

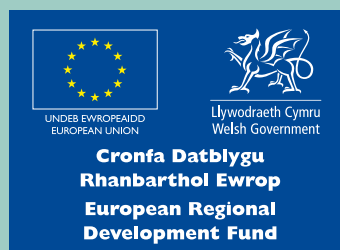


The internet can be your shop window to the world, but, to adapt another cliché, just because you build an ecommerce website, it doesn't mean the customers will come.

BUSINESS GUIDE

International Ecommerce

www.business.wales.gov.uk/superfastbusinesswales | 03000 6 03000



Llywodraeth Cymru
Welsh Government

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“Current ecommerce statistics state that 40% of worldwide internet users have bought products or goods online via desktop, mobile, tablet or other online devices. This amounts to more than 1 billion online buyers and is projected to continuously grow.”

[source: Statista]

..... Introduction

With more and more customers (both businesses and home users) having access to Superfast Broadband, you can be sure that increasing numbers of them are researching, selecting and buying online. So, identifying the right markets and then developing the right ecommerce offer to serve them is essential.

This guide won't give you an instant list of who to sell to — every industry and every business are different — but it will help you identify the most promising parts of the world, and then build a website that works well both for your business and for your prospective international customers.

Much of what we're discussing concerns sales direct to consumers. If you're a business-to-business supplier, you may well already know about the best sales prospects abroad. But still, the underlying principles of success in international ecommerce are much the same.

We're also mostly looking at the conventional web as accessed through PCs, though again, many of the points also apply to mobile.


Opportunities, challenges and key decisions

For most businesses, unless they're selling something that inherently doesn't travel (such as services delivered in person), the potential international market is vast.

After all, for every pound spent in Britain, another £24 is spent overseas. So, if your business is ready to expand, the reasons for considering overseas sales are clear. And many of the basic principles of international ecommerce are just the same as for local business. You need a product or service that is desired by customers which you can provide at a price that is both attractive to them and profitable to you.

But the challenges lie in the details, many of them arising because there is not just one overseas market – there are dozens of countries large enough to provide fruitful opportunities, yet each with their own requirements.

For this reason, choosing your markets wisely is essential. Even the largest ecommerce businesses rarely start out trying to serve the whole world.



There is no universal shortlist, because every business is different, **but you will need to identify countries where:**

There is a demand for your product or service.

You have something to offer that existing local suppliers don't (e.g. unique features, or competitive pricing).

You can deal cost-effectively with product adaptations and customer support. For example, will you need to fit new power supplies? How will customers obtain consumables and parts? Will you require a local partner for customer support? Would it be economically viable, or even possible, to provide it from the UK; can you offer pre- or post-sales support in the local language?

The market share you can realistically hope to attain justifies the cost of setting up an operation targeted at that country, and the continuing costs of managing it.

Other issues to consider include compliance with the country's legal requirements (e.g. consumer safety laws), any import or export restrictions and taxes/duties.

As well as lawyers – both locally and abroad – who specialise in international commerce, trade associations and the government body UK Trade & Investment (UKTI) can be useful sources of information.

Opportunities, challenges and key decisions

At least where legal issues are concerned, there is some degree of uniformity within the EU and few import/export restrictions, so selling to EU countries could be easier than looking further afield, though there are still big cultural and language differences.

However, not all countries' consumers are equally willing to buy from overseas. For example, Britons tend to be far happier shopping cross-border than their EU counterparts. Just because a country is large and affluent it is not necessarily a good market. Once you have chosen the countries you are targeting – and remember, customers in other nations can still visit your main site or those in neighbouring territories, so you're not excluding them entirely – there are other decisions to consider:

FLEXIBLE PRICING IS KEY

You are always competing primarily against local suppliers, and need to be constantly aware of what they're charging.

WHAT TO MEASURE?

Your measures of success, or key performance indicators (KPIs), may well vary for different countries. For instance, large numbers of very small orders might, from a distant country, simply be a fulfilment headache rather than welcome new business.

STYLE AND SERVICE

Many of these points concern sales direct to consumers, but are also applicable to B2B international ecommerce too. Here, the customer should (at least in theory) be more rational and less driven by emotional feelings about brands – or by website design. However, post-sales service and support, and the personal touch, can become even more important.

DISTRIBUTION

Other issues include packaging and how to handle returns. Are you going to ship product directly from the UK, or hold (or even manufacture) it locally in key markets around the world? The latter option clearly requires more management but will also cut shipping costs and speed up customer service. The ratio of product weight to price is also an important consideration here (if the ratio is high then international shipping costs can become larger than the base purchase price), but equally important are the value that customers place on swift delivery, and how much they are willing to pay for it.

Packaging and returns, meanwhile, can have legal aspects as well as practical ones – for example, packaging may require a particular kind of labelling for customs purposes.



How technology can help you

It is becoming essential to have a Superfast Broadband connection in order to manage the process of selling online effectively.

You will need to be updating your website (often with images and videos), managing stock availability and pricing (perhaps through a dynamic link to web-based software), listening attentively to social media channels, and checking what your competitors and their customers are doing.

Many of the issues you will face in international ecommerce are not questions of technology as such, but are related to countries' different customs and attitudes. Still, there are some specific ways that technology can assist you directly:



Perhaps most importantly, if you are expecting to do international business on a large scale, you can look at running your website on an ecommerce platform that supports multilingual content and multi-currency payments.

Instead of going solo from the beginning, you might also consider selling through one of the marketplace websites that operate internationally such as eBay and Amazon. There is a trade-off – you have to present your offer to consumers within the framework they have devised – but these services will already have some major issues such as language and payments sorted out, and many quite large ecommerce retailers do operate partly or entirely within them.

Especially if you are going it alone, project management software can be invaluable for keeping track of the development and updating of multiple websites.

Localising your offer: practical tips

Once you've decided what to sell, where to sell it and how to sell it, you get into the nitty-gritty of creating a website to achieve that for each country or region.

It may pay to buy-in expert knowledge of local market requirements. This doesn't mean that the complete web development task has to be performed in the target country, but local designers and developers – or British firms with appropriate experience – can provide invaluable insight. Our guide 'Optimising Website Design for International Trade' (at: www.business.wales.gov.uk/superfastbusinesswales/optimising-your-website-international-trade) gives some detailed advice, too. Some key points to remember include:

CONSIDER CULTURES



Simply translating your UK website is not enough. It can serve as a model, but copy and design need to be appropriate to different cultures. For example, certain colours have different positive or negative associations around the world. The United States (alone among major nations) still uses imperial rather than metric measurements. And so on...

You could even consider changing product names to suit different markets. Will a particular country's consumers be more impressed by a technical-sounding string of letters and digits, or a catchy, memorable name? Will the English language set your product apart, or put customers off? If a product name is not in their local language, is it easy for them to pronounce?

WHAT'S IN A NAME?



International tastes in search engines vary too, as do the search terms used. For B2B sales, a presence in local trade publications, and on the websites of industry associations and specialist media, may be as important as search.

CAN YOU BE FOUND?



Localising your offer: practical tips

DOMAIN NAMES



Domains are a tough question. Should you have one, over-arching international domain (as in www.mycompany.com/fr for France), or use distinct national domains (as in www.mycompany.fr)? Some experts suggest that consumers like the local feeling of country-specific domains, but that a single site may be better for SEO. As a compromise you could register the local domains and use them in your marketing, but automatically redirect visitors to a single international domain. It may be a good idea to register the domains relating to your business name and principal brands in major territories anyway, even if you don't intend using them, to prevent others from taking advantage.

Not only your website itself, but also your mobile messaging, social media presence, and user-generated content will all need to have a local touch, and suit the technology profile of each country. There is little point sending out links to mobile video if few people have smartphones, for example, and different social media services are popular in different territories. (See our guide on 'International Social Media' for more on this.)

BECOME A LOCAL



If you're not localising and expecting instead that international customers will come to your UK website, you can still make life easier for them, for example by providing a currency-conversion tool; by avoiding obscure pop-culture references that only a Brit will understand; and by writing in simple language, or even using the version of English called Simplified English which has been designed for easy comprehensibility. (It also makes automated translation easier.)

MAKE LIFE EASY



Transactions and compliance

You will need to take payments from international customers, and ship goods to them (if you're selling physical products). These necessities open up all sorts of practical and legal issues. They're not insurmountable but, once again, the challenge is in the detail:



Shopping cart software may need fine-tuning to accommodate international customers. Not only are currencies different – of course – but there are also formatting differences in postal codes and phone numbers, for example.



Payment methods differ widely. Wire transfers, barely heard of in Britain, are highly popular in Germany. Payments through convenience stores, known as konbini, are commonplace in Japan. It is certainly dangerous to assume everyone has the same debit and credit cards, and wise to provide an offline-payment alternative if possible.



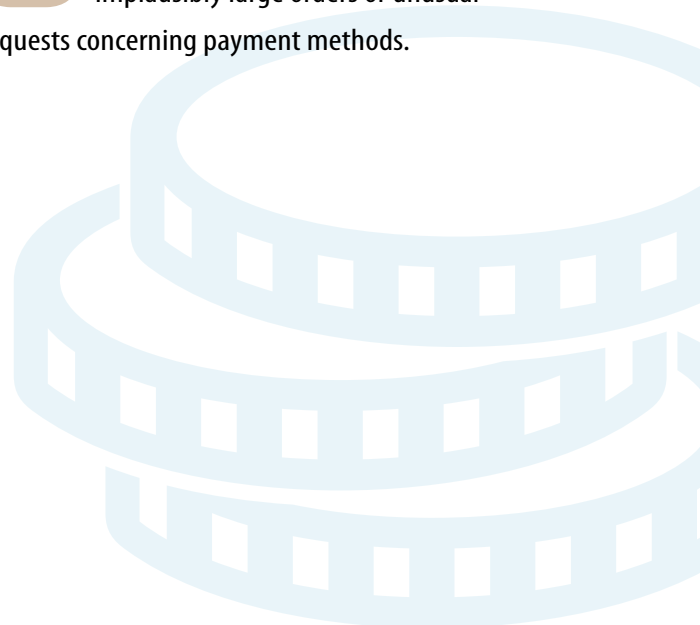
The treatment of VAT differs according to whether the sale is to another European Union (EU) country, and whether the buyer is VAT-registered. Broadly speaking, you need to charge VAT at the standard rate to customers who are both in the EU and not registered for VAT; otherwise, the sale is zero-rated. But as always with VAT there are complexities and you should seek advice.



Data protection could be an issue too. Again broadly speaking, problems arise when you start sending data about individuals to different countries, and specifically outside the EU. So if you have business partners or service providers overseas you will need to keep careful control over what information you share, and with whom. Our guide 'Your Business and Data Protection' (at: www.business.wales.gov.uk/superfastbusinesswales/sites/superfastbroadband/files/sfbw_business_data_protection_english.pdf) gives some general tips on handling personal data.



Fraud can be a problem with orders from overseas. Be particularly alert for implausibly large orders or unusual requests concerning payment methods.



Getting started

1

Identify your target countries, and the most suitable products.

2

Check out any major compliance/regulatory issues that may strongly affect your plans.

Check out the local competition, as well as other firms exporting similar products to that country.

3

4

Decide whether to do it yourself, or use an established third-party ecommerce service such as Amazon.

If you're going DIY, develop your essential website concept, then start looking for designers.

5

At the same time, figure out how you are going to fulfill orders and deal with issues such as customer support and international financial transactions.

6

7

Take advice on issues such as marketing and regulation from people familiar with the target market before going too far.

FOLLOW THESE

TOP
TIPS

1

Remember – your main competitors (and models for inspiration) are probably local businesses, not other British firms selling into the foreign market.

2

Some jurisdictions will require that you have a local business partner.

3

The relative popularity of desktop and laptop PCs, tablets, and smartphones varies widely. Some countries are much more phone-oriented, others still depend largely on PCs.

4

Remember that in some countries; more than one language is very widely spoken. Canadians expect to see copy in French as well as English, for example.

5

Be careful with humour and 'edgy' content such as semi-nudity or political references. They often don't travel well, and may offend.

6

Don't be bound to the pound. Set and display prices in a way that's competitive, attractive and comprehensible to your international customers, rather than just converting them from your British price points.

7

If your site will cover several countries with different currencies, prices in U.S. dollars or euro will be more widely understood than sterling.

8

Beware inadvertent faux pas. Check that your product names, for example, don't sound like something unintended in a foreign language.

9

Don't forget calendar differences. Christmas isn't a holiday everywhere. The Middle Eastern weekend generally overlaps with our working week. And in the southern hemisphere, it's always the opposite season!

10

You don't have to reinvent every wheel. If platforms or tools exist to help with internationalising your web presence or conducting international commerce, use them.

11

Take advice on major decisions, from people who know the country in question.

12

Start small, and do it well. It's much better to serve one market successfully than to try targeting too many and fall flat in all of them.



NEXT STEPS

1. Register to attend a fully-funded Business Development Workshop:
www.business.wales.gov.uk/superfastbusinesswales/events
2. Make an appointment to see a Business Adviser who will help you create a personal action plan to grow your business:
www.business.wales.gov.uk/contact-us

FOR FURTHER INFORMATION

See how other businesses in Wales have exploited Superfast Broadband:
www.business.wales.gov.uk/superfastbusinesswales/superfast-success-stories

Find out how much your business could save with our savings calculator:
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