

INTERNET

## Neiman Marcus incentivizes Middle Eastern ecommerce through Borderfree, Visa

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*Promotional image for Borderfree's Visa partnership*

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By SARAH JONES

U.S. ecommerce company Borderfree is helping American retailers, including Neiman Marcus, expand their Middle Eastern business through a new partnership with Visa.

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The partnership is launching with a Neiman Marcus promotion for cardholders that eliminates duties on purchases of more than \$100. Getting rid of an ecommerce barrier for international consumers may help convince Web visitors to convert online.

"Shipping costs and duties are some of the biggest barriers to converting the demand from overseas customers into actual sales," said Michael DeSimone, CEO of [Borderfree](#), New York. "Joining forces with partners like Visa to create promotions like this has proven to be a very successful way to generate increased sales for our retailers with shoppers around the world.

"Combining duty-free and free international shipping with Visa's cachet is a compelling offer to international shoppers and our merchant clients also benefit from Visa's wide marketing reach in spreading local awareness about the campaign," he said.

"Luxury brands are in high demand with shoppers in the Middle East, so Neiman Marcus is an ideal retailer to participate in this partnership. Other high-end retailers on the Borderfree platform including Bloomingdale's, Gilt and Elie Tahari, are also joining in to take advantage of this promotion.

"All of these retailers have significant brand recognition in the region and there is a great deal of demand from locals for discounts and promotions."

Removing the barrier

Borderfree provides solutions for cross-border ecommerce to retailers including Bloomingdale's, Barneys New York and Saks Fifth Avenue. The company's service eases transactions in more than 60 currencies and to 100-plus countries.

Neiman Marcus' promotion is available in a number of Middle Eastern markets, including the United Arab Emirates, Saudi Arabia, Kuwait, Qatar and Bahrain.



*Neiman Marcus ecommerce site for the U.A.E.*

Visa is allowing cardholders of 40 participating banks in the five countries to shop duty-free on online purchases of more than \$100 that are being shipped within the eligible countries. Consumers with qualifying orders will also receive free international express shipping.

The promotion is available through August 20.

Flash sale site Gilt and fashion brand Elie Tahari are also participating with similar promotions for the launch.

Visa is promoting the offers on its Web sites for the individual countries, providing the coupon codes necessary for checkout to redeem free shipping and no duties. The electronic payment network is also publicizing the promotion on its Middle East and North Africa Facebook page.



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[visamiddleeast.com/visashop](http://visamiddleeast.com/visashop)



*Facebook post from Visa MENA*

Getting Middle Eastern consumers to convert online has been a hurdle. According to a [report](#) by The Chalhoub Group and Walpole British Luxury, 84 percent of consumers in the UAE, Saudi Arabia, Qatar, Bahrain and Oman visit brand Web sites, but only 26 percent of that group makes purchases online.

There is also a strong preference for local rather than international brands for online orders.

In a [report](#), Visa MENA mentioned some ecommerce obstacles retailers have to overcome in the region, including lack of trust, privacy concerns and payment security. Visa has created a password verification system tied to the consumer's card to help lower the likelihood of credit card fraud, making Middle Eastern consumers more confident in shopping online.

#### Market expansion

Many brands have shown their dedication to the Middle East through events.

For instance, French couture house Chanel showed its cruise 2014 collection in Dubai to mark the first showing for the brand in the Middle East.

This continued the tradition of Chanel trotting its smaller shows outside of Paris, which

have taken the brand to Dallas, Singapore and Scotland. By taking its runway production to the Middle East, Chanel proved the importance of the Middle Eastern affluent consumer ([see story](#)).

Others have reached out to Middle Eastern consumers with special collections.

For example, Rolls-Royce Motor Cars is hewing to the preferences of its Middle Eastern consumers with the new Arabian Nights-inspired limited-edition 1001 Nights Collection.

The collection draws upon cultural symbols and demonstrates the attention to detail with which the brand has studded its reputation. Additionally, the target of this and similar lines conveys the automaker's selective cultivation of markets that have shown significant growth ([see story](#)).

There is an opportunity for luxury ecommerce in the Middle East.

"The Middle East ranks in the top of Borderfree markets in terms of average consumer spending and average order value, which makes the region an ideal target for luxury retailers," Mr. DeSimone said.

"Consumers in the Middle East have high exposure to U.S.-based luxury brands, especially in mall-driven cities like Dubai, and are willing to spend," he said. "The region has a significant population of expatriates, which has increased local interest in American brands and led to the introduction of high-end malls over the past three decades.

"Both locals and tourists alike are regular visitors at global retailers' physical stores, yet locals frequently seek deals online, so it's important to serve them designer sale content. Another unique aspect of the Middle Eastern shopper is that they skew relatively young – for example, the Saudi median age is 25.3 years old.

"Luxury retailers may want to take age into consideration when highlighting certain inventory or evaluating the best marketing approach to take."

Final Take

*Sarah Jones, editorial assistant on Luxury Daily, New York*

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