

COLUMNS

ABCs of international expansion

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Fueled by widespread, increasingly affordable technology, buyers outside the United States are progressively looking to purchase U.S. products, especially from their smartphones and tablets. This presents a significant growth opportunity for your business.

While U.S. and European markets are far from saturated, emerging markets may offer the greatest opportunity, as these consumer populations are engaging in more mobile transactions at rates we are not seeing domestically. Currently, 41 percent of ecommerce sales in India are on mobile devices, compared to just 30 percent in the U.S.

The world's growing middle class is ready to spend hard-earned cash on luxuries and foreign products like never before. We have seen global abandonment rates, once the bane of on-the-go retailers, drop drastically since 2011.

Improving technology is not only helping your customers, it is also making expansion much easier. Now, even the smallest of companies can become mini-multinationals.

If you are considering going abroad, consider these tips:

Ally yourself with key partners

If your business is currently domestic, you may have never worked with the team of partners you will need when expanding internationally.

Yes, this means getting a lawyer. You may have avoided an attorney at home, but since taxes change based on country, product, product origin and category, this expert is an absolute must-have.

The good news is that not all of these partners will be costly.

Take, for instance, currency risk strategy, which helps you manage the transfer fees and exchange rates when going from the local currency back to the U.S.

While you might assume the bank is your best bet, currency transfer specialists often offer significant savings over banks, so be sure to speak to a specialist.

You may have also never considered the need for a local shipping address, since many countries will not

technically allow an out-of-country return.

Seek the advice of a third party logistics company (3PL), which will help you navigate shipping returns back to the U.S.

Build through marketplaces

When launching in a new market, the digital geography may be different than you expect.

Consider using a variety of marketplaces to drive traffic to a new local shopping experience.

While it is true that Amazon holds the key to many customers in Germany 78 percent of Internet users visit Amazon monthly there are likely other marketplaces with which you are not familiar.

For example, if your strategy is to expand to Asia, you might consider selling on Alibaba in China, or Rakuten in Japan.

Think of these marketplaces as digital gateways to your customer, who may in the future go directly to your site.

Customize for culture

In an ideal world, the greater scale of going abroad will offset the increased shipping costs, but crunch the numbers in advance to see if your new expense ratio validates a shift in price. Match that against the pricing of local competitors.

In many cases, entrepreneurs are able to charge a premium for a foreign good, simply because of its scarcity in the market.

This is just one aspect of the cultural considerations that you will need to be aware of when venturing abroad.

Do your new customers react as well to your visual branding?

Is the user experience still strong?

You may need to tweak photos or site flow to accommodate new buying personalities.

Cultural insight can inform you about events such as China's Singles' Day, which in 2015 led to greater sales than Black Friday and Cyber Monday combined.

IF YOU ARE having difficulty with marketplace discovery, partner identification, or localization, ask your vendors for a helping hand.

While you might be at the start of your journey as a mini-multinational, with so much global expansion happening among online retailers, it is likely that you already have access to a host of potential advisors within your network.

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