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SAMPLE: The Internationalisation of E-commerce

A Best Practice Guide

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SAMPLE: The Internationalisation of E-commerce



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Contents

1. Introduction.....	1
2. About Econsultancy.....	2
2.1. About the authors.....	2
3. Executive summary.....	3
3.1. Who is it aimed at?.....	4
4. Market size and growth trends.....	5
4.1. Assessing the opportunity.....	5
4.2. Regional differences.....	7
4.2.1. Online shopping experiences across Europe.....	7
4.2.3. Preferred online payment methods.....	10
4.2.4. What else is different about the non-UK/non-US consumer?.....	12
4.3. E-commerce outlook.....	13
4.4. What's driving the growth?.....	14
4.5. Where is the international e-commerce opportunity?.....	15
5. Internationalisation and localisation of e-commerce ...	16
5.1. Concepts And Strategies.....	16
5.2. Benefits and challenges of internationalisation and localisation.....	16
5.2.1. Key benefits.....	16
5.2.2. Key challenges.....	22
5.3. The 11 Cs of e-commerce internationalisation.....	24
5.5. Approaches to internationalisation.....	27
5.6. Brands with stronger localised propositions.....	28
5.7. Sources of information.....	29
6. Considerations for expanding overseas.....	31
6.1. Clarify the scope of opportunity.....	31
6.2. Choosing a strategy.....	32
6.3. Strategic and operational challenges: a checklist.....	33
6.3.1. Structure, strategy and day-to-day operational challenges ..	33
6.3.2. Customer proposition challenges.....	33
6.3.3. Technology and design challenges.....	34
6.3.4. Change management and capability transfer challenges.....	35



6.5.	Other practical operational challenges	36
6.5.1.	Tax and VAT issues	36
6.5.2.	Data protection/PCI/consumer rights issues	36
6.5.3.	Legal issues	36
6.5.4.	Marketing issues	36
7.	Platforms, content management and SEO	38
7.1.	Which are the best platforms to deal with multicurrency/multilingual?	38
7.2.	Content management systems (CMS)	40
7.3.	SEO and content management	41
8.	Changing EU legislation	42
8.1.	Regulatory barriers to cross-border e-commerce	44



1. Introduction

Econsultancy's series of best practice guides have been created for Internet professionals who typically work in marketing or e-commerce roles.

The guides steer readers, to ensure that projects and strategies are executed in the right way, for optimal results.

This guide to the internationalisation of e-commerce is specifically aimed at people who are tasked with building e-commerce websites and operations. We hope it proves useful to you.

Other [best practice guides](#) published by Econsultancy include:

- [Paid Search Best Practice Guide](#)
- [Search Engine Optimisation Best Practice Guide](#)
- [Achieving Digital Balance – Best Practices for Mastering Digital Strategy and Budgets](#)
- [Checkout Optimization Guide – 70 Ways to Increase Conversion Rates](#)
- [Effective Web Design](#)
- [Selling Online – A How-to Guide for Small Businesses](#)

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2. About Econsultancy

Econsultancy is a [digital publishing and training group](#) that is used by more than 200,000 internet professionals every month.

The company publishes [practical and time-saving research](#) to help marketers make better decisions about the digital environment, build business cases, find the best suppliers, look smart in meetings and accelerate their careers.

Econsultancy has offices in New York and London, and hosts more than [100 events](#) every year in the US and UK. Many of the world's most famous brands use Econsultancy to [educate and train](#) their staff.

Some of Econsultancy's members include: Google, Yahoo, Dell, BBC, BT, Shell, Vodafone, Virgin Atlantic, Barclays, Deloitte, T-Mobile and Estée Lauder.

[Join Econsultancy](#) today to learn what's happening in digital marketing – and what works.

Call us to find out more on +44 (0)20 7269 1450 (London) or +1 212 699 3626 (New York). You can also [contact us online](#).

2.1. About the authors

Martin Newman is one of the UK's most experienced and respected international e-commerce practitioners. He is CEO of the highly successful e-commerce consultancy, Practicology.

He has been involved in multichannel retailing for over 25 years and has been responsible for the growth and profitability of the e-commerce channels of a number of high profile brands, primarily in the retail, fast moving consumer goods (FMCG) and luxury sectors. Martin has also had a fair degree of international exposure, primarily within EMEA and North America.

A true multichannel player, Martin has managed direct mail, e-commerce, web kiosks and call centre channels for companies including Ted Baker, Harrods, Pentland brands (Speedo, Kickers, Boxfresh etc), Burberry and Intersport. He also has supplier-side experience, having worked for one of the UK's leading digital agencies.

A regular contributor to Retail Week, Econsultancy and other titles, Martin runs a web doctors' e-commerce surgery both at the global Shop.org e-commerce summit in Las Vegas and at the E-commerce Expo in London. He also delivers an e-commerce masterclass at the [Online Retailer](#) expo in Sydney, Australia and at Webit in Bulgaria.

Martin was also the international judge for the inaugural online retail awards of Australia in 2010.

There are few practitioners in the market that can bring his rounded and in-depth experience of all the distance-selling channels of the web, including direct mail, call centres, web kiosks and mobile. As such he is extremely well placed to help any business build the value of these channels, or alternatively to help suppliers understand how best to market their services to these channels.

Chris Lake is Director of Innovation and formerly Editor-in-Chief at [Econsultancy](#). He has contributed to numerous best practice guides, beginner's guides and business cases, focusing on subjects such as e-commerce, search marketing, usability and customer experience.

He can be found blogging [here](#) and you can follow him on [Twitter](#), or connect via [LinkedIn](#).

To leave feedback on this report please contact chris@econsultancy.com.



3. Executive summary

There are a multitude of factors that will ultimately determine the success of the internationalisation of e-commerce. We've commissioned Martin Newman, a global e-commerce expert, to compile a report that will help you deliver the successful internationalisation of your e-commerce channel.

Most retailers recognise that there is a significant opportunity to extend the reach of their brand by selling online into new markets. However, conducting cross-border e-commerce in any country comes with both benefits and challenges.

If you want to take advantage of global consumer demand and tap into the cross-border e-commerce market, you need to be aware of multiple issues, such as pricing, shipping and legislation.

Adopting a one-size-fits-all approach is not always the best strategy, as most consumers want to select from a product range that was specifically targeted to their local market needs, view the proposition in their local language and use local payment methods. Equally importantly, they want to communicate with someone in customer service that speaks their language. Transparency is also a must: show your customers what the final costs are, including all additional charges that apply to foreign transactions.

However, having an e-commerce platform that supports multilingual content and multi-currency payments is not enough. Running a successful international e-commerce business requires multiple-level interaction between a centralized group and local teams.

Embracing a fully centralised operation may not allow you to deliver localised propositions to your international customers. Therefore, it is very important to implement a strategic model that incorporates input from local teams within a centralised framework.

E-commerce internationalisation and localisation is an on-going process that requires a significant investment in research, technology and human resources. Before embarking on such an initiative, you need to ensure that you are well positioned to manage the multiple issues outlined in this report or you risk jeopardising your brand in international markets.

And of course it is vital to remember that just as you have the opportunity to internationalise your brand online, so do competitors in other markets, who as you read this report will be analysing the attractiveness of your own domestic market.

This report will help you **understand the common pitfalls in e-commerce internationalisation** and **address key challenges**.

To leave feedback on this report, please contact chris@econsultancy.com. We love receiving your testimonials too, so if it proves useful please let us know!

Good luck!

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3.1. Who is it aimed at?

This report is relevant to many executives on both client and supplier sides of e-commerce including:

Client-side

CEOs, COOs, FDs, heads of e-commerce, digital marketing managers, managing directors of SMEs, multichannel directors, marketing directors, IT directors, etc.

Suppliers

CEOs, MDs, Client Service Directors, Managing Consultants, Agency Account Directors, Consultants, SaaS providers, system integrators, platform providers, contact centres, fulfilment companies etc.

The benefits you should derive from reading this report include:

Clients

- Answer all the necessary questions around the business model for internationalisation
- Manage internal expectations and set realistic expectations
- Get the scope right and deliver a 'fit for purpose' solution
- Future-proof your solution
- Deliver on-time and on-budget
- Deliver a return on investment

Suppliers

Build credibility through having more relevant knowledge to impart around your clients' internationalisation requirements.

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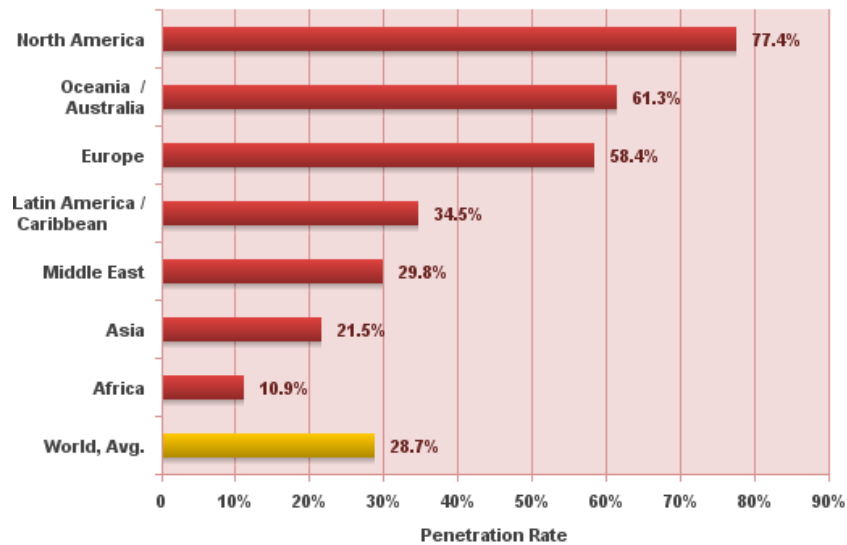
4. Market size and growth trends

4.1. Assessing the opportunity

There are approximately 2 billion internet users worldwide and the average worldwide Internet penetration rate is 29%.

In terms of geographic differences, North America has the highest penetration rate – more than three-quarters of its population (77%) use the web, while the proportion of internet users in Europe is around 58%.

Figure 1: World Internet penetration rates by geographic regions, 2010



Source: Internet World Stats - www.internetworldstats.com/stats.htm
Penetration Rates are based on a world population of 6,845,609,960 and 1,966,514,816 estimated Internet users on June 30, 2010.
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Table 1: Top 5 products/services global consumers expect to purchase online in the next 6 months

Rank	Product	% Global online consumers
1	Books	- SAMPLE -
2	Clothing/accessories/shoes	-
3	Airline tickets	-
4	Electronic equipment	-
5	Tours/hotel reservations	-

Source: Global Trends in Online Shopping – A Nielsen Global Consumer Report, June 2010

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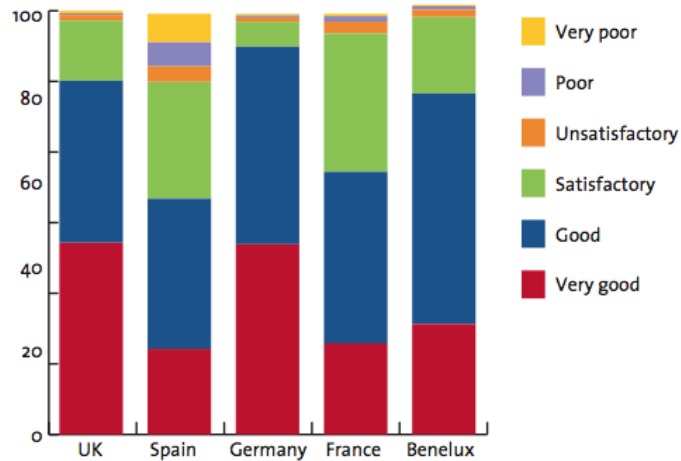


4.2. Regional differences

4.2.1. Online shopping experiences across Europe

The “ATG e-commerce trends in Europe” survey¹ revealed that satisfaction with online shopping experiences varies greatly across Europe. A quarter of respondents would not describe their experiences as anything more than “satisfactory”.

Figure 2: Satisfaction with online shopping experiences across Europe



Source: ATG - European Consumer Views of e-Commerce, September 2009

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¹ ATG - European Consumer Views of e-Commerce – Buying, Behaviour, and Trends, <http://www.atg.com/resource-library/white-papers/ATG-euro-commerce-consumer-survey.pdf>



4.2.2. Preferred online payment methods

Figure 7 outlines the most preferred online payment methods in various countries. Unlike North America, where preferred online payment methods are similar in Canada and the US, payment preferences in Europe differ greatly between countries.

Figure 3: Preferred online payment methods across the globe

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Source: Forrester Technographics Research - North American Technographics Retail Online Survey, Q1 2009 (US); North American Technographics Financial Services, Media and Marketing Online Survey, Q3 2009 (Canada); European Technographics Retail, Customer Experience and Travel Online Survey, Q3 2009; Asia Pacific Technographics Survey, Q2 2009

In order to be relevant to local market customers, retailers need to offer local market payment options and enable consumers to buy in their local currencies.

As the matrix on the next pages highlights, consumers require a wide variety of payment methods. If the international retailer does not provide these, then conversion rates will be negatively affected.



Table 2 – Consumer payment options in Europe

Country	Consumer payment options
Austria	ELV (similar to Direct Debit) as well as multibank payment method EPS represent more than a third of all online payments. MasterCard and Visa credit cards represent another third. The remaining third is comprised of many smaller payment services such as Paybox and PaySafeCard.
Belgium	Sample
Czech Republic	-
Denmark	-
Finland	-
France	-
Germany	-
Holland	-
Hungary	-
Ireland	-
Country	-
Italy	-
Norway	-
Poland	-
Romania	-
Russia	-
Slovakia	-
Spain	-
Sweden	-
Switzerland	-
UK	

Source: Forrester Research – European Consumers Need Multiple Online Payment Methods, August 2009

Innopay – Online Payments 2010: Increasingly a Global Game, May 2010

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4.3. E-commerce outlook

Collins Stewart (a leading financial advisory group) expects global e-commerce sales to reach \$694bn in 2012, up from \$448bn in 2009, resulting in a 15.8% compound annual growth rate (CAGR). In the US, e-commerce is expected to be up 9% from 2009.

4.4. What's driving the growth?

The drivers for continued growth of online sales will be:

- **Increasing broadband penetration:** The better the user experience, the more people will buy online.

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5. Internationalisation and localisation of e-commerce

5.1. Concepts and strategies

There are essentially **three options** open to retailers who choose to internationalise their transactional websites.

1. **The most basic option entails ‘turning on the buy button’ but not readying the site to internationalise.** This is simply enabling customers in international markets to purchase from the retailer. The customer proposition is still entirely geared towards the needs of the domestic market as payment is in the local market currency and delivery options are often extremely limited. Customer service is in the local language, as is the website copy.

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5.2. Benefits and challenges of internationalisation and localisation

5.2.1. Key benefits

Measuring global performance

An internationalisation and localisation strategy provides a company with a real focus on meeting the needs of different markets. It also empowers teams in local markets to have control over the assets that enable them to be more relevant to customers in their market while maintaining overarching brand positioning.

The templates that follow below demonstrate the value this has where the brand can measure key performance metrics to test very similar site architecture across key country sites while still enabling the local market to implement local promotions.

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5.2.2. Key challenges

Benefits aside, you need to be fully aware of the other requirements you will have to consider in order to develop a compelling proposition for the needs of the local market. Things to consider before being in a position to successfully deliver a localised e-commerce proposition include:

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5.3. The 11 Cs of e-commerce internationalisation

I thought it would be helpful to provide you with a framework that would enable you to quickly review the opportunities and challenges presented by a specific market and help you make an initial judgement of what markets to enter.

And so I created the 11Cs of e-commerce internationalisation:

2. Country

There could be many potential countries and markets that at the outset appear to be attractive propositions. In the case of larger, well-established global brands, there will most likely be existing data available from the offline channel to qualify the potential of a market.

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5.4. Approaches to internationalisation

Even amongst the largest retailers, the approach is still quite varied. Some like Amazon and Apple have very focused local market propositions, while others have more of a one-size-fits-all approach.

The table below summarises several internationalisation approaches:

Table 3 – Internationalisation approaches

	Country- or region-specific transactional websites	Regions represented	Comments
Amazon.com	SAMPLE	North America, Europe, Asia	Some sites, such as Amazon.at (Austria) and Amazon.ch (Switzerland), redirect to principal sites in the same language, such as Amazon.de.
Apple	SAMPLE	SAMPLE	SAMPLE
Best Buy	-	-	-
CDW	-	-	-
Dell	-	-	-
Newegg	-	-	-
Office Depot	-	-	-
OMX (OfficeMax)	-	-	-
Sears Holdings Management	-	-	-
Staples	-	-	-

Source: Forrester, December 2009

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6. Considerations for expanding overseas

6.1. Clarify the scope of opportunity

This is an alternative model to the 11cs of e-commerce internationalisation which gives a nice high-level view of some of the factors that need to be taken into consideration when entering a new market.

By measuring the amount of international traffic currently on your site, and factoring in some key performance indicators (KPIs) such as conversion rates and average transaction values (ATVs), you can quickly establish a view of the potential scope of opportunity to internationalise your e-commerce channel.

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7. Platforms, content management and SEO

7.1. Which are the best platforms to deal with multicurrency/multilingual?

The questions that follow relate to the key requirements you will have for your e-commerce platform:

Catalogue localisation

- How easily does the product support product catalogue localisation?

Administration tools localisation

- For which languages have the product's administration tools been completely localised?
-

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7.2. SEO and content management

Tad Chef (Tadeusz Szewczyk) of onreact.com, is a leading German SEO Consultant, who has worked with UK and US SEO companies and other clients on many internationalisation or localisation projects.

In many cases, the international sites he tried to optimise failed to compete with even much smaller local competitors. Moreover, the SEO measures undertaken were far from sufficient due to structural limitations of these projects. Listed below are the most common mistakes of English language sites that are aimed at entering new markets.

SEOptimise – Top 10 fatal localisation mistakes

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Source: Tad Chef for the SEOptimise blog

<http://www.seoptimise.com/blog/2008/06/top-10-fatal-localisation-mistakes.html>



8. Changing EU legislation

You need to make sure you understand the impact that European legislation has on your online expansion and what steps you need to take to comply with the following rules and regulations:

- Distance selling regulations (DSRs)
- Consumer Rights Directive
- E-commerce Directive (2000/31/EC)
- Article 20(2) of the Services Directive (2006/123/EC)
- Unfair Commercial Practices Directive (2005/29/EC)
- Data Protection Directive

Distance selling regulations

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Source: Office of Fair Trading

What is the Single Euro Payments Area (SEPA)?

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Source: European Central Bank



8.1. Regulatory barriers to cross-border e-commerce

There are several regulatory barriers to cross-border e-commerce in Europe, creating an environment that is costly, complex and sometimes unpredictable.

The main barriers for European online retailers are fragmentation of rules and regulations related to consumer protection, VAT reporting and invoicing, e-waste and recycling fees and copyright levies.

A list of measures designed to create a single e-commerce market for the EU was issued in September 2010, tackling the main barriers to cross-border online trade, as follows²:

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² *Dismantling barriers to cross-border online shopping. Frequently Asked Questions, EU, MEMO/09/475, 22 October 2009*

