



6 Hurdles E-Commerce Sellers Face When Selling Internationally



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By 2022 cross-border shopping will make up 20% of all e-commerce, with sales predicted to reach an incredible \$630 billion. (Forrester data).¹

While some e-retailers are already reaping the rewards of global e-commerce – many have yet to dip their toes into international waters; the imagined complexities and risks appear to be outweighing the potential benefits.

In this eBook we'll show you that, so long as you do your research - and address issues head-on - you could quickly gain a new and profitable audience of loyal customers abroad.

Let's take a look at 6 common hurdles retailers face when it comes to cross-border selling – along with tips and practical solutions to help you negotiate them.



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¹ <https://www.forrester.com/report/Forrester+Data+Online+CrossBorder+Retail+Forecast+2017+To+2022+Global/-/E-RES137898>

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Finding the right target market

The number one challenge is – where to start? Which country or countries would make a good fit for your overseas expansion plans? Here are some things to consider.

Stay closer to home? Or spread your wings further afield?

It could be easier to start your expansion in countries where shoppers share a similar culture or language. For example, the US, with online sales valued at \$340 billion, Australia or New Zealand.² And, despite language differences, Europe's established, high spending online audiences have similar tastes to shoppers in the UK – plus delivery distances are shorter.

Tap into the largest e-commerce markets in the world

The largest e-commerce market by far is China, forecast to be worth \$1 trillion by the end of 2018.³ \$125 billions worth of this will be spent on cross-border purchases. No wonder 80% of global retailers see China as an attractive market opportunity.⁴

The typical online Chinese shopper spends an average of \$850 per year on goods from overseas: Fashion is the top category at 22% – with beauty, cosmetics, and mother and baby other top sellers. If you sell in these categories China is well worth considering.

Japan (worth \$79 billion) is another country with high online spending habits.⁵ Or if you fancy tapping into an emerging market take a look at South Korea – they're predicted to be one of the fastest-growing e-commerce markets.



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2 <https://www.shopify.com/enterprise/the-future-of-ecommerce>

3 <https://www.prnewswire.com/news-releases/chinas-cross-border-online-shopping-market-set-to-exceed-us-125-billion-in-2018-says-frost-sullivan-300647492.html>

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5 <https://www.shopify.com/enterprise/the-future-of-ecommerce>

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Competing on price

Pricing competitively is crucial when it comes to selling overseas. 76% of cross-border shoppers say they buy from foreign websites because they are looking for the best price.⁶

But it can be near impossible to be price-competitive, especially if you're up against Chinese sellers. There comes a point when cutting prices means eliminating your profit margins.

If you can't compete on price think about what else you can offer. Do you sell something unique – or goods a shopper can't buy in their domestic market? According to UPS many cross-border shoppers buy from foreign sites because they can't find certain items locally.⁷

In China shoppers are happy to pay more for authentic high-quality products – while in Australia and New Zealand many online shoppers search for items not available at home e.g. car parts.

Checkout the value of money in different countries too. £10 doesn't represent a great deal of money to an online buyer in the UK, but it takes up a bigger part of a pay packet in India – it may be too much to spend on your items and result in low basket values for you? Establish how much consumers in your target market are willing to pay for your products before you set up shop there.



76% of cross-border shoppers say they buy from foreign websites

⁶ <https://ecommercenews.eu/71-european-e-shoppers-buy-cross-border/>

⁷ <https://pressroom.ups.com/pressroom/ContentDetailsViewer.page?ConceptType=FactSheets&id=1517504848201-234#en>

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Overcoming logistical nightmares

When selling into new markets logistics issues can seem unsurmountable. Resolve this by finding a reputable partner with an established international presence. Check whether they have distribution points in strategic international locations – in places that you’re considering expanding to. Use their local expertise – and their support - when it comes to the complex process of delivery costs, duties and taxes and of course returns.

USE MARKETPLACES TO SET UP IN NEW LOCATIONS

Using a fulfillment program like Fulfillment by Amazon (FBA) is a great way to get started in new locales. Amazon can store and ship your inventory, as well as offer award-winning customer service in a local language. 25% of online cross-border shoppers worldwide made their most recent purchase on Amazon – Amazon’s global cross-border sales account for nearly a quarter of third-party units sold on the platform.^{8 9}

In fact, the majority of global cross-border purchases overall are made via marketplaces – think Newegg in the USA, Wish in America and Rakuten in Europe. They’re all seen as trusted names to foreign buyers – giving your items the immediate glow of credibility.



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8 <https://pressroom.ups.com/pressroom/ContentDetailsViewer.page?ConceptType=FactSheets&id=1517504848201-234#en>

9 <https://www.cms-connected.com/News-Archive/February-2018/The-State-of-Cross-Border-eCommerce>

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Breaking down the language barriers

75% of cross-border shoppers refuse to buy from a site that isn't in their local language. Communicating with customers in their own language is essential.¹⁰ Always employ a professional native translator – don't use generic translation tools – they often miss crucial linguistic or cultural nuances – and this could be embarrassing and ultimately disastrous for your brand.

For example, when Mercedes-Benz entered the Chinese market they did so under the brand name 'Bensi' which when translated in Chinese means 'rush to die' – hardly the impression a car manufacturer wants to create!

And language matters when it comes to customer service too, it's crucial in order to ward off misunderstandings and create brand loyalty. Bear in mind that 73% of consumers say friendly customer service reps can make them fall in love with a brand.¹¹

Making sure your listings or site is localised for language will also help with SEO – French shoppers will be looking for 'chaussures', not 'shoes' on Google.



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¹⁰ <https://www.digitalcommerce360.com/2017/05/10/6-localization-must-haves-for-global-e-retail-success/>

¹¹ <http://www.insightsquared.com/2015/04/100-customer-service-statistics-you-need-to-know/>

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Avoiding cultural collisions

It's not just about words – it's essential to tie in with the culture of a particular region. Make learning about your prospective customers' values and culture a priority.

For example, the colour white generally means 'clean' and 'pure' in the West – but in some Asian countries the colour represents death.

In the West, Barbour is seen as an aspirational 'out-of town' brand - but they had to change their marketing approach for consumers in Asia. The 'countryside' equates to reduced prosperity to people in China, Japan and India.

Be aware of the importance of social to consumers in other countries: a third of all e-commerce sales start on social in Southeast Asia, and Latin America.¹² Consumers here like instant communication via social media - social messaging apps are vital things to factor in if you're selling abroad.



Make learning about your prospective customers' values and culture a priority

¹² <http://www.future-of-ecommerce.com/the-e-commerce-2017-top-ten/>

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Dealing with costly payments processing

This is last on the list – but is one of the most challenging issues for many businesses. The prospect of having to deal with high currency conversion rates and international bank transfer fees is putting off many would-be global players.

The way to clear this particular hurdle is to find a trusted payment partner. Whether you are planning to set up your own store abroad - or sell on marketplaces like Amazon - Payoneer offers a comprehensive affordable solution. Today more than 4 million businesses worldwide use Payoneer as their cross-border digital payments provider.

If you want an international receiving account Payoneer's **Global Payment Service** is ideal – it's just like having a local bank account abroad, making it much easier to get paid internationally. These virtual bank accounts are available for the USA (USD), Europe (EUR), United Kingdom (GBP), China (CNH), Australia (AUD), Canada (CAD) and Japan (JPY).

Once funds are in you can withdraw them to your local bank account in your own currency (with a low conversion rate) or sign up for a Payoneer MasterCard® - then withdraw or spend your funds as you like.

Payoneer supports payments via marketplaces like Amazon, Wish, Rakuten, Lazada, Cdiscount, TopHatter and many more.

You can also pay suppliers, partners or other service providers for free with their in-network payment service. Plus, they offer a service that lets you pay your VAT in the EU and UK with funds from your Payoneer account – it's 100% free – with zero exchange rate and transfer fees.



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SUMMING IT UP

It's a case of 'who dares wins' when it comes to the global e-commerce market. But that needn't mean taking unnecessary risks. Determine the markets worth pursuing and take the practical steps we've outlined and you'll soon be engaging profitably with a brand new e-commerce audience.

Connect and optimise the world's commerce

At ChannelAdvisor we help clients make a successful transition into cross-border trade. We support Amazon and eBay, plus hundreds more overseas channels – so we're perfectly positioned to help you manage your inventories across multiple channels. If you're thinking about taking your business overseas, drop the UK ChannelAdvisor team a line at sales@channeladvisor.co.uk – or call us on 0203 014 2700.



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