

// GO GLOBAL



# International Ecommerce

For brands considering global expansion



THG / INGENUITY

# Contents

- 3 // The global opportunities awaiting ecommerce brands
- 4 // Assessing the landscape
- 5 // Choosing the right strategy
- 7 // Using data to decide
- 8 // The importance of localisation
- 9 // Global customer experience
- 10 // Taking Neals Yard Remedies to China
- 11 // Ready to take your brand into new global markets?



# The global opportunities awaiting ecommerce brands

The rapid development of ecommerce technology in the last decade has opened up global opportunities for businesses to reach consumers across the world. With around half the global population now online, international commerce appears more accessible than ever.

Global ecommerce sales continue to grow year-on-year, with e-retail revenues projected to reach 6.54 trillion US dollars in 2022\* and the number of digital buyers expected to surpass 2.14 billion worldwide\*\*. The global proclivity for buying online seems only set to grow. Internationalisation is a corporate strategy that focuses on developing flexible products and services that can smoothly enter different markets. This encourages businesses to think local and develop regional hubs that resource and distribute products via local means. In recent years, it has become one of the most effective strategies for ecommerce growth and has provided a framework for businesses looking to expand their reach beyond their domestic market.

Internationalisation has increased in popularity because of the opportunities it provides for growth and inclusivity of new customers in new territories. This model encourages companies of all sizes, such as SMEs and ambitious independently owned businesses, to identify new prospective markets and expand into the global commercial ecosystem. Larger companies also enjoy the benefits of internationalisation as they can make their operations more flexible by developing a regional supply chain that brings their operations closer to the target demand.

70% of online buyers have recently made purchases from foreign websites.

*Source: Webinterpret*



// ASSESSING THE LANDSCAPE

# Macro and micro factors

Today's interconnected world facilitates fast action, allowing companies to pre-emptively seek and act on new opportunities far from their domestic market. Moreover, businesses that want to enhance their market share have historically looked to expand and strengthen internationally, yet for ecommerce businesses this process has never been simpler. There are several macro and micro factors that drive businesses to look internationally including:

## MACRO FACTORS



And micro, in-country factors that appeal to customers looking to adopt new products and services:

## MICRO FACTORS

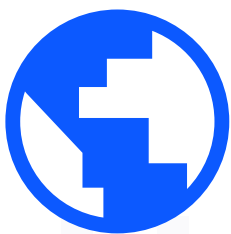




// ASSESSING THE LANDSCAPE

## Choosing the right strategy

Selecting the correct market and effectively reaching your target audience will be determined by the method and viability of your plans for expansion. Six key areas for consideration as you plan to expand into new markets are explored below, enabling you to drive the direction of your global growth away from low-potential markets and toward regions that offer faster traction.



### 1 Market size

Consider the number of potential consumers and the estimated revenue compared to other markets - how much opportunity does this market offer your business?



### 2 Buying power

To calculate potential revenue in a target market, you must determine individual consumers' purchasing power in that region. While consumers in more developed markets possess deeper pockets and high incomes relative to the price of your product or service, your offering may be entering a saturated market, and it may cost more to target specific individuals. Conversely, consumers from an emerging market may possess limited buying power, but the superior growth rate for the region may tempt you to focus on long-term aggregation. It is also important to consider the economic stability of the region as fluctuations in the financial system can impact inflation and interest rates, which ultimately impact the buying power of consumers.



### 3 Local consumer behaviour

Purchasing habits vary between regions and cultural differences, such as values, behaviour, and religious beliefs will all impact consumer choices. It is imperative that you determine whether your product or service will fit within the accepted culture of your target market. As in any market, your offering must meet a potential customer’s needs or desires, but a consideration of local consumer behaviour should be included for product and marketing, advertising, and sales approaches.



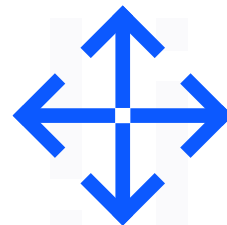
### 5 Competition

Identify and analyse the performance of your key competitors, particularly focusing on their economic evolution in the past 3-5 years. How long have they been in the market? How long have they been successful? Has demand been consistent during this time? By exploring factors such as price, distribution, and market maturity, you can determine how your product or service could resonate with consumers in a target market that may already be seeking a new alternative. Moreover, there may be little to no competition for your offering and this analysis may spur you to move quickly to fill the void and capture the market share. Pro Bike Kit found their successful expansion into the UAE based in part on their specialist first-to-market approach with a range of brands unavailable from any one other web-store in the region.



### 4 Ease of entry

How well do your current products and services address the needs of this market? E.g. integration with local payment systems, product localisation, alignment with the local regulatory landscape and local distribution channels. Understanding the gap between your existing offering and the needs of a new market will highlight the amount of investment needed to make your product or service viable in that region.



### 6 Distribution channels

Plot the supply chain of your product, from its source to the hands of the customer, and explore different distribution options e.g. Domestic distribution in territories with compliant products via a local distributor or 3PL fulfilment model, or Cross Border distribution to support market entry without the need to split stock holding over multiple distribution centres. Once you have determined the potential channel, outline potential costs of any intermediate businesses that will support your supply chain. With 70% of consumers choose to purchase goods from a provider due to delivery options\* delivery is a key area of successful global ecommerce businesses must consider.

# Using data to decide

The true benefits of global growth however cannot be felt from domestic sites with localised content. The customer experience in region must feel as though the brand exists within the same territory – from the language across the site and marketing channels, the onsite experience, to the payment, delivery and customer service options – adapted for local markets.

Without an in-market presence brands have historically felt the decision to enter new markets has been managed partly blind, but for ecommerce brands, this is no longer the case. Before establishing a physical presence in the region – digital businesses are able to gauge a sense of consumer intent by creating opportunities for sales from a domestic site.

Running social, display, influencer and affiliate campaigns in the region can also help your brand to understand the

engagement levels for the product you're selling. Web traffic data can offer insight into existing interest in your product set and organic demand from specific regions. By analysing website traffic to your site, sales originating from other countries, and search engine data, you can logically plot the next step of your international expansion. Additionally, even if you decide not to formally enter a new market, you can enhance the customer experience by creating localised online experiences for those users visiting your website from another country.



// READY FOR ENTRY

# The importance of localisation

75%\* of internet users prefer to read product information in their native language. Each user group in a new region will present their own unique preferences and challenges that need solving. For example, entering an Arabic or Urdu language region will mean adapting your website for a right to left (RTL) language. Design, functionality, and translation will need to be appropriately addressed to deliver a high quality, user-friendly website.

Creating high-quality customer experiences are vital in every market and many successful brands have made mistakes from incorrect translations as they look to expand across the globe. Mistranslations or inconsistent branding on your website can damage customer trust and decrease the likelihood of a transaction as a customer looks for a more familiar purchase experience elsewhere.\*\*

THG Ingenuity's language services and localisation division - THG Fluently - recently reported on the impact of localisation in the checkout process. With the introduction of high-quality on-site localisation, THG Fluently identified a significantly positive impact, particularly in the Asian languages such as Traditional Chinese, that saw an uplift of 40% of successful checkout completions.

There is a difference between localisation and direct translation - the latter does not account for how messaging will resonate in the local market. The most successful brands focus on transcreation, making the existing branding and messaging relevant to the regional audience. This not only improves the customer experience, it allows a business to accurately communicate their message to the target audience whilst preserving their core brand identity.



## Build a native-speaking customer service team:

Most buyers prefer to interact with brands in their native language across digital channels and when speaking directly to customer service representatives. Using a native-speaking customer service team enhances the customer experience, removing unnecessary touch points, and improves staff productivity by reducing the time spent resolving communication challenges. THG Orbit is THG Ingenuity's Award-Winning, Global Customer service solution offering support to brands global operations in 30 international languages.

# Global customer experience



Customer experience (CX) is the sum of all interactions a customer has with your brand over time. Whether it is a customer service interaction, a purchase experience, payment query, advertisement, or even a customer review, as all successful brands know - delivering a great experience at every stage of the customer journey is imperative.

Around 67% of consumers say their standards for good experience are higher than ever, and 51% say most companies fall short of their expectations for great experience\*. As you identify the gaps in service from local brands, you can achieve a competitive advantage by offering enhanced customer experience.

## Think local, to be local

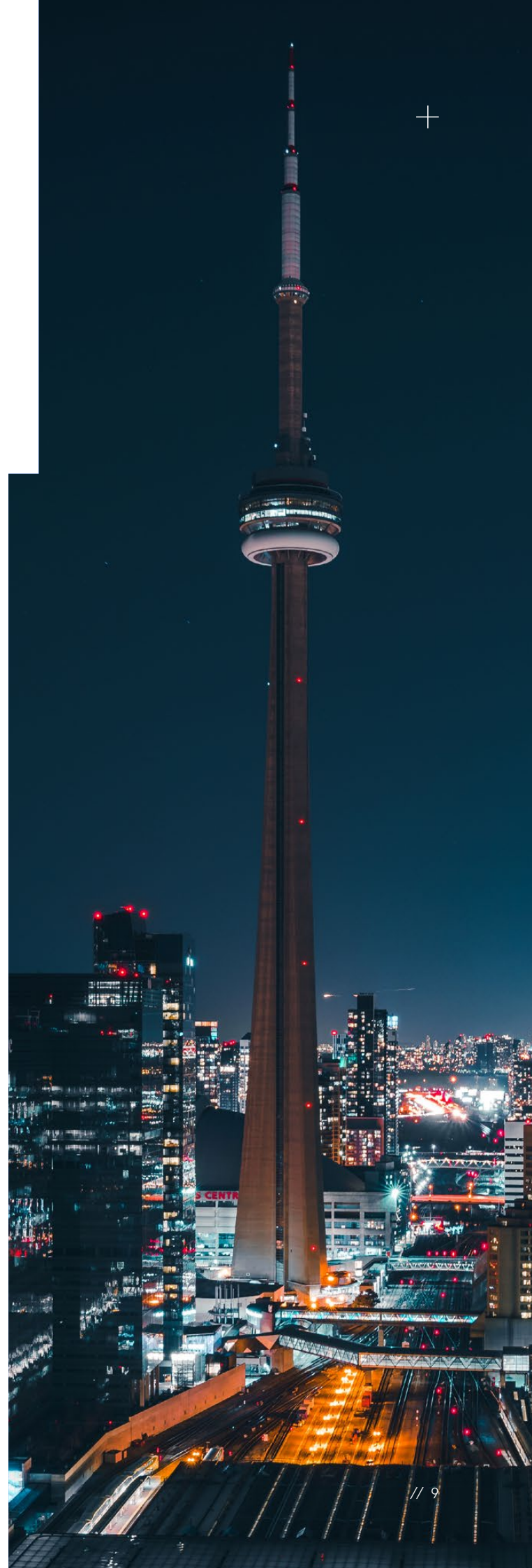
To deliver a truly localised customer experience, it is imperative to gather data around cultural preferences and regional nuances. Conducting consumer-focused research with a local partner can also help with identifying demand for your product or service, highlighting competitors, and understanding typical purchasing behaviour in the region. Additionally, local experts will provide invaluable insight and feedback on the data you gather as well as the trends and preferences of the customers you want to target going forward.\*\* Locally important events such as American Independence Day on July 4th, or Single's Day in China offer brands opportunities to celebrate local events of importance to the target audience.

## Distribution and logistics

Today's customers expect low-cost, fast delivery, and often make purchasing decisions based on shipping costs. This means enhancing and reinforcing your supply chain to positively impact the customer experience and should be one of your top considerations. Using a local warehouse, introducing local final mile couriers, and extending the supply chain closer to the new market can substantially shorten delivery time, improve customer satisfaction, and reduce overall cost.

## Local payment options

Whether it's cash on delivery, pay later, or direct debit; acknowledging local habits around payments is essential. Customer payment preferences differ substantially in each region and your business will need a bespoke payment strategy for each country to facilitate growth. For example, in APAC many customer choose to pay cash on delivery which is a consideration for brands looking to retail in the region.





// GROWTH IN ASIA

# Taking Neals Yard Remedies to China

In 2020, THG Ingenuity launched a DTC site supported by a bespoke brand and marketing strategy for Neals Yard Remedies taking the brand into China for the first time. Using our data and insight, garnered from retailing over 850 beauty brands in the region, as well as our DTC expertise from our own localised sites across APAC, we took the brand into China just three months ahead of key trading event – Single’s Day.

## Technology

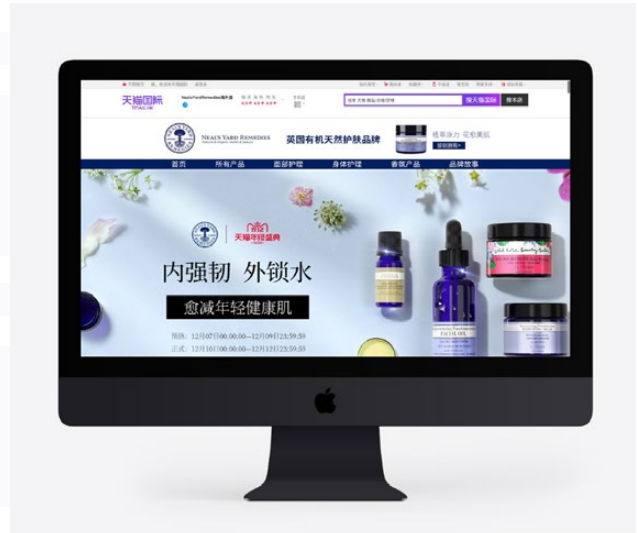
We took a localized go-to-market approach, including recommending a presence on marketplace Tmall to compliment the brand’s new DTC site and worked with Key Opinion Leaders across popular regional social channels to increase brand awareness & highlight key product benefits. Localized content was used on site banners to promote the Single’s Day campaign on the DTC site. The impact of Single’s Day on overall site performance meant sessions increased by 189% on the previous week.

# 189%

increased performance on overall site on the previous week.

## Trading expertise

Our trading team, recommended using Tmall as a popular marketplace in the region to resonate with the Chinese consumer. Due to the brand’s recent launch in the region, we used Tmall to increase brand recognition as the most popular shopping channel used by the target audience. During the campaign our Gift With Purchase tactics recommended by our trading team drove an additional 60% increased conversion rate.



## Key Opinion Leaders (KOLs)

THG Society (THG Ingenuity’s influencer marketing solution) worked with KOL’s (the regional term for influencers) to create engagement around the newly established brand and the key hero products chosen for the Single’s Day campaign. Using locally popular social channels including: Weibo and Bilibili, the KOL relationships meant Neals Yard Remedies reached its desired audience on the most relevant regional channels.

## Customer service

Neals Yard Remedies also opted to use Ingenuity’s global customer service solution – THG Orbit – with service representatives speaking the local language, in order to provide a truly localised experience for their Chinese customers.

# 60%

increased conversion rate during the campaign through Gift With Purchase





// ENTERING A NEW MARKET: WHAT DOES IT LOOK LIKE IN PRACTICE?

## Ready to take your brand into new global markets?

With a completely end-to-end approach across technology, supported by a global hosting infrastructure, international fulfilment and a truly localised approach to customer experience, THG Ingenuity has proven experience in delivering seamless cross-border commerce for brands looking to grow internationally.

Our enterprise grade solution has been designed to support business as they grow and scale. With a proprietary technology stack and network of 16

global fulfilment centres, THG Ingenuity removes the cost, complexity and risk that so often prevents brands from international expansion.

Using our parent company – THG – 17 years' experience growing our own DTC consumer brands across the globe, we have amassed the data, insight and expertise to develop robust and strategic market entry and growth strategies across territories as diverse as China, Russia, India, Australia and Poland.



If you're ready to take your brand into new markets and would like to understand more about how THG Ingenuity can support your business please contact us here: [contact@thgingenuity.com](mailto:contact@thgingenuity.com)



THG / INGENUITY