



# Charting your journey to cross-border sales

A strategic maturity model



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Cross-border ecommerce is an enticing opportunity for retailers looking to grow. Not only is the ecommerce market expanding, but so is the cross-border share of that market.



Cross-border growth is **twice the rate** of domestic ecommerce.

[Accenture >](#)



Cross-border ecommerce market was valued at **\$579 billion USD** in 2019 and is expected to reach a value of **\$2.25 trillion** by 2026.

[Statista >](#)

Your journey to become a mature cross-border enterprise may take you down a winding path, but you can benefit from the actionable insights of those who have already mapped the route.



### **1994–1999**

Amazon, PayPal and Alibaba launch—kicking off the age of global e-commerce.



### **2010–2020**

E-commerce platforms such as WooCommerce and Shopify proliferate, and end-to-end cross-border solutions emerge to simplify buying across borders.



### **2020–2022**

Borderless online shopping surges in response to COVID-19.

# The cross-border maturity model

Based on years of experience in international ecommerce, we at Pitney Bowes have developed a model to help orient and guide your business through the cross-border journey.

In this eBook, we'll look at each stage of the journey and offer insight into what strategies best fit the needs at each stage to help in your decision-making. Pitney Bowes offers designed, modular cross-border services that may fit many of those needs.

1 Accidental



"Someone placed an order from another country. We need to figure out how to send it."

2 Passive



"Let's give cross-border a try, in the simplest way we can."

3 Intentional



"We want to build a better customer experience, with a more reliable and robust shipping solution."

4 Entrepreneurial



"We're ready to go global. Let's really focus on driving revenue through international."

5 Expanding



"Growth has been great. We think it's time to build our own carrier strategy."

6 Optimizing



"Let's figure out the best mix of 1) what we do and 2) what we can outsource."



# Initiating cross-border sales

Your cross-border journey often starts inadvertently, kicked off by customer interest and feedback. Merchants in the **Accidental** and **Passive** stages are typically reacting to what they hear from their customer service agents or inquiries from the web.

DDU shipping is a passive tactic, usually enabled on an ecommerce platform or through domestic shipping providers (especially postal). DDU is simple to do, but it drives a subpar customer experience with long transit times and unclear duty/tax/clearance processes that can cause friction for your global consumers.

The key to moving past these early stages is to become strategic, planning and executing specific initiatives that will help you grow and mature sustainably.



## DDU and DDP explained

With DDU shipping (Delivered Duty Unpaid), the buyer pays any import or customs fees directly to the shipper when the package arrives. Buyers don't know the full amount owed until after purchase, which can lead to unexpected additional fees and unpleasant surprises.

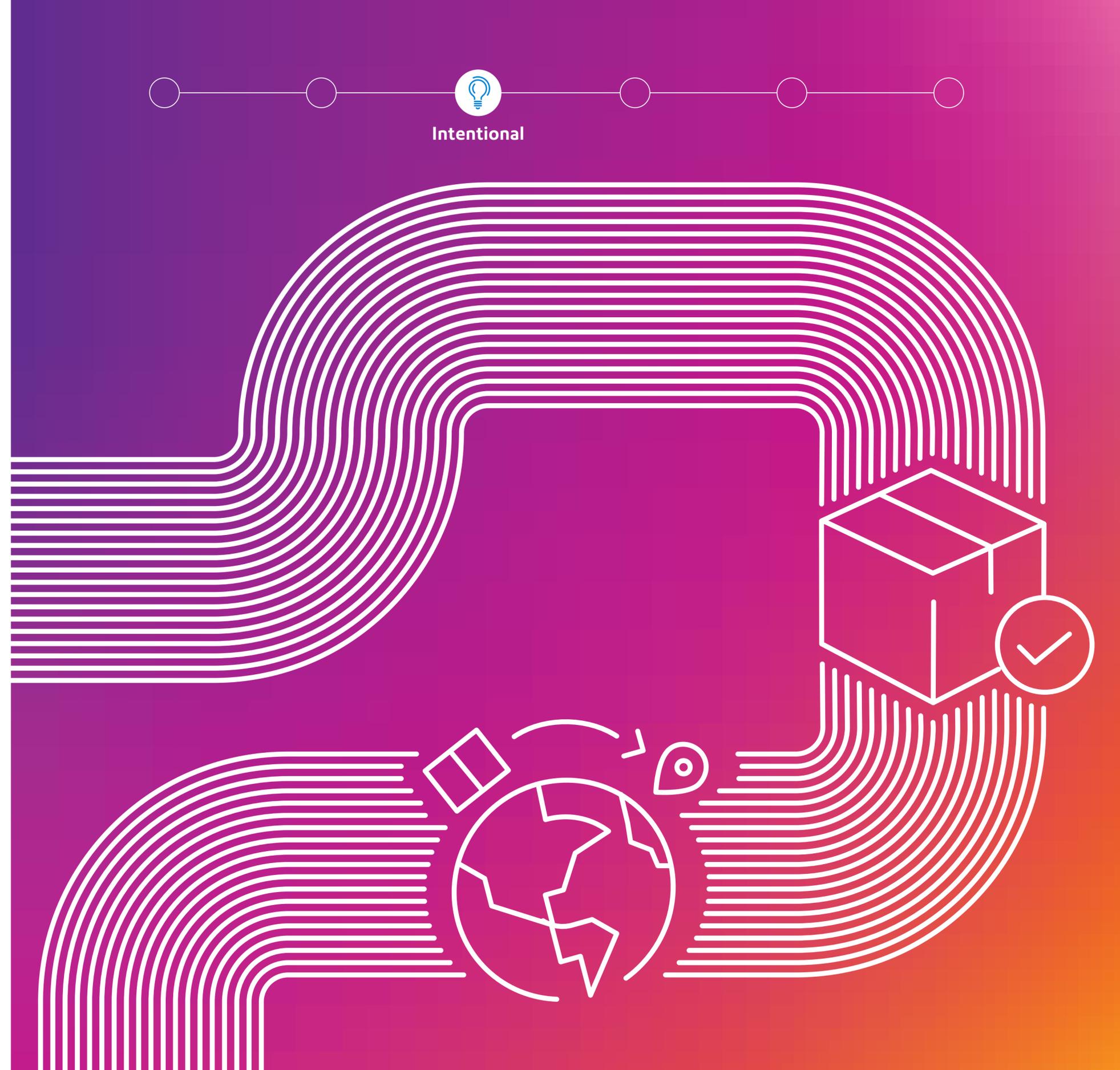
With DDP shipping (Delivered Duty Paid), the seller calculates the import and customs fees, and collects them at the time of purchase. The buyer knows the full cost of the goods before deciding to purchase, and there's nothing due on receipt of the shipment. DDP typically requires quoting technology to properly classify goods.

# Purposefully pursuing cross-border sales

When your business realizes it is missing out on additional growth opportunities, that's when you know you're ready to pursue cross-border sales in a purposeful way. Here are the important strategies for the **Intentional** stage:

- Improve customer experience DDP shipping.
- Focus on specific high-fit cross-border markets and create a roadmap for expanding your offerings in those markets.
- Solicit more investment from your leadership team to align international expansion with your company strategy and budget.

Pitney Bowes [Cross-Border Delivery](#) is designed to give you the right mix of shipping service to more than 200 destinations, plus technology for product classification and included duty and tax. This experience enables full visibility of the cost of purchase and minimizes cart abandonment, which is especially strategic for retailers with higher average order value (AOV).

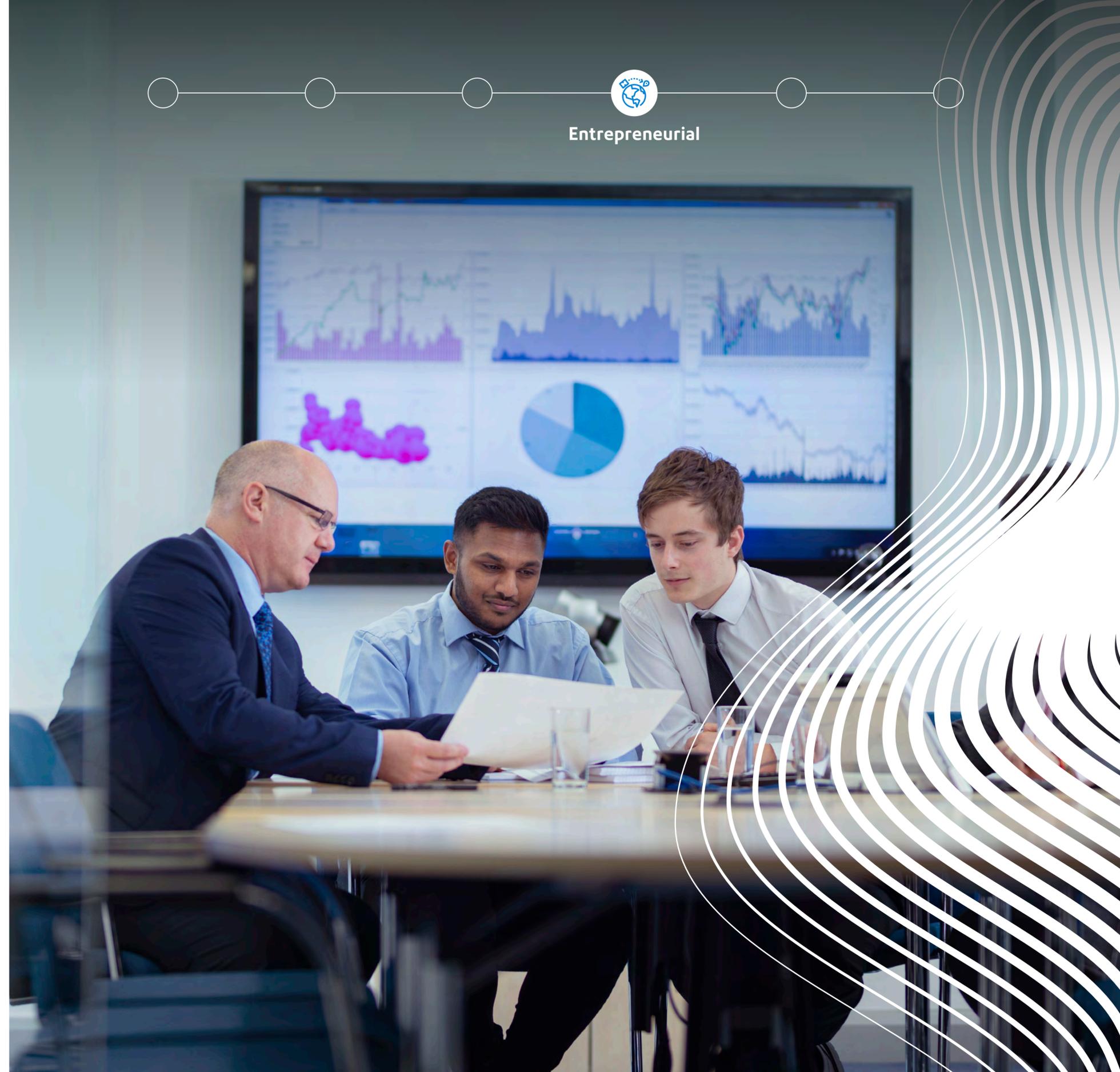


# Scaling up your cross-border business

You enter the **Entrepreneurial** stage when you are ready to grow your cross-border ecommerce segment like a startup, using the strategies you employed to first build your business.

Here's how you can approach cross-border as an addressable market:

- Deliver a localized experience to customers, such as region-specific domains and local language, currency and payment options.
- Execute on your roadmap for expanding into more markets for a bigger global presence.
- Go all in with outsourcing so you can deliver immediately without investing in building the full infrastructure yourself.





Although the complexity increases significantly as you add new destinations to your [cross-border portfolio](#), there are ways to experiment without assuming too much risk. Experts suggest looking for a solution that crafts a localized experience for your customers while providing compliance, logistics and support every step of the way.

## MOR and EOR explained

The merchant of record (MOR) takes payment from international customers, accepting global currencies and monitoring for fraud.

The exporter of record (EOR) is responsible for the physical movement of goods, handling compliance with specific import rules and identifying harmonization system codes.

Outsourcing one or both roles help you manage risk in the Entrepreneurial and Expanding stages.

# Building out strategic cross-border logistics

In the **Expanding** stage, you become more strategic about your logistics and technology management. Start to evaluate whether, and which, cross-border functions you want to insource:

- Act as your own exporter of record and bring logistics in-house. This strategy is usually predicated on volume, where you have enough business to open shipping centers in successful markets.
- Continue outsourcing your customer-facing front-end to deliver a superior customer experience, or choose the markets you want to insource vs. outsource.

Pitney Bowes [Cross-Border Storefront](#) lets you pick and choose value-added services. You can shop for logistics across carriers while maintaining outsourced digital ecommerce channels.





## Optimizing your in-house cross-border operations

In the **Optimizing** stage, you build out your in-house capabilities further. The difference from the Intentional stage is that you have already developed the internal cross-border infrastructure that works strategically for your business. Now, it's time to optimize operations:

- Handle compliance and act as your own merchant of record.
- Continue to work with a vendor (like Pitney Bowes) for some specific shipping lanes and/or quoting. For example, if you're not manufacturing the goods, a vendor may have more expertise on the HS codes and handle the customs paperwork, so your staff are available to do more valuable tasks. Or a vendor may have excellent shipping opportunities and carriers into specific countries.





Optimizing

You may come back to Pitney Bowes [Cross-Border Delivery](#) here, as it may best fit your needs on a particular lane within your modular shipping solution.

Additionally, if your needs are very specific to superior product classification and duty/tax quoting capabilities, Pitney Bowes [Cross-Border Quoting](#) leverages Pitney Bowes technology to ensure accurate product classification and up-to-date, fully landed costs.



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“Pitney Bowes is driving a significant amount of new revenue without requiring much time or effort at all from my staff. I wish we had done it earlier.”

**Kathy Kipriotis, CEO, The Tot**

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# Your cross-border growth advisors

Pitney Bowes has vast experience in all stages of the cross-border journey. We developed this maturity model to help you understand what is happening at every stage of the journey, and to help you think about strategies that will help you reach your goals.

As your cross-border growth advisors, we can help you identify where you are, where you're going, and we can help you get there.

**[Learn more at pitneybowes.com](https://www.pitneybowes.com)** ›

