Your Passport to Global Commerce

How to boost your commerce strategy in new markets and gain The Onshore Advantage™
LAUNCH INTO GLOBAL MARKETS QUICKLY AND SUCCESSFULLY

If your brand has ambitions to attract new customers and break into new global markets, you’ll need a comprehensive go-to-market plan that prioritizes customer experiences and sound operational strategies.

This ebook offers insights and advice from some of the world’s leading commerce experts on topics ranging from marketing and fulfillment to taxes and compliance. We’ve compiled this information to help you navigate the nuances and complexities of cross-border commerce so you can build a profitable global ecommerce business.

By implementing these strategies and choosing the right partners to support your team, you can quickly and confidently launch into new markets and start achieving global success.

Looking to dive deeper on a specific topic? On-demand episodes from our Commerce Passport virtual event series are available at digitalriver.com/passport.

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The content of this ebook was developed in collaboration with commerce experts from these leading companies:
BOOST YOUR GLOBAL COMMERCE STRATEGY

Gain The Onshore Advantage™

Expanding into new global markets represents a tremendous growth opportunity for brands, but it also comes with significant challenges you’ll need to tackle.

What is the Onshore Advantage?
Successful global expansion really comes down to mastering localization: looking, feeling and operating like a local company. At Digital River, we call this the Onshore Advantage. Encapsulated in this concept are your sales strategies, marketing tactics, fulfillment infrastructure, payment processing and many other critical business operations. The more you can feel like a local company to your customers and operate like a local company internally, the more successful you can expect to be.

Local market analysis is critical
If there’s one thing to know about entering new markets, it’s that any learnings and strategies you have from previous experiences should be thrown out the window. Every geography has its own unique characteristics and challenges that require a completely new approach. So, it’s crucial you conduct exhaustive local market analysis and voice of the customer (VOC) research.

Use interviews, surveys, social listening or other traditional market research to drill down into what makes those local consumers unique and how they prefer to buy. Make sure to repeat your customer analysis processes in every new global market you’re looking to enter.

Creating a macro entry strategy
Your market analysis and VOC research should form the basis of a macro entry strategy that you use to guide your efforts in any new market. This is important because the feasibility and cost of entry sometimes get lost in the true local nuances. Get a comprehensive view of the customer, competition, legal and privacy concerns, fulfillment channels and supply chain logistics to develop your complete go-to-market strategy.

That strategy, coupled with a growth mentality instilled at every level of your company, should guide your decision-making throughout your expansion into new global markets.

57% of worldwide online shoppers make purchases from overseas retailers.

Source: Shopify
Compiling customer data
If you’re going to be successful in global markets, it’s important you have a comprehensive system of record for customer data. The goal is to build robust marketing and sales strategies based on a complete picture of the customer, from acquisition to the end of their lifecycle. For example, join your global customer support data with your sales database to provide a better customer experience.

Make the decision early on about how you want to organize your data and make any necessary technology investment to support your strategy as this will likely pay big dividends as you launch into new markets.

Partnerships hold the key to success
When going global, it’s also crucial you think about what responsibilities and work you want your team to take on, and what services you want to get through a partner. Vendor relationships are key for any brand, but they become especially important in cross-border commerce because of the complexities involved with things like payments, fulfillment, tax and compliance.

Partnering with a global solution provider that has local entities will both reduce the risks associated with these complexities and allow you to offer your customers the localized experiences they expect. These partners will also help to lessen the burden on your team so you can focus on your core competencies and delivering on your brand promise.

It is estimated that by 2022, cross-border ecommerce sales will reach $627B, up from $284B in 2017, and account for 20% of total ecommerce sales.
Source: BigCommerce
ATTRACTION, CONVERT AND KEEP MORE CUSTOMERS

Building Seamless Commerce Experiences

Customers are 4.5 times more likely to make a purchase if they see consistency in their shopping experience, according to Gartner. This means brands should do everything they can to eliminate friction throughout the buyer journey and deliver seamless experiences. When selling globally, that means localizing your approach so customers in new markets find your brand familiar and your site and support easy to navigate.

Localized marketing content
Make sure your marketing content is not just translated, but actually localized to your target market to account for nuances in language and culture. Create content that is firmly positioned within the proper context of that particular market, including cultural considerations, what's happening in the news, awareness about your product or service, your general brand awareness and more.

Localized marketing channels
The channels you use to reach customers will vary country to country. For example, cold email campaigns are common in the U.S., but not as feasible in the E.U. under GDPR regulations. However, messaging and content should be consistent across all marketing channels to provide a cohesive brand experience.

“Brands often prefer to take content used in their main market (typically the U.S.) and then ‘localize it’ for other countries. This can be a big mistake because that kind of ‘localization’ is basically just a translation.”

– Christian Gallardo, Regional Manager Latin America, Avast Software
Sales tactics
When you’re selling across borders, make sure your sales strategies are in accordance with local expectations for your industry and products. Conduct research to not only understand appropriate sales channels, but also specific tactics that will allow your sales personnel to be most effective. Develop culturally relevant CX throughout your ecommerce site that speaks to local customer needs and expectations. When entering new global markets, you can’t assume any of your previous go-to-market strategies will be successful – you need to start from the ground up.

Tie everything together
Once you’ve established your marketing plan, channel strategy and sales approach, make sure these efforts are reflected in your back-office operations such as payment processing, checkout procedures and order management nuances such as delivery options and returns. In an ideal situation, all of these complex operations are in alignment so you can adapt your brand and create a localized ecommerce experience that eliminates friction for customers and ultimately delivers strong financial results.

“The bottom line is that one size does not fit all. Everything varies by country – you’ll likely have different KPIs in new markets, and with so many variables in expanding globally, it’s key to consider each of them individually.”

– Lina Santa Maria, Director of Demand Generation, Digital River

“You need to make sure that you have boots on the ground in global markets and have consultations with local experts about best approaches and buyer preferences.”

– Tess Needham, Content Marketing Manager, WordPress VIP
GET A FULFILLMENT INFRASTRUCTURE YOU CAN COUNT ON

Localizing Delivery and Managing Expectations

Import and export regulations and unique cultural preferences can make cross-border ecommerce fulfillment especially challenging. So, finding a fulfillment partner that can support your company’s specific needs and facilitate seamless cross-border shipments is key to your success.

Fulfillment and the customer experience

Last mile delivery can make or break your customers’ buying experience and be the difference between a one-time purchase and a repeat customer. So, it’s important to manage customer expectations around fulfillment throughout the customer experience.

List fulfillment options before customers reach the checkout page to help reduce cart abandonment. But most importantly, make sure all fulfillment information is clear and current, and be sure to stay in constant communication after a purchase to update customers on when their product will arrive. Maintaining transparency and strong customer communication will help alleviate any ambiguity and create a better overall experience for your customers.

Free shipping: worth the cost?

According to Conveyco, 74% of online shoppers say that free shipping is one of the most important factors at checkout. While many brands strive to offer free shipping on orders over a certain spend amount, the COVID-19 pandemic has driven up shipping costs, testing brands’ ability to maintain these promotions.

Be proactive and talk with your fulfillment partners about volume discounts and other ways to cut costs. A fulfillment infrastructure you can count on means having true partners that will work to meet your needs and help you to provide the best experiences for your customers.

70% of shoppers are unlikely to make another purchase from a brand following a poor delivery experience.

Source: Convey

YOUR PASSPORT TO GLOBAL COMMERCE
Reverse logistics
The cost of returns domestically is a fraction of what it is internationally, so it’s key to fulfill orders accurately and work to mitigate returns as much as possible. But when they do happen, optimizing your reverse logistics processes can go a long way to limit costs and ensure happy customers.

Consider your warehouse space, how you move products into the country and how you will handle returns in terms of repackaging. For your customers, including shipping labels in packaging is a good place to start. Companies like Happy Returns are creating a new approach to ecommerce returns that can serve as inspiration for all forward-thinking brands. Be sure to also consider your distribution methods and any associated tax or regulatory issues when developing your approach to reverse logistics.

Partnerships provide reliability
A successful fulfillment infrastructure is built not on a single partnership, but on multiple. Having a number of fulfillment partners creates redundancies that can help protect your brand, especially during times of significant industry disruption. Be sure to choose multiple partners that align with your needs and can help deliver on your brand promise.

Local partnerships in particular are crucial for global brands because they can provide culturally relevant delivery experiences that your customers prefer and are familiar with. For example, shoppers in some countries primarily use cash-on-delivery to buy products, so you’ll need to account for these kinds of local nuances.

38% of online shoppers will abandon their order if the delivery will take longer than a week.

Source: Conveyco
OPTIMIZE PAYMENTS FOR GLOBAL CONVERSIONS

Delivering a Localized Shopping Experience

How you accept, process, reconcile and manage payments on a global scale has a direct impact on conversions and revenue. Optimizing your payments strategy can not only increase conversion rates, but can also enhance your customer experience and promote brand loyalty.

Payment methods vs. payments systems
It’s important to understand the difference between payments systems and payment methods. In short, a payment method (such as credit cards, PayPal, bank transfers, etc.) is only one part of a payments system. A payments system also includes all of the back-office operations required to process and reconcile those transactions.

The right payment options
When it comes to the payment methods you offer on your ecommerce site, more isn’t always better. Each new payment method brings added complexity to your accounting, tax and compliance processes. There are also different costs associated with different methods. So, you need to balance the methods your customers want with the payment options that will be most cost-effective for your business. But keep in mind: offering what your customers prefer will ultimately drive higher conversion rates.

Up to 50% of customers said that if they had not found their preferred payment method in the online store, they would cancel the purchase.

Source: Expandeco
Optimizing the payments experience
As you adjust your direct channel strategy to expand into new global markets, you should consider how payments impact the buying experience as a whole. For example, with high-ticket items, you may want to include messaging about financing options before customers reach the checkout page. For smaller items, you may want to offer one-touch purchasing to reduce friction for customers.

There is also an expectation in many markets that mobile and web experiences will be the same. That means brands need to have the right back-end systems in place to offer shoppers seamless checkout experiences no matter which device they’re using. Social commerce through platforms like Instagram and Pinterest also continues to evolve, adding another challenge for brands who are working to align their marketing and sales strategies in all markets.

Back-office operations are critical
You need to do more than just offer popular local payment methods (like Alipay in China or iDEAL in the Netherlands) and pricing in local currencies to be successful in your target markets. You also need to have the right back-office systems in place to handle all the different payment methods and currencies – and the resulting complexity.

Bring all relevant personnel to the table early in the process to determine what is needed to support local payment preferences in new markets, and how to maintain an optimized payments system for your growing brand.

76% of international shoppers say they prefer to have the option of paying in their local currency.
Source: Forbes
TAXES DON’T NEED TO BE TAXING

How to Take the Complexity out of Global Tax

Global tax regulations present an enormous challenge for any brand hoping to expand internationally. Some of the most attractive global markets, such as Brazil and Russia, are also the most complicated when it comes to taxes in the ecommerce space. So, given the current complexity and the fact that tax laws are constantly changing, brands looking to devise a successful cross-border strategy need to make tax a priority in their go-to-market planning.

Pace of change

As ecommerce exploded around the world, governments struggled to keep up, scrambling to devise both tax policies and mechanisms for collecting tax that keep local companies competitive while capturing critical revenue. But that’s all changing. In the next 10 years, experts predict nearly every tax authority will have some form of real-time reporting requirement and will likely have a way to plug into your financial system and collect information on a real-time basis.

Tax leaders need to be prepared to integrate with local tax systems to accommodate real-time reporting standards as they emerge. But in the meantime, brands must find a way to stay on top of tax changes in every market they operate in, or risk potentially serious consequences.

“Technology is enabling tax authorities to better grapple with the pace of change. It’s given them the ability to demand transaction-level information and to demand that information on a real-time basis.”

– Sean Brodie, Partner, Indirect Tax, PwC Ireland

43% of CFO respondents rank taxes on digital services among the top three policies that are impactful to their businesses.

Source: PwC survey
"From day one, there has to be a clear strategy for how you want to handle tax. It can’t be an afterthought. If you have dedicated teams or outside expertise and a plan early on, the chance you can get it done right is much higher."

– Dong Xu, CEO, Silk Software

**Tax partners mitigate risk**

Unless you have an extremely strong and experienced in-house tax team, international tax laws are simply too complex to warrant an internal investment for most businesses. Partnerships with experienced organizations take the burden off your team of having to understand, interpret and keep up with changing tax laws so you can keep your focus on what your brand does best.

The right partnerships can also mitigate risk for brands selling into new markets. Find a partner that has a large tax footprint across multiple geographies so you can feel confident that your company is compliant across all markets.

**Planning starts early**

To save yourself costs and major headaches, you need to start investigating tax nuances as soon as you identify the new markets you want to expand into. The complexity of global tax means that devising a successful strategy will take buy-in from multiple stakeholders at all levels to ensure your tax systems, pricing strategies and even product development are all aligned with tax ramifications in mind.
NAVIGATING NEW COMPLIANCE TRENDS

Keeping Your Business Safe

Compliance is another one of the most complex obstacles a brand will face when selling across borders. A single geography may be wrapped in layers of compliance nuances, from international standards such as GDPR to national laws and even local regulations. Understanding and accounting for these nuances is critical for achieving success in new global markets.

Technology can make or break compliance

These days, ensuring compliance often starts with your technology infrastructure. At a time when laws governing data privacy and security are expanding rapidly around the world, having the right technology to maintain compliance is not only about the systems you use, but also how you structure your data.

Consider which parts of your technology infrastructure fit within a global reference architecture (GRA) and can be used as foundational components for cross-border commerce as is, and which aspects need to be adapted and modularized. Consult with your vendors and your internal IT team to make sure they are aware of relevant regulations and have a process in place to update systems as laws change. Putting significant time and investment into your technology early on can help mitigate risk and ensure compliance when selling into new markets.

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To ensure data privacy and compliance, it’s crucial to know what exactly the business is trying to do and where exactly the data is – where it’s coming in, how it’s being used and stored, and where it’s going out.”

–Maggie Lassack, Privacy and Cybersecurity Counsel, Polaris
Partnerships provide protection
Compliance is wide-ranging with regulations from both foreign governments and other global organizations putting restrictions on everything from data protection to import/export regulations and even marketing tactics. So, it’s important to have strong partners who have true expertise in their space and can help you maintain compliance in global markets. The key is to find partners who have an expansive footprint, a dedicated compliance team and an established track record working in your target market.

Building an effective compliance team
In addition to partnerships, you should also invest in your own personnel and make sure you have a robust and experienced compliance team in-house. Because compliance touches essentially every area of your operation, you’ll want to gain input from multiple business groups and staff your compliance department with seasoned experts.

This team can review the regulations that are most relevant to your business and build a framework for operations around that, while making sure all of your processes are tailored to the global markets you’re selling in. Above all, they should make sure your business has an incident response strategy in place to respond quickly and mitigate negative impacts as much as possible should a compliance issue occur.

Partners can’t eliminate the complexity of compliance, but they can help you manage the complexity to protect your brand reputation and help ensure an outstanding customer experience.”

– Keith Pires, Senior Vice President of Sales, BORN Group

81% of United Nations Conference on Trade and Development (UNCTAD) member states have implemented e-transaction laws.

Source: UNCTAD
BOOST AUTHORIZATION RATES AND OPTIMIZE REVENUE

Put Some Intelligence Behind Your Transactions

An average of 10% of ecommerce dollars are declined during payment authorization, but up to 70% of these declined orders are from good customers who can afford to make the purchase. That represents significant lost revenue for ecommerce brands. But there's also a customer experience element that should compel brands to optimize authorization rates as much as possible.

Avoiding false declines
A false decline is characterized as a legitimate credit card purchase that is incorrectly declined by the credit card issuer. There are a number of reasons false declines happen, but their impact can be significant for both revenue and customer experience. Up to 40% of consumers say they won’t shop again with a merchant that falsely rejects their order, according to Thales. So, it’s critical brands do everything they can to mitigate false declines as much as possible.

For cross-border commerce, it is beneficial to route transactions through an in-country processor to avoid purchases being wrongly flagged as fraud. Machine learning and retry logic are also important pieces in the puzzle.

False declines are projected to grow to $443B by 2021, far outweighing the impact of actual credit card fraud.

Source: PYMNTS.com
**Dynamic routing and retry logic**

Advances in AI and machine learning have led payment providers to develop new methods to boost authorization rates, including dynamic routing and retry logic. Dynamic transaction routing allows merchants to automatically route payments in such a way as to maximize the likelihood of authorization. Retry logic refers to when a merchant will reattempt a payment after it has been declined, choosing the optimal time and date to improve the chance of success. This is particularly important for subscription providers who rely heavily on recurring revenue and struggle to succeed with increases in subscriber churn.

Brands should look to partner with payment providers who can leverage these systems to improve authorization rates. Your partner should also be able to advise you on how to manage your billing systems and how to structure your payments system components to achieve the best authorization rates possible.

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**Special considerations for B2B brands**

In the past, most B2B companies followed standard payment processes, using purchase orders (POs) and working with individual salespeople to make purchases. But these days, B2B buyers are acting more like B2C customers in terms of their payment preferences and expectations for online experiences.

These buyers want to see ecommerce brands offer PO options and Automated Clearing House (ACH) options directly on their ecommerce site rather than going through a salesperson. Structuring your direct channel and back-office payment processing and accounting operations to provide these kinds of options will both optimize revenue and improve the overall customer experience.
GAIN THE ONSHORE ADVANTAGE

Successful cross-border commerce requires not only the right strategies, but also the right partners. If you want to take your brand global and launch into new markets with ease, Digital River is uniquely positioned to help you succeed.

We have the experience, expertise, tools and technology to help you achieve your global commerce goals. Specializing in global payments, fraud, tax and compliance, we simplify the complexities of cross-border commerce and allow your team to concentrate on your core competencies. Our integrations with Salesforce and Magento allow you to go to market faster, helping your brand to open new markets around the world in an average of just six weeks.

With Digital River, you gain the Onshore Advantage your brand needs to offer truly localized experiences and succeed in global markets.

For decades, Digital River has helped brands take control of their destiny by powering global commerce. Established and fast-growing brands rely on our flexible, API-powered solutions to sell direct to their customers, whether they live around the corner or around the world. With unbeatable experience, expansive capabilities and strong partnerships in geographies across the globe, we help brands achieve their commerce goals and increase their revenue.

Ready to take your brand global? Connect with us today to start your ecommerce transformation.

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