THE ENTERPRISE RETAILER'S GUIDE TO INTERNATIONAL EXPANSION ON SHOPIFY

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INTRODUCTION

76%

of online shoppers made a cross-border purchase in 2021

Advances in ecommerce have made it easier than ever for enterprise retailers to reach new markets. Increasingly, consumers expect — no matter where they live — that they'll be able to buy the products they want. For their part, retailers are becoming hungrier for new markets to diversify their revenue streams and build their brands on a global scale.

By 2030, Statista projects that cross-border commerce will surpass $7.9 trillion in sales.[1] Moreover, cross-border commerce is growing at a rate nearly double that of domestic ecommerce. Nearly 76% of online shoppers made a cross-border purchase in 2021. What this all adds up to: The appetite for cross-border ecommerce is growing on both sides of the buying experience.

While consumers increasingly enjoy seamless buying journeys, the reality of internationalization for merchants is far more complex — and this complexity can make merchants wary. What is the most efficient architecture for an international commerce solution? How do you properly address localization concerns? What constitutes a good domain and SEO strategy for international success? How do you tailor catalogs and content so your brand is always regionally and culturally relevant? How do you structure payments and currencies across multiple jurisdictions? And how do you ensure operations are compliant with all relevant regulations spanning a multitude of jurisdictions?

Even for large-scale retailers, these questions can feel complex and overwhelming. It's especially daunting when retailers take an honest look at their existing commerce platforms. While the providers of most platforms claim their solution can adapt to the complex demands of cross-border commerce, many fall short.

Shopify offers a full range of solutions for retailers looking to sell across borders. Because the technology is a true SaaS platform, end-users have access to a steady flow of enhanced — or entirely new — features that resolve the complexity of cross-border ecommerce. For retailers looking for a fully hosted, user-friendly commerce platform to help them expand into global markets, Shopify is a compelling choice. Equally, as an API-first platform, all of these features are available for retailers looking for a custom front-end in a headless or composable environment.

But no matter how good the platform, scaling across borders still requires careful thought, planning, and execution. This guide will introduce retailers to Shopify, its International Sales Tools, and associated products, and briefly outline how the platform facilitates internationalization. The guide also addresses key questions that arise with cross-border commerce and explores core strategies Shopify offers to help retailers expand successfully.

[1] statista.com/statistics/1296796/global-cross-border-ecommerce-market-value/

A BRIEF INTRODUCTION TO SHOPIFY'S INTERNATIONAL SALES TOOLS

Shopify's international sales tools are available for all Shopify plans (with usage limits depending on your plan), allowing retailers to manage cross-border international sales from a single dashboard, rather than trying to manage multiple stores in multiple jurisdictions.

MARKETS

At the core of Shopify's international sales tools is Markets, a unified home for international expansion, retail, and B2B. Markets is a dedicated surface in Shopify admin that aggregates all of a business's expansion activity into one central location.

CENTRALIZED MANAGEMENT

The centralized management of Shopify's international sales tools' allows each market (or buyer experience) to be customized at a granular level. This deep customization includes themes, catalogs, currency, languages, domains, payment methods, and even business entities, allowing markets to be reconciled back to appropriate bank accounts, avoiding additional currency conversion costs for selected currencies.

Markets also lets you quickly see what's been customized for each market, giving you a holistic picture of all your expansion. Moreover, you can create submarkets from existing markets, allowing greater control of inheritance and dependencies from their associated parent.
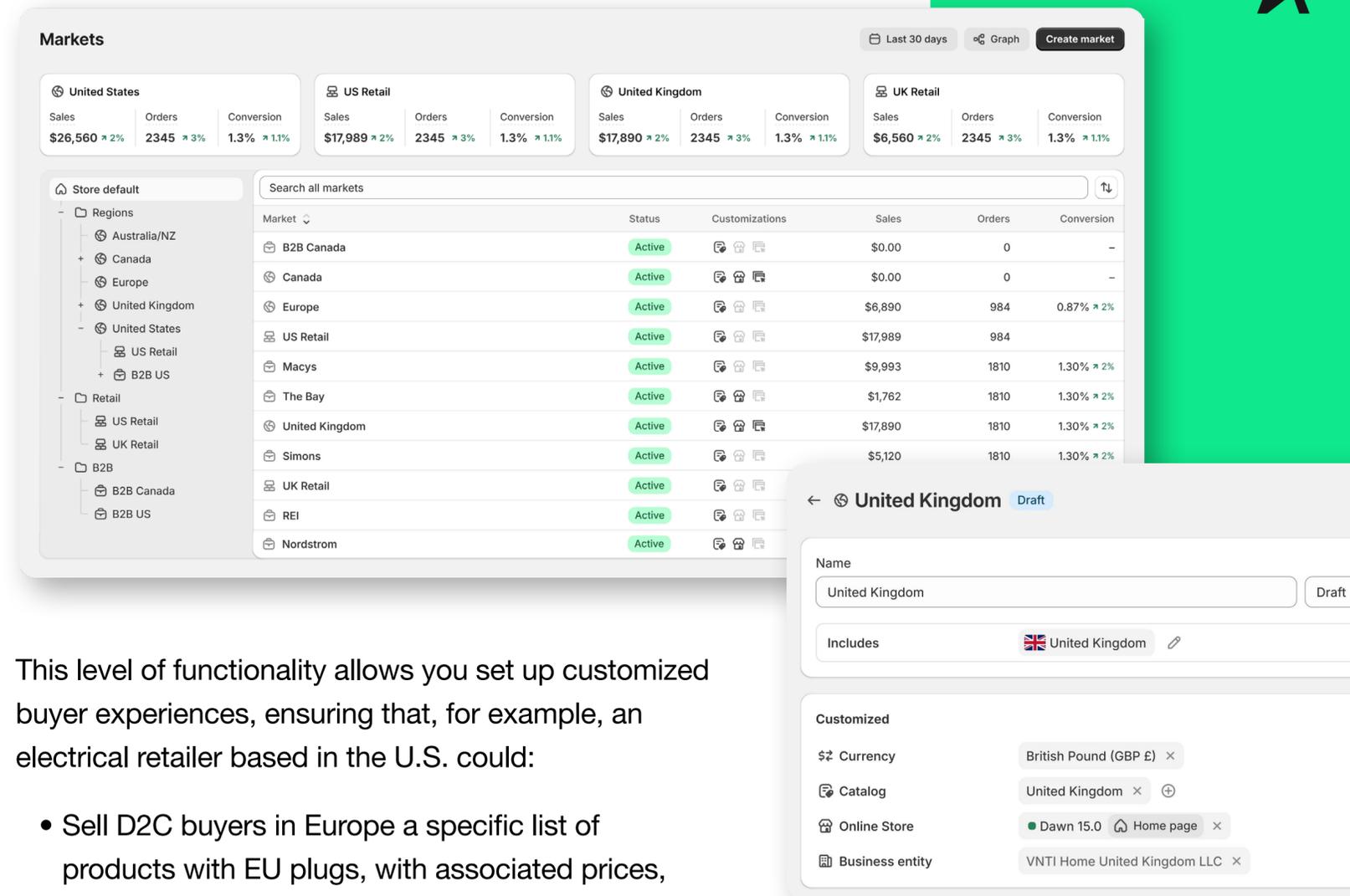
This level of functionality allows you set up customized buyer experiences, ensuring that, for example, an electrical retailer based in the U.S. could:

• Sell D2C buyers in Europe a specific list of products with EU plugs, with associated prices, all in Euros, and in French, German, and English

• Sell to B2B buyers based in the U.S. with a store theme and customized homepage dedicated to B2B bulk purchase offers

• Ensure you've stocked only your bestsellers at your Los Angeles flagship retail store

With everything centralized, cross-market reporting is simplified giving greater visibility of your performance across all of your regional activities.

What Is a Merchant of Record?

MoR is a critical concept in ecommerce, particularly for international expansion. It refers to the entity legally responsible for processing transactions between buyers and sellers; that handles financial liability, tax compliance, regulatory adherence, and customer support. For businesses expanding globally, using a third-party MoR, such as Managed Markets or Global-e, can significantly simplify operations by reducing the need to establish legal entities in each country, streamlining tax compliance across multiple jurisdictions, and simplifying payment processing and currency conversions. This approach allows enterprise retailers to more easily enter new markets without the complexity of becoming the MoR in each jurisdiction, though it does involve relinquishing some control over the transaction process.

MANAGED MARKETS

Managed Markets (formerly Markets Pro) is an additional layer on top of Markets, adding an end-to-end solution to remove cross-border complexity with an integrated merchant of record (MoR) model. In effect, utilizing Global-e under the hood Shopify is providing a managed service for financial and legal operations and liabilities.

With Shopify acting as MoR, a few key cross-border considerations become much simpler, including:

Automatic tax collection and remittance: As part of the MoR service, Shopify ensures that taxes are calculated and remitted for each transaction. This means Managed Markets:

- Keeps track of varying tax rates across different jurisdictions
- Applies the correct tax rate based on the customer's location
- Handles the complexities of different tax rules for various product categories
- Remits the collected taxes to the appropriate tax authorities

This removes a significant compliance burden from the retailer, reducing the risk of tax-related errors or oversights in regions that require international merchants to register and remit taxes like the UK, the EU, Australia, New Zealand.

Managing customs and duty collection at checkout: Managed Markets will also calculate import duties and taxes based on the product type, value, and destination; and:

- Present these costs clearly to the customer during checkout
- Collect these fees up front, reducing surprise costs for customers upon delivery
- Handle the remittance of these fees to the relevant customs authorities

This Delivered Duty Paid (DDP) model of handling customs improves the customer experience and helps avoid shipment delays or rejections due to unpaid duties.

Providing necessary documentation for cross-border shipments: As the official seller in the transaction, the MoR is responsible for generating and providing all required documentation for international shipping. This includes:

- Commercial invoices
- Certificates of origin
- Export declarations
- Any product-specific certifications required by the destination country

By handling these documentation requirements, the MoR ensures shipments comply with international trade regulations and customs requirements.

Using Managed Market's MoR model allows you to offload much of the complexity and risk associated with international compliance. Removing that burden makes it easier to expand into new markets more quickly and with less administrative overhead, while ensuring compliance with local laws and regulations. Moreover, with the intricate details of international transaction compliance covered, you can focus more on core business activities like product development and marketing.

MORE ADVANTAGES OF MANAGED MARKETS

Carrier management
Shopify manages carrier relationships, including billing and invoicing, customs documentation, duties and tax remittance, etc.

Optimized payments
Shopify manages the complexities of international payments, including fraud protection, guaranteed Foreign exchange, and top Local Payment Methods.

Shopify first introduced Managed Markets only to U.S.-based retailers in 2023, but the company will make it available in EMEA by the end of 2025.

GLOBAL-E

For retailers that purely want MoR support, Managed Markets should suffice as a solution. However, for those wanting more tailored support for their cross-border ventures, Global-e, in addition to handling MoR responsibilities, also offers its own independent professional services to help retailers build and implement a sound cross-border strategy.

With guidance from an international team of Global-e's Key Account Managers, retailers can get hands-on strategic advice and implementation support with:

- Shipping
- Duties
- Taxes
- Localization

Partnering with Global-e at this level of service essentially allows retailers to delegate the entire international selling process, allowing them to refocus their attention entirely on other core business priorities.

Even after committing to the Shopify platform, retailers still have some important decisions to make about how to think through internationalization. Broad architecture questions aside, there remains a set of core issues to consider when conducting e-commerce across borders.

CROSS-BORDER CHALLENGES AND CONSIDERATIONS

LOCALIZATION AT SCALE

Building relevant ecommerce experiences always involves localization. At its most basic, localization means ensuring your stores are available to customers in the appropriate local language and currency, with localized payment methods and checkout.

But it also comprises finer points such as site content, imagery and design elements, region-specific sizing charts and product specifications, and localized customer support channels. Each of these elements helps create a frictionless buying experience for customers, and each touches on questions of cultural relevance. Here are just a few common localization problems:

Seasonality

Many product catalogs, such as clothing, update themselves and change promotional strategies based on season. But seasons are not consistent globally, with the U.S. and Australia experiencing winter at opposite times. Holidays and holiday promotions also differ according to local custom, with India's festive seasons differing from those of China, for instance.

Language

Different markets use different languages to do business. But even among English-speaking countries, there are subtle but significant nuances in language that retailers need to be sensitive to. As an example, "pants" in the UK means underwear, while in America it means trousers.

Sizing/Specifications

How products get classified differs from region to region. As another clothing example, a shirt labeled "small" in America won't be the same as one labeled "small" in Japan. And a phone sold in America will likely support different 5G bands than ones sold in Europe or Asia.

As mentioned above, Markets has several ways to address these concerns, including customized theme content to better target specific markets, the ability to tweak catalogs and pricebooks by region, as well as offer native translation capabilities for site content and catalogs.

Retailers can also use third-party apps and integrations to support translations should they be dissatisfied with Shopify's native translation capability.

yotpo.

LOCALIZING USER-GENERATED CONTENT

User-generated content can help cross-border retailers build consumer confidence in new markets. Yotpo is a plug-and-play Shopify tool that enables retailers to manage reviews and loyalty programs across multiple regions. By addressing the challenges of multi-currency and multi-language environments, Yotpo helps you deliver a consistent and engaging customer experience.

Key capabilities include:

Localized loyalty: Customize your loyalty programs to cater to each market's unique preferences, with multi-currency support and localized rewards to encourage repeat purchases.

Multilingual reviews: Increase review response rates by sending emails and displaying widgets in your customers' preferred language, ensuring clear communication and stronger engagement.

Additionally, Yotpo's email, SMS, and subscription tools are flexible and customizable, enabling you to create a unified approach to customer engagement across all markets.

GLOBAL INVENTORY AND FULFILLMENT

Cross-border inventory management and fulfillment is a challenging puzzle. To ensure their products are readily available in their target markets, retailers need to pursue several strategies.

These could include implementing a centralized inventory management system (IMS); strategically placing distribution centers in key markets to ensure products can reach customers quickly; forming partnerships with local fulfillment providers to keep shipping speeds at a reasonably high standard; and, when possible, automating customs documentation and international shipping calculations to reduce headaches and operational costs.

While these needs are universal for cross-border shipping, how they'll end up looking from retailer to retailer may be vastly different. Shopify's powerful API and partner ecosystem allows the platform many pathways for seamless integration with your fulfillment partners, third-party logistics, warehouse management systems, and ERPs. Markets alongside smart order routing rules allows greater control over how your stock locations and inventory pools are made available to your international customers.

MANAGING RETURNS

Expanding internationally opens doors to millions of new customers but also introduces a key operational challenge—handling returns across borders. Shipping products back and forth internationally can mean navigating a web of customs, taxes, duties, paperwork, and often high return shipping costs.

Retailers can reduce complexity with a returns management solution like Loop that integrates with cross-border shipping providers. This combination makes it easy for them to give shoppers a premium user experience through Loop's portal, while relying on a cross-border shipping partner to handle the carrier negotiations, customs clearance, and duty and tax calculations. This approach shortens return times, reduces operational and shipping costs, and provides shoppers with a clear, user-friendly returns process that encourages loyalty, even across borders.

PAYMENT AND CURRENCY OPTIMIZATION

Sellers also want to maximize conversions of various currencies to their base currency to simplify their account or may want to maintain several currency bank accounts to ensure they're receiving more favorable payouts.

Shopify Payments, the platform's native payments tool, has several features to help retailers get more favorable outcomes for themselves and their customers at checkout. First, it has a multi-currency feature that allows sellers to offer their products in more than 130 global currencies, allowing sellers to select whichever currencies they want for whatever market.

Shopify Payments also allows merchants to use popular local payment methods such as Klarna, Sofort, iDEAL, EPS, Bancontact, and Multibanco. These payment methods will be automatically connected to your store, but you have to ensure that your store is set up to accept the relevant local currency. iDEAL for instance is based in the Netherlands and accepts only euros.

Using local payment methods adds familiarity and convenience to your customers' paying experience, and their integration with Shopify Payments means that retailers take on no additional logistical burdens.

COMPLIANCE, TAX, AND LEGAL CONSIDERATIONS

Expanding internationally comes with new compliance and legal considerations. Data privacy laws, market-specific privacy policies and terms of service, tax collection and reporting, and product regulations can take on new complexity when spanning multiple jurisdictions.

Shopify also includes tools to help merchants remain compliant with specific regulations like GDPR or California's CCPA/CPRA, including data exporting tools that meet GDPR's standards for anonymity and data deletion rights.

While Shopify's out-of-the-box tools cover a broad range of compliance concerns, there is also a large family of third-party apps that can provide more targeted services to help meet compliance and legal considerations. And working with legal experts to evaluate the customizations retailers implement remains standard best practice.

As discussed, Markets and Managed Markets have native tax tools to handle tax thresholds and calculate and apply relevant VAT, GST, and sales tax at checkout. However, cross-border ecommerce can often come with more complex tax considerations. In these cases, a third-party tax engine such as Avalara AvaTax will be more suitable for cross-border retailers. With support for a wide range of industries, jurisdictions, and tax types, Avalara is ideal for retailers filing in multiple regions or operating in industries with more complicated tax compliance. Avalara also supports wide-scale automation of reporting and filing services, making it even more convenient for cross-border retailers.

DOMAIN STRATEGY AND SEO

Expanding internationally will naturally give rise to domain strategy and SEO concerns. Shopify users have several options for how they might tackle these problems. Retailers can choose to use a single domain with all their markets, such as top-level domain (TLD) with regional subdirectories; country-specific domains (ccTLDs); subdomains for each store; or a combination of all methods. Here are the comparative pros and cons for how these solutions would play out for a site targeting the UK, for example:

Markets also supports global SEO by automatically adding hreflang tags, which tell search engines which version of a page to display based on a customer's location or language. This support prevents duplicate content issues and ensures the right version of a retailer's store ranks in the correct region.

	Pros	Cons
TLD with subdirectories yourstore.com/uk/	Simpler to manage SEO efforts under one domain, and all link-building will contribute to the same domain authority. Google favors a single domain for building trust and ranking.	Supported only when using Markets; not available on a multi-store approach. May not fully localize to different regions (e.g., country-specific domains are sometimes more trusted by local audiences).
ccTLD yourstore.co.uk	More relevance for local customers. Better for targeting region-specific search engines.	Requires separate SEO management for each domain, diluting authority across multiple domains.
Subdomains uk.yourstore.com	Clear segmentation by country or language. Easier to manage different regions or languages if needed.	Does not consolidate SEO value across subdomains. Can complicate SEO strategy since each subdomain may need its own SEO efforts.
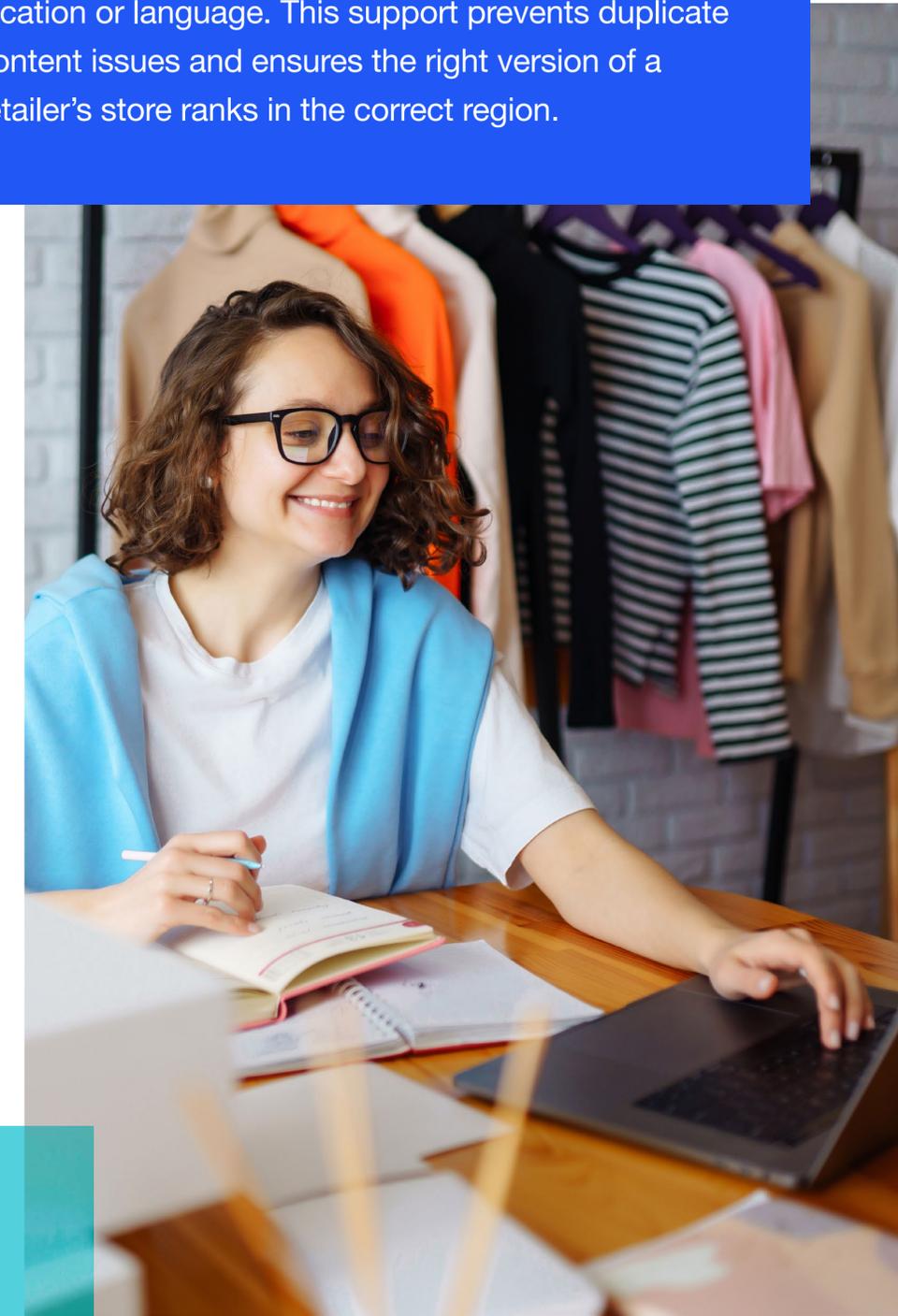
PRODUCT DISCOVERY

Product discovery is a critical element in successful international expansion. As retailers enter new markets, they need to find efficient ways to offer relevant products that meet local preferences. For consumers, advanced search functionalities, tailored recommendations, and localized content all drive conversions and customer satisfaction.

Klevu is a Shopify-compatible product discovery tool that helps cross-border retailers thrive. Klevu leverages advanced semantic search, natural language processing, and merchandising and multilingual capabilities to ensure visitors to your site find exactly what they're looking for.

Klevu integrates seamlessly with cross-border retailers working in multiple markets with distinct currencies and prices. It also accommodates various methods for adjusting product prices on Shopify Markets, such as modifying the exchange rate, implementing market-level price adjustments for all products, and establishing product-specific fixed prices.

By enhancing product discovery, businesses can reduce friction in the buying process, foster brand loyalty, and increase sales in international markets.

KLEVU

LOCALIZED MERCHANDISING AND MARKETING

International expansion requires a nuanced approach to marketing and merchandising that goes beyond simple translation of existing campaigns. Retailers must consider how their brand message and product positioning resonate across different cultural contexts while maintaining global brand consistency.

Product merchandising strategies often need significant regional adaptation. What sells well in one market may underperform in another due to local preferences, cultural norms, or practical considerations. For instance, size distributions often vary significantly between Asian and Western markets, requiring different inventory allocation strategies. Similarly, color preferences can vary dramatically — while white represents purity in Western markets, it's associated with mourning in many Asian cultures.

Promotional strategies also require careful consideration across markets. Sales events that drive significant revenue in one region may have little impact in another. For example, Singles' Day (November 11) is the largest shopping day in China but holds little significance in Western markets. Similarly, Black Friday has traditionally been a North American phenomenon, though its influence has spread globally in recent years. Retailers need to balance these local promotional calendars while maintaining profit margins and avoiding brand dilution through excessive discounting.

Digital marketing strategies must also adapt to local platforms and consumer behaviors. While Facebook and Instagram might be key channels in Western markets, platforms like WeChat, LINE, or KakaoTalk dominate in Asian markets. Search engine optimization (SEO) strategies need to account for platforms beyond Google — such as Baidu in China or Yandex in Russia — each with their own ranking factors and best practices.

PERFORMANCE OPTIMIZATION

As a natively hosted solution, Shopify already has quicker performance than most platforms. But internationalization introduces new variables that can slow retailers down. In particular, the challenge of delivering different content across stores worldwide can, if left unchecked, lead to slow user experiences that alienate customers in new markets.

To mitigate this issue, Shopify offers merchants a global content delivery network (CDN) backed by Cloudflare. Content delivered over the Shopify CDN is compressed and "minified," reducing file sizes and putting less strain on a customer's browser.

Shopify also supports lazy loading, which defers loading content on a website until it's needed by a customer — thereby speeding up the initial page load time.

Headless architecture is another way merchants can get fuller control over site performance — and it's also supported by Shopify. With this model of site design, the back-end of an ecommerce site is decoupled from the front-end customer touchpoints. This allows for a more modular site design that can optimize every aspect of site performance.

But perhaps most importantly, Shopify's team is highly invested in website performance. Out of the box, Shopify is fast — and its team has a reputation for continually incorporating emerging best practices and the latest browser features to help the platform stay fast.

ALTERNATIVE APPROACHES

MULTI-STORE ARCHITECTURE

Shopify Markets offers many conveniences. But there are still reasons why retailers may not choose the centralized route (although these are diminishing month by month as Shopify's tools evolve). Those who prioritize complete customization and uniqueness could select a multi-store architecture, which entails managing multiple individual ecommerce sites for every market served by the retailer.

This structure comes with some advantages, including the ability to tightly customize each storefront with unique branding, product catalogs, marketing strategies, and navigation flows.

Multi-store architecture can also help retailers meet specific compliance requirements. The lack of regulatory overlap between the United States and China, for example, might warrant establishing two separate stores. If a retailer has multiple brands or sub-brands with highly individuated identities, multi-store architecture might better support a consistent experience of brand integrity and clarity for the customer.

A fully customized, multi-store architecture can be powerful, but also presents distinct challenges. Most major retailers want to have a single source of truth for ecommerce performance, and multi-store architecture is simply a loose constellation of separate stores. Synching data between multiple stores is not easy, and it usually involves recourse to middleware and integrations that vary in effectiveness.

The challenges of unifying different stores also come with increased costs, such as additional workflows, reporting needs, duplication, and reliance on technical experts to build out integration solutions. While there are instances in which additional expenses will justify a multi-store architecture, most sellers will be better served by exploiting Markets' full range of functionality and extensibility.

SHOPIFY IS READY FOR INTERNATIONAL CROSS-BORDER COMMERCE

With rapid innovation guided by customer input, Shopify has earned a reputation as a serious player in enterprise cross-border commerce. For every challenge — from localization to performance optimization — Shopify's solution has in-house capabilities designed to address it, and a whole host of third-party developers offering alternatives.

More than anything, internationalization represents an embrace of complexity that merchants should be fully prepared to shoulder before venturing cross-border. The consequences of pursuing a poor strategy are manifold: brand dilution, lost revenue, and regulatory infractions.

Despite Shopify's ease of use, rolling out a sound internationalization strategy is never a simple matter of plug-and-play with a platform. Whether new to Shopify or an established user, thinking through which integrations, third-party apps, and native tools best support the bespoke needs of a retail business is a heady task.

Most retailers will find partnering with experts to be the easiest way to ensure their internationalization strategy succeeds. Astound has been helping ecommerce partners expand into new markets for more than 20 years. With our long-standing experience in cross-border ecommerce as well as Shopify's ecosystem, we offer retailers the surest path forward for success in global markets.
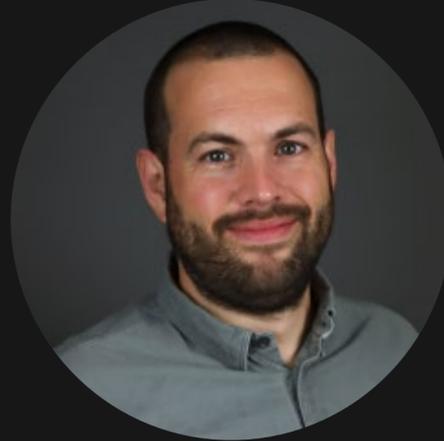
READY TO MAKE YOUR INTERNATIONALIZATION PLAY? CONTACT US TODAY FOR A FREE INITIAL CONSULTATION.

THANK YOU TO OUR CONTRIBUTORS

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ABOUT THE AUTHORS

MIKE WARWICK

Shopify Practice Lead (London, UK)

With nearly two decades in the ecommerce arena, Mike's expertise has been honed at the crossroads of strategy and execution, particularly within the Shopify ecosystem. Mike's background includes driving transformative initiatives at Astound as the VP of the Shopify Practice, to hands-on development and leadership roles at CabinZero and We Make Websites. He is a seasoned Shopify specialist poised to leverage his deep understanding and significant experience from working with customers across industries to driving digital excellence and growth with Shopify. As a Shopify expert, he can equip sales teams with insights into Astound's offerings and be on the forefront of solution development to ensure our Shopify solutions drive meaningful business outcomes.

ROHIT MISHRA

Director of Product at Shopify for Markets, Payments and Cross-border

Rohit Mishra leads Shopify's Payments & Cross-border product group. In over seven years at Shopify, Rohit has built Shopify Markets to help merchants easily expand their business across international, retail and B2B. His teams also work with brands large and small to improve payment acceptance, fraud management and global expansion. Prior to Shopify, Rohit was a product manager at Snapdeal — an Indian marketplace, and founded a social review platform.