translate into another. When you're deciding which mode of market entry to use for a new market, you should keep in mind: The nature of your products, Business conditions and regulations and Time and resources available.

Make the leap.

While the best foreign expansion strategies are adaptive and thoughtful—requiring nuance, commitment, detailed resource planning and buy-in from cross-departmental executives and stakeholders— there's a point where you just need to take the leap.
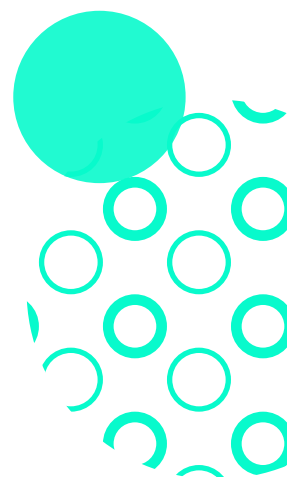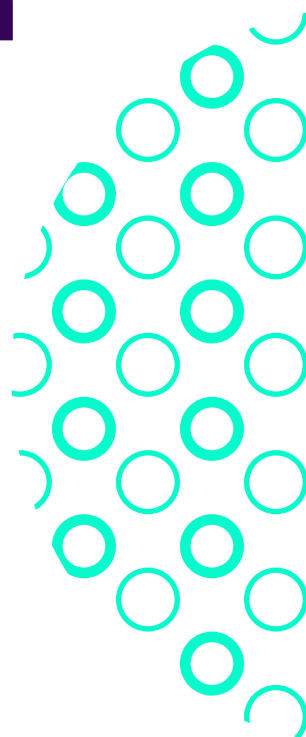
Step 2: Assessing your Supply chain

Throughout 2020 we saw fluctuations in demand across all industries. As countries across the world locked down, we saw a sharp rise in the demand for safety equipment, household essentials and homeware. Almost a quarter of British retailers reported severe disruption to their supply of goods. With only 7% of retailers having the flexibility to switch their suppliers.

Many retailers who relied on Amazon for supply also found themselves in bother when the marketplace decided to halt shipments of all goods other than PPE and essential equipment. Therein lies the challenge for retailers when managing a global supply chain.

If you can't figure out the logistics of how to get items to them, your online store is just not going to be able to perform on a global level. If you haven't done so since Covid hit, NOW is the time to examine your existing supply chain operations and determine whether or not the capability exists to manage international orders.

This will typically depend on the functionality within your digital commerce platform, as well as the delivery/courier network that you're partnered with.

Warehouse Management

Setting up international warehouses can be more complex than setting up multiple storefronts or global marketing campaigns. You will not only face different rules and regulations in each country but also potential language barriers and cultural differences.

The good news is that when it comes to warehousing, you have a couple of options.

Ship products worldwide from a single central warehouse.

Using a centralised warehouse has it's pros and cons. By choosing to limit the number of warehouses, retailers can direct their focus on resources and a high degree of automation is possible. However, Covid19 has produced a totally new set of scenarios. What happens if there are lockdowns (for whatever reasons) in the region where your warehouse resides? Without access to your product, what will happen to your business in that area? It can also be a costly solution in terms of transport costs and reduced flexibility.

Open a new warehouse in another country that will serve orders within that specific territory/region.

Having international warehouse space means cutting both shipping costs and shipping times - this can be especially helpful if you are expanding much beyond your region. For example, having a warehouse in France that's configured to serve Europe and one in New Zealand to serve Australia and New Zealand.

Dropshipping

A great option for retailers looking to trade in new markets as you don't need to have warehouses in multiple locations. Order fulfillment usually requires you to warehouse, organize, track, label, pick and pack, and ship your stock.
Dropshipping lets a 3rd party take care of all of that. While you do relinquish control over your order fulfilment, it's a relatively low risk way of breaking into a new market.

A good example of this is Fulfillment by Amazon (FBA), which is available to businesses, regardless of whether they want to list their products on Amazon or not. However, many changes were put in place to combat the virus - Amazon FBA even decided to halt general operations to accommodate the movement of health and safety equipment. So if you're looking to maintain full control of your international operations, drop shipping may not be for you.
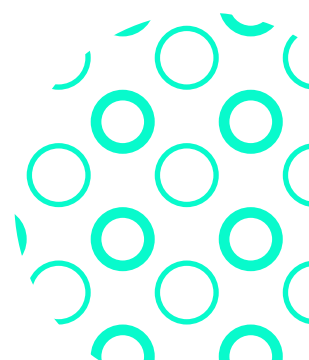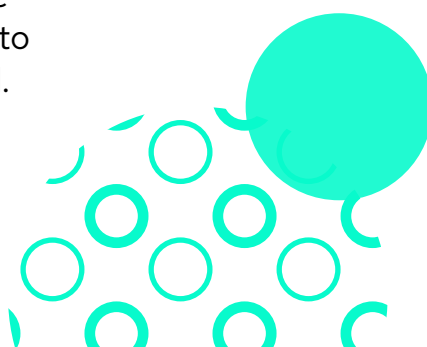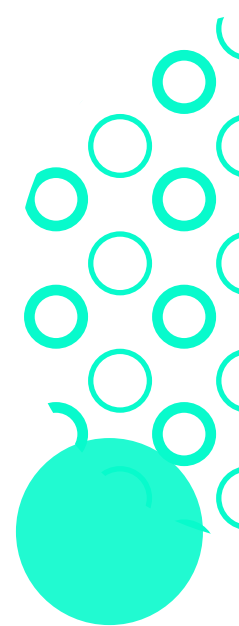
Distributed Order Management (DOM)

One major lesson we've learned since the pandemic is the value of flexibility. DOM (distributed order management) can be a major asset to international business with more than 1 warehouse. It allows merchants and warehouse managers to quickly and easily fulfil orders from another warehouse in the event of temporary closure due to an outbreak, for example.

Distributed order management unifies your sales and distribution channels to deliver a smooth experience to your consumers - no matter where they might be!

Collect orders from any channel and using rules (that you have set) dynamically decide how they should be sourced and shipped. Optimal distribution decisions are made for you based on factors such as inventory availability at each warehouse, warehouse locations (including stores), and where it needs to ship the selected items to. Orders automatically flow to the supplier or warehouse location closest to the end customer - which can reduce last mile costs.

Global Deliveries

We all know that customer expectations around deliveries can be challenging to meet, even in your home market. Retailers might feel obliged to keep up with promises such as "next-day delivery" in order to maintain their reputation - but how plausible is that on an international scale? Luckily, reputation is built much more on transparency than speed these days. Our "new normal" lifestyles have allowed consumers to reset, adjust expectations and be a little bit more flexible.

WFH allows for greater delivery windows and consumers are now more willing to wait a little bit longer to have their packages delivered, if say, it is cheaper or more eco-friendly. An IAB research study revealed that 75% of consumers have been likely to favour brands that exhibited clear and frequent communication during the pandemic, showing that the consumers are aware and listening. As we've said before, there is a huge difference between delivering items quickly and delivering items on time. You might not be able to deliver in 24 hours, but you can always deliver on time. Therefore, it is very important to keep your communications with customers honest and up to date. As long as you can do what you say you will, you should be able to maintain a glowing reputation internationally.
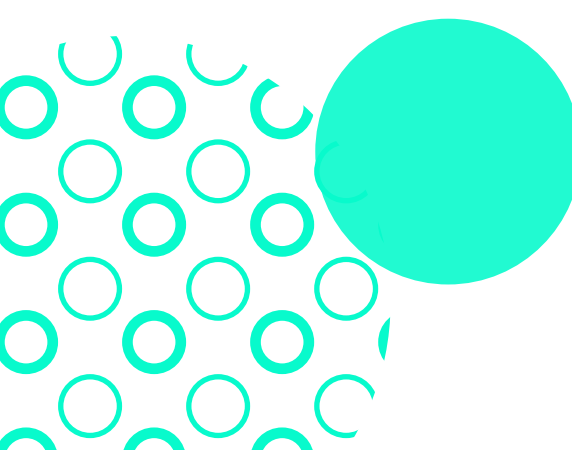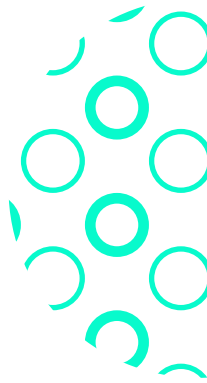
But after a manic year supply chain disruption,

PPE priority and a shift in consumer behaviors, how can businesses keep their customers happy as far as cross-border delivery is concerned?

The pandemic has accelerated the shift to online retail and emphasises the importance of cross-border eCommerce for both UK and EU-based retailers. Online retail demand, from both EU and non-EU shoppers, is growing. At the same time, Brexit has caused a lot of cross-border friction, and the cost of shipping goods to and from the UK has surged.

As retail businesses expand internationally, their tax risks become heightened. The tax obligations of a single brick and mortar store are not the same as an online business selling into ten countries. Further, the Brexit and the UK eCommerce VAT reforms of January 2021 have brought in significant changes in a very short space of time to sellers both in and out of the UK and EU. The maze of international tax regulations, cross-border sales, consumer use tax and more, need to be incorporated seamlessly into user friendly checkout systems. Retailers need to have their calculations right and, critically, compliance in order, as tax authorities are turning their attention to this much-needed additional tax revenue stream.

RORY O'CONNOR, FOUNDER AND CEO OF SCURRI

# There will always be new challenges for retailers.

The current situation should be seen as an opportunity to develop further. Disruption to cross-border trade has meant that some companies now face lengthy delays to move their goods. New forms of trade will emerge and new technologies will be developed to meet new customer needs. The main thing is that the customer stays firmly at the centre of all innovations and solutions.

According to Scurri's latest UK consumer survey carried out by YouGov in March, the majority of the British (61%) will keep shopping online despite shops being reopened for in-person shopping. As a result, shortages of items are inevitable and delivery services and the greater supply chain will struggle to keep up with demand.

When it comes to supply chains, we know that there's a robust carrier logistics network in place across the UK. We believe they will as a whole cope with the months ahead, but consumers can expect delays and should order well in advance.

Businesses will also need to look at the delivery options they offer to customers to meet demands and ensure they have multiple carriers in place to manage their networks effectively. The businesses that will be least impacted are those that work with a variety of carriers to give them a contingency plan so that if one fails you have others to fall back on.

RORY O'CONNOR, FOUNDER AND CEO OF SCURRI
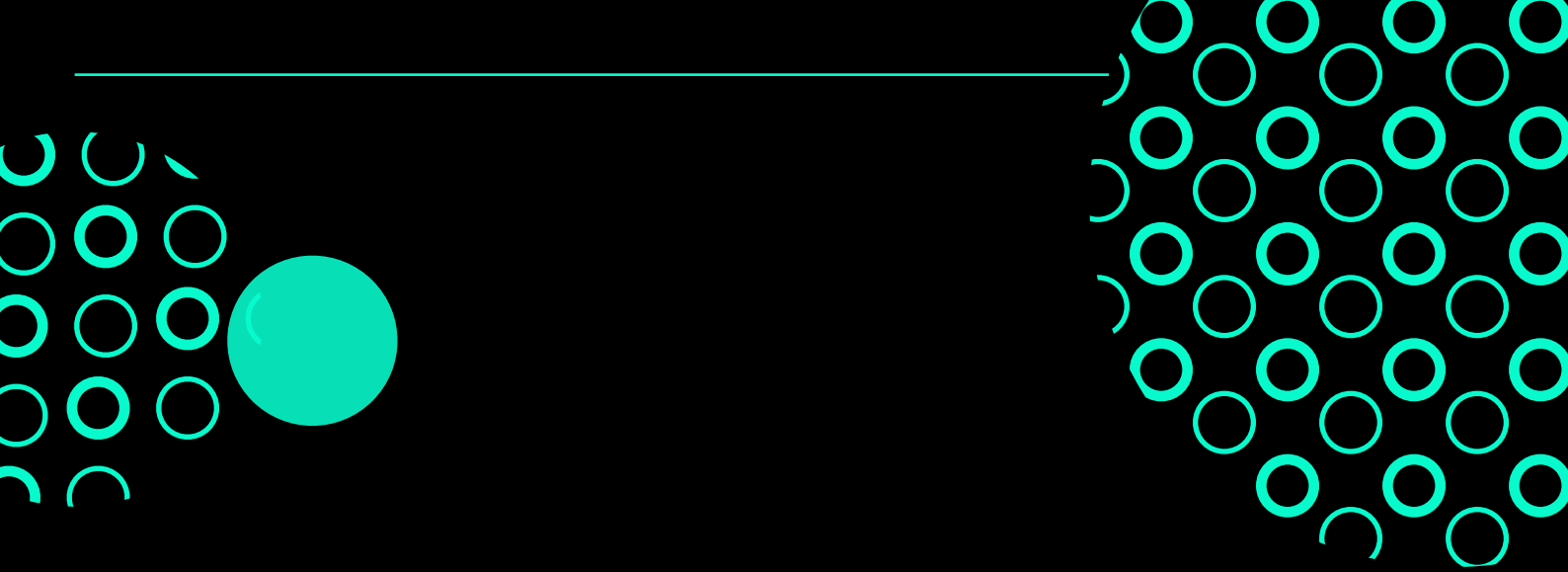
Coupled with the right technology solution,

retailers will have the ability to add or remove delivery options depending on capacity. This enables them to provide the range of services their customers want, but have the ability to turn delivery options off with one carrier and switch to another should capacity become an issue.

It's important to plan and plan early, including getting forecasts in with carriers as soon as possible. However, it's also about preparing for the unexpected with a flexible multi-carrier approach to delivery and returns. With the current pandemic and Brexit, the ability to adapt fast is the backbone to the challenging times that still might lie ahead. Retailers always have to ensure they have the flexibility, agility and correct contingency measures in place.

RORY O'CONNOR, FOUNDER AND CEO OF SCURRI

Step 3: Localise languages, currencies, and VAT rates

Localisation can be the difference between a thriving international presence and a failed one. It's not enough to simply throw up a website in multiple languages - local customs must be taken into account such as language adaptations, currency conversions and VAT rates.

Languages

It's so important that you get the translations right on your site. So often, businesses have their entire websites translated into multiple languages, but in a literal sense, rather than adaptive translations. We've all seen amusing translation blunders in the past, most commonly on products. However, it's a lot less funny when a major brand makes these blunders on their website. Consumers generally won't connect with a brand when it's ignorant to the basics.

It's important to consider the cultural calendar also - as not all dates are aligned. Say for example you were to offer a Friday 13% off discount. While the message is on point for countries like the UK, Ireland, USA, etc. - without adaptation, it's not relevant to other countries. For example, in Italy where it is actually Friday the 17th which is considered unlucky, or in Spain where it is Tuesday the 13th.

Not applying context to your content is far worse than having that content in English only! Be sure that you enlist a professional service when translating your website - never EVER cut corners with this one!

Currencies

Being transparent about your prices and conversions is crucial to cross-border trading. Leaving the operational requirements aside, EU Geo-Blocking regulations mean no more being redirected when you try to purchase products outside of your home country website. Nor can retailers get away with throwing an extra charge on their catalogue depending on the country and currency.

But what's changed since Brexit? According to gov.co.uk., UK Retailers must continue to follow the EU Geo-Blocking Regulation to sell certain goods and services in the EU. As a UK retailer, you cannot discriminate between customers in different EU countries, block access to, or automatically redirect customers away from a website or decline a payment card because of where it was issued in the EU.

However, EU businesses will not have to follow the EU Geo-Blocking Regulation when they sell to the UK.

VAT

And finally... VAT! Not the most riveting aspect of global expansion but probably one of the most important. Smooth entry into multiple markets relies on adherence to the tax laws of each jurisdiction.

You need to be registered for VAT in all of the countries that you wish to sell in once you reach or exceed a particular revenue threshold (e.g. approx. €70k in the UK, €100k in Germany, €35k in France, €100k in Netherlands, etc.) So, if you're a UK merchant who also sells to the Netherlands, you will continue to file tax in the UK until you hit €100k in annual sales, at which point, you must file a VAT return in the Netherlands. In other words, you need to ensure that you charge VAT in the country of the shopper once you've exceeded the threshold.

Harsh penalties may be faced if international tax laws are not abided, so it's very important to carefully adhere to tax laws.

However, this can be simplified by using an eCommerce Platform that can handle multiple VAT rates under one roof... ;)

Step 4: Set up localised payment methods

True localisation goes so much deeper than basic languages and currencies. Accepting all major credit and debit cards for your international customers at checkout isn't enough to make you an international player. Including local payment options increases customer retention and boosts your reputation in that market. Therefore, you have the chance to increase your sales volumes by giving the consumer the option to pay their way. Up to 16% of shoppers abandon their cart if their preferred payment option isn't available - so glossing over this part of the journey will cost you your conversion rates.

Simply throwing up a website and accepting credit and debit card payments is no longer an option for successful international companies. In countries all over the world, payment types such as real-time bank transfers, local digital wallets, and buy now, pay later schemes dominate a share of online checkout.

Did you know that in Italy, prepaid cards are popular amongst online shoppers, while in Hungary, cash-on-delivery reigns supreme? Did you know that BNPL options cannot be the default payment method in Sweden, while in the UK it annually becomes more popular by 39% YOY?

By offering local payment options alongside credit and debit cards and digital wallets, you can help ensure your customers see their preferred option when they are ready to purchase.
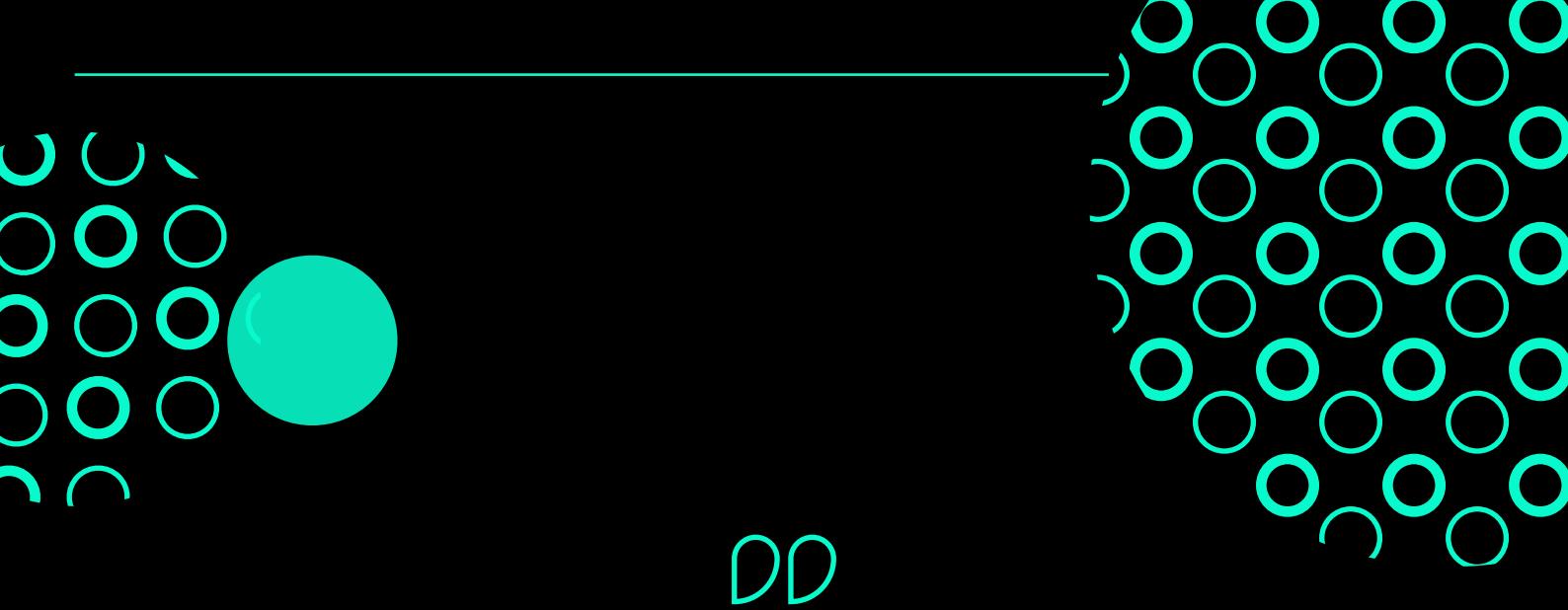
But besides making sure you're offering all of the relevant payment methods...

To each market, what other best practices should you follow in terms of cross-border payments? Myles Dawson, Adyen Managing Director UK shares his expertise:

Supporting local payment methods is an important place to start when looking to reach customers in other countries. And it doesn't have to be difficult. It should be possible to connect to all major local payment methods via your payments service provider (PSP). In that way, you can add new methods quickly without worrying about individual contracts and integrations. It will also likely save you money in the long run since these PSPs have the leverage to negotiate lower fees for their merchants.

Beyond payment methods, it's worth thinking about how your international credit card payments are processed. For example, you'll need to consider if you want to process cards across borders or locally in each market. There are pros and cons to both. With cross-border processing, you run the risk of higher refusal rates since local banks might not recognise the format of the payment request. On the other hand, a local approach is likely to yield higher authorisation rates but quickly becomes unwieldy when duplicated for each market. The best solution is to have a single partner with local acquiring licenses and local teams in all the key markets you operate. That way, you can benefit not just from higher authorisation rates but also enjoying the simplicity of dealing with just one partner.

MYLES DAWSON, ADYEN MANAGING DIRECTOR UK

Another key consideration is access to local experts...

Who understand the payment systems in each of these key markets. For example, its regional regulations. From Brexit, to PSD2, every region has its own regulatory landscape. And of course, there's always Payments Card Industry (PCI) compliance to think about as well. In the UK, card issuers will be required to decline all non-strong-customer authentication-compliant transactions from 14th September 2021. The good news is that authentication flows have improved significantly and can now be completed with a one-off pin or fingerprint ID. Outside Europe (Australia for example) industry parties are in consultation phases for strong customer authentication frameworks, suggesting that other countries will soon follow with more authentication rules. This isn't something you should have to worry about. Your payments provider should ensure you're processing in a compliant manner in every market.

New regulations emerge and, with the rise of biometrics and the growing use of mobile devices, payment methods are also evolving fast. Ultimately, it's critical that your payments partner is able to keep you one step ahead. So you're always offering the best possible payment experience to customers, wherever they are.

MYLES DAWSON, ADYEN MANAGING DIRECTOR UK

Step 5: Marketing Internationalisation

Now that you've expanded into markets, your communications are going to need some individualisation. It's a global-local world and becoming even more so by the day. Operating in multiple countries now requires an understanding of international advertising laws and customer communication preferences.

Ireland has been referred to as having the most stringent advertising laws while in the states, laws are generally business-friendly and attribute responsibility and education to the consumer. Running promotions in multiple countries not only requires businesses to have a comprehensive understanding of national advertising laws, but also a full grasp of your customers communication preferences, what your top selling items are in each market, and what types of promotions best resonate with that particular audience.

Then comes personalised promotions - no easy feat on an international scale and simple tactics such as addressing them by name or offering birthday incentives aren't going to cut the mustard. You need to take personalisation that bit further and understand the regional shopping tendencies of your consumers.

Localisation, in terms of eliminating the language and currency barriers, is a rather necessary sales strategy. However, qualifying it as a personalisation strategy does not actually do justice to all the areas personalisation covers on an online store.

At the most basic level you need to ensure your promotions are organised to reach your consumer aptly in their time zone. Is your consumer making purchases reflective of someone going on holiday? Make suggestions that can support their purpose for shopping. Optimising your online store to reach a global-level personalisation is more applicable than you think. Data knows no borders, so why should your online store?
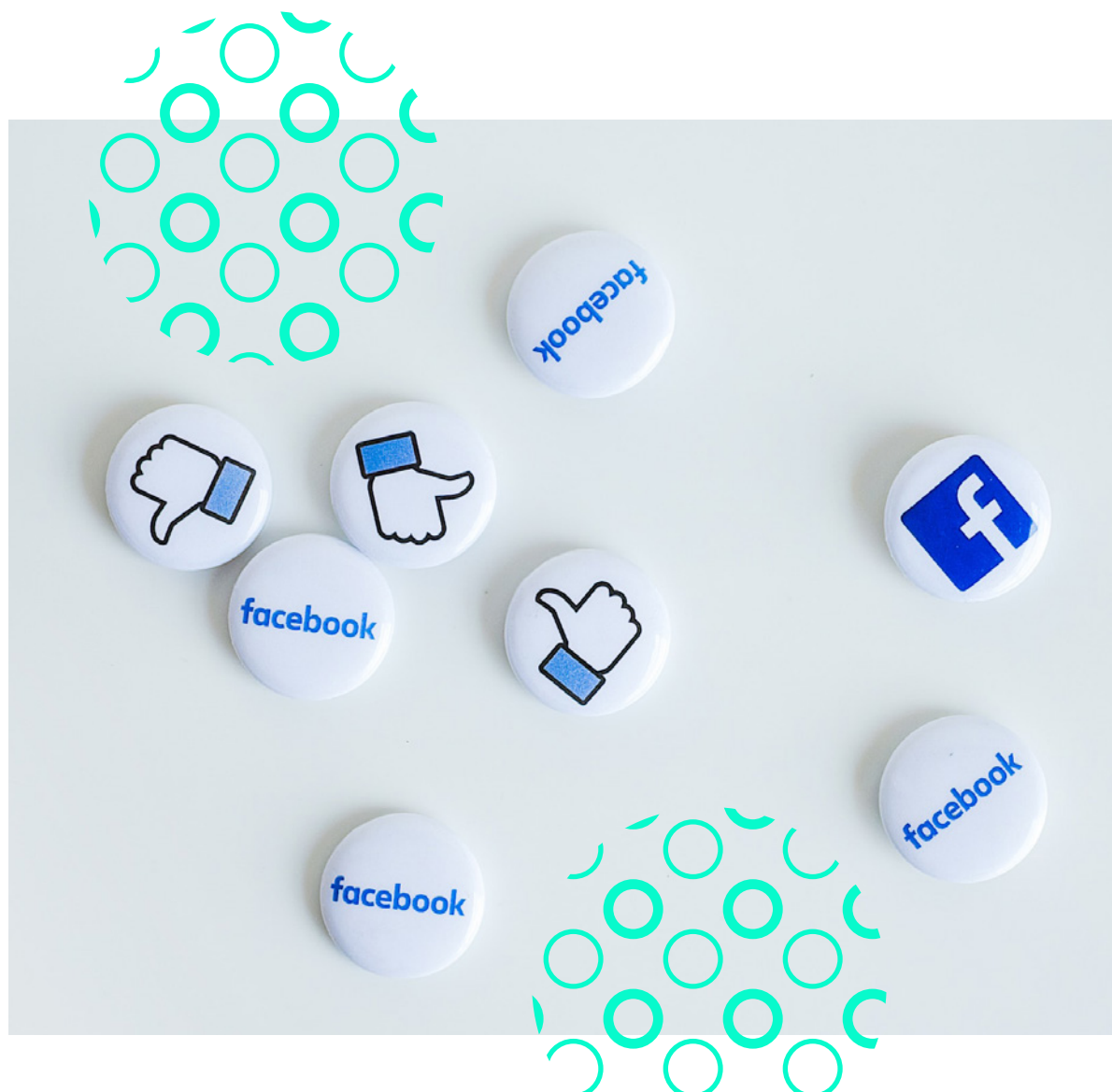
Step 6: Using Marketplaces to expand

Going to marketplaces is effective for going international - but not a quickfix. You need to utilise them strategically as a way of building your overall presence in new areas. Online marketplaces like Amazon and eBay drive eCommerce and are areas that could potentially drive huge growth. As we write this, there are over 150 million Amazon Prime subscribers. And, even those who are not subscribers hold this Marketplace to a certain standard, with 90% of shoppers visiting Amazon to compare prices.

The pandemic has shown us the importance of an eCommerce presence to retailers. Early in 2020, Amazon experienced supply chain breakdowns and fulfilment issues - leaving many merchants without a paddle. However, there are a number of benefits to be discovered through marketplace selling, especially in today's post-COVID landscape.

Choose the right marketplace for your product

What exactly is the right marketplace for your brand? Different sales channels have different subscription costs and plans and, in return, they also offer different services. It is better to shortlist a few channels and then carefully go through their specific plans to choose the ones that you want to go for.

However, it is not only traditional marketplaces that are available to retailers. If brands tend to default to Amazon in their marketplace choice, on social networks, they naturally start out on Facebook.

You can use social marketplaces to your advantage by gauging audience demographics and where they might be and even at what times of the day which will provide valuable insight into your audience. While Amazon and eBay don't provide these insights (easily), they come with a host of other benefits for international expansion. Test your product appeal to global audiences with local listings, international order fulfilment is taken care of and they even provide localised support - allowing you to expand quickly without threat to your reputation.

So when it comes to choosing your marketplace, consider your time, your audience and your product in order to find the channel that works best for you.

Organise your Marketplace marketing

Marketplaces already attract millions of customers to their websites daily, and you get access to them without having to start from scratch. This means your marketing costs will be relatively low.

Focusing on your product descriptions and images is the first place to start, not only in terms of standing out, but context will improve the customer experience and increase initial trust in your products.

36% of returns made in 2020 were as a result of products looking different in reality to what's displayed on your website. So your product descriptions need to be, for lack of a better term... descriptive. Detailed sizing guides, product specifications, and additional benefits should be included wherever necessary. The likes of Amazon do provide machine translation, however, descriptions are not localised as we have discussed above.

Therefore, it's a good idea to cover all your bases with high quality, true to life product images and videos

to ensure that they also tell your customers the story of exactly what the product is, who it's for, and why they need it.

Optimise your stock and warehouses

If you are a retailer with an eCommerce site as well as a marketplace presence, it's vital to optimise your product selection and order fulfilment process. Why? Because synchronised stock lists are vital for minimising errors and disruptions. Nothing will annoy your consumer more than being given the ability to purchase an item, only to find it is sold out upon checking out. Manually managing your orders is a time-intensive task as it includes manually listing products across all channels and updating them each time you make a sale, as well as the requirement to monitor, manage and fulfill orders on individual channels.

The use of an inventory and order management solution reduces these risks, enabling you to synchronise your stock across all channels, automate processes and manage your orders with ease.

Step 7: Measure your success (and shortcomings!)

With massive changes to the retail industry in 2020, monitoring your success should be a no brainer. This is going to be a learning curve, and you might not realise where you're excelling or crawling until a couple of months into your venture. However, it's important to re-familiarise yourself with your goals on a regular basis to ensure your expansion is on the right track.

It takes time to build up international data which you can then use as insight to improve upon. You might even discover some anomalies along the way – a market that you didn't have high hopes for might just turn out to be a runaway success for your business!

Start monitoring progress immediately and measure only about 3-5 metrics at any one time. Too many goals, like too many cooks, can spoil the broth. Some of the most common metrics measured in the early experimentation and evaluation phases are:

- **Highest performing channels**
- **Conversion rates**
- **Gross margins on goods**
- **Shopping cart abandonment rate**
- **Average order value**
- **Highest performing products**
- **Lowest performing products**
- **New versus returning traffic**
- **Cost per acquisition (CPA), based on marketing activities**

Selecting the right metrics to evaluate the success of your market entry strategy is critical because it will;

a) allow you to make educated judgements on early performance and how fast you need to alter your approach (if at all) to get it right in the target market.

b) establish a process to review and set goals based on new insights so you can foster a pattern of continuous improvement.

Crossing uncharted waters is an exciting time! But much like sailors, it's dangerous to set sail without the right map and tools. After that, it's only the weather or global health crisis to worry about. ;)
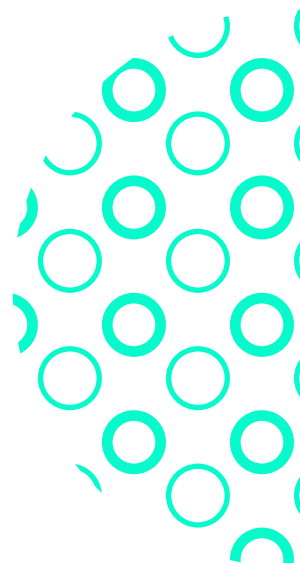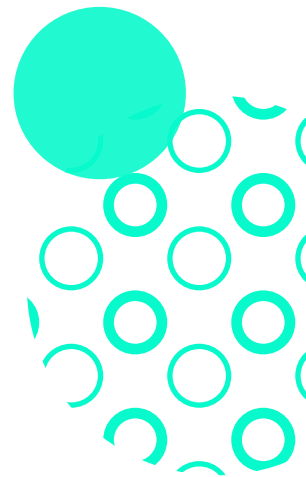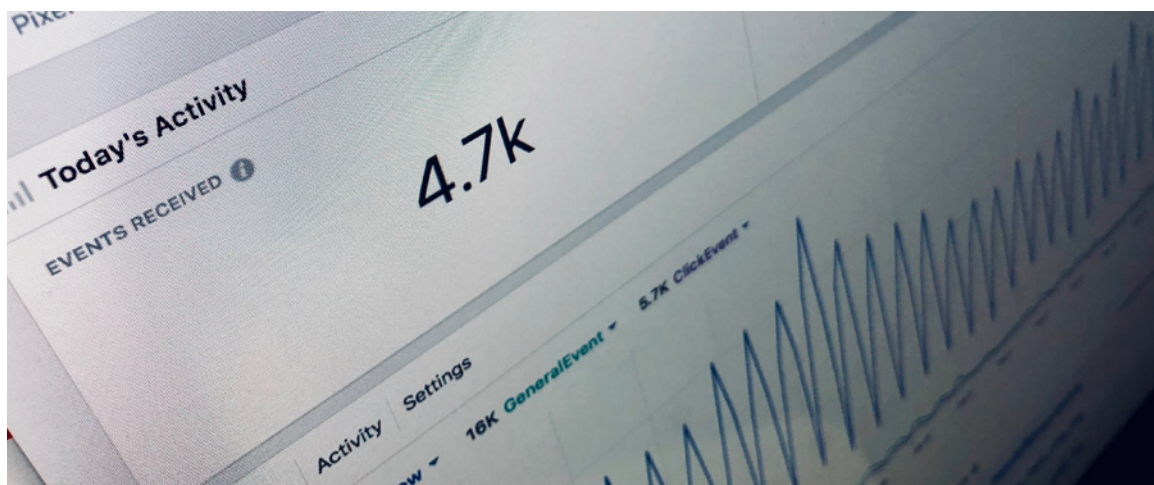
Summary

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Summary

We have come out the other side of a period like none other. Covid19 may have been the final straw for many retailers – but if you're reading this the chances are you've either survived or you're looking to hit the ground running in the new normal. The positive side of the pandemic is that the weaknesses it exposed are being rectified and the opportunities available to expanding retailers are vast. Although there are indeed still risks involved with internationalisation, you should now be able to perfect your plans having read this guide.
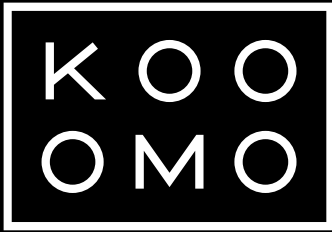
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Thank You

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