



LOS ANGELES COUNTY
Center For International Trade Development

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TOP 5 CONSIDERATIONS FOR Global B2B E-Commerce



KEY POINTS WHEN USING E-COMMERCE FOR CROSS-BORDER TRADE



TABLE OF CONTENTS

Overview	2
Strategy	3
Markets Matter: Do Your Research	4-5
Barriers to Business	6
Marketing Internationally for Ecommerce	7
Logistics	8
Resources	9

OVERVIEW

There are many aspects to consider for those interested in expanding their business into the global e-commerce market. This eBook discusses the top areas a business needs to focus on in order to be successful in undertaking an e-commerce venture. First, businesses must have a clear planning and strategy phase. Closely aligned with strategy for a potential market is conducting thorough market research to find out what competitive advantage is present with any particular product, what gaps and untapped areas are present, and how to culturally contextualize products. The next important area of consideration involves the barriers that may influence a business including regulations and payment methods. Businesses should not overlook marketing and need to come up with some strategies for their respective potential target country. Lastly, businesses will need to pay attention to the logistics of e-commerce when it involves shipping and return policies.

TOP 5 CONSIDERATIONS FOR Global B2B E-Commerce

1

STRATEGY

- LOCAL TO GLOBAL
- SECURE PATENTS
- SEE IF YOU QUALIFY FOR A TAX BREAK

2

MARKETS

- CULTURAL CONTEXT
- PRODUCT DEMAND
- SHOPPER BEHAVIOR
- FIND A MANUFACTURER

3

BARRIERS

- REGULATIONS
- PAYMENT METHODS

4

MARKETING

- LOCALIZATION
- SOCIAL MEDIA
- CUSTOMER SERVICE

5

LOGISTICS

- SHIPPING
- ALTERNATIVE OPTION

FUN FACT:

1.8 billion people will enter the consuming class by 2025, annually spending \$30 trillion.



STRATEGY

In order to implement a successful break into the e-commerce market, businesses should thoroughly plan each step they will need to complete. During the planning phase, a business needs to create a strategy for the product(s) they are intending to sell. They also need to begin to do preliminary research on factors such as the regional demographics, economic and political climate of the region, as well as creating a timeline of progress to check off as they navigate an e-commerce implementation project.

Prior to starting, always make sure your product is currently locally sustainable. Begin small before growing overseas. In addition, be sure to protect your intellectual property if you have not already. If you have U.S. Patent, be sure to have a patent for every country you are going to do business in and factor this into the cost before going global. You may also be able to procure some tax breaks for selling products internationally.



MARKETS MATTER: DO YOUR RESEARCH

While it might seem obvious, business owners need to do research and know what products they currently produce would be viable in another market. First, one must consider which country or region they wish to enter. Each region has both its own challenges and advantages. This is where knowing a culture and language differences can play a role in product viability, so one needs to consider the target market's specific nuances.

CULTURE AND LANGUAGE MATTER

Conduct research on the people and culture. A business must consider if a product will appeal to people of that particular region. What needs are unmet in consumers or other businesses depending upon your target audience. Knowing the language and culture will assist you making strategic decisions about which sector and product to target in the first place.

FUN FACT:

In the 1990s, Japanese men were purchasing Hello Kitty products such as backpacks, lunch pails, and the like. This would not have been popular in places such as the U.S. at that time.

PRODUCT DEMAND

One must consider the demand for a product in another market. Consider choosing a cluster or market where the demand for your product would be high. This can be accomplished by finding where one's potential products are already being sold. Sometimes, it is best to do a test-run of selling specific products to see if reach can be expanded into a niche. If lost, the U.S. Small Business Administration and Export.gov have tools that can be utilized to do market research on specific products.

FINDING THE ADVANTAGE THROUGH SHOPPER BEHAVIOR

A business owner should consider if there room for the sale of a specific product, and what novelty would a specific product add that could be new or innovative. In keeping with this, business owners should thoroughly research shopper behavior within the frame of cultural context. One good example is number "8" in China. Eight is thought to be "lucky," and associated with good fortune. Remember, cultural context matters. Conversely, a well-known story of a marketing disaster was when KFC attempted to translate its slogan "finger lickin' good" into the Chinese market and it became "eat your fingers off." You might consider hiring local experts collecting data directly from international marketplaces, as well as doing your own hands-on research of potential customers (if possible).

FUN FACT:

The more 8's a cellphone SIM card has it a phone number in China the higher the cost to purchase it! Remember, cultural context matters.

Thoroughly research the country or region you're going to do business with.



4 BUYER PERSONAS

COMPETITIVE

**FAST, STRUCTURED,
LOGIC-BASED
DECISIONS**

WHAT makes your solution
the best?

SPONTANEOUS

**FAST, UNSTRUCTURED,
EMOTION-BASED
DECISIONS**

WHY should I choose
you now?

METHODICAL

**SLOW, STRUCTURED,
LOGIC-BASED
DECISIONS**

HOW's your process/solution
work?

HUMANISTIC

**SLOW, UNSTRUCTURED,
EMOTION-BASED
DECISIONS**

WHO used your solution
for my problem?

To make life easier, consider if the business has some overseas customers already for a product. Try to see where they originate and if it is feasible to break into that market on a small scale. Always consider what risks may be present (such as potential for copyright infringement or fraud) and see what the budget allows in terms of expansion costs.

**Work out kinks in current customer experience
before going global.**



FIND A MANUFACTURER

Some products may require a business to find a manufacturer or supplier for an idea. If a business requires this, they must consider the costs of domestic vs overseas suppliers. Domestic sourcing can have advantages since there can be higher manufacturing qualities and labor standards, as well as easy communication with those creating a product, along with a faster shipping time and better property right protection. Overseas production can have lower manufacturing costs and more manufacturers to select. However, there can be some disadvantages such as lower intellectual property protection, longer ship times, language barriers, and potentially lower manufacturing standards.

BARRIERS TO BUSINESS

REGULATIONS

The main barrier to business in foreign countries are regulations. Regulations can vary from country to country as well as from region to region. These regulations can be broken down into several groups such as taxes and duties, customs, free-trade agreements, and banned products. Taxes and duties on imports and exports from countries can be different depending on both country and the individual product. It should be noted that on some items over \$200 a customer might be responsible for the import tax (PayPal). One may also consider requesting signature confirmation so you are not liable if the customer claims a package never arrived.

Each package goes through a customs process, which can greatly vary. A form is placed on the outside of the package of the box. Customs may open and inspect packages. Free trade agreements exist to reduce tariffs on goods being exported and imported. Currently the U.S. has such agreements with 20 countries. Most countries have a list of banned goods. Selling banned goods in another country is a crime, and can result in business shutdown. Always check beforehand if your product is banned or highly regulated for sale in another country.

Doing business in Europe is a good example of how regulations can influence a business. Germany has stricter regulations such as the "Abmahnungsgefahr," a rule that forces online retailers to pay a fine when a customer, consumer organization or another merchant finds incorrect information.

CURRENCY

Citizens of another country may have a different payment preference than where one currently resides. It is always important to support international currencies and utilize global payment gateways. In places such as Germany and the Netherlands, people prefer to do direct debits and online banking transfers, e.g. PayPal. People may wish to use their local currencies in these cases. If a business's products are listed online, they will need a payment gateway. The business might think of having an online conversion tool built into their website to assist local buyers with the final price of a product. Customizing the payment method for a specific target market is important. Payment methods can be integrated directly into e-commerce platforms. Another option is to integrate them with a company that offers these specific services such as WorldPay, CyberSource, and 2Checkout (Mehra Practical E-commerce). Always remember to make sure a customer feels that their payment method is secure so they trust the business and its owner.

INTERNATIONAL PAYMENT METHODS

PayPal	Checkout	Cayan
Stripe	ACH Payments	CCBill
Transferwise	Ayden	eCorePay
Google Wallet	AlgoCharge	eMerchant Pay
Shopify Payments	Aliant Payments	EPX
Payoneer	Allied Wallet	eSafe Payments
Authorize.net	Android Pay	Global Payments
Payline Data	Braintree	Ingenico ePayments
Due	Card Payments international	



MARKETING INTERNATIONALLY FOR E-COMMERCE

LOCALIZATION

When marketing internationally for an e-commerce site there are several major factors to consider such as making a site that is internationally friendly and localized, as well as leveraging social media. An individual's experience on an e-commerce website can make or break a sale of a product. Sites that are internationally friendly leverage localization tools. The main area of concern for the sale of any product is a good translation. Vendors such as FoxTranslate, or software such as OneLink (Translations.com), Rev, and Acclaro provide some solutions. Gagan Mehra suggests localizing checkout flow first, then the product catalog, and lastly the instructional text on pages (Low Budget Ways to Sell Internationally). A business might also consider using localized imagery, wording, and slogans if building a localized website to sell products. Be sure to keep cultural context in mind however, so as to not offend potential customers

SOCIAL MEDIA MARKETING

Promotion of products is an important aspect of international business, and particularly e-commerce. One method to conquer marketing overseas is to utilize social media marketing to create effective campaigns that target a core group of customers. This can be done in several ways. First, a business should consider using SEO (search engine optimization). Choose keywords, which are popular in the market that one wishes to target. Google will allow one to see which keywords have the most traffic and from which demographic segments. This helps a business and/or product on popular search engines. It can also target specific international communities where the business owner wishes to market their product. Plan to showcase products on Social Media sites such as Facebook, Weibo (in China), Twitter, and the like. Research what social media sites are most popular in the target country and get on them. Posts should be relevant and grab customer attention. Consider utilizing analytics to see what gains the most customer engagement. A business can also utilize advertising on Google and Facebook. These ads can be targeted for particular demographics and can be easily set up. Depending on which product is being sold, a business may also decide to sell products on international marketplaces (Goel, *How to Sell Products Internationally*).

CUSTOMER SERVICE

A business should always practice good customer service and be courteous and responsive to their clients. If a business owner feels that communicating with the targeted audience would be difficult they may consider having localized customer service. This can be done by hiring a native speaker or utilizing a company such as Orium. It can be rather costly, so this is something to consider. Providing thorough information in a native language for the target customer is vital. One may consider having a Frequently Asked Questions section, as well as a form to send emails (Mehra, *10 Low Budget Ways to Sell Internationally*).

LOGISTICS

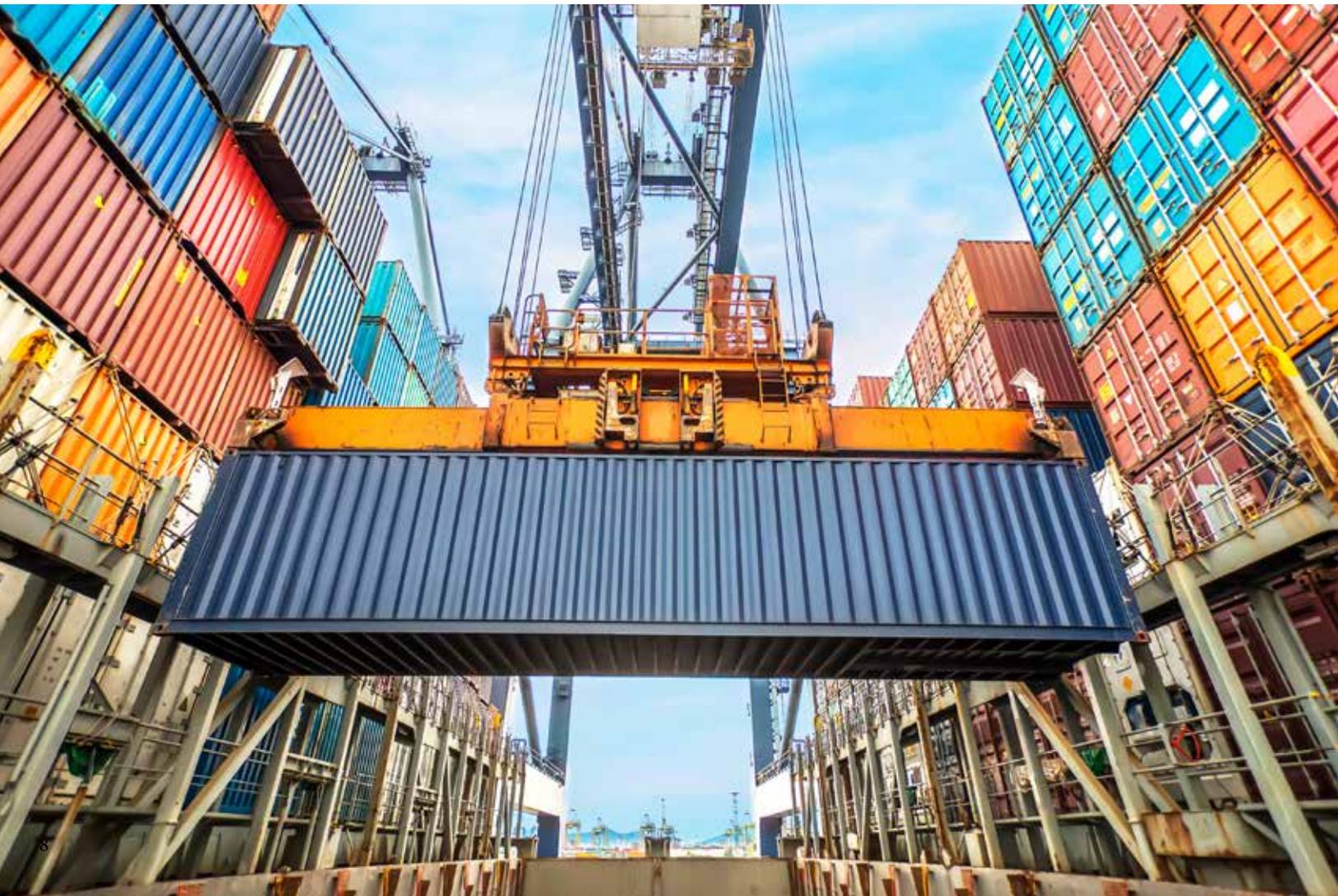
BASIC SHIPPING

The logistics of shipping goods from one country to another can be expensive. Several courier companies help businesses ship to overseas markets such as UPS, FedEx, and DHL. ShipRocket also can get products to countries all over the world (sometimes at a reduced rate). Utilize tools such as shipping calculators and be sure to choose a reliable carrier, as well as setting delivery expectations. Estimates given to customers should be clear and not cause any ambiguity. A business should always have a clear-cut return policy for goods. Verify what laws are in another country to protect consumers. Businesses should be sure to set up refund rules such as in-store credit or full refunds, as well as return time limits, and/or restocking fees. Always calculate what the cost is to the businesses to expand internationally.

ALTERNATIVE OPTION

Partner with an Overseas Company to Stock and Ship Products

This can be an option if a business has larger volumes of sales or a preexisting relationship with logistics companies in a particular region. This will allow a business to ship goods in bulk to the country. The logistics company then fulfills orders. In some cases, this can save a business money.



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