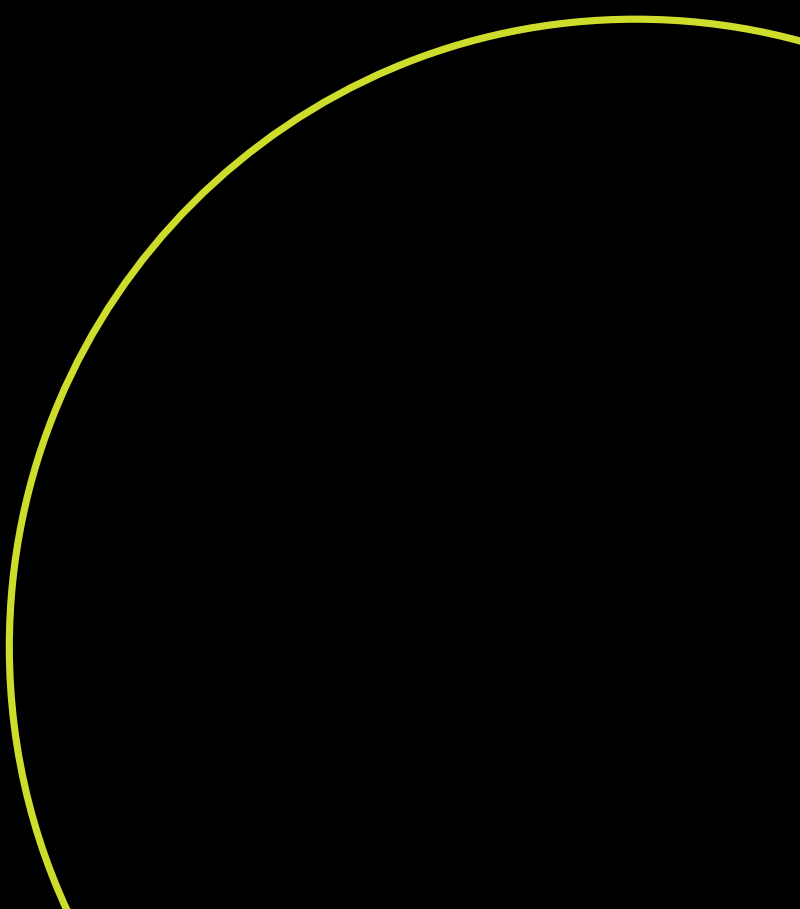


shopifyplus

The Global Ecommerce Playbook

**Map, launch,
and scale
internationally**



Contents

You can read this playbook from start to finish, or click on a section to go straight to your stage of expansion.

03 Going global the right way

04 Stage 1: Map your global expansion

Have I already gone global without knowing it? 05

Follow the money: identifying new market potential 07

How lucrative? Evaluating brand perceptions, competition, and potential ROI 12

How to test new regions quickly, easily, and nearly risk-free 16

Comply or die: adhering to licenses, laws, and a patchwork of rules 18

Global business spotlight: Nanoleaf 20

21 Stage 2: Launch your global business

When in Rome: localizing the global customer experience 22

Dollars, dinars, or drachmas? Offering local payment methods and multiple currencies 26

International fulfillment: simplifying global logistics and supply-chain networks 29

Cross-border shipping: establishing a smart shipping network 33

Lower the cost of going global: understanding taxes, customs and duties 37

Global business spotlight: 100% Pure 40

41 Stage 3: Scale your global business

Centralizing for operational excellence 42

Optimizing the global customer experience 46

Executing global marketing campaigns at scale 49

Using automation to prevent fraud, boost efficiency, and accelerate growth 53

Whale hunting: how to tap into China and India 58

See you around the world 62

Notes 63

Going global the right way

4.8T

expected sales by 2021
(USD)

They've never heard of your brand, don't speak your language, and live half a world away. Yet despite the complexities and challenges of global ecommerce, selling to consumers all over the world is an opportunity you simply can't resist. Especially when you consider that sales are expected to reach \$4.8 trillion USD by 2021,¹ and nearly 85% of the world's purchasing power exists outside the U.S.²

85%

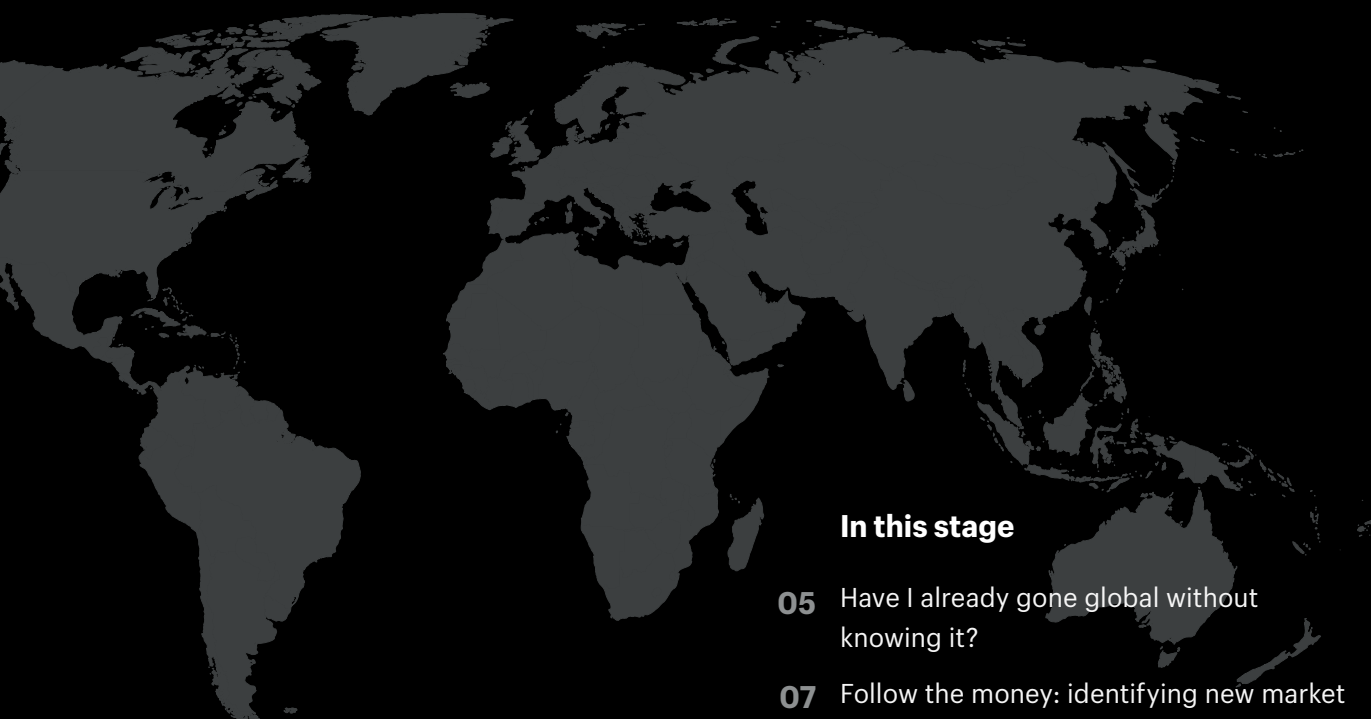
world's purchasing
power outside the U.S.

But some of the world's largest and best-known multi-nationals have failed spectacularly when expanding abroad.³ That's why we created this playbook. We want you to succeed where others have failed.

The Global Ecommerce Playbook is your step-by-step framework for going global the right way. Whether you're just considering international expansion, or looking to scale your established international operations faster, this comprehensive playbook will simplify and reduce your risk.

Stage 1

Map your global expansion



In this stage

- 05** Have I already gone global without knowing it?
- 07** Follow the money: identifying new market potential
- 12** How lucrative? Evaluating brand perceptions, competition, and potential ROI
- 16** How to test new regions quickly, easily, and nearly risk-free
- 18** Comply or die: adhering to licenses, laws, and a patchwork of rules

Have I already gone global without knowing it?

International consumers might already be interested in the goods and services you offer, even if you've never thought about expanding internationally. Discovering if you appeal to a global audience can help you decide where and how to expand. You can do this by analyzing current traffic and sales-by-country data in your analytics dashboards:

- **Google Analytics:** View your locations report (Audience > Geo > Location) for in-depth information about the location of your visitors. Set up segments to break down international traffic by continent, country, region, or city, and to understand customer behavior. Use this [guide](#) to diagnose global barriers.
- **Ecommerce platform:** If your ecommerce platform offers robust reporting, create dashboards that show sessions by country, customers by country, and sales by billing country to find out if you're engaged in cross-border commerce. Comparing side-by-side segments helps inform your decision to expand.

Insights like these will likely emerge:

IF

You discover European customers bounce on your checkout page

THEN

You might not be offering checkout in local currencies, showing prices that include duties, or including the proper address fields

IF

You discover Australian visitors bounce on your returns page

THEN

Your returns policy might not support international purchases or might lack transparency and detail

When you have a significant traffic from a particular region or country but aren't converting visitors at the same rate as in your home country, consider creating a localized online store and checkout to boost sales.

Start talking to strangers: exit-intent surveys

Dig deeper than the quantitative data you've analyzed so far. If international consumers are crossing digital borders to visit your site but aren't making a purchase, find out why through qualitative data. Exit-intent surveys are the best way to gather this information.

Make it easy by providing visitors with common objections:

- Delivery costs and shipping time
- Unknown customs or duties
- International returns processes

The responses you receive, especially if they cluster around one or two key objections, will help you decide whether to hold inventory closer to international consumers as part of your strategy.

Freight forwarding: the invisible global customer

A significant number of international orders masquerade as home-country orders in your reporting. Freight-forwarding services like Stackry, Shipito, and Borderlinx allow consumers to ship purchases to a virtual U.S. address, then bundle and forward them anywhere in the world.

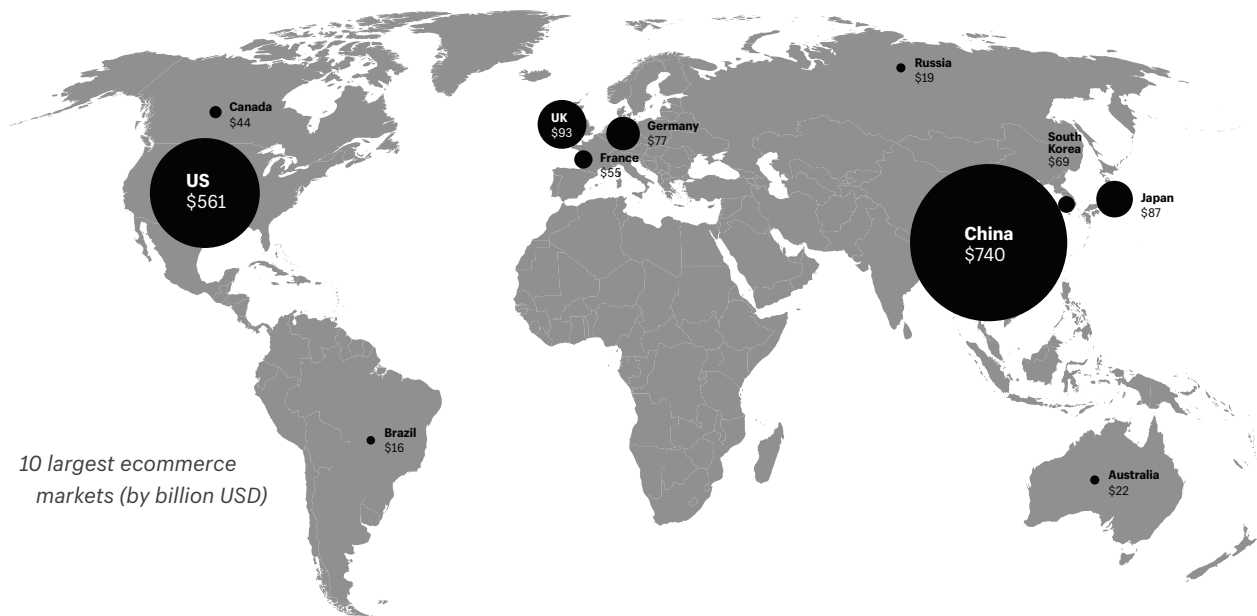
Identifying these nearly invisible international customers is challenging and needs some extra digging. To start, mine your order management system for *shipping* not *billing* addresses shared by multiple customers. Next, cross-check those addresses with popular freight forwarders to identify how many potential international customers you have. Here's a list of [popular freight forwarders](#).

With your master list of freight-forwarding addresses, segment this group in Google Analytics by adding a custom data layer to filter international customers using freight forwarders.

Follow the money: identifying new market potential

Before expanding internationally, it's crucial to understand your potential target markets, including how digitally mature and business-friendly they are.

To decide which markets to target, start wide then narrow your focus. The U.S. is the second-biggest ecommerce market.⁴



Follow the money: identifying new market potential

Regional potential—the opportunity among several countries with similar characteristics—is important when deciding whether to offer a localized site that serves multiple countries in a region. Your goods or services might not appeal to an entire region, like Asia Pacific, so your analysis should include a country-by-country evaluation.

For comparison, use ecommerce as a percentage of total retail sales in the country you're analyzing to better understand the appetite for online shopping.

Nearly a quarter of all retail sales in China are made online, whereas ecommerce accounts for just 9% of retail sales in the U.S. It's important to round out your

country-specific growth profiles by investigating two key potential growth drivers:

- **Penetration:** Online shopping penetration by country illustrates what percentage of the population has purchased goods or services online.



Global markets with the highest online shopping penetration rate in 2017 (statista.com)

- **Compound annual growth rate:** The compound annual growth rate for ecommerce sales by country indicates online purchasing momentum.





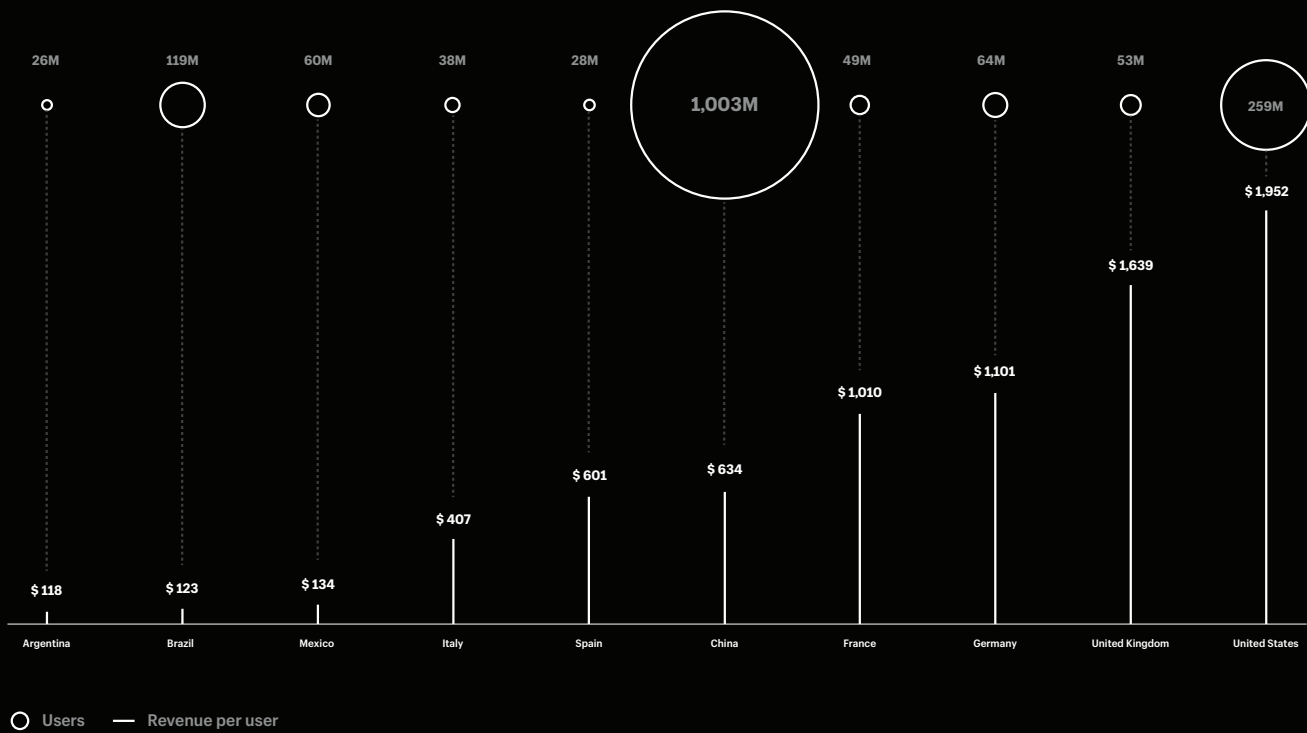
Forecasted compound annual growth rate from 2018 to 2022 (statista.com)

Country comparisons

The Central Intelligence Agency (CIA) has compiled key data in its [World Factbook](#) so you can compare countries side by side. This tool offers an inside look at infrastructure, consumption, and demographic profile, with information like:

- Population groups segmented by ethnicity, language, and religion
- Demographic pyramids, household income and consumption, and urbanization rates
- Mobile phone users, internet and broadband availability, and ranking

Statistics like these can determine the total market and inform your decisions about warehouse or inventory locations, as well as localized online stores.



Ecommerce revenue per user (in USD) and number of users in 2018 (statista.com)

Ease of doing business

The relative difficulty of operating in foreign regions or countries is known as the ease of doing business.

Use the World Bank's [Doing Business report](#) to supplement your country-by-country assessments, with considerations like infrastructure, internet speed, and bureaucracy.

Country	DTF score	DTF change
New Zealand	86.55	-0.18
Singapore	84.57	+0.04
Denmark	84.06	-0.01
Korea, Rep	83.92	0.00
Hong Kong SAR, China	83.44	+0.29
United States	82.54	-0.01
United Kingdom	82.22	-0.12

	DTF score	DTF change
Norway	82.16	-0.25
Georgia	82.04	+2.12
Sweden	81.27	+0.03
Macedonia, FYR	81.18	-0.21
Estonia	80.80	+0.05
Finland	80.37	-0.11
Australia	80.14	0.00
Taiwan, China	80.07	+0.41
Lithuania	79.87	+1.05
Iceland	79.51	-0.19
Canada	79.29	-0.09
Latvia	79.26	-0.79
Germany	79.00	-0.19

Ease-of-doing-business ranking in 2018 based on the distance to frontier (DTF; World Bank)

Check to see how quickly the countries you're considering are improving their business climate. One metric to use is the number of reforms a country implemented in the last year to improve doing business there.

The World Bank report takes into consideration criteria like getting electricity and construction permits, which might not seem relevant to an ecommerce-only international expansion. But these criteria become relevant if you establish an international warehouse or physical presence. Or partner with an entity that would be subject to these matters.

Identify the factors that impact your expansion markets with a political, economic, sociocultural, and technological (PEST) analysis. Enter data from the tools and reports above to populate a personalized country-specific PEST analysis.

How lucrative? Evaluating brand perceptions, competition, and potential ROI

It's time to determine the competitive landscape in your target expansion market, your brand fit, and the potential return on investment (ROI) of a given country or region. Successfully scaling a global enterprise boils down to earning the trust of customers across geographic and cultural borders.⁵

Cultural norms, traditions, and expectations all have significant impact on your business. Hofstede's cultural dimensions⁶ explore six distinguishing aspects of national culture:

Power distance index

The degree to which less powerful members of a society accept and expect the unequal distribution of power. The fundamental issue is how a society handles inequalities among people.

Individualism vs. collectivism

The degree to which societies value the group over the individual. More individualistic societies prefer a loose-knit social framework, where people take care of themselves. More collectivist societies prefer a tight-knit social framework, where people expect relatives or members of a particular group to look after them in exchange for loyalty.

Masculinity vs. femininity

The way societies define success. Societies that emphasize achievement, heroism, assertiveness, and material rewards as success are characterized as more masculine. Societies that emphasize cooperation, modesty, caring for the weak, and quality of life are characterized as more feminine and consensus-oriented.

Uncertainty avoidance index

The degree to which members of a society feel uncomfortable with uncertainty and ambiguity. Countries that are strong in uncertainty avoidance have rigid codes of belief and are intolerant of unorthodox behavior and ideas. Countries that are weak in uncertainty avoidance have a more relaxed attitude, where practice counts more than principles.

Long-term orientation vs. short-term normative orientation

The degree to which societies adhere to tradition over modernity. Long-term orientation maintains time-honored traditions and norms, viewing societal change with suspicion. Short-term normative orientation takes a more pragmatic approach by encouraging thrift and embracing education to prepare for the future.

Indulgence vs. restraint

The degree to which societies emphasize self-gratification over self-control. Indulgent societies allow the gratification of basic human drives and entertainment. Restrained societies prefer to suppress needs, regulating them through strict social norms.

Hofstede's [country comparison tool](#) gives you instant insights into countries and regions. Here's a sampling:

Latin America

Far from a homogenous entity, Latin America is home to Spanish, with many variations and dialects spanning 17 countries. It can be fatal when enterprises rely on a single-language approach instead of a tailored approach.⁷ Cross-border approaches are routinely rejected.

Consider opening local offices with teams that can provide local content. One ecommerce marketplace employs 80 journalists across Latin America to provide local input and avoid hybrid Spanish.

Middle East

It's not uncommon to see a package addressed to someone in the Middle East with just the person's name and country.⁸ In parts of the Middle East, there are no formal postal addresses. With no street addresses⁹ and relatively few P.O. boxes, it's nearly impossible to ship by mail in some countries. Coupled with distrust of formal banking systems¹⁰ and a preference for cash transactions, the challenges of accepting payment and fulfilling orders is daunting.

Consider accessing more developed parts of the Middle East through marketplaces or establishing a physical presence. Or consider partnering with a local online business that can provide contractors with proper delivery directions.

Asia

More than 1 billion people in Asia have no access to formal financial services.¹¹ Known as the “unbanked,” they can’t participate in ecommerce. Payment apps that aren’t linked to bank accounts or credit cards are emerging to fill this gap, allowing people to make purchases through virtual accounts without identification.¹²

Even if the unbanked isn’t your target consumer, banking penetration in Southeast Asia is on the rise as FinTech and companies like Alibaba and Tencent invest in accessible ecommerce.¹³ With basic mobile banking services evolving, make sure you can accept the latest local payment methods.

Estimating ROI

Calculating the expected ROI from a new market is as much an art as a science. Although the formulas we provide offer estimates, these calculations are only as good as your inputs and assumptions.

At the most basic level, you’re estimating how many people want what you’re selling, can buy it, and would choose you over a competitor.

First, you need to know two key inputs:

- **The number of customers in your target market:** Use the [World Factbook](#) for demographic segments. Only account for those who have access to the internet, payment methods, and shipping options.
- **Your offering’s penetration rate:** This isn’t the rate from your home market. This is an estimate of how many people use the type of product you sell. If the penetration rate is almost 100% for footwear in the U.S., it might be significantly less in developing country.

With these estimates, calculate the market size and value:¹⁴

Market volume = number of target customers × penetration rate

Market value = market volume × average order value

Estimating your share is the next step. As a guide, determine the competitor share in your target market. Or use a discounted version of your home market share.

A share estimate helps you estimate your market potential with a more sophisticated [calculation](#):

Market potential = total number of potential consumers × market share (percentage of consumers buying from you) × average selling price × average annual consumption

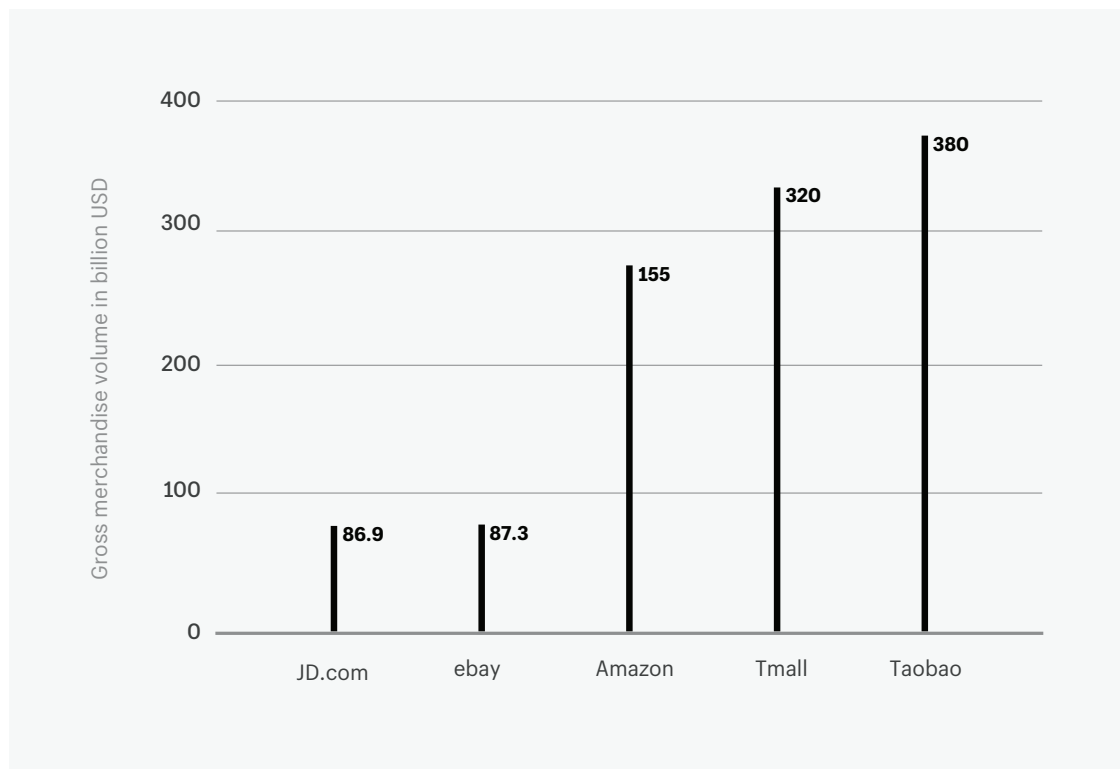
This market-potential worksheet walks you through the calculation step by step.

Assess your brand awareness to define your cost of entering a new market. Research shows that higher international brand awareness correlates with higher ecommerce sales.¹⁵ Likewise, assess your offering versus that of foreign competitors. Use this framework to evaluate how competitor products are differentiated.

How to test new regions quickly, easily, and nearly risk-free

The top mistake your business can make with global expansion is investing significantly up front before validating that your brand resonates with target consumers. Initially, you need to test, learn, and iterate.

Before launching a localized online store, consider experimenting with a marketplace that serves your target region or country. A total of 60% of global online sales takes place on marketplaces.



Most popular online marketplaces worldwide in 2017 (statista.com)

Marketplaces are great for experimentation if you lack brand awareness. Brand-agnostic shoppers, those who know *what* but not *who* they want, tend to use online marketplaces.¹⁶ These shoppers value the comparison shopping and convenience that marketplaces offer.

Here's a comprehensive [list](#) of the world's top marketplaces by region and sales. We'll explore how to launch on key marketplaces in this [section](#).

Testing your entry into a new region through a marketplace reduces risk, but not without drawbacks. Besides negatively impacting margins, enterprises selling on marketplaces lose the valuable customer behavior data they would glean from their own branded site.

Marketplaces can also condition shoppers not to purchase from branded localized sites. If you launch a local online store, be aware that marketplace sales can cannibalize sales on your branded store.¹⁷

Other expansion options

It's possible to experiment in new markets without massive investment or even marketplaces.

Launch globally from home

Sell globally from your home-country website. Some businesses use this strategy when targeting a region or country similar to their own in language, culture, and social norms. It works especially well when similar markets are geographically close, like the U.S. and Canada.

We'll look at how to accept multiple currencies on your online store and navigate customs and duties in later sections.

Establish a reseller relationship

If your product would perform well in a particular sales channel, consider partnering with third parties already embedded in that channel. If you're selling a tooth-cleaning dog treat, think about using local veterinarians. It's a way to break into a new market through the credibility and reputation of channel partners.

Launch a wholesale channel

Selling your products through international brick-and-mortar retailers reduces your risk when entering a new market. It also reveals if other business owners believe your product resonates with an international audience. The important metric to monitor is the reorder rate, which genuine consumer demand and dictates if you can sell direct.

Learn more about launching a [wholesale channel](#).

Comply or die: adhering to licenses, laws, and a patchwork of rules

Expect to encounter burdensome legal requirements when you expand globally. Ignoring a country's rules and regulations can lead to significant financial consequences, loss of reputation, and ultimately, a failed expansion. And regulations evolve, meaning you need to update your business regularly.

Obtaining a business licence

Whether you're planning to sell through multiple channels or a physical store, you need an international business license to operate legally. Business licenses allow governments to monitor business activity and impose taxes. Without proper licensing, you risk expensive penalties.

Here's how it works in certain countries:

China

Foreign-owned ecommerce businesses need a commercial internet content provider (ICP) license to sell in China. This license lets a company engage in payment integration and online sales. Chinese internet service providers will block the site if an ICP isn't obtained within a grace period—and they might block you anyway (see this section). Foreign sites first need to have a Chinese business license before they can apply for an ICP. Businesses looking to expedite the process can get help from companies that understand the Chinese business landscape, like Twinova.

Europe

If sales are over €35,000 per year for most countries in the European Union (EU), you have to register for a value-added-tax (VAT) number. If the foreign seller doesn't have a registered business in the EU, they can appoint an agent like Corintax Consulting to file VAT returns on their behalf.

Australia

Foreign entities that want to sell in Australia have to be licensed with the Australian Securities and Investments Commission. Businesses that want a physical location

in Australia need additional licenses for the jurisdiction they choose. Companies like LawPath can expedite the process by analyzing company information, then recommending steps to be compliant with the law.

Significant laws to follow: GDPR and geo-blocking

The EU's General Data Protection Regulation (GDPR) came into effect on May 25, 2018.¹⁸ This regulation imposed new responsibilities on controllers and processors of data. This protects a customer's rights over personal data like:

- Name
- Address
- Email address
- Social-media account
- Digital identifier, like an internet protocol (IP) address or cookie identification

As a business, you're generally the controller of data: You collect, save, and delete your customers' data. Although a European regulation, the GDPR might apply to your business if your goods and services are available in Europe—even if your business isn't located there. Learn more about this regulation in our [GDPR whitepaper](#).

For businesses selling to customers in the EU, geo-blocking legislation prohibits businesses from discriminating against customers based on their location.¹⁹ Since December 2018, businesses can't automatically redirect customers to country-specific websites on the basis of their IP address. For instance, it's illegal to forward an Italian customer shopping on a German website to the Italian version of that shop.

Also, if you don't deliver your products to certain EU states, you need to give your international customers the option to collect it at your business premises or to organize delivery independently.

Here's a compilation of [country-specific laws](#), including some not on the books, to abide by and account for when estimating the cost of your global expansion plan.

Global business spotlight

Nanoleaf

How to establish a global distribution network

With a digital footprint in 30 countries, Nanoleaf, a green technology company offering innovative, smart LED lighting solutions, knew it had to localize currencies, languages, and distribution. Doing so eliminated three major points of purchase friction they had with international expansion.

Nanoleaf conducted intensive interviews with international third-party logistics (3PL) partners to determine who they could trust to maintain stringent customer service standards, as well as collect and remit local taxes.

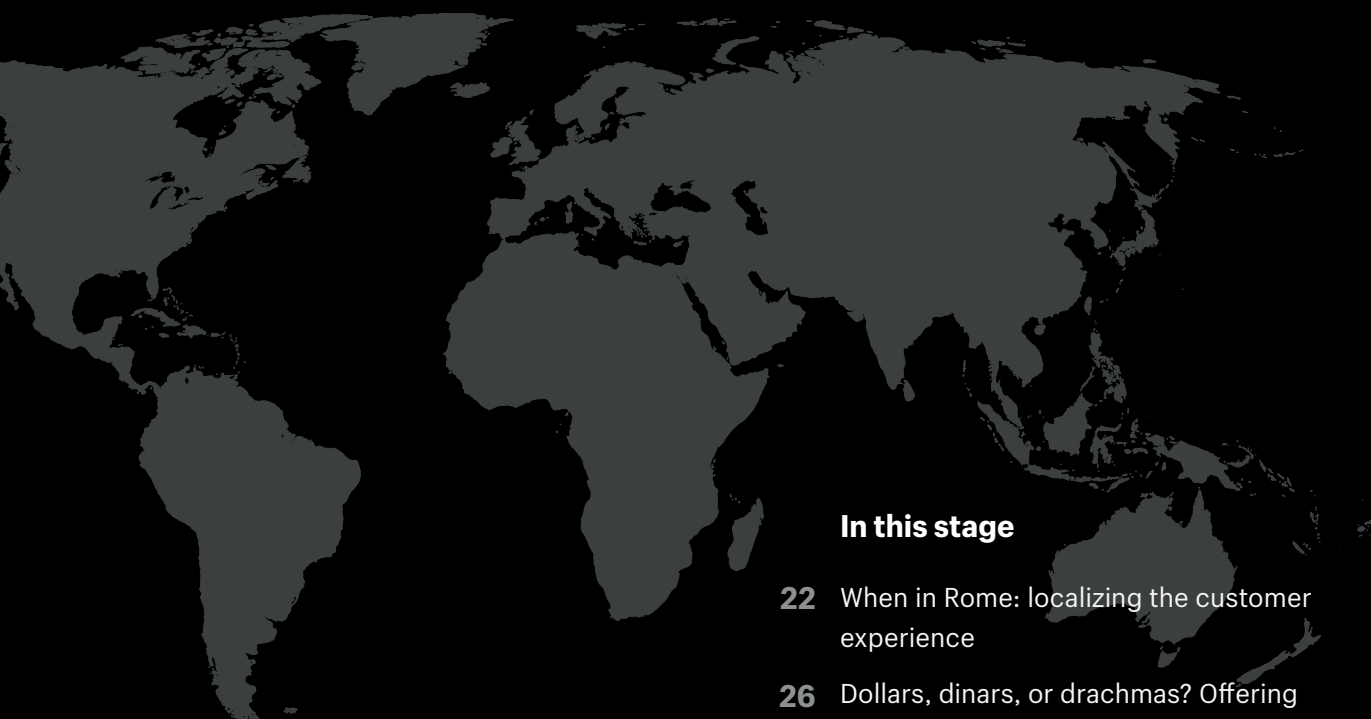
“Don’t be afraid to ask uncomfortable questions of potential partners,” advises Paul Austin-Menear, director of digital strategy at Nanoleaf. “Use the buddy system and make friends with non-competing entrepreneurs already selling in markets you’re weighing. Business can be cutthroat and grueling, but you’d be amazed by the camaraderie and willingness to help if you ask.”

Since expanding into Europe, 80% of Nanoleaf’s ecommerce sales now comes from outside Canada, its home base. And the company’s year-over-year sales are 4 times higher.



Stage 2

Launch your global business



In this stage

- 22** When in Rome: localizing the customer experience
- 26** Dollars, dinars, or drachmas? Offering local payment methods and multiple currencies
- 29** International fulfillment: simplifying global logistics and supply-chain networks
- 33** Cross-border shipping: establishing a smart shipping network
- 37** Lower the cost of going global: understanding taxes, customs, and duties

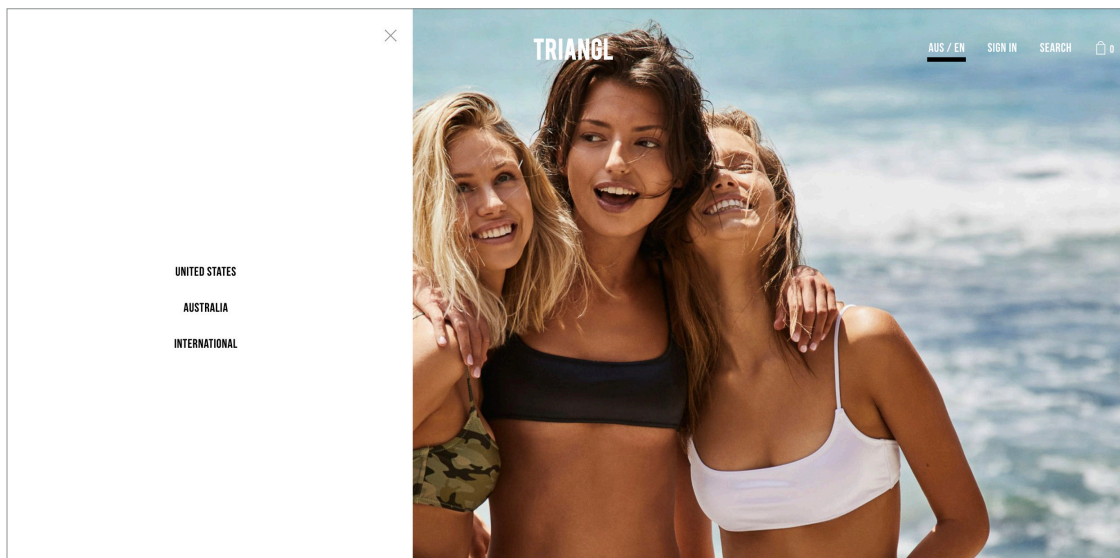
When in Rome: localizing the customer experience

International consumers should never suspect you're from another part of the world when visiting your international online store. If anything is off, you might never earn their trust—or business. You need to localize the customer experience.

Organize your URL structure for multiple stores in a way that optimizes them for search engines. You can use either a country-specific domain (example.de, example.com.au) or a subdomain (de.example.com, au.example.com) strategy.

In the experimentation stage, before you enter a foreign-language market, you can still offer a local customer experience by directing visitors to the right store. Here are two options:

- **Landing page:** Direct customers to their home country through a landing page, the way swimwear brand Triangl does. Customers choose their region or country to continue.

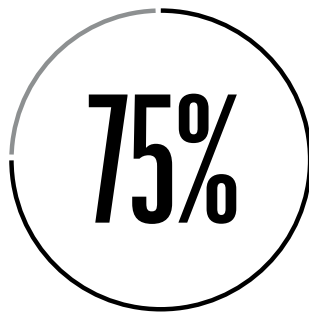


Landing page selector (triangl.com)

- **Geo-targeting:** Redirect customers to the relevant store by detecting their browser language or IP address—but don't forget the EU's ban on geo-blocking (see this [section](#)). It's better to let your customers choose their store through a pop-up or landing page. You can do this with a [Shopify app](#) or a custom technology solution through a development partner.

Translating your assets

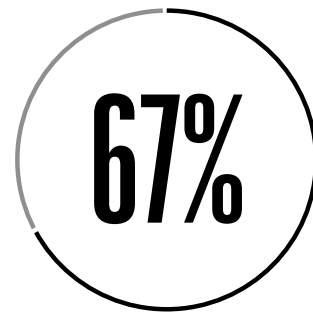
If you're expanding into markets that aren't similar to your home market, you need to translate nearly every facet of your site, including language. Up to 75% of shoppers won't consider buying from a site that isn't in their language.²⁰



want to buy products in their native language



rarely or never buy from English-only sites



prefer navigation and content in their language

Going native makes or breaks global sales

Here are two options for offering a native-language shopping experience:

Localize your main ecommerce site

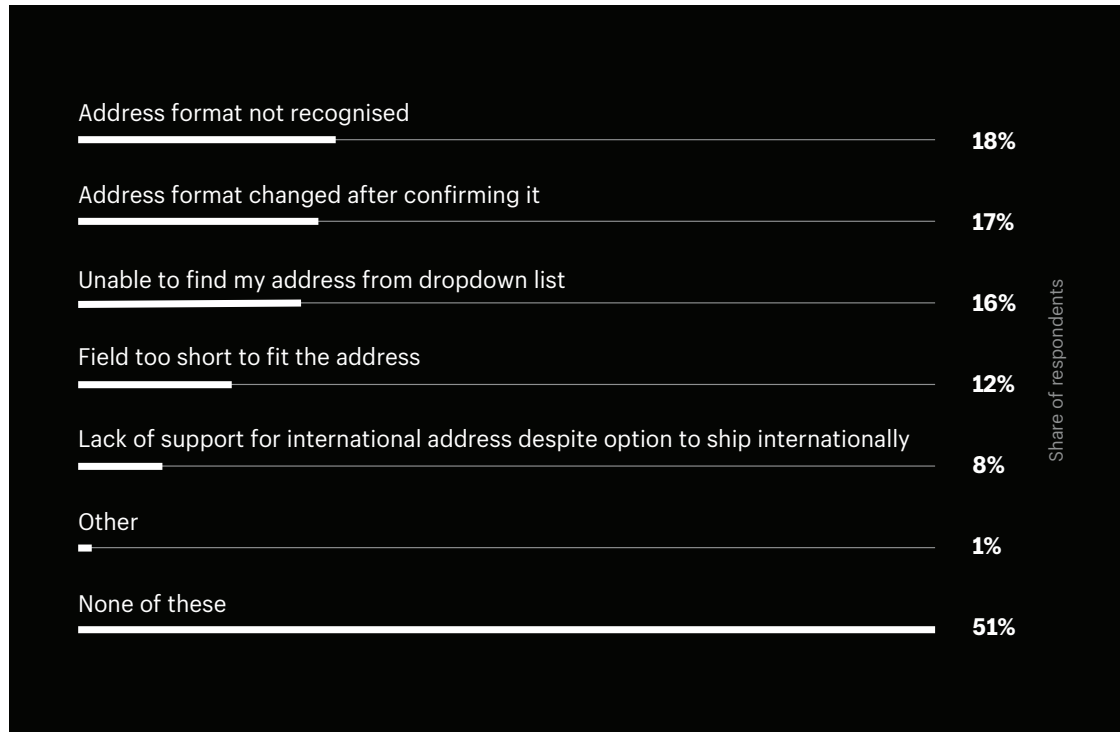
If you're still testing and learning, consider cloning your home-country website and localizing it for international expansion.

Offer multiple online stores with dedicated languages

Besides translating your site's metadata for SEO purposes, remember also to translate:

- Confirmation emails
- Packing slips
- Invoices
- Creative assets

Translation also includes localizing the checkout process: Adapt and order your form fields appropriately. In Brazil customers must enter their CPF tax number,²¹ and in some countries it's better to ask for a family name or surname instead of a last name. Common mistakes when offering global shipping are providing form fields that are too short for international addresses, and not accepting international addresses during checkout.



Most common problems U.S. shoppers have when filling in shipping or billing addresses (Nov 2017; statista.com)

A standard checkout form is never one-size-fits-all. Countries and regions format phone numbers, mailing addresses, and postal codes differently.²² In Italy and Mexico, the house number comes after the street name. In Japan most streets don't have names so you need to include the block number.²³

Consider replacing your hero and product images with models from your target country. Include local climate, religion, and cultural trends in your translation activities too.

Localization also means translating dimensions and apparel sizing charts.²⁴ If you sell women's shoes, size 8 in the U.K. is size 42 in Europe and 26.5 in Japan.

In many countries, people read left to right. Although the F-pattern of scanning a website has been universally observed,²⁵ design decisions should keep in mind other reading patterns. Shoppers in your target market might read right to left, like many Arab online shoppers. As a result, they scan web pages in a mirrored F-pattern.²⁶

If you're using one site to sell in multiple countries with a shared language, include misspellings in your search functionality. Australian shoppers using British English might not find what they're looking for if your search functionality demands error-free American English spelling.

Europe	USA	Japan	UK
35 1/2	5	22 1/2	3
36	5 1/2	23	3 1/2
37	6	23	4
37 1/2	6 1/2	23 1/2	4 1/2
38	7	24	5
39	7 1/2	24	5 1/2
39 1/2	8	24 1/2	6
40	8 1/2	25	6 1/2
41	9 1/2	25 1/2	7
41 1/2	10	26	7 1/2
42	10 1/2	26 1/2	8

Women's shoe sizes (webinterpret.com)

Dollars, dinars, or drachmas? Offering local payment methods and multiple currencies

The most surefire and expensive way to fail when expanding globally is to assume consumers around the world behave like you. Up to 16% of shoppers abandon cart if their preferred payment option isn't available.²⁷

Although credit cards are the most popular payment method in the U.S., that isn't true of the rest of the world. In Germany 38% of shoppers use ELV (Elektronisches Lastschriftverfahren), an electronic direct-debit payment method supported by banks.²⁸

With the worldwide conversion rate at just 2.4%²⁹, don't give cross-border shoppers another excuse to leave your store without making a purchase.



Up to 16% of shoppers abandon cart if their preferred payment option isn't available.²⁷

The Big Ticket: What's Stopping Shoppers?

FuturePay.com

Local currencies

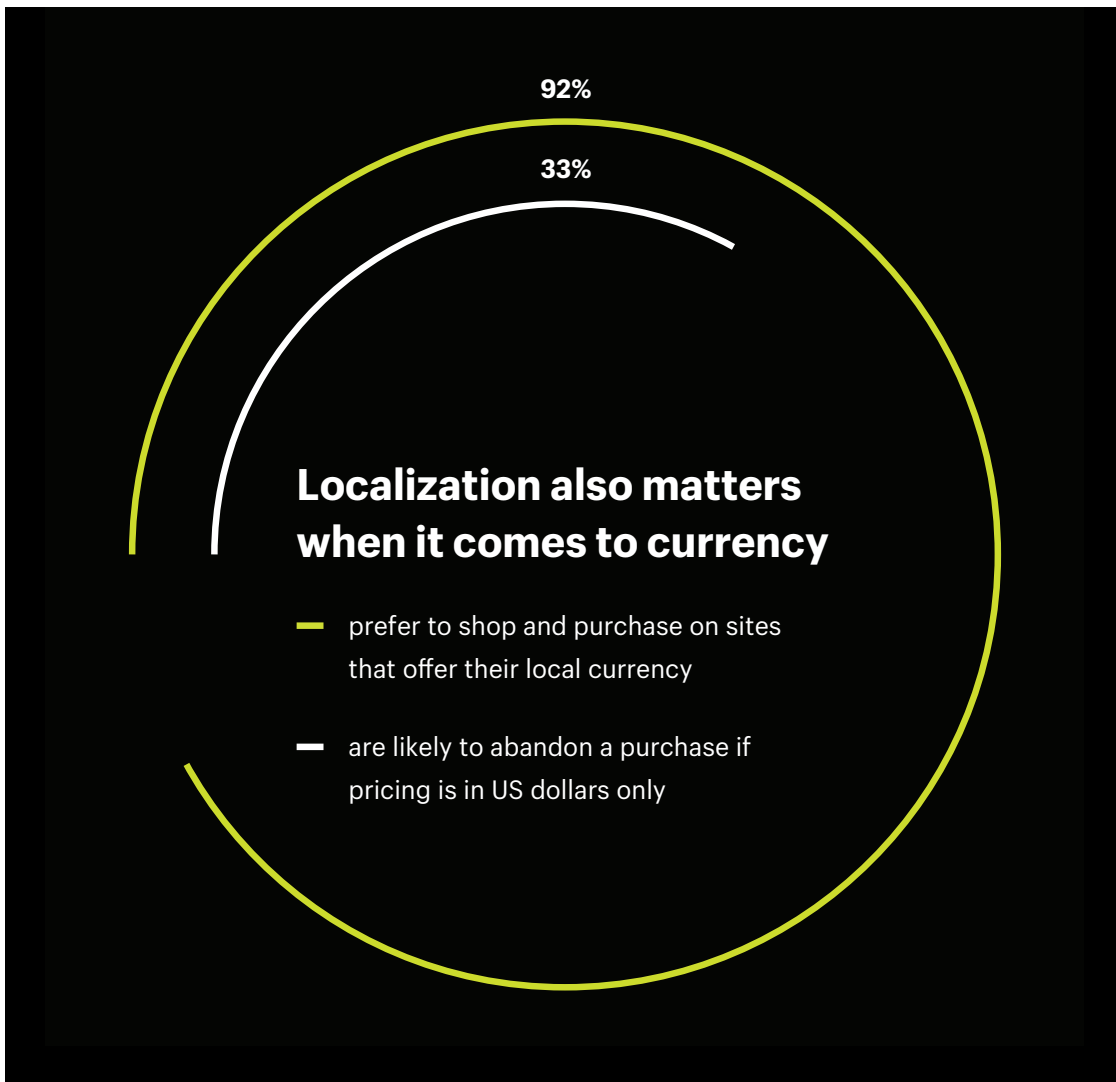
International customers expect to check out in their local currency. You can translate your online store perfectly, but unless you sell in multiple currencies, your global ambitions will stall, not scale.

But there's risk associated with selling in multiple currencies. Sourcing a product in one currency and selling in another exposes you not only to technical complexities, but also to foreign exchange (FX) drift that erodes your profit margins.

You have two options:

Hedge FX rate risk

Use FX hedging³⁰ as a way to protect foreign cash flow from currency fluctuations and to preserve profit margins.



Localization also matters when it comes to currency

Sell in multiple currencies

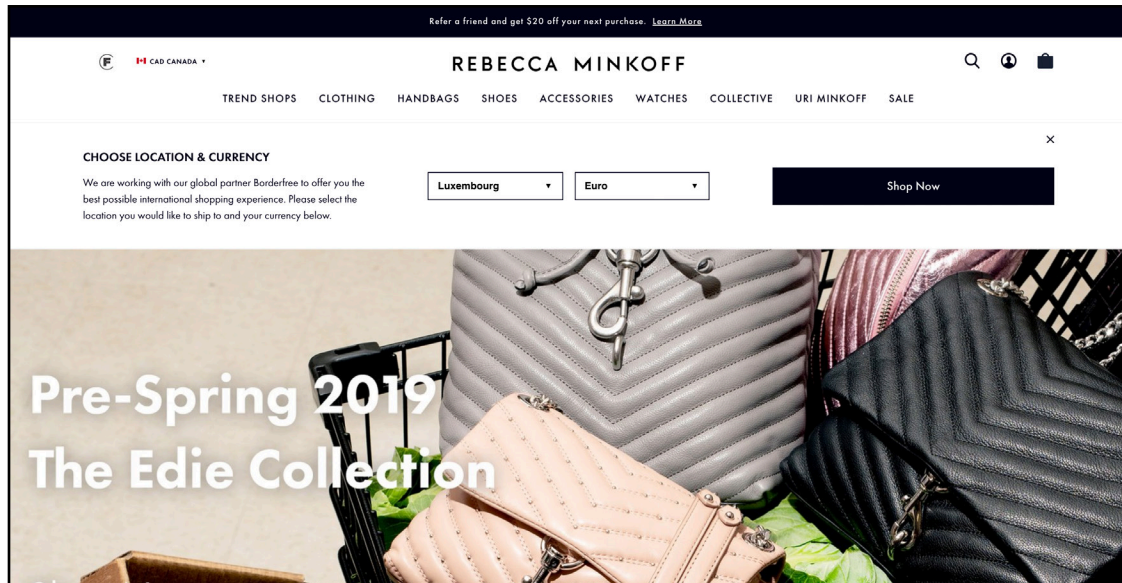
Sell in multiple currencies, automatically settle in your own, and allow a third party to exchange and convert foreign currency for you.

Dollars, dinars, or drachmas? Offering local payment methods and multiple currencies

Next, two ways to offer a multi-currency solution that mitigates risk:

Currency selector

Rebecca Minkoff, a leader in the luxury handbag, apparel, and accessories space, streamlines the checkout process in different regions by letting customers select from more than 70 currencies on the same online store.



Location and currency selector (rebeccaminkoff.com)

Accepting multiple currencies on your storefront and checkout

The workarounds, apps, or third-party gateways that enable businesses to sell in multiple currencies aren't always reliable. Your ecommerce platform should provide a solution. Shopify Plus offers a multi-currency solution that allows buyers to check out in their preferred currency, and merchants to get paid in their local currency.

The solution you rely on should automatically convert prices based on location and up-to-date FX rates. Prices, taxes, gift cards, discounts, shipping, and refunds should be automatically converted to customers' local currency, from landing page to checkout.

If your expansion plans include establishing a physical presence in a foreign country and hiring local employees, you might not want to convert foreign currencies into your local currency for payout. Why expose your business to FX rate risk and conversion fees when you could use those funds as operating capital or salaries? Offering a multi-currency experience should fit strategically with your global expansion strategy.

Dollars, dinars, or drachmas? Offering local payment methods and multiple currencies

International fulfillment: simplifying global logistics and supply- chain networks

To simplify global logistics, you need to solidify your supply-chain and manufacturing strategy. Do this by answering two questions:

1. Do I establish a supply chain with manufacturing in my target region?
2. Do I build it myself or outsource supply-chain management and fulfillment?

Local manufacturing

The necessary skill, cost, and complexity associated with manufacturing your products will influence whether you establish local manufacturing in expansion countries. If your products are made in a specialized factory with unique tooling, precision manufacturing, or a highly skilled labor force, weigh the costs of replicating this in another region with the cost of transporting goods from your current manufacturing facility to your expansion countries.

If you sell a commodity that relies more on branding than precision manufacturing, you have greater flexibility to establish local manufacturing. Working with local people in your expansion country can also differentiate your business and increase brand awareness.

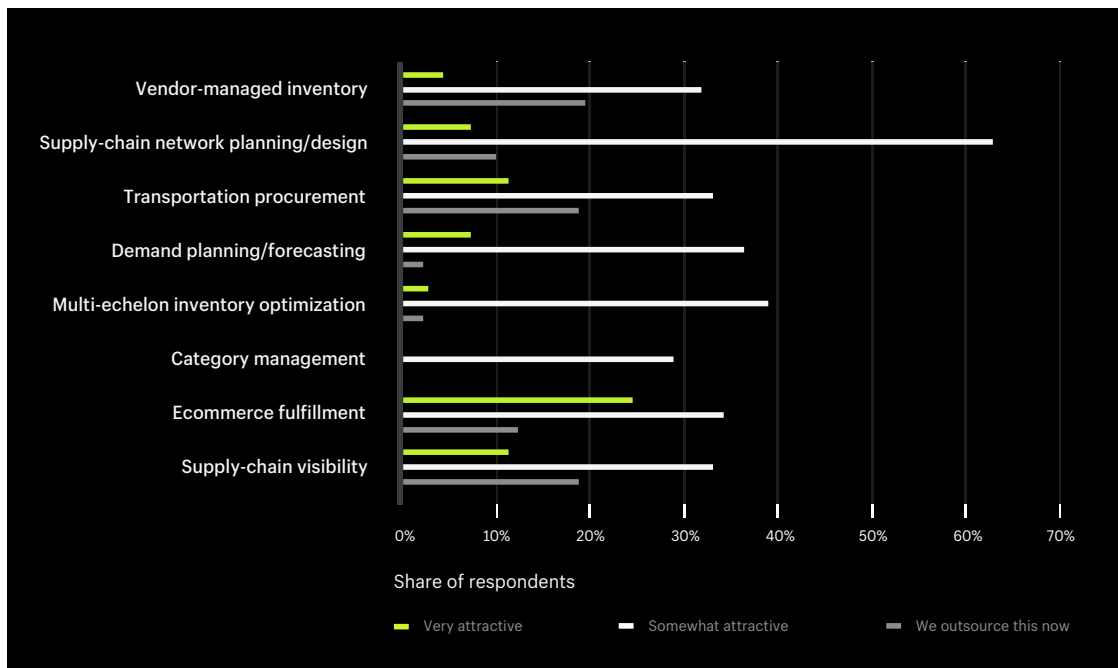
Another factor to consider is the proximity of your target market to your home market. If your strategy is to operate largely out of your home country and ship internationally to similar regions, the cost of establishing local manufacturing usually outweighs international shipping costs.

Operating your own international warehouse

Setting up an international warehouse means a large investment up front, which can be profitable in the long term. If you're planning to ship significant volume to a single country, your own warehouse gives you control over every aspect of the fulfillment process. Choose your warehouse location based on the location of most of your international customers.

Leasing a warehouse is also a good option. Consider things like location, staff facilities, health and safety standards, and language difficulties when communicating with site management. The International Warehouse Logistics Association can provide information, advice, and contacts to help you open a warehouse in a foreign market.

Businesses that expand globally often outsource parts of their supply chains.

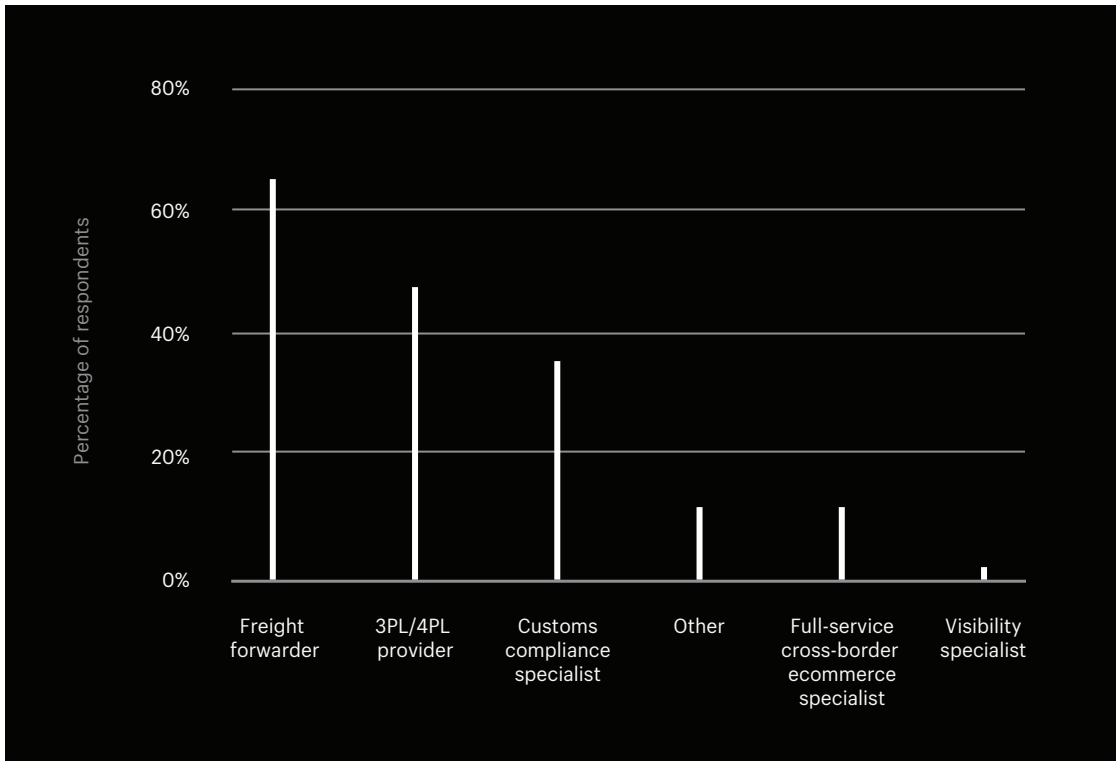


Potential outsourcing processes in the logistics and supply-chain market by level of attractiveness (2016; statista.com)

More than 30% of business leaders are strongly considering outsourcing ecommerce fulfillment. Here's how to choose the right fulfillment partner.

Outsourcing ecommerce fulfillment

Third-party logistics are used in supply-chain management to outsource part or all of the distribution and fulfillment services for a business. Nearly half of ecommerce businesses rely on 3PLs to execute cross-border commerce.



Most common services used in cross-border ecommerce (statista.com)

Typically, 3PLs offer end-to-end fulfillment services:

- **Storage:** Your number of SKUs impacts the cost of setting up warehouses. Estimate your sales and stock on hand in each region. Build these into your cash-flow forecast to evaluate your decision.
- **Service:** 3PLs unload goods from containers, add tags and barcodes, pick orders, process returns, and offer a warehouse management system.
- **Freight:** 3PLs can fulfill orders at flat or location-based rates, and might offer shipping discounts.

Enterprises with a multi-channel strategy also use 3PLs to strategically fulfill orders from certain channels over others.

When you use a 3PL, you turn over a key part of the customer experience to someone who might not be as devoted to your brand as you are.

Here are three risks of using a 3PL:

- If delays occur, your customers look to you for resolution, not your faceless 3PL.
- Almost all 3PL companies have upfront costs, like integration of their software into your online store, SKU upload, and account access.

- Quality-control issues can take longer to resolve because your inventory might be stored overseas.

To choose the right 3PL, talk to people who have already expanded in your target regions. And use this [guide](#) to help make your final decision.



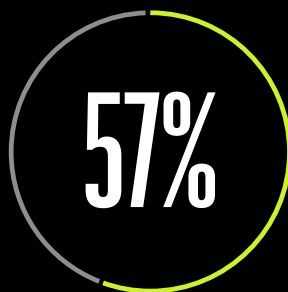
Fulfillment methods used by warehousing and logistics providers in the U.S. (2018; statista.com)

Cross-border shipping: establishing a smart shipping network

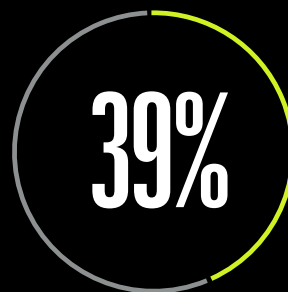
Shipping is a significant part of the customer experience. Customers expect same-day or next-day shipping,³¹ and more and more want their orders delivered for free.

The cost of not offering free shipping

How does free shipping impact online purchases?



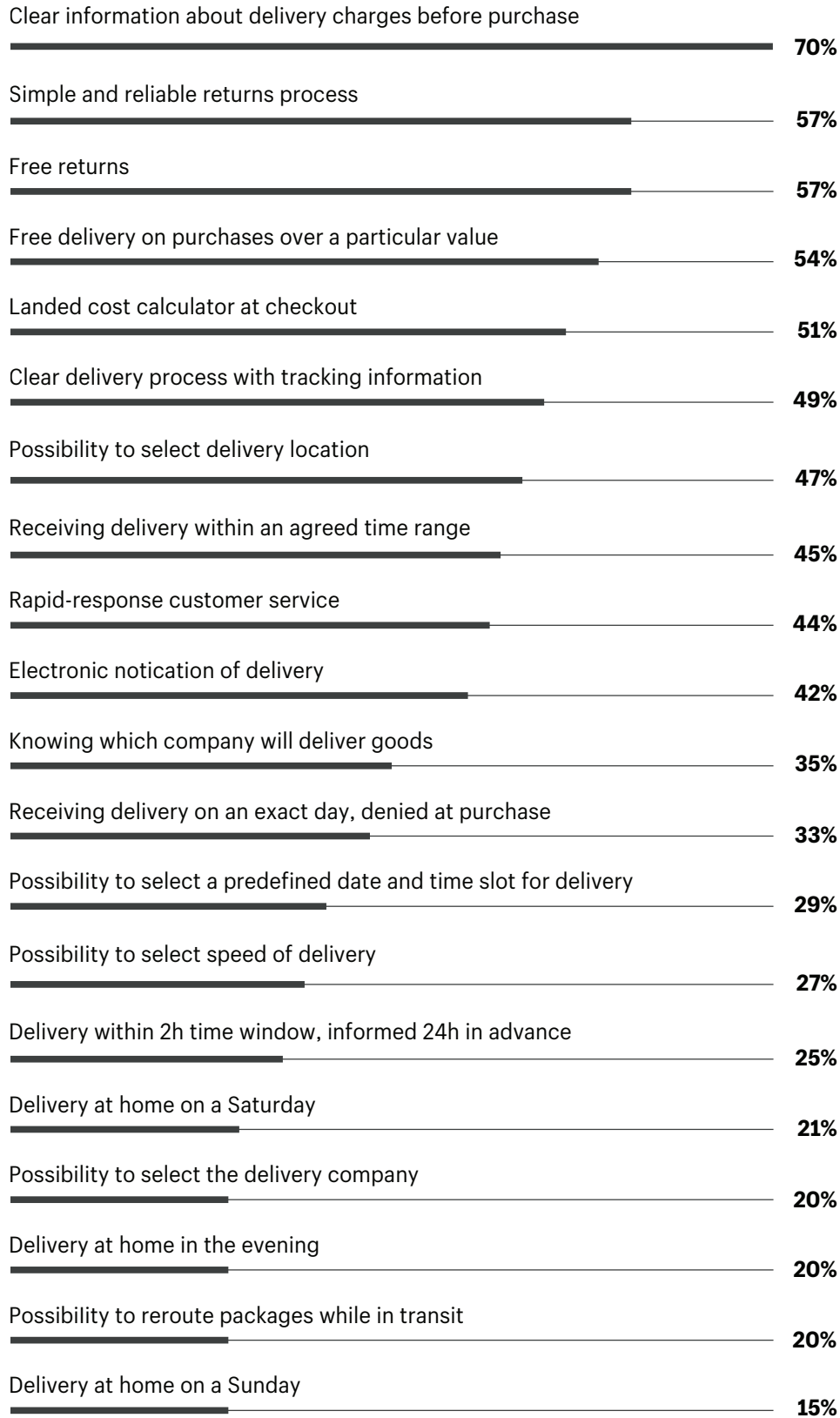
of shoppers will cancel orders if shipping costs are too high



of customers will abandon cart if free shipping isn't offered

The cost of not offering free shipping (Ecommerce Fulfillment and Free-Shipping Guide)

A total of 57% of shoppers say they'll cancel their orders if shipping costs are too high, and 39% will abandon cart if you don't offer free shipping.³² But international shoppers hold something else in even higher esteem: clear information about delivery charges before purchase.



Most important online shopping delivery options according to global online shoppers (Oct 2017; statista.com)

Understanding total landed cost

Total landed cost includes product cost, door-to-door shipping fees, import and export customs and duties, and tax obligations. Failing to make total landed cost clear to international customers is one of the biggest mistakes made during expansion. Nanoleaf (see this [section](#)) learned a hard lesson almost instantly after expanding internationally.

“We had a tirade of angry emails from customers,” recalls Paul Austin-Menear, director of digital strategy at Nanoleaf.

According to Austin-Menear, delivery drivers were demanding €100 EUR before delivering the packages customers had paid for. Ecommerce extortion? Not exactly, but it’s a growing pain experienced by businesses expanding globally. Nanoleaf orders were manufactured in China, shipped from Hong Kong, and delivered to Europe.

“The customer got slapped with taxes, tariffs, and additional courier fees we didn’t know about in advance,” Austin-Menear says. “I remember thinking, ‘Wow, we needed to do better internationally so our customers aren’t being surprised with unexpected taxes and fees at their doorstep. If it was me, I’d be mad too.’”

For an optimal customer experience, make sure your customer knows the cost of receiving your product in their country.



We needed to do better internationally so our customers aren’t being surprised with unexpected taxes and fees.

Paul Austin-Menear

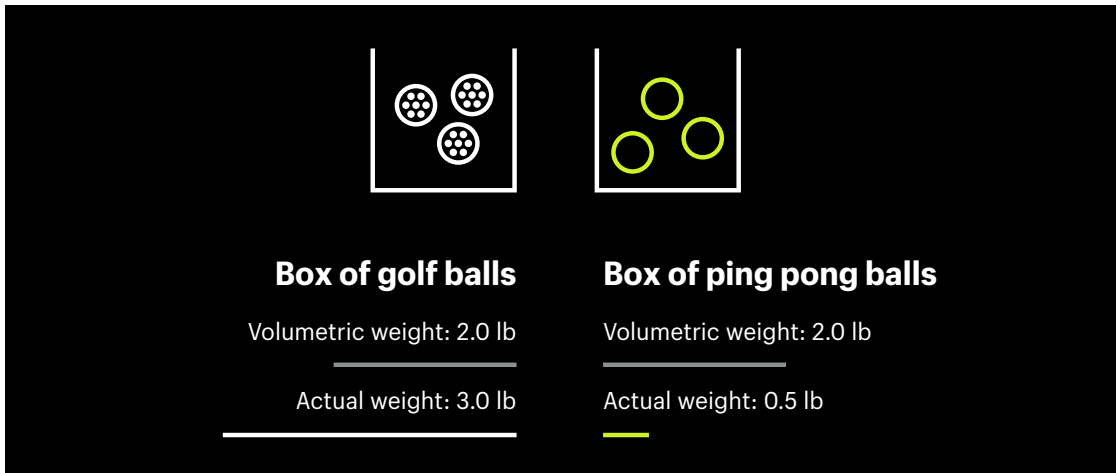
Director of Digital Strategy, Nanoleaf

If you’re shipping from your own international warehouse, be aware of all the extra fees involved, like customs, duties, taxes, and tariffs. If you use a 3PL for fulfillment, your 3PL might already ship the orders it fulfills. If not, talk to your 3PL about the best shipping options for your specific target market. They can possibly advise you about local shipping companies, or offer discounted shipping with preferred shipping partners.

Major carriers have simplified how to calculate shipping costs: DHL, FedEx, UPS, and USPS provide detailed shipping guides on cross-border shipping. Keep in mind that the rules vary by country. USPS caps its Priority Mail® international flat-rate small box at 4 lb.³³ Weight limits apply based on the mail class and packaging you use, with a maximum of 70 lb. But not all countries accept packages that heavy. Taiwan caps Priority Mail Express® packages at 33 lb.

Here are more USPS [country-specific conditions](#).

Packages shipped internationally are charged based on what's larger: actual weight or volumetric weight. Actual weight is how heavy a package is, whereas volumetric weight, or dimensional weight, is how much space a package occupies.³⁴ A low-density item takes up the same amount of space as a high-density item with the same dimensions.



Volumetric weight vs. actual weight (go.borderlinx.com)

According to Go Borderlinx:

The box of golf balls would likely be charged by its actual weight while the box of ping pong balls would be charged by volumetric weight. Why? One box is heavier than the other, so they will be charged differently in shipping fees.

The box of ping pong balls takes up the same dimensional space as the golf balls, but because the box of ping pong balls is lighter, it's a less efficient use of space. As a result, the box of ping pong balls will be charged by volumetric weight.

Find the dimensional weight of your package with this [calculator](#).

Negotiate rates with private carriers. When your global expansion plan matures and you begin shipping more orders, you can negotiate [volume-based discounts](#) with carriers. You might already be getting discounted bulk rates when you partner with a 3PL or other shipping partner.

Striking the right balance between speed and affordability is key in cross-border shipping. Though fast and free shipping is a priority, customers are willing to spend more for free shipping.

Establishing thresholds for free shipping ensures that customers spend a certain amount to qualify. Learn how to calculate your free-shipping thresholds in this [guide](#).

Lower the cost of going global: understanding taxes, customs, and duties

Inaccurate tax and tariff calculations can result in extra fees, shipping delays, fines, and penalties from regulatory authorities. These erode profit margins and, even worse, customer trust.

You can handle duties in one of two ways:

- **Delivery duty paid (DDP):** You pay all the taxes and fees that apply to your shipment.
- **Delivery duty unpaid (DDU):** Your customer pays all associated fees and taxes for your shipment upon delivery.

Find out if your products are subject to tariffs with the [FTA Tariff Tool](#).

Customs

Customs or duties are the tariffs or taxes a government levies on the international sale of goods. Duties are not a fixed percentage: They are determined by key information on your customs forms and are calculated differently in each country.

Here are some key factors:

- Quantity and value of the items being shipped
- Cost of shipping
- Class of goods (identified by the harmonized system [HS] tariff code)
- Insurance

The customs paperwork needed for an international shipment varies country to country, but it typically includes a commercial invoice and an export packing list. Find out if what you sell qualifies for [duty-free treatment](#) in your target country.

Customs and duties are generally included on a commercial invoice, which is the customer's bill of ownership and payment. The commercial invoice determines the value of the product being shipped including customs, duties, and taxes by using this information:

- Business name
- Customer name and address
- Price, description, and quantity of all products included
- Sale method and terms of payment
- Shipping method

Depending on your shipping carrier, the customs information might already be embedded in the shipping label. DHL Express provides [Paperless Trade](#) to most countries, reducing the need for extra documents.

An export packing list contains information that can expedite international shipments. Typical details on a packing list are buyer, seller or shipper, invoice number, and date of shipment. They can also include more extensive information:

- Mode of transport
- Carrier info
- Package weight and dimensions (usually metric)
- Package type and quantity
- Handling package marks

Export packing lists allow you to enter an [HS code](#): HS tariff codes expedite the customs clearance process by providing information on the contents of the package so that internationally agreed tariffs can be applied. Use this [duty calculator](#) to estimate the duties and taxes on a shipment.

Taxes

Value-added tax, or VAT, is a common European tax.³⁵ In other regions it might be called a goods-and-services tax (GST). Similar to sales tax but unlike duties, VAT is a fixed percentage per country.³⁶

Every package shipped across an international border is subject to VAT. But if orders have DDU terms, you don't need to charge VAT and duty when shipping to the EU from another region. In this case, you wouldn't be registered for VAT, or need to remit VAT on behalf of customers. Whether it's included in the upfront purchase price or not, it's crucial to show a customer what they'll be paying in their own currency and taxes.

Australia's GST was recently extended to low-value imported goods.³⁷ Australian customers are now charged 10% GST at checkout on all imported goods up to \$1,000 AUD. Customers will continue to pay GST at the time of import for goods worth \$1,000 AUD or more.

If you plan on selling more than \$75,000 AUD of low-value goods in Australia:

1. Register for GST and collect it from customers.
2. Show GST on your invoices.
3. Let customs know GST has been charged when bringing goods into Australia.

If you plan to sell less than \$75,000 AUD, you don't need to register for GST unless you go over the threshold. Discover if your target market is making it easier or harder to pay taxes in this [report](#).

If your global expansion strategy includes establishing a physical footprint, you need to budget for and comply with additional tax and employment laws.³⁸ In France it's cost-prohibitive to fire an employee. In the U.K. employers pay 13.8% of salary toward social security with no cap. In Mexico employers must share at least 10% of annual profits with employees.

Global business spotlight

100% Pure

Custom connectors: how to sync global ecommerce operations



**I just hit the sync button
and it's done.**

Quan Nguyen

VP of Technology, 100% Pure

Launched from a farmhouse in California more than a decade ago, 100% Pure is a multi-million-dollar global manufacturer of natural beauty products. The company's sprawling operations include five international ecommerce stores, which add complexity when managing inventory and product information.

With more than 560 products for sale in dozens of countries, Quan Nguyen, the company's vice president of technology, created what he calls the Purity Toolbox, a collection of custom connections that sync inventory and product information.

- **Inventory:** When a purchase is made online, a custom connector creates a sales record in their inventory management system, automatically updates inventory levels, and fulfills the order.
- **Product information:** A custom connector syncs information like product names, descriptions, and weight across multiple online stores and retail locations.

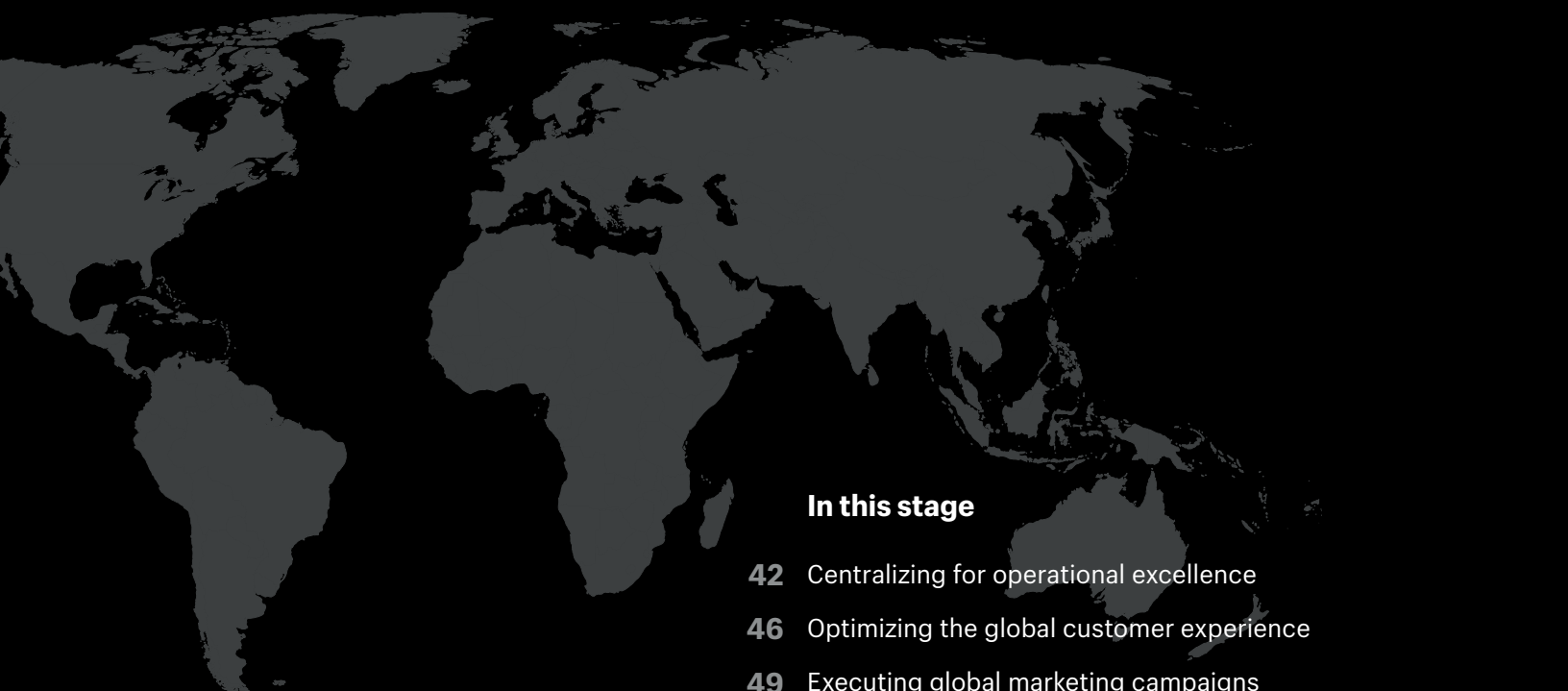
"I just hit the sync button and it's done," Nguyen says. "The custom tooling allows us to update product information across all our stores."

The company continues to grow by 40% year over year. And Nguyen says scaling internationally will help them grow 8 times larger over the next five years.



Stage 3

Scale your global business



In this stage

- 42** Centralizing for operational excellence
- 46** Optimizing the global customer experience
- 49** Executing global marketing campaigns at scale
- 53** Using automation to prevent fraud, boost efficiency, and accelerate growth
- 58** Whale hunting: how to tap into China and India

Centralizing for operational excellence

Your technology, or tech stack, is the underlying foundation of your ecommerce business: the frameworks, languages, and software everything else is built on. Despite how your tech stack is structured, it must provide a central, real-time view into every aspect of your global business operations. Enterprises with operations across the globe need a single source of truth they can rely on for accurate, timely, and actionable data.

The question is whether a single system, an enterprise resource-planning (ERP) system, or a multi-vendor solution will help you reach operational excellence and generate the return on invested capital³⁹ you expect.

Single-system solution

Although global ERP system sales are expected to top \$84.7 billion USD by 2021,⁴⁰ ERP solutions include subcategories split between on-premise, cloud, and hybrid cloud solutions.⁴¹

The ERP software can provide an on-demand snapshot of what's happening on the backend of your business. It's not something customers will see; instead, it gives you a competitive advantage by helping you make data-informed decisions.

But delays and unexpected costs are the norm: 79% of ERP implementations miss their deadlines and come in over budget.⁴² Even worse, 56% of ERPs exceed their budget by 25%, and 18% of ERPs by even more.⁴³

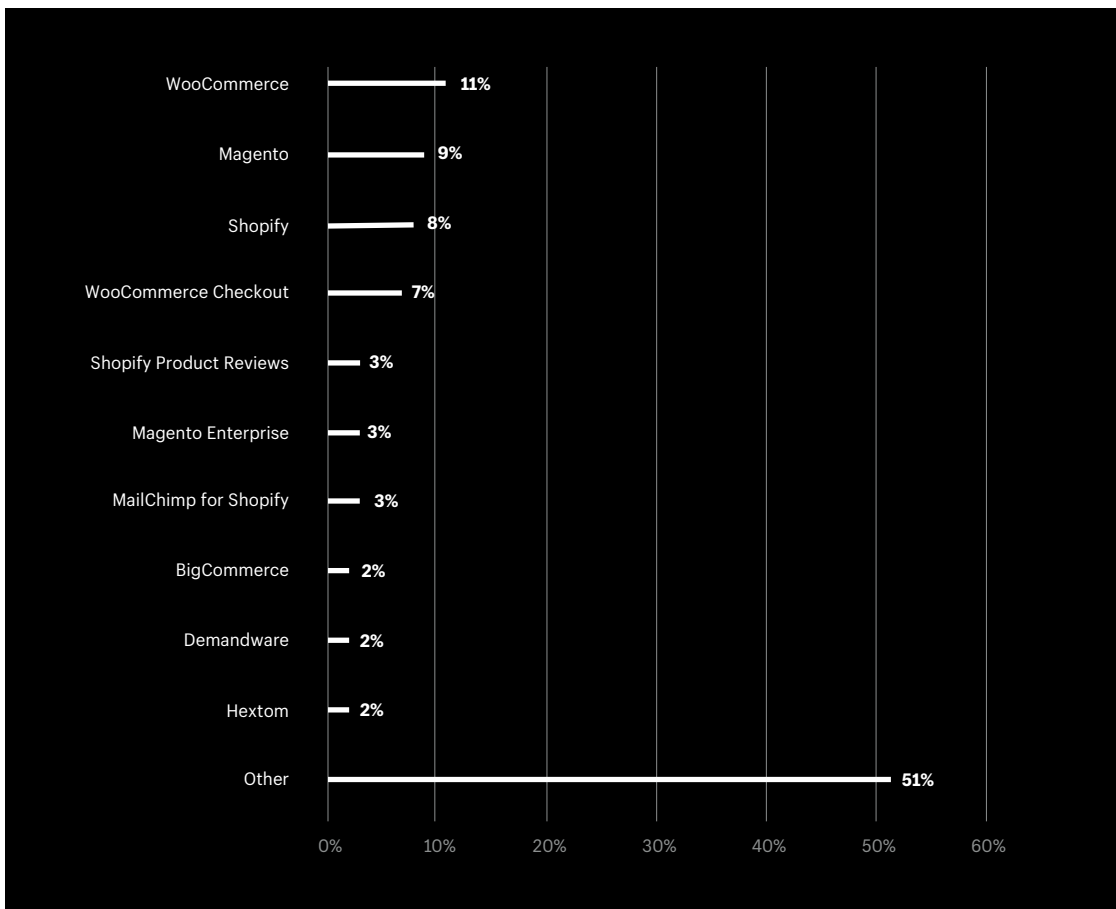
Despite the challenges, the global cloud enterprise ERP market is expected to nearly double by 2021, with vendors generating nearly \$29 billion USD in sales.⁴⁴ Demand is significant, but when deciding if an ERP is right for you, you need to calculate the total cost of ownership (TCO).

Costs not advertised by vendors are what can cause TCO to balloon.⁴⁵ Be sure to factor these 21 cost elements into your TCO. But crunch the numbers on your own: Many TCO calculators are from the same vendors trying to sell you an ERP system. Use this guide to choose the right ERP solution for your business.

Multi-solution ecosystem

Using technology solutions from multiple vendors can offer out-of-the-box flexibility, agility, and customization. All of these empower you to scale your global operations more cheaply and quickly than with some ERP implementations.

Enterprise resource-planning systems built before the ecommerce boom might offer ecommerce modules⁴⁶ as add-ons that aren't mobile-friendly, that lack reliable checkout functionality, or that don't meet enterprise requirements.⁴⁷ Some experts say businesses should decouple ecommerce from ERPs so they're agile and flexible enough to scale globally.⁴⁸



Ecommerce software platforms worldwide in 2017 (statista.com)

A multi-vendor ecosystem allows you to customize your tech stack with the solutions for your business problems. Essential components of a tech stack might include these management systems:

Multi-store management

Ecommerce platforms designed to help you scale globally make it easy to create

Centralizing for operational excellence

expansion stores to serve specific regions or countries. An expansion store operates independently in the areas of reporting, product inventory, accounting, and order management. It's imperative for businesses with expansion stores to manage them in one place.

Tools like [Synclogic](#) or [Syncio](#) allow you to connect expansion stores to your main store. Once your stores are connected, you can update products and inventory with changes made on your main store.

Inventory management

An inventory management system (IMS) is a hub for global operations. An IMS helps you manage orders from multiple channels and sync inventory across locations in real time. And it allows automated, condition-based order routing that can match orders with stock in nearby warehouses. This saves time, expedites fulfillment, and reduces shipping costs. Automation can also improve the customer experience and increase retention with order confirmation emails.⁴⁹

Discover how a well-known coffee brand uses a [multi-channel IMS](#) to forecast demand and generate automated reporting.

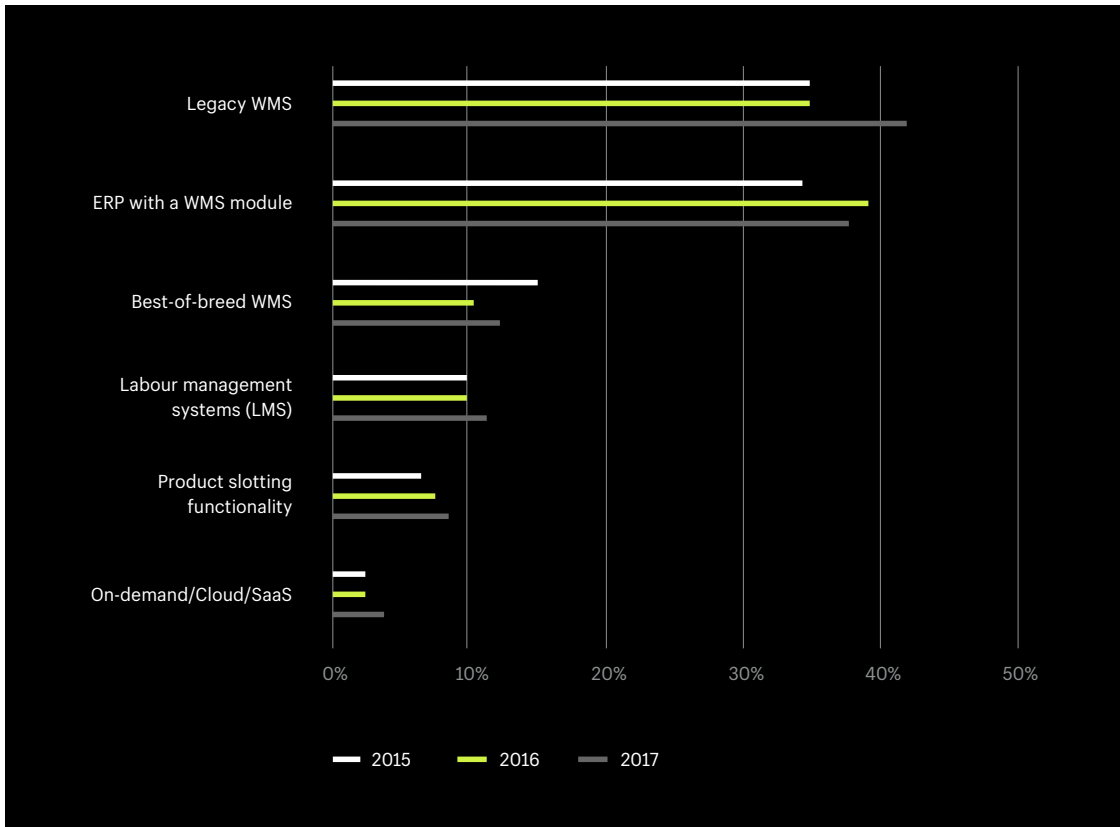
Product information management

Efficient multi-store management often needs a product information management (PIM) system to automatically sync data across stores. A PIM allows you to manage and update all your product information from a central hub. A PIM can sync product information—item numbers, references, catalogs, SKU data, images and videos, translations, localizations, and documentation—not only to international customers across multiple stores, but also to suppliers, manufacturers, and wholesale partners. Learn how a [PIM](#) can slash your labor costs.

Warehouse management

Enterprises with international warehouses might consider using a warehouse management system to assist with managing inventory, picking, packing, and shipping. Mobile warehouse management systems give you real-time analytics in the palm of your hand and help warehouse pickers in two ways:

- **Batch picking:** Pickers receive a list of items to pick on their mobile devices and can fulfill a single order with multiple items, multiple orders with the same item, or multiple orders with multiple SKUs (multiple batch picking).
- **Intelligent pick routes:** The list sent to a picker's mobile device is arranged to maximize efficiency and minimize the walking distance between inventory bins.



Warehousing and logistics providers in the U.S. using warehouse management systems (WMS) from 2015 to 2017 (statista.com)

A warehouse management system can also help you identify top-performing employees based on the number of picks or orders shipped per hour. Discover how an apparel brand uses its warehouse management system to compete with Amazon.

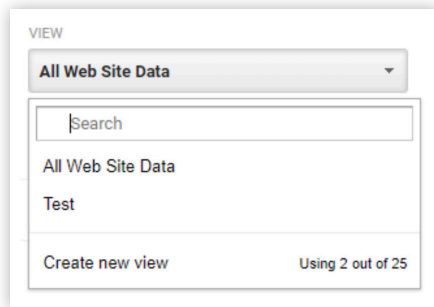
Optimizing the global customer experience

To offer a compelling global customer experience at scale, you need advanced data management practices. When managed and mined properly, data can help you optimize international online stores, increase sales and margins, and personalize marketing initiatives.

Multi-store data management

For clear, actionable insights, you need to manage reports across stores to gain a holistic view of your performance. Tools like Glew and Grow combine data across your stores in one place, so you can identify trends and issues. You can also monitor information about products, orders, and shipping to measure metrics like customer lifetime value, acquisition costs, and net profit.

Besides managing data, you also need to mine it. Simplify your data across multiple stores with these changes to your Google Analytics:



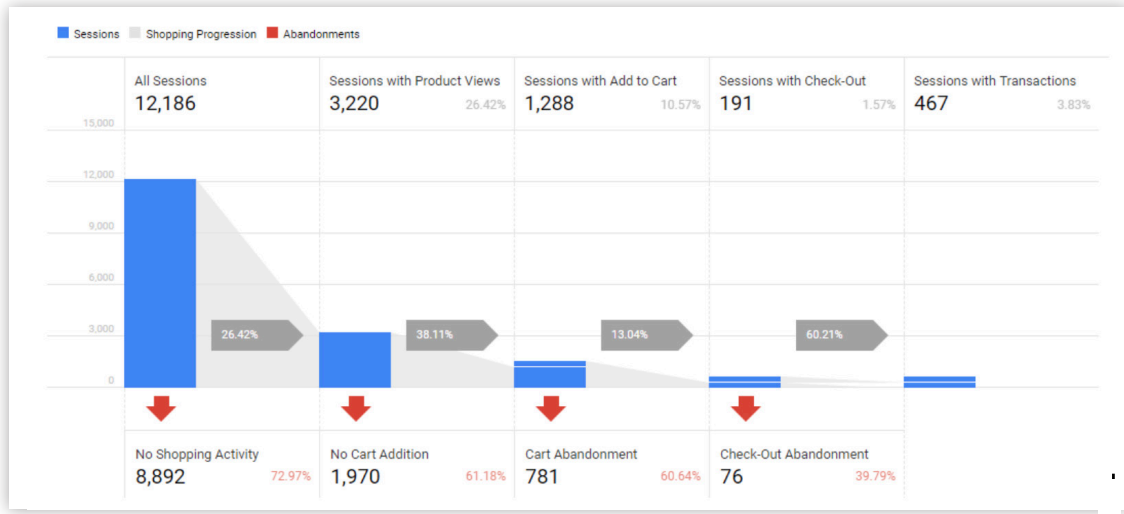
Add a new view (Google Analytics)

- To view the conversion-funnel report by country, add a new view of every relevant country and/or language.

By creating views, you'll be able to segment the conversion-funnel report according to country without having to use the Advanced Segments feature.

- Segment your funnel and analyze behaviors with Enhanced Ecommerce.

By analyzing shopping behavior segmented by language or location, uncover what's preventing your international visitors from completing their purchases. Use the data to inform future user-experience and design decisions.

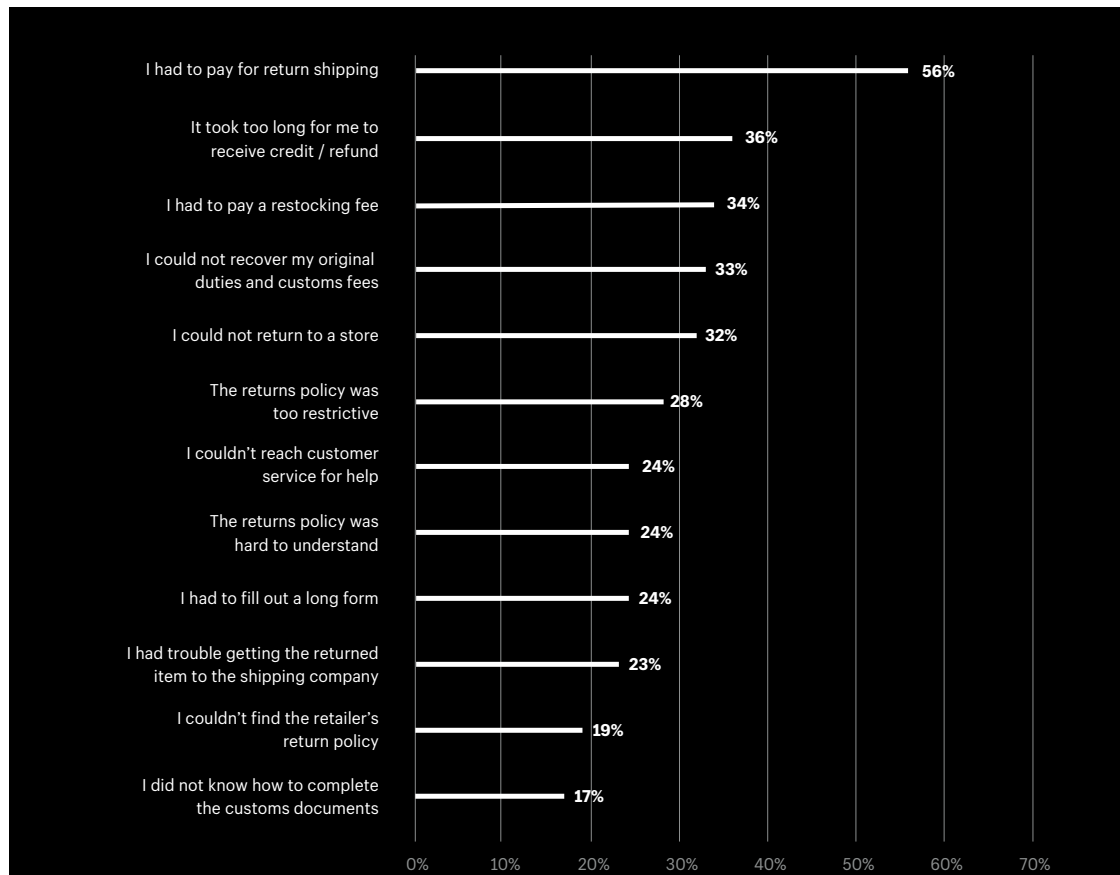


Turn on Enhanced Ecommerce (Google Analytics)

International reverse logistics

Return deliveries are estimated to cost \$550 billion USD by 2020 in the U.S., 75.2% more than in 2016.⁵⁰ Ecommerce returns are growing even faster, up 94.8% in the past five years.⁵¹ Part of a best-in-class global customer experience hinges on your international return operations, or reverse logistics.

Canadian consumers have long complained about the problems they have when returning international purchases.



Issues Canadian shoppers face when returning online purchases (Apr 2013; statista.com)

You're not alone if you feel unprepared to handle returns on a global scale: 52% of distribution center managers don't have the resources to determine whether to send returned items back to the vendor, move them into inventory, or discard them. But you don't have long to get customer returns right. Most consumers expect their returns to be handled within three to five days.⁵³

The return and repair process accounts for 10% of total supply-chain costs and cuts profit by up to 30%, according to a Reverse Logistics Association [report](#). Implementing reverse logistics can slash labor and packaging costs, while significantly improving customer-satisfaction scores.

Efficient reverse-logistics processes include routing cross-border returns to the appropriate warehouse or 3PL, executing refunds in multiple currencies, and adjusting inventory. Setting up a [reverse supply chain](#) can help you establish new product lines and secondary markets worth tens of millions in annual sales.

Global customer support

Expanding internationally means offering support to customers across different time zones, languages, and channels. Multiple support options are the foundation of good customer service for a global brand. Apart from intuitive channels like an FAQ page; dedicated pages for shipping, returns, and deliveries; and social media; consider offering the following:

Live chat

You need native-language functionality if you're operating stores in foreign languages. A total of 79% of customers prefer live chat⁵⁴ because their questions are answered instantly. But using a multilingual chat service⁵⁵ with non-native speakers relying on translation tools can slow the process and diminish customer satisfaction.

Customer support solutions

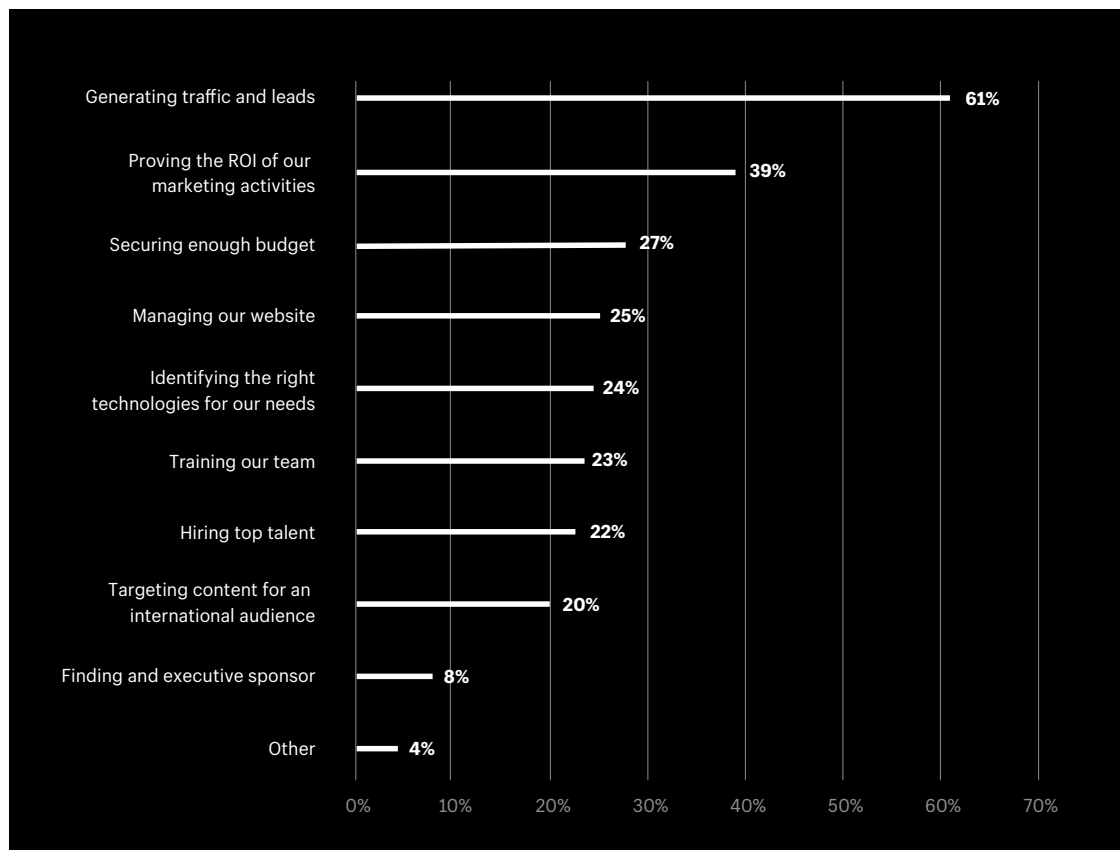
Tools like [Gorgias](#) and [Zendesk](#) are customer-service platforms that let you set up customer support for multiple languages.⁵⁶ They can help you automate and scale international customer support.

Executing global marketing campaigns at scale

Eat your fingers off. Suffer from diarrhea. It takes a hard man to arouse a chicken. These are just some of the poorly translated marketing blunders made by some of the world's best-known brands. But avoiding embarrassing translation errors is only a sliver of what's necessary to execute successful global marketing campaigns.

Localizing international campaigns

One of the top challenges chief marketing officers face is targeting content for international audiences.

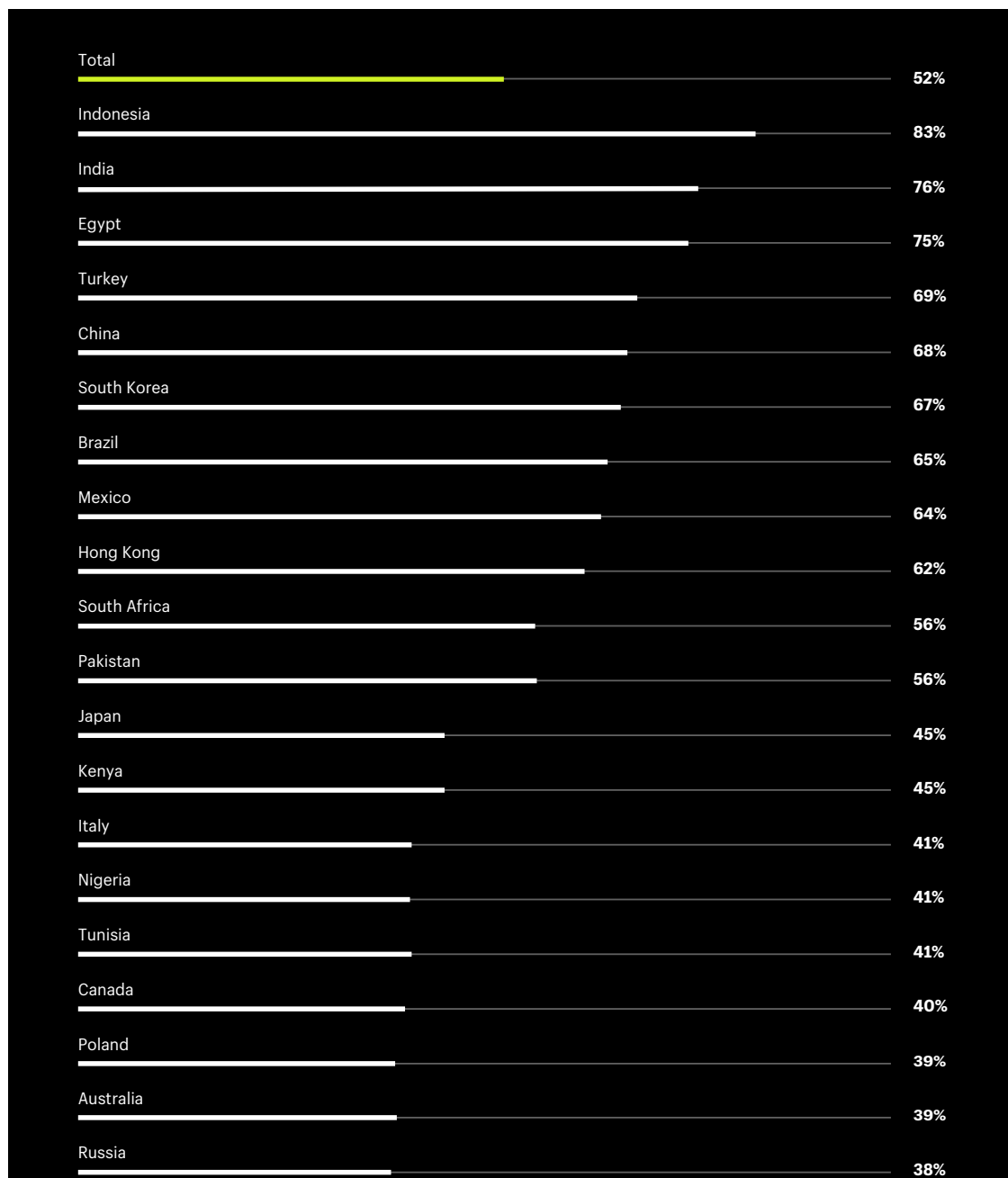


Leading marketing challenges according to marketing professionals worldwide (Mar 2018; statista.com)

Expanding internationally might mean you need to create new local brands. Unilever, an ice cream company, localized its brand Heartbrand in more than 40 countries. Beyond translating the campaign into multiple languages, Unilever created different brands with local names for the same ice cream.⁵⁷ Check out an interactive country-by-country list of Unilever's [localized brands](#).

International marketing channels

Be aware that channels that perform well in your home country might not be trusted, or even allowed, in your expansion countries. Although 38% of consumers in the U.S. say social media influences their shopping behavior, that number is almost double in China despite strict government censorship.



Executing global marketing campaigns at scale

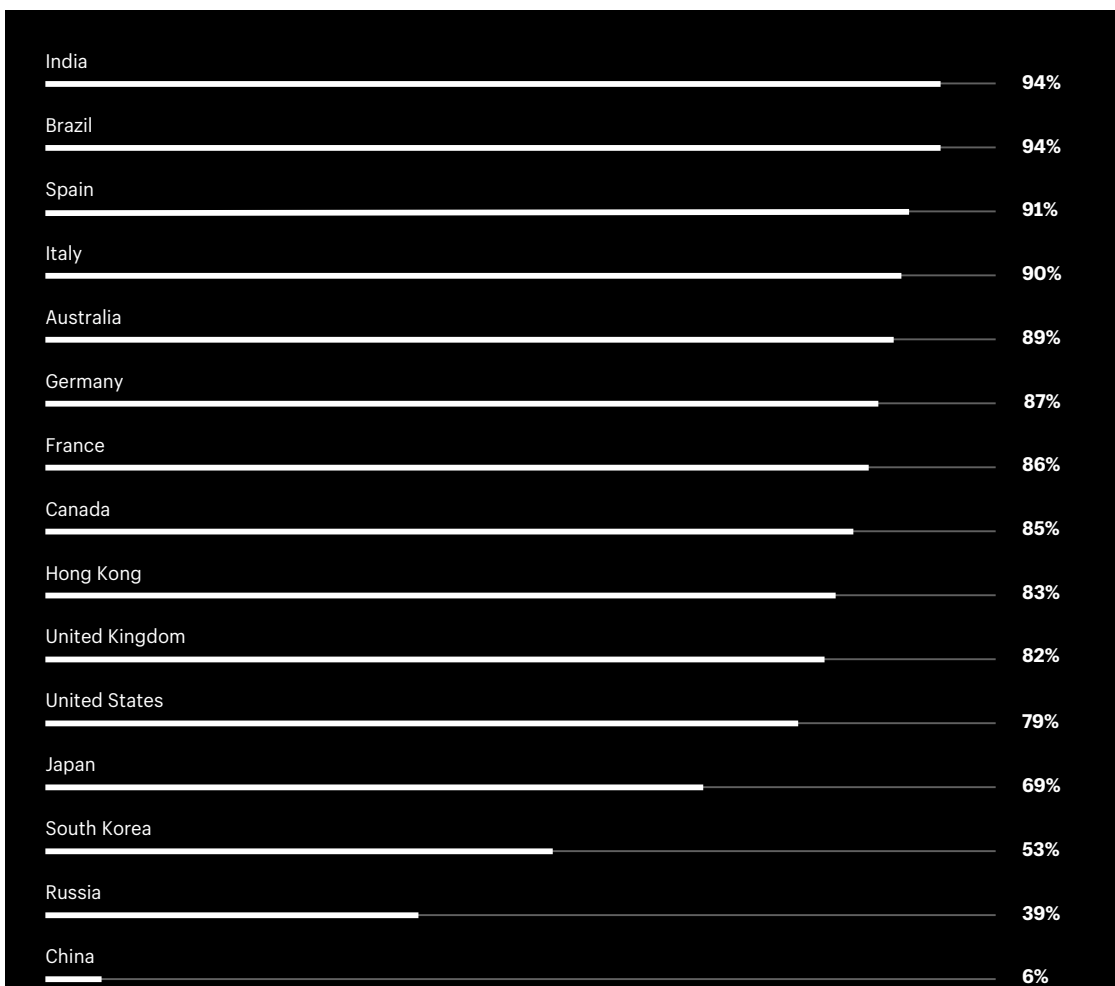
Even though Facebook is the leading social network in 152 of 167 countries,⁵⁸ consider including competitors in your global campaigns.

Facebook Messenger is the most popular messaging app in the world,⁵⁹ followed by WeChat and WhatsApp. WeChat is used heavily in China, where Facebook and Twitter are officially banned, although Facebook Messenger is widely used through consumer workarounds.

Though not always seen as a channel, online reviews are one of the fastest ways to gain traction and jump-start sales in a new market. Trustworthy reviews are one of the top five influences on shopping behavior.⁶⁰

Don't make the same mistake nearly 25% of companies do.⁶¹ Instead of sending the same email to every country, localize your international email marketing with language, location, currency, and imagery. Take into account the time of year. A winter holiday hero image of a model bundled up in a heavy coat and scarf won't be appropriate for southern-hemisphere consumers in the middle of summer.

Be cognizant of local vacations. Many Norwegians take three weeks of vacation in July, whereas German summer vacations start later in August. And don't forget about differing work weeks. In the Middle East a normal work week is Sunday to Thursday; in Europe it's Monday to Friday. Plan your international marketing with [this guide](#).



Desktop search traffic originating from Google by country (Jun 2018; statista.com)

Make sure you're compliant with the anti-spam laws in your expansion country.

For search, Google's worldwide market share tops 92%,⁶² but that share varies widely by country.

Explore other local search engines. In Europe Yandex is popular. In China Baidu is king. Identify the preferred search engine in your target country, segment your users by device type, and allocate your budget accordingly.

Scheduling an international marketing calendar

Religion, national holidays, and popular shopping seasons should be top of mind. In China businesses plan around local traditions and events⁶³ like Tomb Sweeping Day, the Dragon Boat Festival, and National Day, which lasts five days. In other parts of the world, you might build campaigns around these events:

Sant Jordi Festival

This Spanish celebration in honor of Catalonia's patron saint is marked by couples exchanging gifts in April: roses for women; books for men. Six million roses and more than \$21 million USD in books were sold last year alone.⁶⁴

Singles' Day

Created a decade ago by Alibaba, Singles' Day is the world's largest online shopping day of the year.⁶⁵ Also known as 11.11 because it takes place November 11, it has spread to other parts of Asia and generated \$30.8 billion USD in sales in 2018.⁶⁶

Eid al-Fitr

Celebration marks the end of Ramadan, the Muslim holy month, in June⁶⁷ and is marked by gift-giving in Arab countries. During Eid al-Fitr, retail sales in Middle Eastern countries spiked 29% last year.⁶⁸

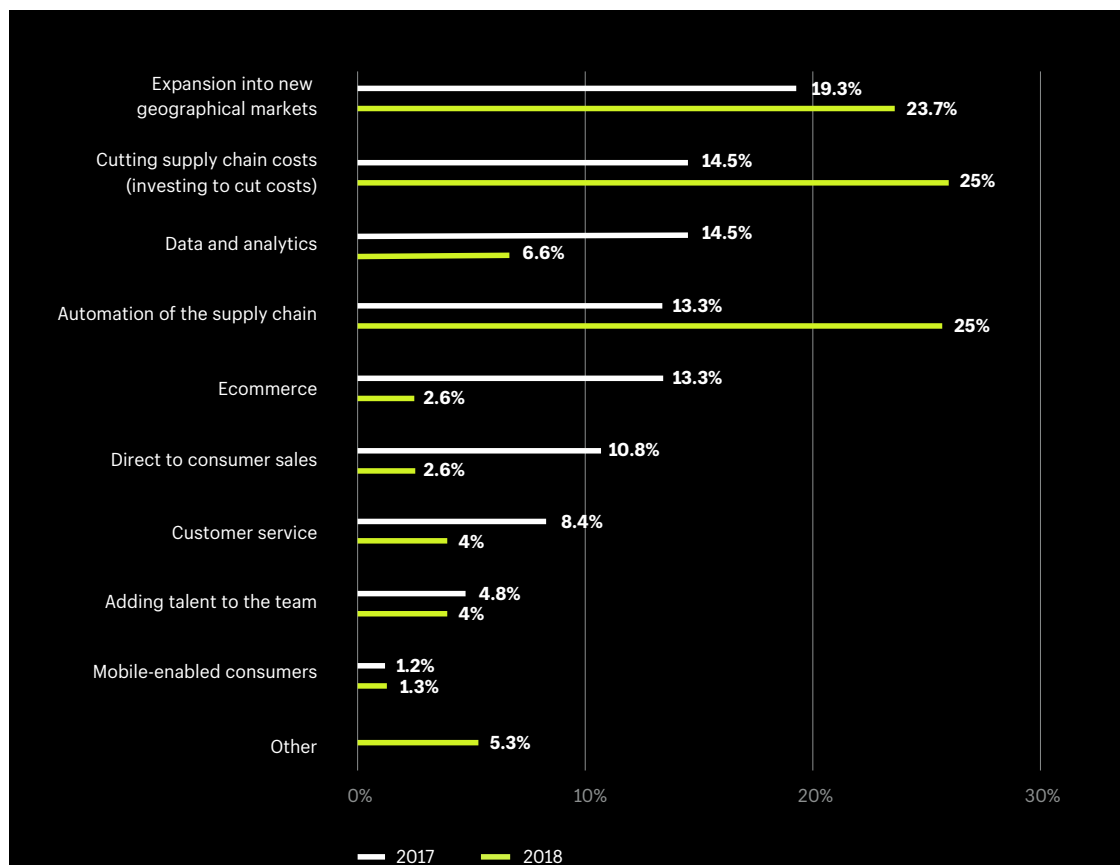
Dozens of other country-specific holidays exist.⁶⁹ Consider unofficial holidays too, like Brazil's many carnivals,⁷⁰ to increase sales. Here's the promotional calendar for your target country.

Using automation to prevent fraud, boost efficiency, and accelerate growth

The complexity associated with scaling globally compounds with each market you enter. On average, global businesses ship to 31 countries.⁷¹ To scale faster with fewer resources, enterprises are turning to automation. Understanding the differences between the levels of automation can help you choose the right solutions.

Supply-chain automation

There's a correlation between businesses that expand internationally and supply-chain automation.

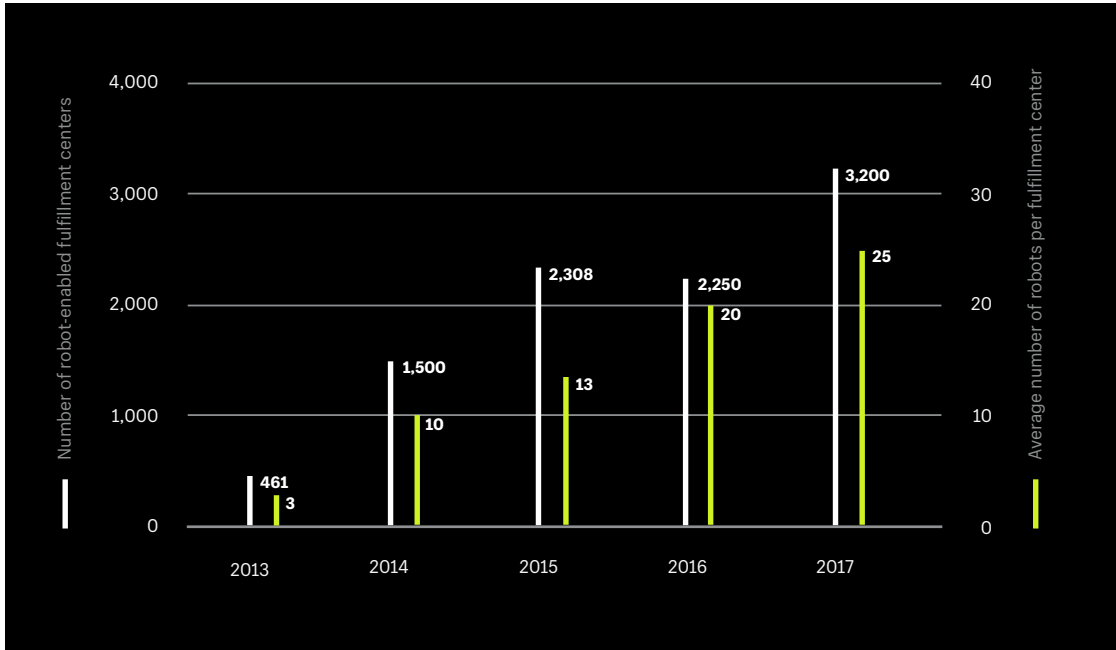


Top factors that increase spending in supply chains (statista.com)

Using automation to prevent fraud, boost efficiency, and accelerate growth

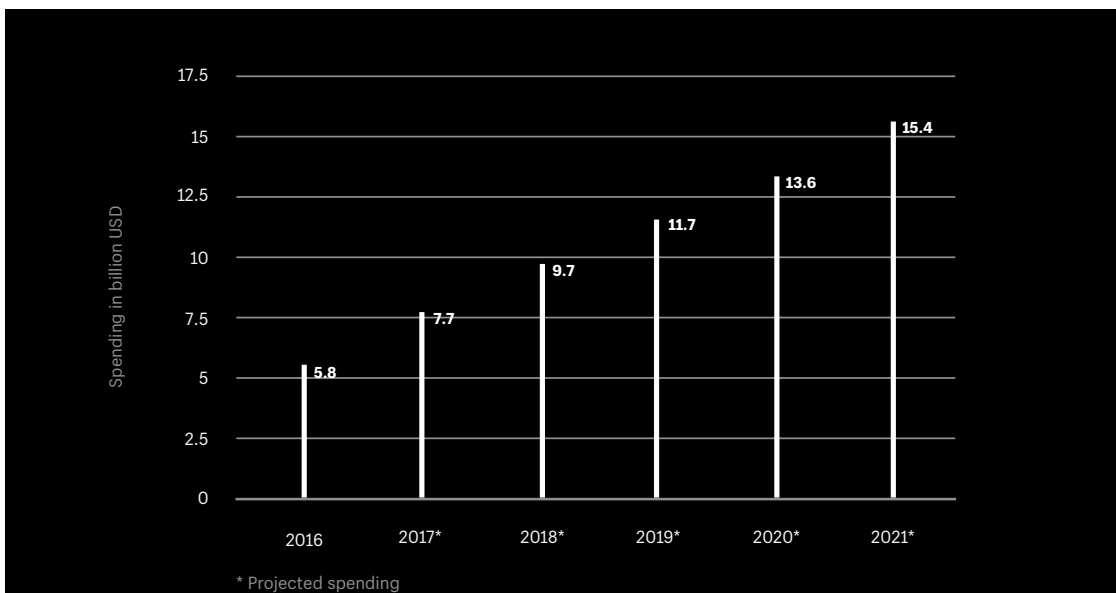
Though most businesses use semi-automation⁷² for data-heavy processes,⁷³ inventory management automation is a key growth driver for businesses scaling globally.

Worldwide spending on robotic process automation is expected to top \$3 billion USD by 2020.⁷⁴ Although cost remains a top barrier to implementing robotic process automation,⁷⁵ 48% of businesses that use new technologies like automation expect it to reduce their workforce.⁷⁶



Robot-enabled fulfillment centers and average robots per fulfillment center worldwide (2013–2017; statista.com)

Level 5 automation, automation with no humans involved, needs the highest level of machine learning to replace human intelligence with artificial intelligence (AI). Businesses expanding globally expect to spend big dollars on AI-powered automation.



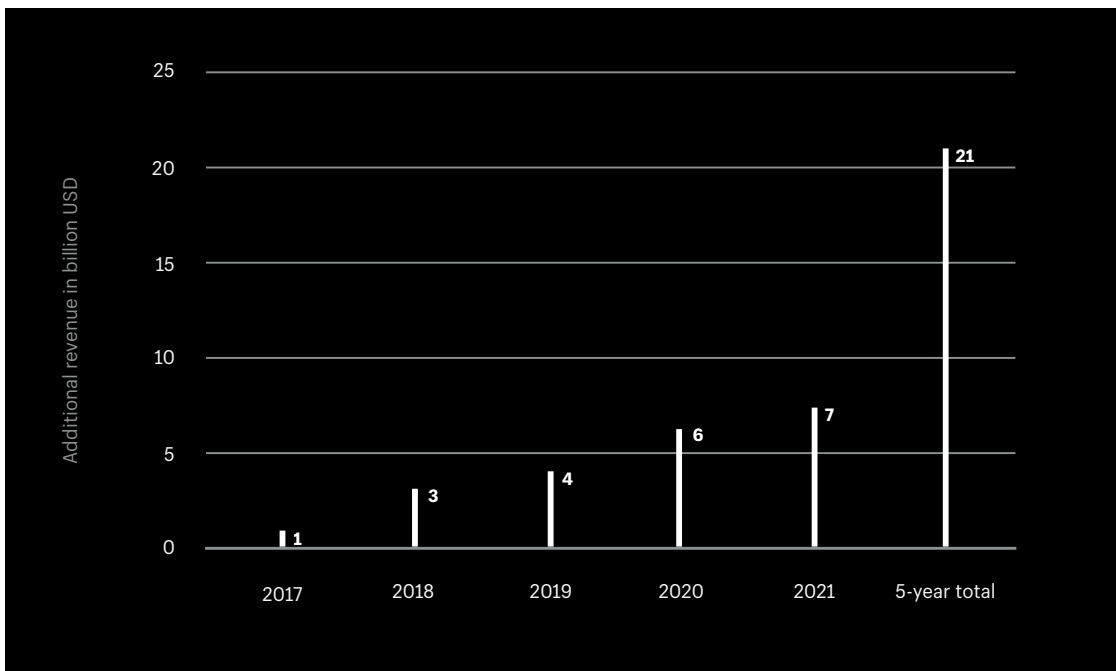
Total automation and artificial intelligence operations spent worldwide from 2016 to 2021 (statista.com)

Using automation to prevent fraud, boost efficiency, and accelerate growth

Marketing automation

Cross-channel campaign management is increasingly difficult as you expand into new regions and countries. Centralizing and automating campaigns can help enterprises execute across borders at scale.

Marketing automation is being infused with AI more and more to predict and prevent customer churn, personalize cross-channel customer engagement, and drive billions of dollars in additional revenue. In the next five years, using AI to manage customer relationships is expected to help Canadian businesses generate an additional \$21 billion USD in revenue.



Additional revenue from using artificial intelligence in customer relationship management in Canada from 2017 to 2021 (statista.com)

Marketing automation coupled with advanced segmentation, analytics, and AI can help you scale country by country. Learn how to trigger marketing campaigns based on consumer behavior, transaction history, or predictive purchase forecasting in this [guide](#). This lets you offer highly relevant and ultra-personalized experiences.

Ecommerce automation

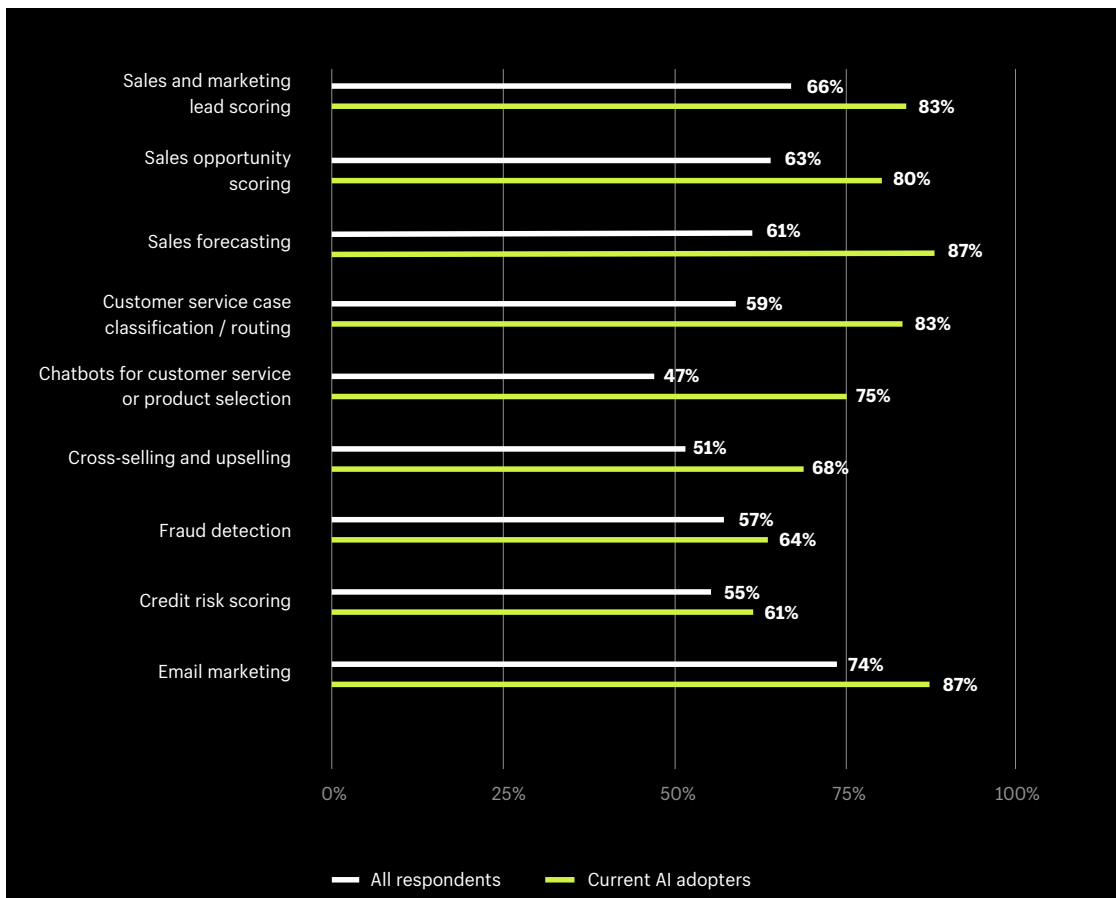
Ecommerce automation eliminates many of the manual, repetitive, and time-consuming tasks that reduce productivity. Automation can make and save you millions of dollars by simplifying cross-border commerce, reducing the risk of human error in managing multiple stores, and offering best-in-class shopping experiences across regions.

Using automation to prevent fraud, boost efficiency, and accelerate growth

With tools like Shopify Flow, businesses create custom workflows to run automatically based on the triggers, conditions, and actions they select. Set-it-and-forget-it workflows enable businesses to simplify their processes and free up staff to focus on more meaningful activities.

Ecommerce automation not only reduces cost and complexity, but also helps brands grow internationally. Automation tools empower enterprises to operate globally with fewer internal resources. And these tools expedite your international entry and growth by helping you:

- Schedule changes to your online store for major events
- Reverse those changes automatically
- List new products on multiple channels
- Tag and segment customers for retention
- Streamline tracking and reporting
- Identify and cancel high-risk orders
- Send inventory alerts for reordering and marketing
- Standardize merchandising for discoverability
- Integrate third-party tools and apps



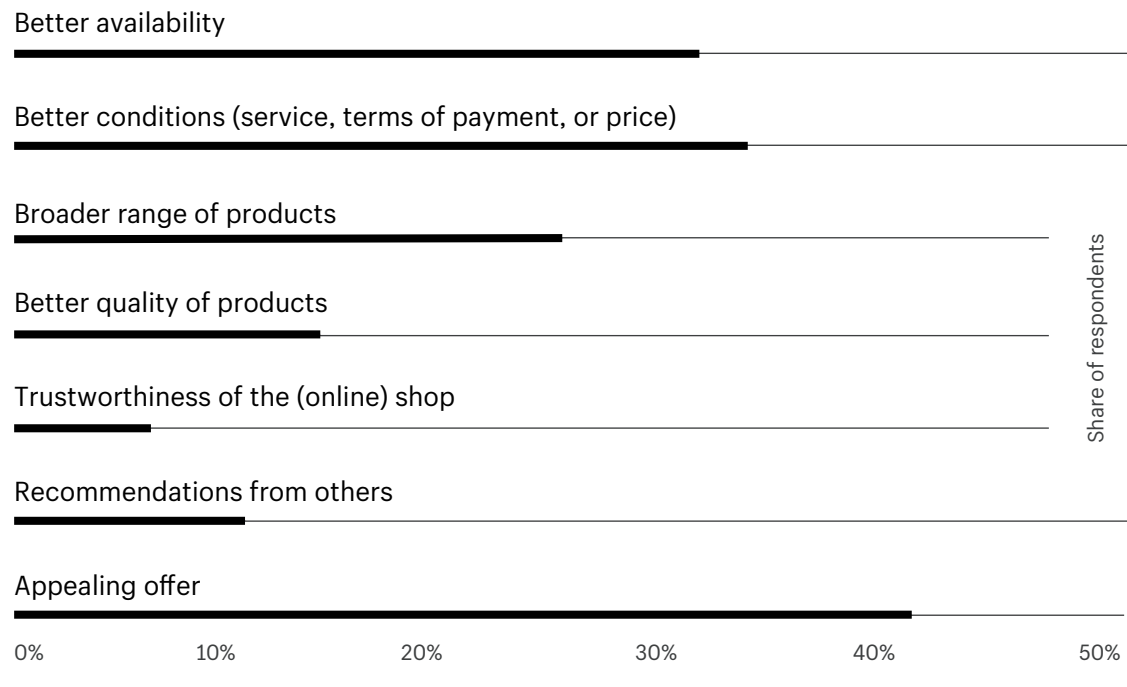
Artificial intelligence use cases by category (2017; statista.com)

Using automation to prevent fraud, boost efficiency, and accelerate growth

Automation is also preventing one of the biggest risks in international trade: fraud. Nearly 60% of businesses use a combination of ecommerce automation and AI to detect fraud.

Detecting fraud is the first step. The real value of ecommerce automation is stopping fraud from happening right after it's detected. Learn how the lifestyle brand Shelfies saves thousands of dollars using [ecommerce automation](#) to detect and prevent fraud in real time.

The use of ecommerce automation is still relatively low, and much of the disruption it will cause is still to come.⁷⁷ Cross-border commerce is expected to account for 25% of all ecommerce, up from 15%, as the cost of storing inventory in one location is balanced against the cost of shipping across borders.



Reasons consumers buy products overseas (Google Barometer)

Whale hunting: how to tap into China and India

With populations approximately 4 times the size of the U.S., China and India are the ecommerce whales in everyone's sights. Ecommerce sales are expected to near \$1 trillion USD in China by 2022.⁷⁸ And India is the fastest growing ecommerce market in the world,⁷⁹ with a potential for more than 500 million online shoppers by 2021.⁸⁰

China

The Great Firewall⁸¹ is how Communist China and its technology partners censor what comes in and out of the country. Discord, disagreement, and disloyalty are censored or banned. So are many of the services offered by Google, Facebook, and Reddit.⁸² China might block your online store from shoppers if it doesn't approve of your business or the tools you use, including Google:

- Anything hosted on Google's API (scripts or stylesheets) won't load, so your site won't be fully functional or will time out.⁸³
- Advanced features might not perform well, like retargeting in Google Analytics or customer behavior tracking in Google Tag Manager.

Instead of cloning your existing store and localizing it at the edges, consider creating an exclusive Chinese store that is completely detached from your other stores. It's costly, but it positions you to integrate with Chinese search engines like Baidu, with its own analytics tools. You can also exclude links to third-party social-media channels banned in China without negatively impacting your home-country and expansion stores, depending on the intricacies of your ecommerce platform.

Or think about tapping the Chinese market from afar.

Ship from Hong Kong

Consider holding inventory in Hong Kong and shipping to China. Advantages

include lower Chinese regulatory, testing, and approval hurdles,⁸⁴ as well as shorter time to launch. Also, businesses operating from Hong Kong enjoy tax advantages versus operating in country.

The Australian backdoor

Businesses are targeting Chinese residents in Australia known as “diagou”.⁸⁵ Mandarin for “buying on behalf of,” diagou has birthed an entire industry and a low-cost sales channel into China. The trend began when Chinese residents visiting Australia as students or tourists would buy products they liked and send them to family and friends back on the mainland.

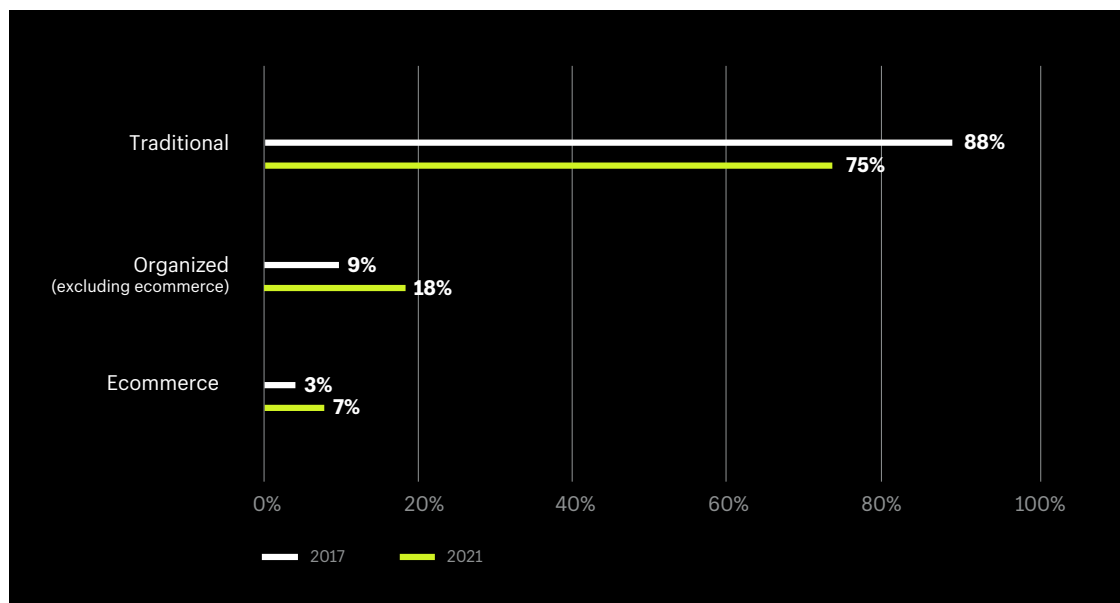
Today diagou buyers have become similar to wholesalers. In some cases, they’re full-time professionals who buy on behalf of Chinese consumers willing to pay more for imported goods due to health and safety concerns⁸⁶ with locally made products. If you decide to experiment with this method, this [FedEx guide](#) outlines how to package items for shipment to China.

You can also access China through marketplaces. There’s much to learn when it comes to choosing the right [Asian marketplace](#) for your products. Taobao and Tmall, both owned by Alibaba, are the dominant marketplaces in China.

Unlike its parent company, Tmall, Tmall Global does not need businesses to be registered or have an agent in mainland China.⁸⁷ Tmall Global is specifically for businesses outside mainland China that meet certain trademark requirements, have an Alipay cross-border [escrow settlement account](#), and adhere to the following [rules](#).

Learn more about the [requirements](#) and identify the store that’s right for you.

India



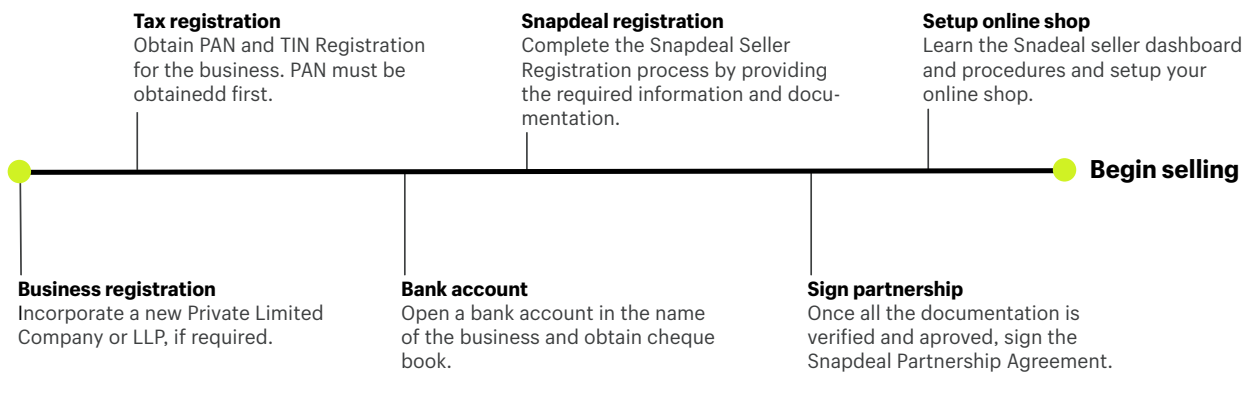
Share of retail market across India from 2017 to 2021 by segment (statista.com)

India is home to 1.4 billion people, many socio-economic classes, seven religions, and 23 languages.⁸⁸ Minimal infrastructure, crippling bureaucracy,⁸⁹ and a culture of corruption and bribery⁹⁰ make expanding here difficult. But if expanding in India seems daunting, keep in mind that ecommerce is expected to more than double by 2021.

Although India is tightening ecommerce rules for foreign companies,⁹¹ you can still sell through popular marketplaces.

Snapdeal

To sell on Snapdeal, create a business entity in India. You need to obtain a PAN card, a GST number, and a corporate Indian bank account, for which you might need extra documentation.⁹²



How to sell on Snapdeal (India Filings)

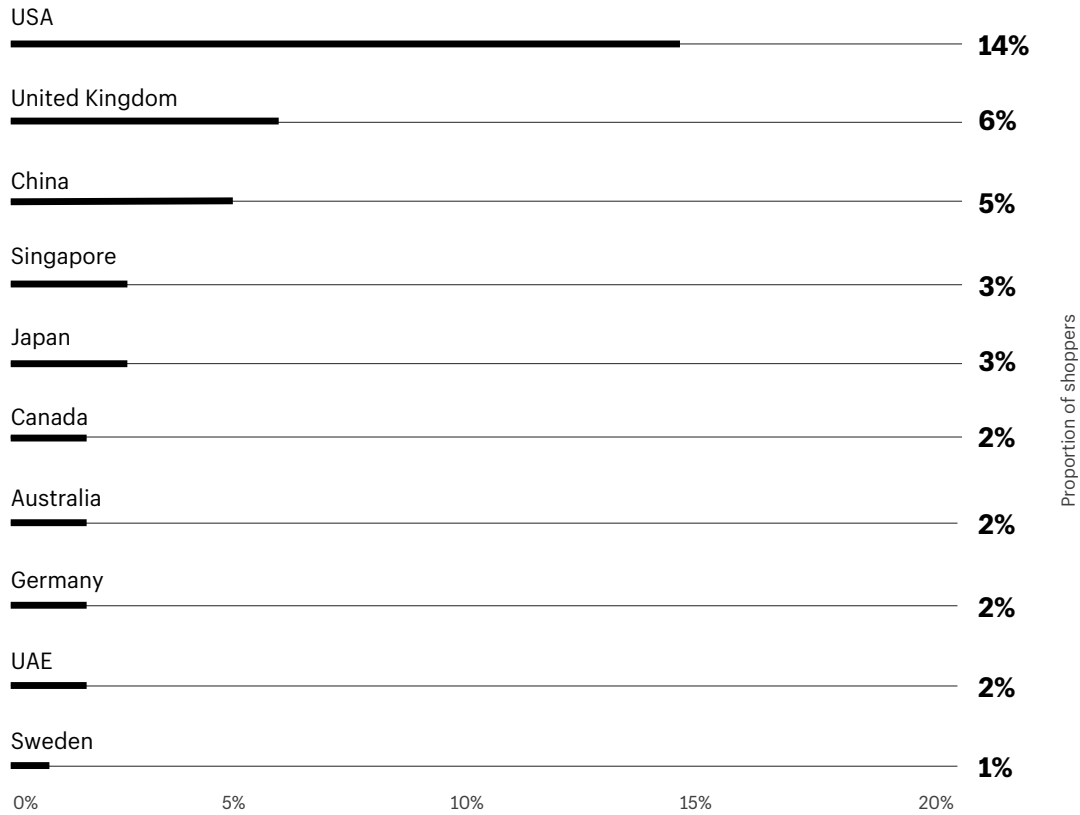
With the necessary approvals, you can start selling on Snapdeal.

One potentially lucrative way to tap into the Indian market is to emphasize being a non-Indian brand. Leverage your brand's inherent asymmetry with the market. Intentionally being less Indian might make you more attractive to Indian consumers for these reasons:

- Indian consumers are attracted to foreign brands.⁹³
- Indian consumers are willing to pay a premium.⁹⁴

Consider *not* translating your site. India's elite, who are able to spend more and buy internationally, prefer the English language.⁹⁵ Estimates indicate that 10% of the Indian population can speak English. Some estimate it's the second-largest English-speaking country in the world.⁹⁶ That said, Indian shoppers still like to check out in their local currency.

Influencer marketing has potential in India⁹⁷ and is especially effective for fashion and beauty brands targeting women.⁹⁸

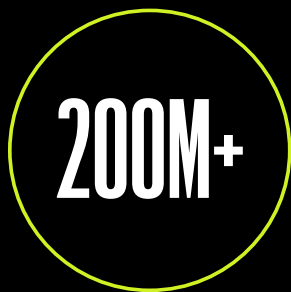


Countries from where Indians bought goods online (qz.com)

The social channel with most potential is YouTube. India is YouTube’s fastest growing market⁹⁹ and Google is planning significant investment. To scale channels like YouTube, influencer marketing networks are forming that cater to international brands at different stages of expansion. Networks target different niches and cultivate relationships between brands and influencers through automation and AI. Here are [influencer marketing networks](#) you can use in India.

Whale hunting: how to tap into China and India

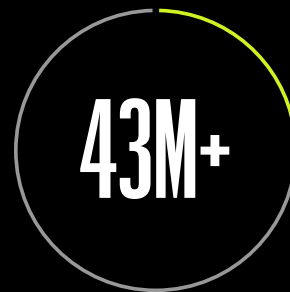
India has 200M+ active social media users



Total Facebook users



Total Twitter users



Total Instagram users

Social media reach and demographics for marketing in India (medium.com)

See you around the world

Expanding globally can be one of the most frustrating yet rewarding endeavors of your business journey. Refer to this playbook as you enter a new phase of international expansion. Use it to avoid costly mistakes. Let it guide your decision making.

Technology and trade change quickly. Like you, Shopify Plus is at the forefront of global expansion. We'll keep this playbook up to date so you're always on the cutting edge of cross-border commerce.

Safe journey. And see you around the world!

Discover how Shopify Plus helps businesses [lead globally with confidence](#).

[Visit Shopify Plus](#)

Notes

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