

*E-commerce is thriving everywhere. Consumers today are savvier at finding what they are looking for, comparing products online and at making informed purchase decisions. Due to advancements in technology, it is easier now for consumers to look for the best deal, even outside their countries. And this, along with global e-commerce's predicted growth of \$4 trillion<sup>1</sup> by 2020, is what makes cross-border e-commerce business appealing for brands. Here are the top 5 challenges of cross-border e-commerce:*

*Understandably, leaving the comforts offered by familiar local markets to venture cross-border is challenging. It is therefore important for brands to understand the challenges they may face so they can create a holistic strategy when starting to scale globally.*

- 1. Currencies. Currency is a clear obstacle faced by brands when selling abroad. It is frustrating for a consumer to have to compute exchange rates on their own, and this ultimately results in a poor experiences and lost customers. For instance, one in four consumers<sup>2</sup> will abandon their shopping carts if the price is displayed in a foreign currency. Therefore, brands must have the ability to display the right currencies on their website and automate conversions, so the experience feels local for their shoppers.*
- 2. Payment Methods. Variety is attractive to consumers. Offering them multiple payment options translates to an easier sales process, and thus, more sales. Brands must know what payment methods are accepted in their target countries or regions, and make sure they can support such methods. In addition, they should also ensure that they offer the most well-used and effective payment methods cited by Statista<sup>3</sup> as the top five payment methods by transaction volume worldwide:*
  - Digital/mobile wallet – 41.8%*
  - Credit card – 24.2%*
  - Debit card – 10.6%*
  - Bank transfer – 9%*
  - Charge and deferred credit card – 4%*
  - Cash on delivery – 4.5%*
- 3. Shipping. International shipping is both expensive and unpredictable. It can also be complex. On top of all the consumer-centric worries a brand may have over shipping, they must also be aware of important things to consider when shipping offshore. According to TBOS, an offshoring business service provider<sup>4</sup>, brands must keep in mind the following when considering cross-border shipping:*
  - Custom regulations and fees. Brands must prioritize this when shipping internationally, because they are required to clear customs by filling out documentation and declarations for each receiving country and the country of origin. Corresponding fees also need to be paid, and it varies by product and per country. This means that brands must have a process in place to easily check fees for every country before shipping.*

- *Shipping tariff.* This includes the shipping fee imposed by the shipping company and other additional taxes. Brands should check the tariff rates of shipping companies before booking.
- *Time of transit.* The product delivery date must always be determined beforehand. It is important to note that on top of custom clearing times, other factors such as weather changes, border checks, etc. may cause delays.
- *Medium of transportation.* While choosing between air or sea shipments, time, cost, and the products to be sent must be considered. Airfreight is fast but expensive, while sea freight is affordable, but shipping takes longer.
- *Restricted items.* Some items are restricted in some countries, so it is imperative to know restricted items per country to avoid fines and other compliance-related issues.
- *Insurance.* Brands must also consider getting their products insured. Having this financial safety net can save brands trouble and money.

4. *Returns.* 90%<sup>5</sup> of shoppers check the return policies of a brand before finalizing a purchase. This is understandable, especially for offshore customers. Fashion products, for instance, as the most purchased items online<sup>6</sup>, see a lot of returns because consumers don't want to risk purchasing the wrong size, color, texture, etc. It is therefore important for brands to minimize these types of fears from a shopper's mind. Having a returns policy in place can, in many cases, ensure that a purchase will happen. In addition, brands can leverage a return policy to be both a competitive advantage and a way to strengthen customer loyalty and retention. UPS cites<sup>5</sup> that allowing the return of an item, specifically a free return, can entice consumers to purchase from a cross-border seller:

- 52% say free return shipping is key to a positive return experience
- 68% would complete the purchase if they see a prepaid return label

5. *Übersetzung und Lokalisierung.* Didn't understand that? Neither do non-German-speaking consumers. It is therefore very important for brands to pay attention to their localization and translation strategies if they want to take advantage of opportunities presented by cross-border selling. Brands must also be sensitive to cultural and language differences in their global markets. Translating e-commerce sites and converting currencies is a clear first step. However, for a brand to be effective at cross-border selling, it must go on full localization mode and adapt everything to fit a target consumer's habits and preferences. This means:

- *Establish a localization team.* Brands must assemble a localization team that will manage the translation and localization of product content – from product information, catalogs, images, etc. A project leader needs to oversee content guidelines and select content to be translated. The team must have enough knowledge of the field as well as awareness of the cultural nuances for each region.
- *Obtain the right tools.* Brands must acquire a system that makes it easier for the team to manage product information across websites and e-commerce

*platforms. Expanding cross-border needs efficient management of multilingual versions of data, measurements, currencies, etc.*

## *Is it time to go global?*

*Not every domestic brand has what it takes to expand globally. A brand can consider expanding across borders when:*

- They have outgrown their domestic market*
- There is an international market for their products*
- They have mastered the art of competitive pricing*
- They have the bandwidth to expand*
- They are ready to support alternative payments*
- They have a scalable platform that can support the international market*

*Brands can venture into the untested world of cross-border e-commerce when they have the right business strategy in place and when they can support such strategy with the right technology solutions.*

*Explore the possibilities of cross-border e-commerce with [PIM](#).*

## *Sources*

- 1 <https://www.fierceretail.com/digital/top-5-challenges-cross-border-e-commerce>*
- 2 <https://risnews.com/correct-change-foreign-exchange-secret-weapon-solve-cart-abandonment>*
- 3 <https://www.statista.com/statistics/348004/payment-method-usage-worldwide/>*
- 4 <https://offshoringtbos.com/important-points-to-consider-in-international-shipping/>*
- 5 [https://www.ups.com/media/en/gb/OnlineComScoreWhitepaper\\_CN.pdf](https://www.ups.com/media/en/gb/OnlineComScoreWhitepaper_CN.pdf)*
- 6 <https://www.doofinder.com/en/blog/best-selling-products-on-the-internet>*