

Possible? Probable. Profitable! Meet consumers wherever they are.

A guide to achieving success in global ecommerce



Introduction

We find ourselves in the midst of a global ecommerce boom, with eMarketer projecting that global ecommerce sales will eclipse \$3.5 trillion by 2019.¹ If your business has not already taken steps to take advantage of this juggernaut by implementing a global sales strategy, the time to get started is now or you risk being left in the retail dust.

While domestic sales in the US have remained relatively flat, there is huge potential beyond America's shores. Any retailer, large or small, looking for growth should be focusing overseas. The good news is that much of this potential is still untapped. The global ecommerce market is projected to continue growing at a double-digit rate, with the Asia-Pacific region growing faster than any other at a rate of 35.2 percent year over year. Much of that growth is coming from consumers in rural areas making online purchases from mobile phones. In fact, the region was expected to gain about 80 million new online shoppers in 2015.¹

Even in more mature ecommerce markets such as the UK (one of the strongest ecommerce markets globally), online sales are still expected to grow by 15 percent in 2016.² What's more, the demand for US goods is high.³ For international shoppers, the most desirable e-destinations for consumers looking to purchase goods outside their own countries are the US (71 percent) and the UK (44 percent).⁴ Your audience is ready and waiting!

We live in a global economy. It's time to fully engage it.

Despite the phenomenal potential, many retailers have shied away from the global market due to the complexities involved in setting up shop internationally. They know that it is not as simple as just putting up a website. Many of those that are successful today are working with a partner that understands the challenges of global ecommerce and has experience navigating and mitigating the risks and regulations on a country-by-country basis.

What you need to know to grow

Selling online to international consumers has historically offered a poor customer experience marked by expense and unpredictability: a clunky web interface, compliance issues that impact delivery times, unexpected additional fees and duties, and an impossible returns process.

As ecommerce has matured, domestic buyers have come to expect mobile-optimized sites, personalization, a broad choice in payment and delivery options, and a flexible returns policy. Today, these niceties — now mandates — must also be offered to international buyers. It is what they have come to expect from an online shopping experience.

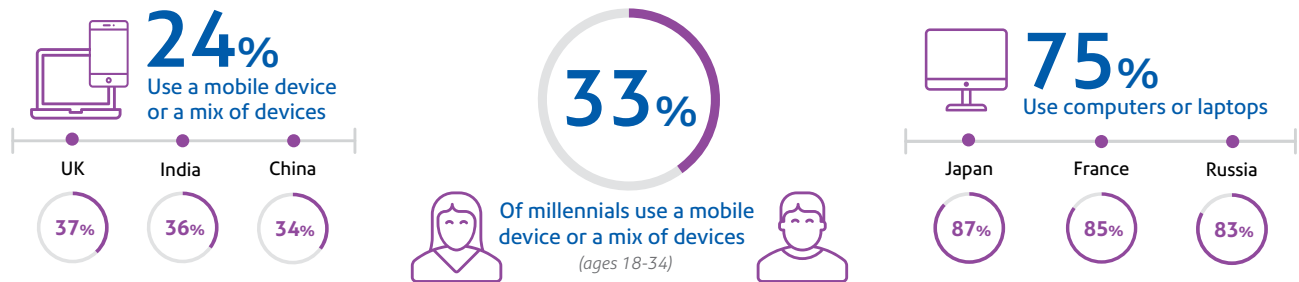
Going global is not easy. It brings new challenges that most retailers have not yet encountered. Creating a top-notch international customer experience is just one of many. In the sections that follow, we take a look at some of the major challenges to going global and offer some real-life examples that illustrate how retailers are meeting them.

Regional and cultural differences

When extending your domestic brand experience to a global audience, there is much to consider. A "one size fits all" website will almost always miss the mark. Global consumers have unique shopping preferences and behaviors that vary by country. Each region comes with its own set of characteristics, not to mention rules and regulations.

Start by defining your market focus by country, differentiating your product offerings based upon what your target audience is looking for. For example, consumer electronics and apparel are the biggest draws for Chinese buyers, while books, DVDs and music are important to Australians. Household goods and auto parts are top categories for Russian ecommerce consumers.⁴

Which devices are consumers using the most to purchase online?



Source: The 2015 Pitney Bowes Global Online Shopping Study surveyed approximately 12,000 adults across 12 countries. Conducted by ORC International.

It is also important to align your digital presence to international consumers in a way that meets your buyers' expectations. Consider cultural norms and shopping preferences. Provide localized and personalized content that is available on the device of choice in that region. Consumers must feel served and understood, and be able to find what they are looking for, so they will want to return.

Though language is important, the look and feel of your website must also appeal to local preferences and match customer expectations. And in some markets, setting up a standard website is not the best approach. For example, in China, consumers are more likely to find and make purchases through online marketplaces. International brand familiarity is low, so selling via a domestic online marketplace can be a better way to build trust among Chinese consumers. Popular domestic marketplaces such as Taobao and Tmall account for 76 percent of online sales.⁴

Understanding these cultural differences and tailoring your website accordingly can be a mammoth undertaking. Working with a partner can help. An upscale US department store chain working with Pitney Bowes is able to sell and ship to more than 220 countries via a website that reflects regional differences based on the currency the shopper chooses. In fact, the company recently began selling in China using Alipay's ePass solution and has seen great results. By offering free or low-cost shipping promotions to most countries — popular in any language — the

company has been able to build its customer base. Today, the retailer is able to offer a seamless global customer experience that complements its brand image.

Shipping and logistics

Global consumers say that the biggest barriers to online cross-border shopping are high shipping costs (64 percent), additional fees owed at delivery (48 percent) and slow delivery (39 percent).⁴ Clearly, if you wish to succeed, these issues must be addressed and resolved.

Shipping is an important area that requires a lot of attention. First, a different set of rules pertaining to what you can ship applies to each country you are doing business in. And while shipping overseas takes more time and money, international buyers increasingly expect delivery speeds and costs that match their domestic options. If you are managing your shipments independently, you may not be getting the best rates.

What's more, you must be able to navigate internal delivery infrastructures and local carriers while meeting delivery dates and managing returns. Providing detailed tracking information to buyers from the time the order is placed until delivery is also a must. Having reliable shipping partners on the ground, in country, is critical, because those delivering your packages become an extension of your brand.

Then you have to consider duties and taxes, which are based not only on where the item was shipped from, but where it was made. No customer wants to be asked to pay an unexpected additional sum when their merchandise is delivered. The ability to quote customers a fully landed cost at checkout, inclusive of delivery, taxes and duties, is key to building a loyal customer base.

International import and export laws are another issue. Shipping certain items is prohibited in certain countries — for example, don't try shipping umbrellas to Brazil or playing cards to Italy. And customs clearance can be daunting, especially in some Asia-Pacific markets, causing delays, fines, penalties and higher duties if not handled properly. Is the merchandise legally acceptable in the destination country? Are appropriate documentation requirements met?

Delivery challenges can interrupt the customer experience you are looking to provide. Having a partner that is expert in managing country-specific logistics issues can help reduce challenges that can make or break your customer's experience.

An iconic British retailer with a well-heeled international clientele and a large volume of overseas sales was unable to offer pricing in local currencies with duties and delivery costs included. Having to collect duties and taxes from customers at time of delivery was not consistent with the retailer's world-class image or the first-class service it wished to provide. Partnering with Pitney Bowes now allows the company to guarantee a fully landed cost to customers — with all taxes, duties and delivery charges included and paid at time of sale — in approximately 70 currencies.

Payment and pricing

Risk abounds where money is concerned. You must ensure that you protect your customers and business against currency fluctuations that affect your pricing and margins, as well as various types of consumer fraud. For example, your customers expect that if they return something, they will get the same amount back that they originally paid. But what if the currency used to purchase the item took a dive in the meantime?

You probably know that consumers want to see prices and final costs in their own currencies, but is your retail site equipped to accept the alternative payment methods they might prefer? Online payment preferences vary by geography. For example, shoppers from the UK, Canada, France and the US predominantly use credit cards, while other parts of Europe prefer to use money transfer or prepaid cards.² Local payment systems are also prevalent. For example, mobile wallets specific to China such as WeChat and Alipay are becoming increasingly popular.

Consider working with a partner that understands payment preferences and will take pricing risks out of the equation. The right partner will guarantee the price quoted to the customer at checkout. If currency fluctuations cause that cost to change, your partner will honor the original exchange rate for the life of the transaction, even through a return, if necessary, absorbing any difference.

The ability to quote a fully landed cost at checkout, inclusive of delivery, taxes and duties, is key to building a loyal customer base.

A US fashion brand turned to Pitney Bowes for help building an international online strategy that would support the opening of international brick-and-mortar stores. It was vital that the online and brick-and-mortar sites feed each other, with consistent pricing and brand experience. Pitney Bowes technology has given this retailer peace of mind in being able to align country-specific online pricing to match that in local stores, despite any currency fluctuations.

Demand generation

For retailers that don't wish to establish brick-and-mortar stores internationally, the digital approach offers an entrée into new, untapped markets. But creating demand and visibility in those markets is another hurdle. Running promotions on shipping in local currency is one way to create demand. Observing local holidays and shopping events such as Chinese New Year and Diwali with flash sales is another.

Where are consumers finding products to purchase online?



Source: The 2015 Pitney Bowes Global Online Shopping Study surveyed approximately 12,000 adults across 12 countries. Conducted by ORC International.

Knowing where to reach consumers is important too. Globally, the majority of online shoppers (62 percent) prefer to use a search engine to find products to purchase online, but this varies by country. Seventy percent of shoppers in Japan and the UK use search engines, while 51 percent in Canada and India prefer to visit a retailer's site directly. Social media is also a popular source in India, at 38 percent.⁴ While many Chinese shoppers use a search engine to find products, that search engine is not Google but rather Baidu. With mobile accounting for about half of retail ecommerce sales in China in 2015,⁵ you must have a viable mobile and social strategy if you want to meet these customers where they shop.

The right partner will honor the original exchange rate for the life of the transaction, even through a return, absorbing any difference.

Develop and deliver the right message to the right audience by working with a partner who has this kind of expertise. Working with Pitney Bowes, a large US discount retailer launched an international version of its website available to shoppers in more than 200 countries just in time for the 2015 holiday shopping season. It also allows US shoppers to ship to family and friends around the world. Pricing is the same as that offered on the US

site and can be shown in nearly 60 different currencies. The checkout page appears in the customer's local language, with a price inclusive of shipping, duties and taxes.

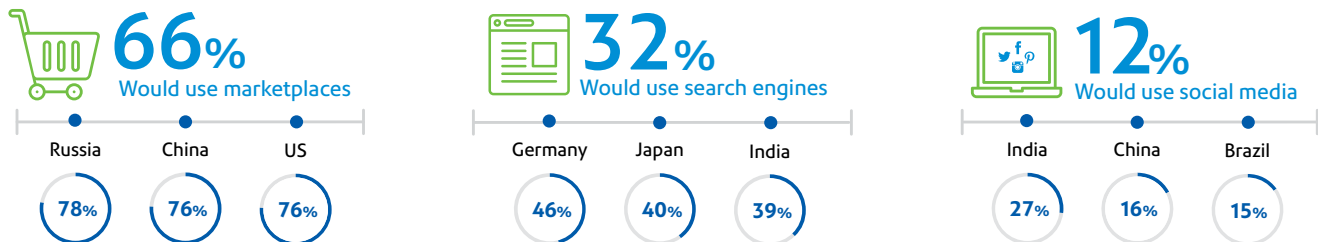
Website localization and language

Your website should be localized so customers feel welcome when they visit. A welcome mat in their language is just the start. Prices and checkout in the customer's familiar currency, choice of payment type based on local preferences, and multiple shipping options and delivery times geared to what each region expects will result in a customer experience that feels like home.

Product descriptions and checkout in the customer's own language are also ideal, especially for countries where English is little understood, but care must be taken with translation to maintain brand voice and observe cultural differences.

A high-end retailer with international brick-and-mortar stores wanted to increase its digital presence domestically and internationally. As a luxury brand, the retailer sought to create a seamless global online experience that was a reflection of the brand's uniqueness. To capture the greatest audience, however, a single website would not work. The retailer chose to work with Pitney Bowes because of our proven expertise in connecting the dots between the retailer's stores and online presence and providing a consistent customer experience optimized for each country served.

How are consumers finding retailers online?



Source: The 2015 Pitney Bowes Global Online Shopping Study surveyed approximately 12,000 adults across 12 countries. Conducted by ORC International.

Customer care and returns

Offering customers first-class service is what keeps them coming back, but this can be particularly challenging with international customers. As often as possible, customer care should be offered in the customer's own language and time zone, and returns must be easy and not cost-prohibitive. Global consumers (33 percent) cite online return policies as a deterrent to cross-border shopping.⁴

A popular US fashion retail chain wanted to offer international customers the same rich purchasing experience and high level of customer support it offers to US customers, including a no-questions-asked returns policy. International returns create challenges for US retailers. Because it partners with Pitney Bowes, the company is able to provide customers with a refund of the original merchandise price plus the duties and taxes originally paid in the same currency and using the same exchange rate as the original order. Pitney Bowes acts as the merchant of record (MOR) and absorbs any currency fluctuations.

Live and let buy: Billy Reid and the 007 connection

In the summer of 2012, stills from *Skyfall* featuring Daniel Craig as James Bond wearing a navy blue pea coat from US luxury clothing designer Billy Reid were leaked in the UK. Within days, requests for the coat — which was from a prior season — were pouring in from Western European fans. Until just a few months earlier, this would have caused a significant problem for the retailer, which previously had a very limited ability to sell internationally.

Fortunately, Billy Reid had deployed the Pitney Bowes Global Ecommerce solution, which provides fully landed international delivery costs including country-specific duties and taxes, parcel tracking, parcel protection, and some of the lowest shipping costs around. The company immediately began manufacturing and shipping the pea coats, for which international demand went viral. To date, Pitney Bowes has helped Billy Reid deliver more than 1,000 pea coats overseas, and helped to grow the Billy Reid brand globally — one of its primary business strategies.

From anywhere to everywhere™

There is clearly a lot to be gained by going global. Consider the numbers from China's Singles Day 2015: Total sales were \$14.3 billion and 80 percent of all Chinese online shoppers participated. Nearly 70 percent of sales were made on mobile devices, compared to around 40 percent in 2014. In 2015, Western brands got a piece of the action too, with more than 15,000 global companies participating by launching stores on China's Tmall or localized branded ecommerce websites.⁶

Opening up new revenue channels is critical to business longevity. For retailers, developing and executing on an international ecommerce strategy is almost a mandate — but there are also many challenges to address. Depending on the approach you decide to take, there can be very little to lose if you work with a partner that understands the complexities and can successfully manage them for you throughout the customer lifecycle.

Choose the right partner

Pitney Bowes provides an end-to-end global ecommerce solution that covers everything from demand generation to customer care and can be integrated with your ecommerce platform for a seamless customer experience. Supporting global ecommerce in more than 220 countries and territories, we help you go global by providing:

- In language
- In currency
- Pay as you choose
- Ship as you like
- Duties loaded
- With tracking...and
- Dedicated customer service

Our experience working with over 200 name-brand clients becomes yours, helping you connect with international shoppers on their terms. We continually gather data that adds to our understanding of global economies, shopping trends and cultural nuances, which in turn can inform and differentiate your online storefront.

Getting started

International consumers are hungry for more options. Make it as easy for them to purchase from you as it is for your customers at home.

Whether you choose to simply test the waters or reap greater rewards by launching a full-fledged online global presence, the right partner can help ease the complexities while taking on much of the risk.

To learn more about Pitney Bowes Global Ecommerce solutions, please visit pitneybowes.com/globalecommerce.

Sources

¹ Internet Retailer, Global e-commerce sales set to grow 25% in 2015, July 2015.

² ClickZ UK, 25 of this year's best ecommerce statistics, Nov. 16, 2015.

³ Internet Retailer, The United States is popular with cross-border online shoppers, Nov. 18, 2015.

⁴ The 2015 Pitney Bowes Global Online Shopping Study, conducted by ORC International surveying approximately 12,000 adults across 12 countries.

⁵ eMarketer, Ecommerce Drives Retail Sales Growth in China, Sept. 25, 2015.

⁶ Multichannel Merchant, Savvy Western Brands Win Big on Singles Day, Chuck Whiteman, Nov. 16, 2015.

For more information, visit us online: pitneybowes.com

Pitney Bowes, the corporate logo and from anywhere to everywhere are trademarks of Pitney Bowes Inc. or a subsidiary. All other trademarks are the property of their respective owners.
© 2016 Pitney Bowes Inc. All rights reserved.