

Evolution at home Revolution abroad

The 2017 Global Ecommerce Report

EXECUTIVE SUMMARY

pitney bowes 



Executive Summary

The global retail industry is at a crossroads.

Recent years have seen the aspirational promise of large, intelligent enterprise systems single-handedly solving issues of customer acquisition, retention, cart conversion and flexible fulfillment give way to a more pragmatic reality:

Budget-constrained merchants are faced with making difficult business model and business process changes to adapt to a dynamic market. Though retail investment in technology and services is forecasted to grow at a CAGR of 14% through 2020, there is no clear-cut answer as to where that investment will go. Omni-channel as a rallying cry has proven to be a balkanized set of priorities that range from in-store engagement to digital optimization, from high-touch experiences to automated execution.

Amid this abundance of complex answers, we have sought in this report to answer a simple question: **how can retailers grow?**

This is the first report to comprehensively analyze the global ecommerce landscape from both the retailer and consumer perspectives, through the lens of both domestic and cross-border operations.

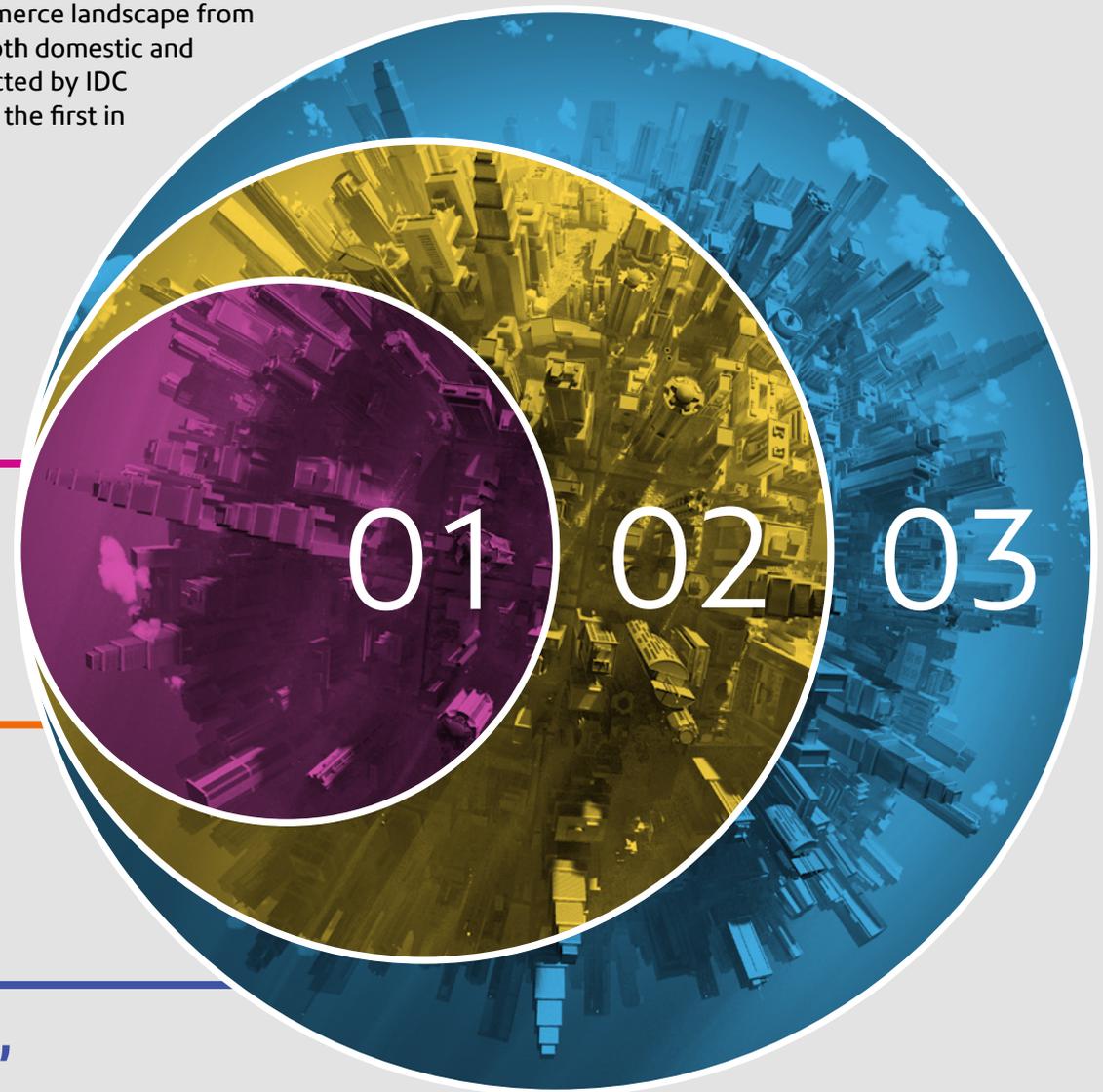
This is the first report to comprehensively analyze the global ecommerce landscape from both the retailer and consumer perspectives, through the lens of both domestic and cross-border operations. Comprised of proprietary research conducted by IDC Research and ORC Research on behalf of Pitney Bowes, this study is the first in a series of market insight reports on the topic of retail growth opportunities.

Our research surveyed 1,275 retailers from eight countries and 12,000 consumers from 11 global markets to uncover three key trends that define growth levers to optimize and expand share of wallet for retailers today:

01 Take a cue (or two) from marketplaces.
Optimizing the domestic market

02 Don't rely on brand alone.
Capturing near-border markets

03 Look like a foreigner, talk like a local.
Expanding into global markets





Take a cue (or two) from marketplaces.

Optimizing the domestic market

Domestic ecommerce is nearing maturity. Frequency of online purchases has increased by only 2% year over year, while online marketplaces are now attracting the majority of consumer mindshare in nearly every country surveyed.

Building loyalty is more than disappointment avoidance.

Retailers are looking for pragmatic ways to increase customer lifetime value (CLV) and customer retention. Our study found only one in eight countries whose retailers have calibrated investment in domestic ecommerce to the rate of consumer purchase frequency. Low-cost, fast and accurate shipping has become key to ensuring customers return to the brand for additional purchases, with half of retailers citing delivery speed and cost at the top of their operational wish lists.

Personalize to convert then convert to personalize more.

As retailers diversify their demand generation tactics (68%) and selling channels (78%), effectively converting customers who do engage becomes critical to achieving ROI. The enterprise technologies retailers use today to support customer experience — ecommerce platforms, mobile apps, in-store solutions — are disparate and lack close integration. As a result, customer experiences lack the personalization and accuracy that result in lower cart abandonment.

Retail leaders are learning to love shipping.

Shipping costs are also one of the top causes of margin erosion in ecommerce fulfillment. With carrier rate increases, particularly during peak seasons, retailers are looking to reduce the cost of shipping while also improving on-time delivery for more aggressive service levels. 45% of retailers surveyed have either already implemented or are piloting end-to-end shipping management capabilities.

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Don't rely on brand alone.

Capturing near-border markets

The majority of retailers are expanding cross-border, with a third of respondents rating international selling as a top growth lever for the business — equal to the value ascribed to domestic ecommerce growth. Most retailers, however, have prioritized selling in countries that are either geographically or culturally adjacent, creating a “near-border” market with its own growth dynamics.

Brand awareness is not enough — localized marketing is essential.

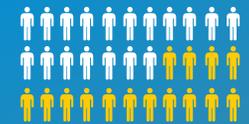
Retailers increasing their investment in near-border markets are seeking new ways to improve demand generation and site traffic. Our research shows that marketing channel preferences among consumers vary significantly by country — even neighboring and similar markets, limiting the effectiveness of duplicating domestic marketing strategies. The reward for attracting these customers, however, is significant — average cross-border order values are 14% higher than domestic AOV.

Near-border consumers are price sensitive above all.

Our consumer survey found that 58% of digital shoppers in near-border markets view shipping costs and fees as the primary inhibitors to purchase from a foreign retailer. Retailers looking to improve cart conversions are exploring ways to reduce or eliminate portions of these charges.

Operational prowess separates the winners from the laggards.

Because near-border markets are so similar to retailers' home countries, succeeding in these near-border market requires optimizing operations at or near domestic capabilities. This typically includes low cost and high visibility of delivery, localized customer care, and minimized duty & tax costs. One-third of retailers, however, are wary of expending significant operating and capital expenses in these “supplemental” markets.



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Look like a foreigner, talk like a local.

Expanding into global markets

Our analysis has shown that the prioritization of near-border markets has come at the cost of underserving consumers in countries with higher adoption of cross-border ecommerce. Entering these markets requires amplifying the aspects of your brand that have the highest value for consumers, while tailoring the experience with nuanced localization.

Entering new markets, as our survey has shown, is something nearly half of retailers are hesitant to do.

Breaking through the noise means positioning your brand in the right places.

Entering new markets, as our survey has shown, is something nearly half of retailers are hesitant to do. That's primarily due to concerns around the complexity of demand generation and marketplace integration. Marketplaces in Asia continue to dominate the ecommerce landscape.

Global delivery is more than finding an international carrier.

Retailers in our survey cited fast and cost-efficient delivery as a key concern in serving global markets. Consumers also saw shipping cost and delivery times as the largest impediments to shopping cross-border. Carefully and continuously managing relationships with both international carriers and last mile delivery providers is critical.

Expansion requires ownership, sponsorship and accountability.

Our analysis of retailers' domestic and cross-border budgets uncovered a tendency to invest based on historical performance rather than growth potential. Retailers are dedicating a quarter of their budgets to cross-border, even though cross-border growth rates rival those of domestic ecommerce revenue growth.

The global leader in customer experience-driven commerce.

Pitney Bowes provides the most proven, scalable and complete suite of global commerce solutions for market expansion and profitable operation. We specialize in supporting every phase of the domestic and cross-border customer journey with technology and services that support marketing, selling, purchase, shipping and customer care.

Ranked by Internet Retailer as the #1 Vendor for International Ecommerce and Fulfillment, we help over 300 merchants deliver to 220+ countries and territories, processing over 1 billion transactions annually.

[Click here to learn more.](#)

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