

RETAIL

## Cross-border ecommerce efficacy hinges on localized content, service: L2

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Image from Prada's spring/summer 2017 campaign

By SARAH JONES

Successful international ecommerce strategies go beyond translating a Web site into consumers' local languages, according to a new report from L2.

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Cross-border ecommerce opens up brands to shoppers in countries that are growing more rapidly than established, saturated markets such as the United States and Europe, but retailers should do their due diligence before making a move. To make headway with global consumers, localization efforts should deliver both market-specific content and commerce features.

"Luxury consumers are among the most well-connected and technically advanced consumer segments out there - reaching those consumers digitally is more important than ever," said Mike Froggatt, director of intelligence at L2, New York. "In general, luxury brands were traditionally slower to offer ecommerce, even in their home markets, but great content and product information can reinforce the prestige of the brand.

"One reason luxury brands are hesitant to build out ecommerce is the lack of secure shipping and distribution networks in local markets," he said. "As a result, L2 found that more than a third of luxury brands offered buy online, in-store pickup at their retail locations, the highest among all categories reviewed.

"While the omnichannel offering is commendable, requiring physical stores in local markets limits the potential expansion significantly."

L2's "[Localization 2017: Brands Without Borders](#)" looks at the cross-border strategies of 82 brands across seven verticals: activewear, apparel, luxury, jewelry and watches, non-apparel retail, beauty and pure-play retailer.

Going global

Luxury is one of the top three sectors for international ecommerce, and that share is likely to swell as desire for cross-border luxury goods grows ([see story](#))

Cross-border ecommerce is growing faster than ecommerce overall. More than one in five online sales will be cross-border this year.



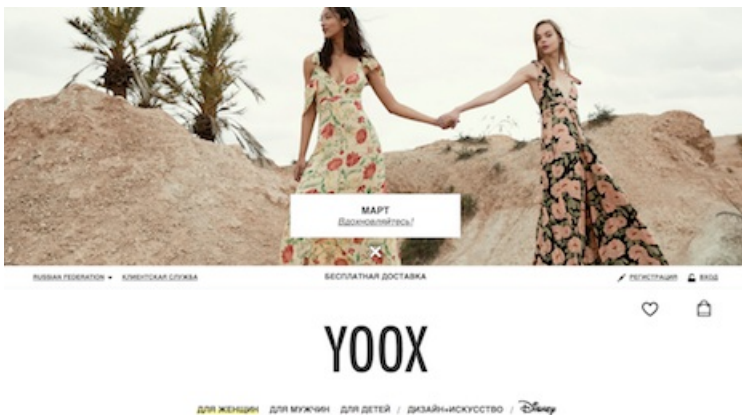
*Image courtesy of Saks Fifth Avenue*

For brands looking to capture sales from international clientele, the first step is deciding where to go. L2 suggests looking at Web site traffic, a strong indicator of interest in international markets.

Setting up distribution in other nations is more complex than just opening an online storefront, however. Aside from needing to learn regulations, brands should also conduct research on consumer behavior and expectations, such as their level of ecommerce sophistication.

Rather than going it alone, brands may want to enlist a partner who can help them scale operations such as shipping, fulfillment and payment methods.

Another option to gain exposure is through marketplaces. China's Tmall allows brands to set up storefronts within its platform, while wholesalers such as Yoox and Amazon handle marketing for brands in exchange for less control and therefore more risk.



*Yoox's Russian Web site*

Close to all local brand sites studied translated the homepage and product pages. However, market-specific features such as local currency acceptance and customer service were less apt to be offered, with around 80 percent including these options.

The brands identified by L2 as localization leaders share some common investments. These sites automatically detect shoppers' locations, accept local payment methods, incentivize shipping and offer market-specific user-generated content and customer service help.

Only 59 percent of sites offer automatic country detection, and retailers may be losing clientele if consumers navigate to a site in a foreign language.

Also, many brands forego the expense of local call centers in certain markets such as Europe and Latin America, favoring email or digital contact. Even fewer leverage live chat, which can provide a personal, human interaction in a scalable way.

Brands should also be sensitive to the differences in how consumers prefer to pay, since not everyone will want to pay by credit card. Some cultures prefer cash on delivery while others have embraced mobile payments, something only 7 percent of studied sites offered.



*Photo courtesy of Este Lauder*

For emerging markets, where there are more smartphones than desktop computers, a mobile-optimized offering is paramount. In addition, mobile is gaining market share of ecommerce transactions, surpassing half of all digital sales in the U.K. and Japan.

"Building out a local presence and content can be expensive, but building site templates that utilize headerless content that can be easily swapped out for local languages and tech solutions is one best practice we identified," Mr. Froggatt said. "Burberry did a great job of maintaining their brand's look and feel across all of their sites, but when you look under the hood, they adapted local search engine Baidu and China-friendly technology instead of Google, which is their U.S. search and data partner.

"If luxury brands are looking for a shortcut, brand-focused marketplaces, like Yoox, China's Tmall, Indonesia's Lazada and Latin America's Dafiti could provide access high-end digital consumers," he said. "Tmall, the largest marketplace in China by far, is trusted by consumers as a safe and secure way to get real, non-counterfeit goods directly from brands."

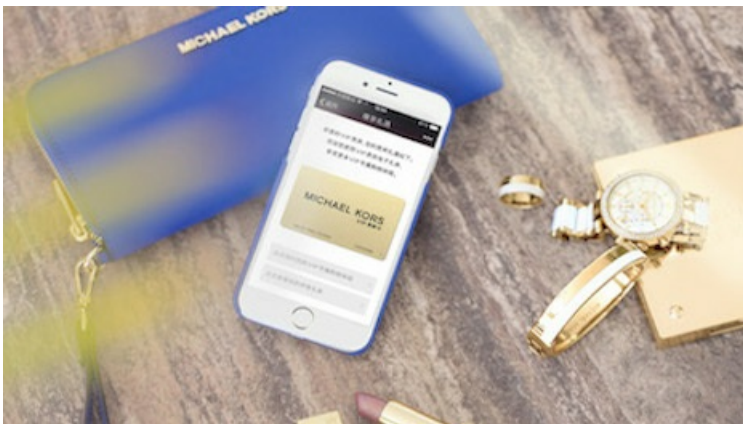
#### Social setting

Social media gives brands a platform to speak directly to consumers, but when that audience is global, it can be difficult to decide what strategy to take.

Brands either operate one global account on a particular platform, or they launch several local accounts. There are challenges associated with each, as a centralized presence may turn off global consumers, while the investment needed to maintain several accounts is more significant.

Luxury brands are not as apt to have local accounts, but Burberry and Louis Vuitton are two brands that keep up Twitter profiles for different regions and nations, filling followers in on brand happenings through a local lens.

China in particular is driving brands to adopt a localized social media approach, as the nation does not support platforms such as Facebook or Twitter.



*Michael Kors on WeChat*

As Chinese consumers' main platform to control almost everything in their lives, WeChat is now seeing double adoption rates within two years, according to a recent report from L2.

Research shows that now all beauty brands, 96 percent of personal care brands and 90 percent of watch and jewelry

manufacturers interact with consumers via WeChat. The platform is likely to exceed 900 million users in 2017, making it detrimental for brands to lack a presence on the mobile messaging application ([see story](#)).

"Luxury brands are in a unique position of benefiting from the prestige of their brands across borders," Mr. Froggatt said. "With smart influencer and experiential marketing, brands can develop a dedicated following in local markets by association.

"L2 reviewed eight luxury brands and several high end beauty and apparel brands in our study across 12 countries and found that they performed in line with the average in ecommerce activation (73 percent) and offering shipping across borders (15 percent).

"To determine where to expand digital presence next, brands should take stock of readily available information including both the geographic origin of their site visitors and distribution of their engaged social media audiences. Other factors should include total opportunity in the market, local competition and ease of expansion of existing operations.

"One good example is KIKO Milano in the beauty industry. They successfully ship throughout the Eurozone, supported by local sites in dozens of languages. The language translation is either professionally done or built into the site with Google's machine translationnot the best integration but sufficient for the determined consumer."

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