FLOW

A Step-By-Step Guide to Cross Border E-Commerce

While expanding to sell into global markets has the power to transform your e-commerce business, capturing a share of the cross border e-commerce market can be daunting. To help with your international expansion, Flow's cross border e-commerce experts have compiled this suggested checklist of must-haves to start the journey towards global growth.

1. Authentic Localization

A local consumer experience dramatically increases sales and conversion rates. Here are key points to address:

- **Define end-to-end customer experiences:** Consider all aspects of the e-commerce experience, from browsing and checkout to payments and returns, for every market you plan to enter so that customers feel their experience on your site is native to them.
- **IP geolocation and/or country toggle:** In order to provide customers a seamless localization experience, use these technologies to detect country of origin and ensure the correct local experience settings on your e-commerce sites are used.
- **Product targeting:** Different countries have different regulations and restrictions for the import of certain products. Be sure to only offer permitted products by implementing product restrictions by country.
- **Translation:** Speaking your customer's language can create a more personalized, native shopping experience that increases conversions and sales. Consider translating your site for your global markets, keeping in mind that the need for this can vary by market, size of product catalog, and other factors.

2. Pricing

Whether you're a luxury brand or a discount retailer, pricing is critical to global e-commerce success. In many countries, the pricing strategy is just as important as providing a localized shopping experience. Some top considerations:

- **Landed Cost:** Landed costs are an essential part of cross border commerce. Provide your customers with the most accurate and all-in cost information for their purchases including shipping, duty and taxes. Show the correct final prices, calculations and order totals, all in the local currency.

- **Taxes & Duties:** Retailers and brands can unintentionally create friction-filled consumer experiences if they don't explicitly communicate the proper tax and duty costs to shoppers prior to purchase. Knowing and choosing the right e-commerce tax and duty option is critical to setting up consumers for smooth transactions.

- **Currency:** Display prices in local currency. Keep in mind that in some countries, shoppers are quite savvy about the exchange rate and do their own conversion calculations, so if you are padding the cost of an item in that region, they'll spot it.

- **Rounding:** Round the item's price so that the value ends with a given pattern that fits into that regional market. (0.99, 0.00, 0.95).

- **Display:** Define what pricing elements are included in the item price listed on your site. For example, if the base price of a pair of shoes is $10 and you want to add tax ($3) and duties ($2) to that, the new display price would be $15. In some markets, common practice or applicable law may be to show the taxes and duties listed separately from the price on the product page, so be sure to research best practices.

3. Shipping and Logistics

Consider every step involved in the delivery journey, including returns and exchanges. Depending on market preferences, be sure to consider the following:

- **Collect tax & duty at the border:** While this option appears cheaper at checkout to the consumer because the duties aren't shown, this approach can create friction post-purchase when consumers receive their final bill for duties. It is best to avoid this scenario whenever possible.

- **Collect tax & duty at checkout:** This option is a little more expensive up front to the consumer, but reduces friction down the road. There are many different ways to display DDP that don't detract from the consumer experience. For example, you can incorporate the duties & taxes into the price on the product detail page or add the cost as a separate line item at checkout.

- **Order fulfillment:** Retailers must evaluate their order fulfillment processes to ensure they are reliable and efficient. They should also integrate with last-mile providers who accommodate local delivery methods.

- **Tiered shipping options:** Be sure to include delivery choices such as express, two-day, or one-day delivery so that your consumer can choose when they receive their items.

- **Carriers:** Select the best shipping carriers to send your packages globally and optimize for fastest and/or lowest cost.

- **Harmonization:** The Harmonized System, known in the global e-commerce industry as "HS," is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes. At the international level, the HS for classifying goods is a six-digit code system. Providing the correct HS codes and associated rates for accurate landed costs at checkout will help conversion by setting accurate consumer expectations in the shopping experience and by ensuring that the package does not get stuck in customs.

- **Shipping Policy and Cost:** Define your launch shipping policy (e.g. shipping prices, tiers, flat rate, etc.) and offer the appropriate shipping options in each market where you are selling your products.

- **Global Address Validation:** Given the variety of ways customers around the world may type their addresses, global address validation support ensures that the address they provide is in the correct format that global carriers can use for on-time and error free deliveries.

- **Third-Party Logistics (3PL)/Warehouse ability:** Ensure that your site's shipping address capture system is flexible enough to support the international address formats of your third-

4. Local Payment Methods

Consumers in different countries have unique payment preferences that retailers should accommodate to support sales. If local payment methods aren't set up on a site, that creates more friction for consumers during checkout and higher potential abandonment:

- **Credit cards:** Still the reigning payment method in the United States and Canada.
- **Cash-On-Delivery:** Cash-on-delivery is popular in countries such as China and Japan.
- **Alternative Payment Methods:** This can vary dramatically depending on your target country. For example, in China, 85% of online consumers prefer to use WeChat Pay, Alipay, and UnionPay to pay for purchases. And don't forget cryptocurrencies such as Bitcoin.

5. Customer Service

This should encompass complete customer service management, across all components of the transaction. Factors to consider include:

- **Return Policy:** Provide clear language for customers on how returns will be handled. Be sure to include information on how you handle goods that are damaged during the delivery process, such as your destroy in field (DIF) policy, if applicable.
- **Localized emails:** Similar to editorial content, emails often have localized information such as prices, currencies and other information. Ensure that any transactional emails that are sent to your customers are updated with localized information.
- **Localized FAQ:** Be sure to update any FAQ pages on each global e-commerce site to accurately reflect new global policies for orders, shipping, payments, currency, duties and taxes, returns and refunds. FAQs are one of the areas most global customers refer to in order to feel confident in placing a purchase on your site.
- **Loyalty programs:** Depending on the market, VIP or loyalty programs are fiercely competitive. Research the trends in each country you plan to enter to make sure your brand's loyalty program is on par with what competitors are offering.
- **Customer care communication:** Excellent customer support is at the core of any suc-cessful international business. This means round-the-clock availability and a localized experience in each of the markets you plan to enter.

6. Marketing

Once your cross border e-commerce site has been launched, it's time to start promoting it to your international audience. Make sure these action items are on your list:

- **SEO:** Be sure that all of your e-commerce sites are optimized for global SEO.

- **Discounts:** Explore applying and using different discounts for different countries and regions to match local buying habits.

- **Product/Brand images:** It is important to remember any imagery or editorial content that has pricing or local information should be updated for each locale or removed if not relevant. This will help encourage higher conversion rates on your sites.

- **Conversion optimization testing:** Continuously monitoring and A/B testing the behaviors of consumers on your global e-commerce sites can increase the percentage of visitors that convert into customers.

- **Localized email and marketing campaigns:** In each market, it's important to be aware of any anti-spam legislation and what these laws require of email marketers. For ex-ample, anti-spam laws in the United States are based on an "opt-out" or unsubscribe model, while Canada has adopted a strict, "opt-in" model. Singapore and Australia are also looking at tightening their anti-spam laws.

- **Marketing Budget:** Consider carving out a marketing budget for each international market you are entering so that you can build brand awareness, launch local promo-tions, and drive traffic to your newly localized e-commerce sites.

Strategizing with a partner around these categories and checklist items is well worth the time and investment. Most e-commerce platforms don't offer the capabilities necessary to start selling cross border at scale. As retailers and brands continue expanding into new countries, they often have to customize their technology stack, stretching costs and internal resources.

Choosing an advanced solution, like Flow, means retailers and brands won't be slowed down managing the minutiae of international e-commerce, but rather, can stay focused on providing fully localized, fully branded global experiences. Each new country should have the same quality e-commerce experience without heavy lifting and significant investment for the retailer.

Let us know how the Flow team can help you launch and scale your international e-commerce.