

COLUMNS

Capitalizing on the US online market from overseas

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For online retailers, the rapid growth of global ecommerce presents a prime opportunity to tap into the United States market.

The market is ready. Almost half of online shoppers in the U.S. have made purchases from foreign Web sites. And with an annual growth rate of about 15 percent and a value of more than \$350 billion, U.S. online retail has the volume for which brands vie.

Beyond the numbers, the U.S. has been a trendsetter in many industries, so it makes sense for foreign brands to want to establish a presence in the market.

As shiny as those benefits are, however, the opportunity for retailers around the world to sell in U.S. borders still presents logistical challenges:

Shipping charges. These can be your biggest enemy if you are looking to sell products in the U.S. online, as 28 percent of shoppers call unforeseen shipping charges a deal-breaker.

Taxes. Complicated import taxes and duties might also scare off your potential customers, and they may play a role in increasing shipping costs and transit times.

But these are not insurmountable barriers. With a little know-how, global retailers can easily work around them.

Shunning shipping problems

Lowering shipping costs comes at a price typically a drastic increase in transit times that will almost always send your customer in search of a better option.

A much more effective way to reduce costs for your business and the customer is to reduce distance.

Get closer to your U.S. customers and set up a physical inventory in the U.S.

In the past, it was difficult to split up inventory, but now there are companies that make it simple and cost-effective.

And when your products are not an ocean away from your buyers, it is easier to marry lower shipping costs with shorter transit times.

Zappos, for instance, began with no warehouse, shipping shoes straight from vendors to customers. This eliminated the additional costs of maintaining an inventory, but it meant each customer interaction was different in terms of shipping times and costs.

When Zappos opened its own warehouse, the company strategically located it fewer than 20 miles from UPS Worldport, a 4 million-square-foot shipping hub.

Now, Zappos earns customer loyalty with its consistent shipping times, and can even guarantee next-day delivery until 4 p.m. Eastern time.

Tackling taxes

Although it is made up of only 50 states, the U.S. has more than 12,000 jurisdictions for taxation.

Just when you thought you had import costs figured out, it turns out the actual cost to the consumer and your potential profit will depend largely on where they are buying from, and it will constantly adjust.

Fortunately, software services such as borderfree.com are available to streamline the complicated process of calculating international shipping, improving the experience for both your business and your customers.

Eliminating costs that result in surprise shipping charges will help you maximize conversion rates and earn the loyalty of your consumer base.

ONLINE RETAIL is here to stay, and reaching customers in the U.S. from around the globe has the potential to launch your revenue to new heights.

Do not let these challenges lower that potential. Once you overcome them, you will be tapping into a whole new market, and a vast one at that.

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