

Making Leaders Successful Every Day



Succeeding In Global eCommerce

Forrester Research

Benjamin Ensor

Research Director, eBusiness & Channel Strategy

March 13, 2013



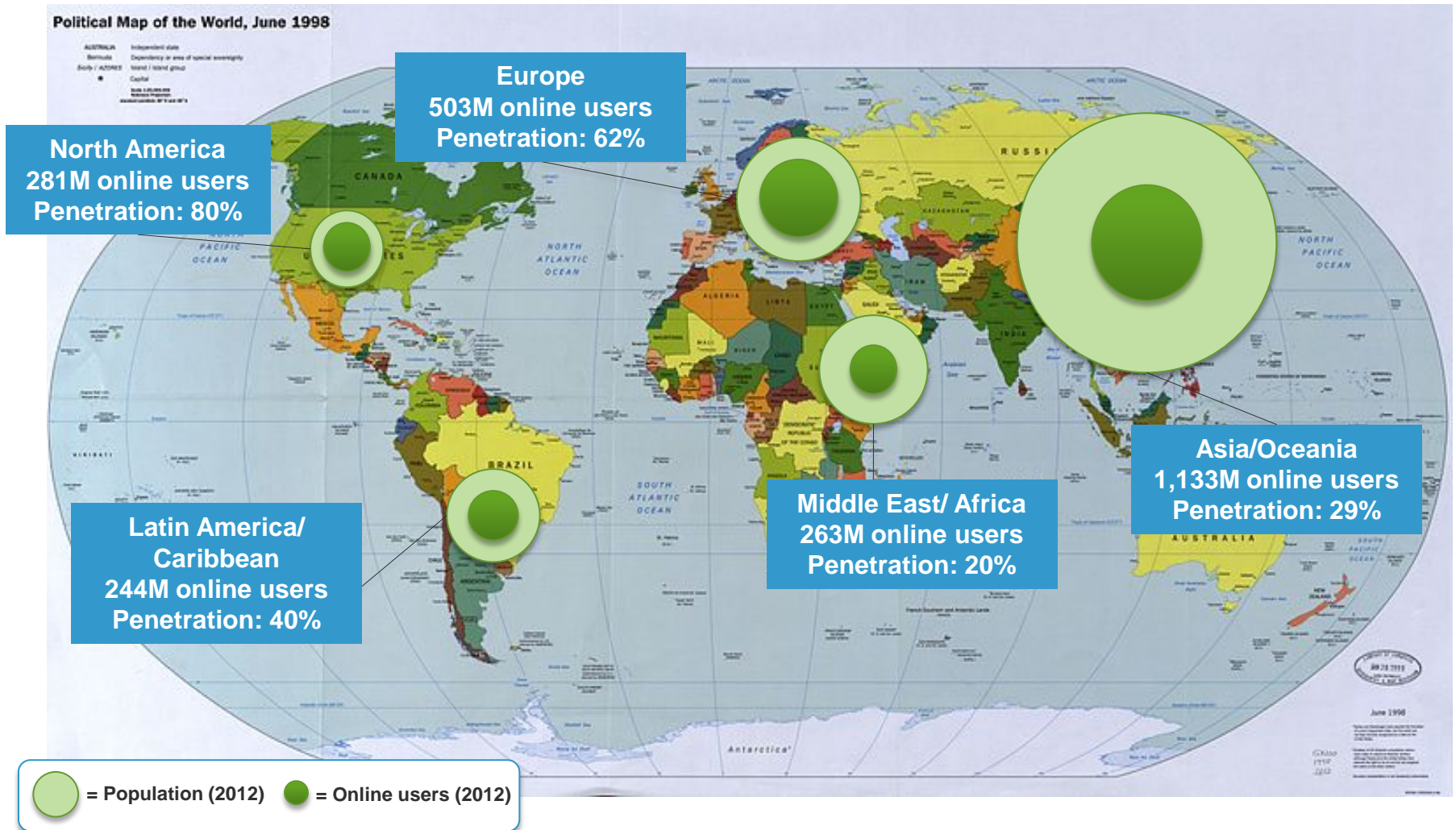
Agenda

- › *What's the state of global eCommerce?*
- › *How are multi-nationals using the Internet to grow sales?*
- › *What are the common challenges in a global eCommerce strategy?*

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Emerging economies are seeing the fastest growth in Internet users



Source: Forrester World Online Population Forecast

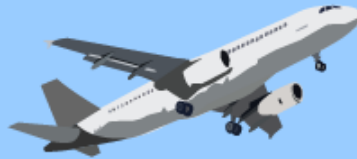
Most countries follows a similar online adoption path

Phase 1: Connecting and entertaining



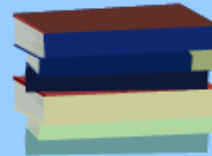
Email,
social networks

Phase 2: eBusiness basics



Online banking,
travel

Phase 3: Comparable goods



Online sales of consumer
technology products,
books/media

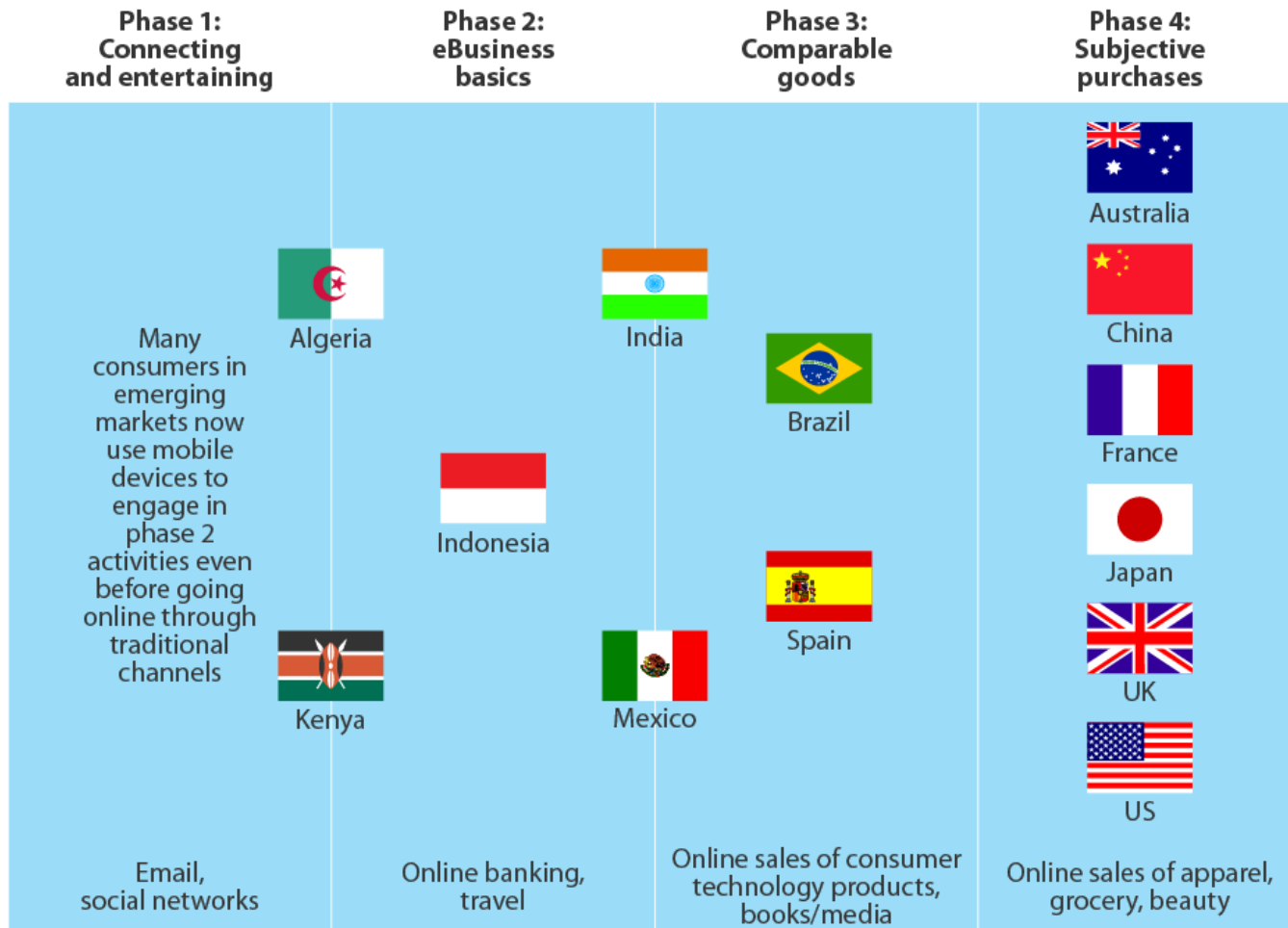
Phase 4: Subjective purchases



Online sales of apparel,
grocery, beauty

Source: Forrester Research

Different countries are a different points along this path



*Note: This is not a representation of the overall Internet economy of each country rather a marker of where the eCommerce market is today based on the categories that have shifted online

Source: Forrester Research

Online shoppers want to save time and money, and find a wider assortment

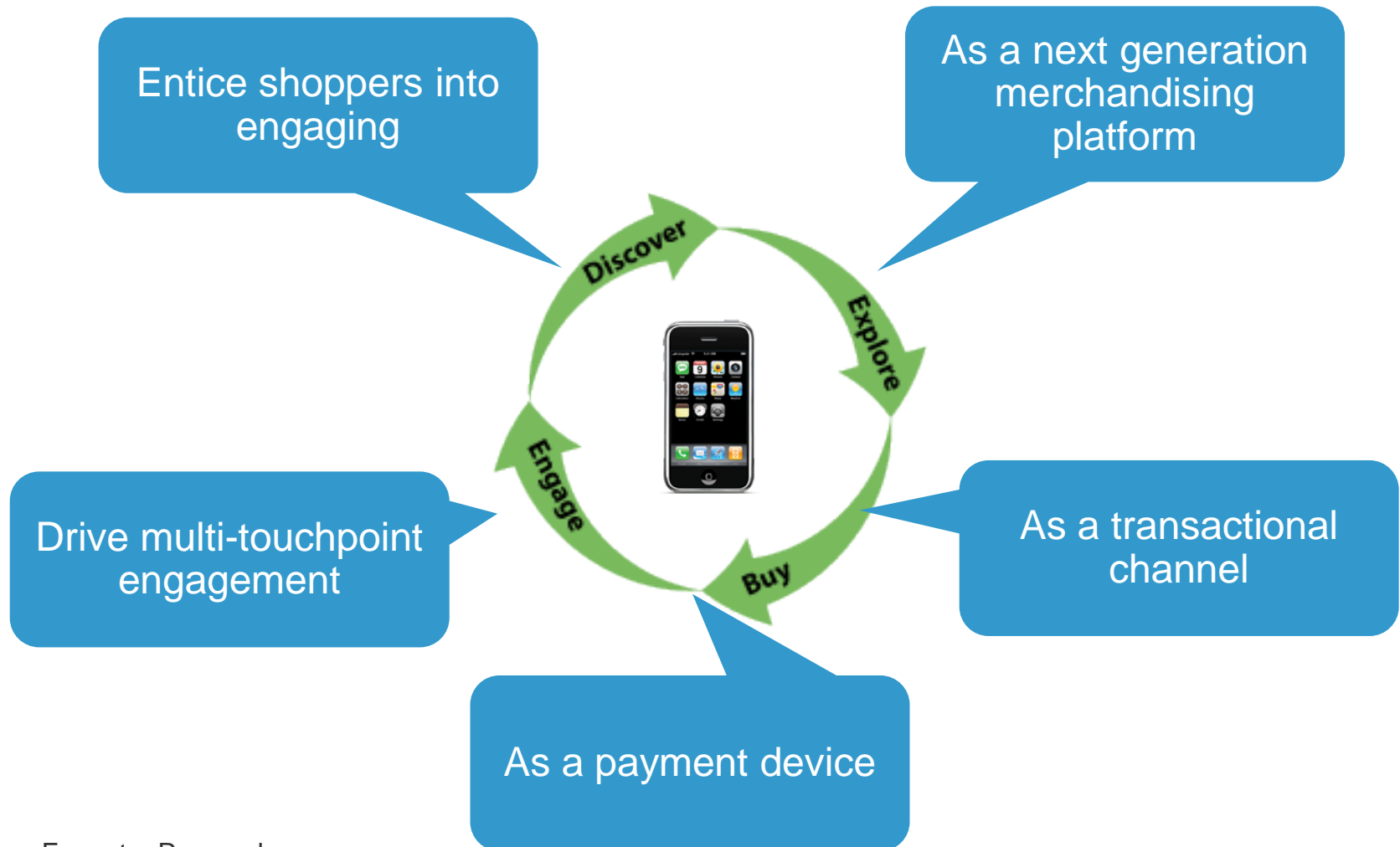
“Thinking about any online shopping you have done, please indicate how much you agree with each of the following statements?”



Base: 13,063 Western European Online Shoppers

Source: Forrester's European Technographics® Retail, Customer Experience, And Travel Online Survey, Q3 2011

Mobile phones are quickly playing a broader role in retail



Source: Forrester Research

Mobile Internet users are using their phones throughout their shopping journeys



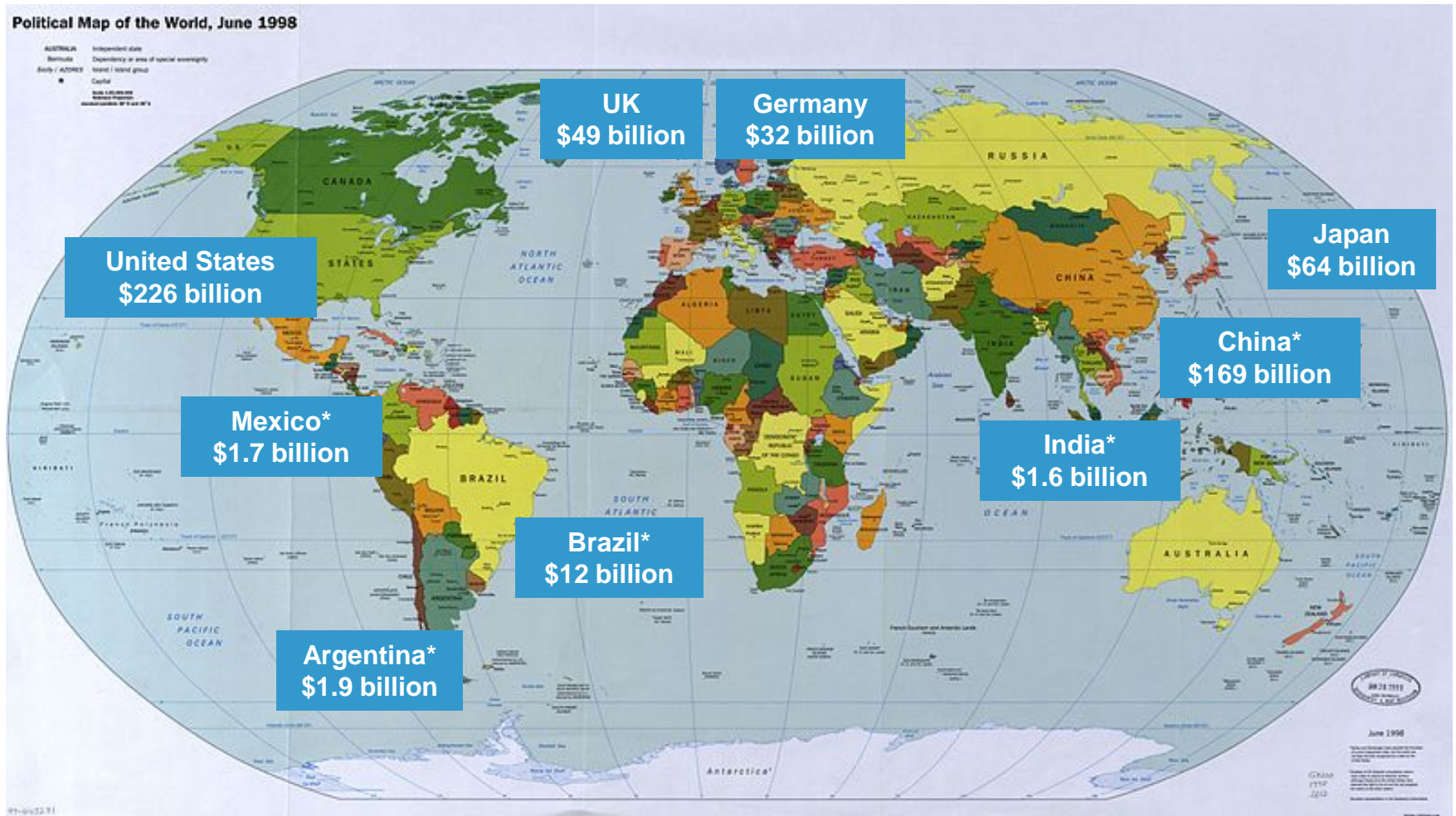
“Which of the following have you ever used your mobile phone for?”



Base: Western European mobile Internet users

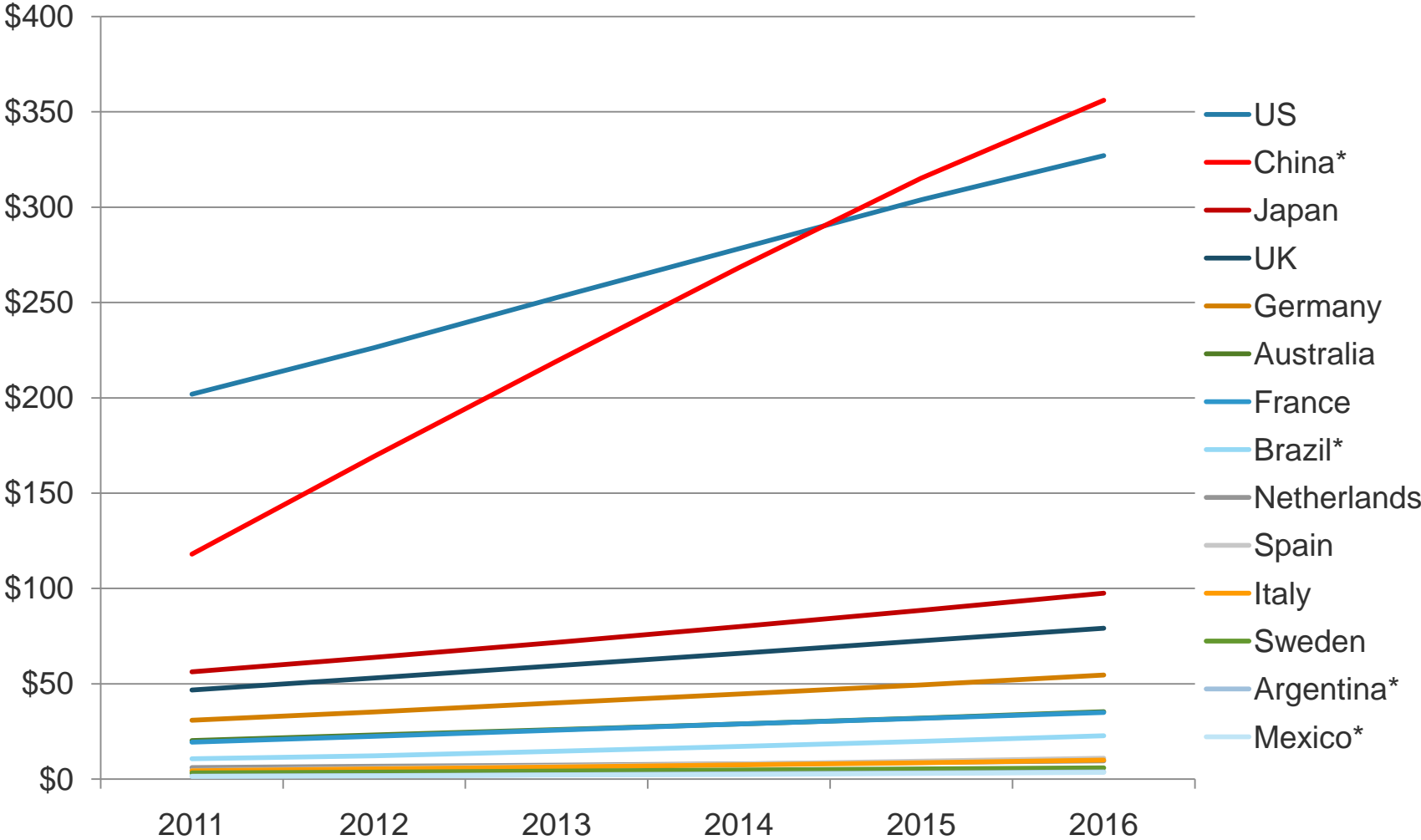
Source: Forrester's European Technographics Retail, Customer Experience, And Travel Online Survey, Q3 2011

Online sales revenues don't match economic size



*Includes consumer to consumer sales
Source: Forrester Online Retail Forecasts

A few countries account for the lion's share of global online retail



Source: Forrester's Global Online Retail Forecasts (* includes C2C and B2C)

Summary: global eCommerce

- › eCommerce is subject to strong network effects.
- › Mobile phones are quickly playing a broader role in retail.
- › Online retail in China is 100 times the size of online retail in India.
- › China has overtaken Japan and the UK to become the second-largest eCommerce market; we expect it to overtake the US

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A growing number of multi-nationals are using the web to grow their international sales



ZARA



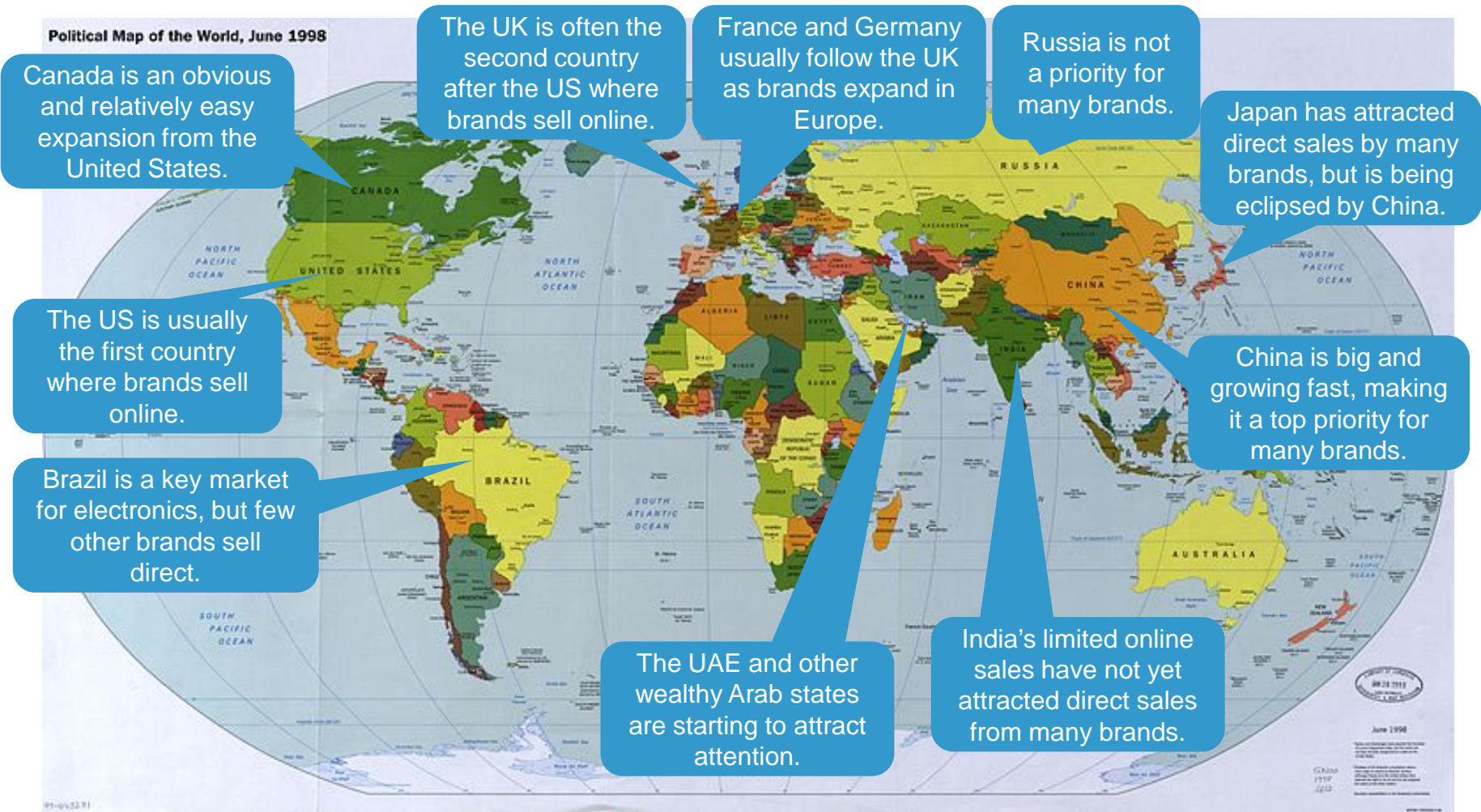
OTTO

P&G



L'ORÉAL®

Multi-national brands often take a similar approach to global online sales, starting with developed countries

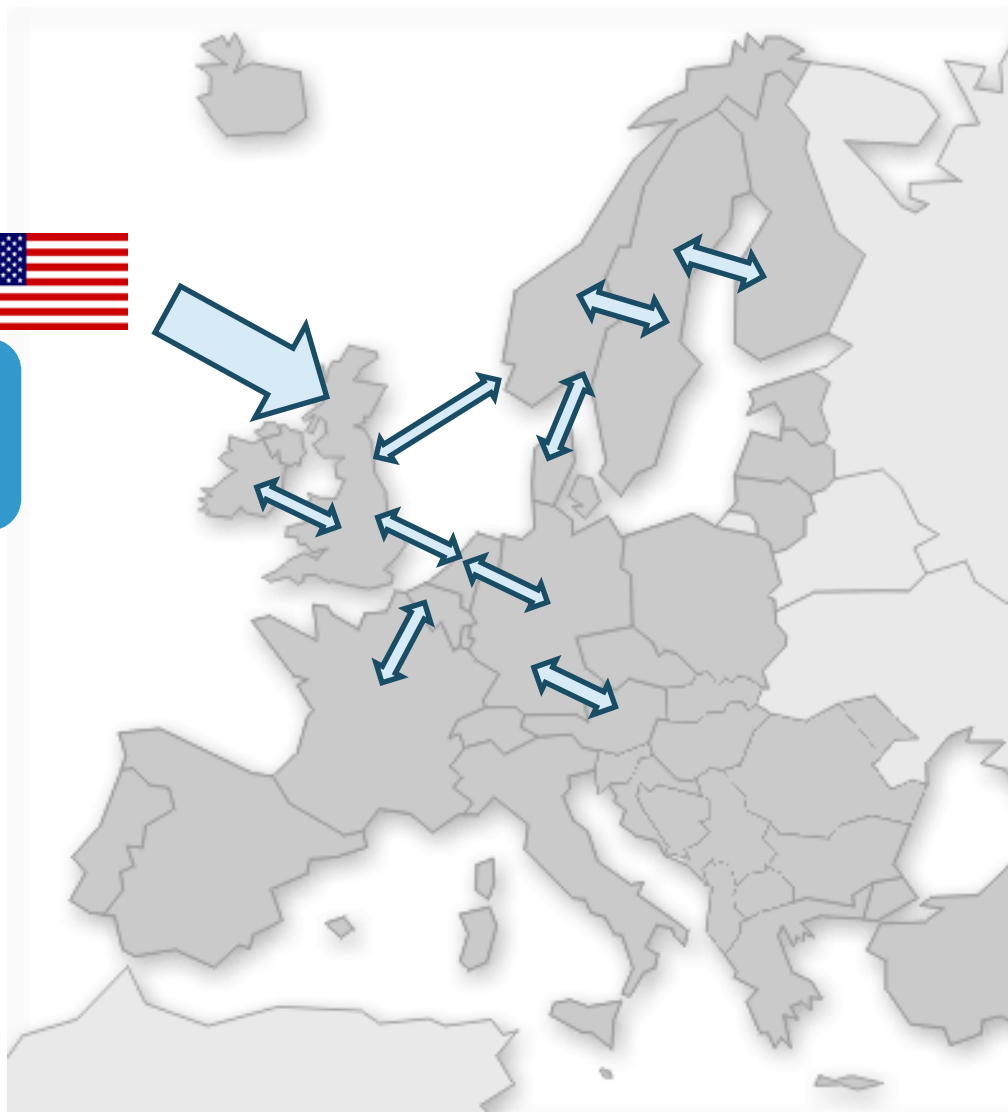


Source: Forrester Research

A common path is to start with the countries that have the same language or a stronger cultural affinity

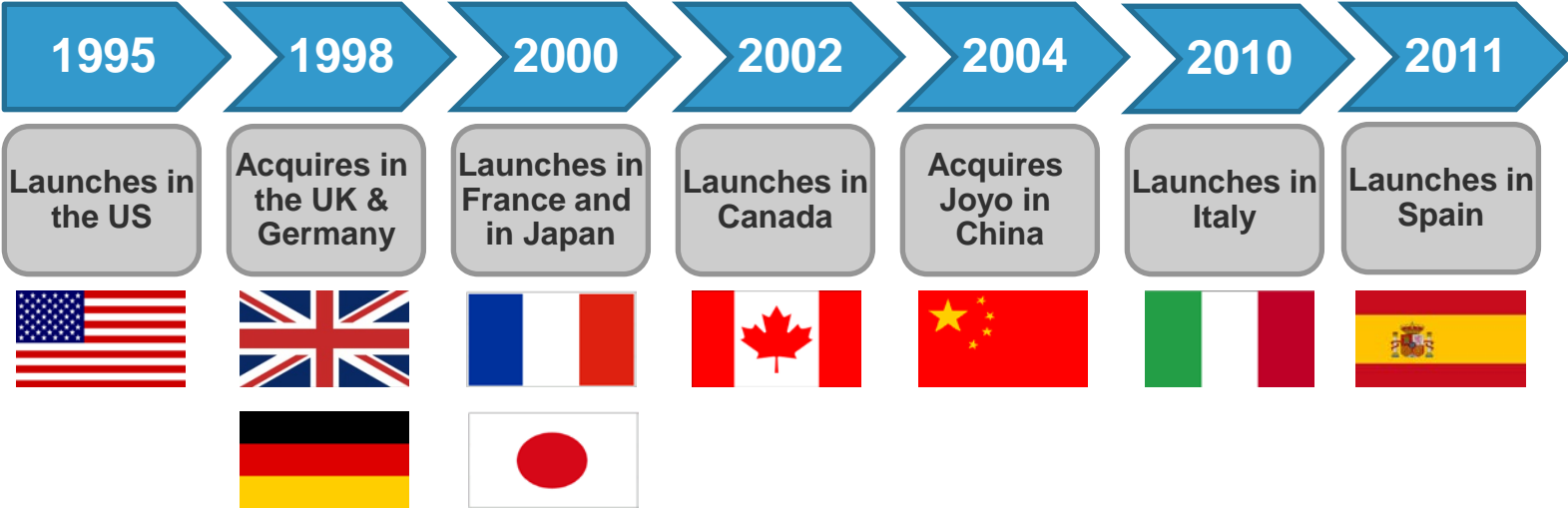


Many US brands start in the UK because it's both (relatively) large and English-speaking.



Source: Forrester Research

Amazon has used acquisitions to grow and been careful not to over-stretch




Source: Forrester Research

Some retailers are building a comprehensive global online retail strategy

ZARA

CHOOSE YOUR COUNTRY OR REGION



AFRICA

Maroc
Tunisia

AMERICA

Canada
Colombia
Costa Rica
El Salvador
Guatemala
Honduras
México
Panamá
República Dominicana
🔒 USA
Venezuela

ASIA

Hong Kong / 香港
India
Indonesia
Macau / 澳門
Malaysia
Philippines
Singapore
Thailand
Қазақстан
🔒 中国
🔒 日本
대한민국

EUROPE

Andorra
🔒 België / Belgique
Cyprus / Κύπρος
🔒 Danmark
🔒 Deutschland
Eesti
🔒 España
🔒 España - Canarias
🔒 France
Greece / Ελλάδα
Hrvatska
Iceland
🔒 Ireland
🔒 Italia
Latvija
Lietuva
🔒 Luxembourg / Luxemburg
Magyarország
Malta
🔒 Monaco
Montenegro
🔒 Nederland
🔒 Norge
Polska
🔒 Portugal
România
🔒 Schweiz / Suisse / Svizzero
Slovenia
Slovensko
Srbija
Suomi / Finland
🔒 Sverige
Türkiye
🔒 United Kingdom
🔒 Österreich
Česká republika
България
Россия
Україна

MIDDLE EAST

Bahréin
Egypt
Israel
Jordan
Kuwait
Lebanon / Liban
Oman
Qatar
Saudi Arabia
Syria / Syrie
United Arab Emirates

🔒 SHOP ONLINE

Savvy brands minimize the costs of international online sales

Smart multi-national brands have kept costs down by:

- › Standardizing on a single eCommerce platform.
- › Adopting different sales strategies by country.
 - Strategies typically vary based on the size and maturity of online sales.
- › Starting with a reduced product range.
- › Offering a limited range of languages.
 - Many global brands sell online in countries like Canada, Belgium and Austria because their use of English, French and German reduces the cost of entry.



Women

Men

Kids

Enter search term...

Search

[Shoes](#) [Clothing](#) [Sports](#) [Accessories](#) [Premium](#) [Beauty](#) [Brands](#) [News & Style](#) [SALE %](#)

Women

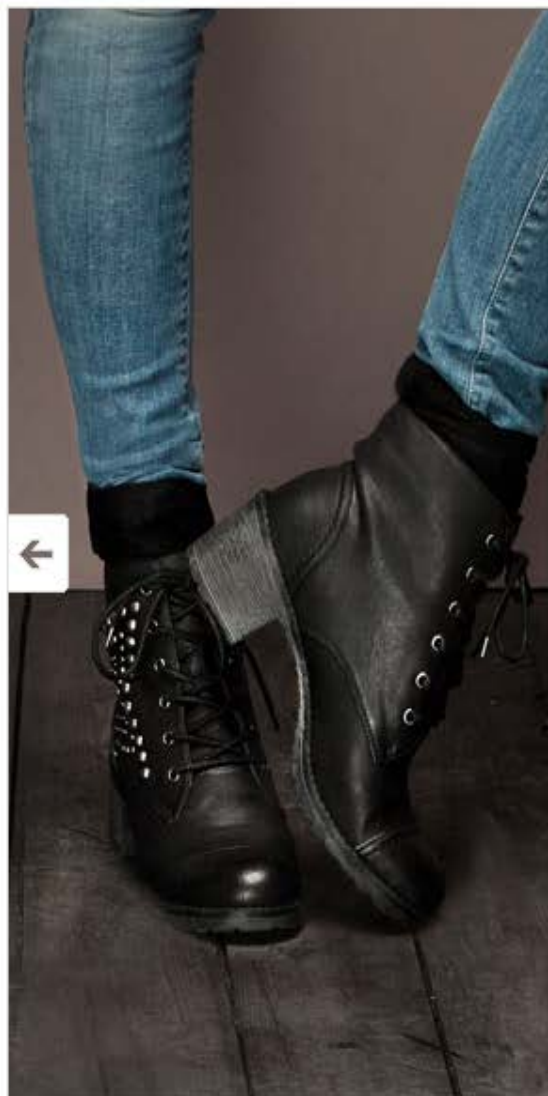
- Ankle Boots
- Heels
- Trainers
- Jackets
- Jumpers & Cardigans
- Jeans
- Bags & Accessories
- ... more women's shoes
- ... more women's clothing

Men

- Trainers
- Boots
- Brogues & Lace-Ups
- Jackets
- Jumpers & Cardigans
- Jeans
- Bags & Accessories
- ... more men's shoes
- ... more men's clothing

Kids

New In
Shop by Style



LADIES BOOTS

NEW IN FOR AUTUMN

[▶ See more](#)

[▶ Lace-ups](#)

[▶ Ankle boots](#)

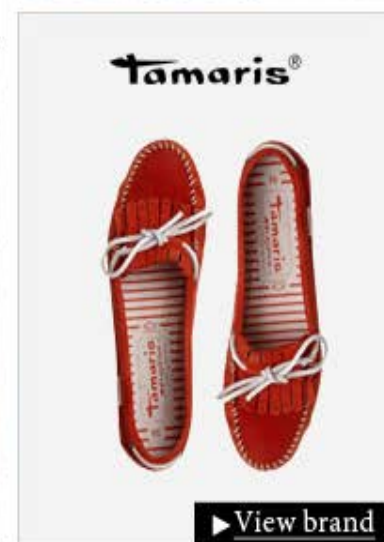
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Femme

Homme

Enfant

Rechercher une marque ou un article

Rechercher

Chaussures | Vêtements | Sport | Accessoires | LUXE | Maison | Marques | **Promos %** | News & Style | Zalando Privé

Femme

Bottines & Boots

Bottes

Baskets

...toutes les chaussures

Tops & T-shirts

Robes

Vestes

...tous les vêtements

Homme

Baskets

Boots

Chaussures de ville

...toutes les chaussures

T-shirts & Polos

Vestes

Pulls & Gilets

...tous les vêtements

Enfant

Sport

Luxe

Sacs & Accessoires

Nouveautés

Promos %



SOYEZ AU TOP

NOUVELLE COLLECTION

- [Femme](#)
- [Homme](#)
- [Tops](#)
- [Polos](#)
- [T-shirts](#)
- [T-shirts](#)

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jusqu'à
-55%*

fin de la vente - 16 sep 2017

GANT
FOOTWEAR

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Nouvelle collection

- Damen**
- Stiefeletten
 - Pumps
 - Sportschuhe
 - Jacken
 - Pullover & Strickjacken
 - Sportbekleidung
 - Taschen & Accessoires
 - ... mehr Damenschuhe
 - ... mehr Damenbekleidung

- Herren**
- Sneaker
 - Boots/Stiefel
 - Sportschuhe
 - Shirts
 - Jeans
 - Sportbekleidung
 - Taschen & Accessoires
 - ... mehr Herrenschuhe
 - ... mehr Herrenbekleidung

- Kinder**
- Wohnen**
- Shop by Style**

DIRNDL & CO.

FÜR DIE OKTOBERFEST-SAISON

[▶ Jetzt entdecken](#)

WIESN 2012

zalando

KINDER KATALOG

TEENS · KIDS · BABIES

5€

[▶ Hier](#)

BOSS ORANGE

[▶ Damen](#)

[▶ Herren](#)

Amazon offers a different range of goods in different countries

amazon.co.uk

Shop All Departments	
Books	>
Music, DVD & Games	>
Kindle	>
Electronics	>
Computers & Office	>
Home, Garden & Pets	>
Toys, Children & Baby	>
Clothes, Shoes & Watches	>
Hobbies, Sports & Leisure	>
Grocery, Health & Beauty	>
DIY, Tools & Car	>

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Kindle	>
Music, Movies & Games	>
Computer & Software	>
Electronics & Photo	>
Kitchen & Home	>
Hardware, Garden & Pet	>
Car & Motorcycle	>
Food & Health	>
Toys & Baby	>
Clothing, Shoes & watches	>
Sports & Recreation	>

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Music, DVD and Blu-ray	>
High-Tech	>
Computer & Office	>
Video Games & Consoles	>
Toys, Kids & Babies	>
Kitchen & Home	>
Beauty, Health and Hygiene	>
Clothing & Shoes	>
Watches and Jewelry	>
Sports & Recreation	>

Source: Amazon websites

Ralph Lauren's online sales extend beyond the biggest European markets



Source: Ralph Lauren website

Summary: multi-nationals' eCommerce strategies

- › Multi-nationals are using eCommerce to extend their reach.
 - It's not a land grab; success depends on execution.
- › Successful eCommerce operations are characterized by:
 - Propositions that meet customers' needs.
 - Differentiation from competitors.
 - Adequate headcount.
 - Effective IT leadership.
 - Board-level support.

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Expanding internationally is fraught with complexity

> Payback periods.

- Payback periods for new international initiatives often run two or more years, even for well-established brands.
- Some companies say it can take up to five years for global investments to pay off.

> Skills.

- Companies often struggle to find people with the right digital skills and experience in their home countries, let alone abroad.

> Channel conflict.

- Manufacturers that sell online risk alienating existing retail partners.

Online marketplaces play a much bigger role in some countries than others

Region	Importance of marketplaces	Some marketplace options for brands	
Asia-Pacific	High	Tmall and Amazon in China; Rakuten in Japan; Westfield in Australia	Established options for brands
North America	Medium	Amazon and eBay brand stores in US	
Europe	Medium	Amazon brand stores in UK, France, Germany; eBay Fashion Gallery in UK	
Latin America	Low	MercadoShops across region; developing initiatives like Otto/Posthaus in Brazil	Emerging options for brands
Middle East	Low	National players like Souq.com	

Source: Forrester Research

Global brands such as Levi's and Coach have launched on China's Tmall

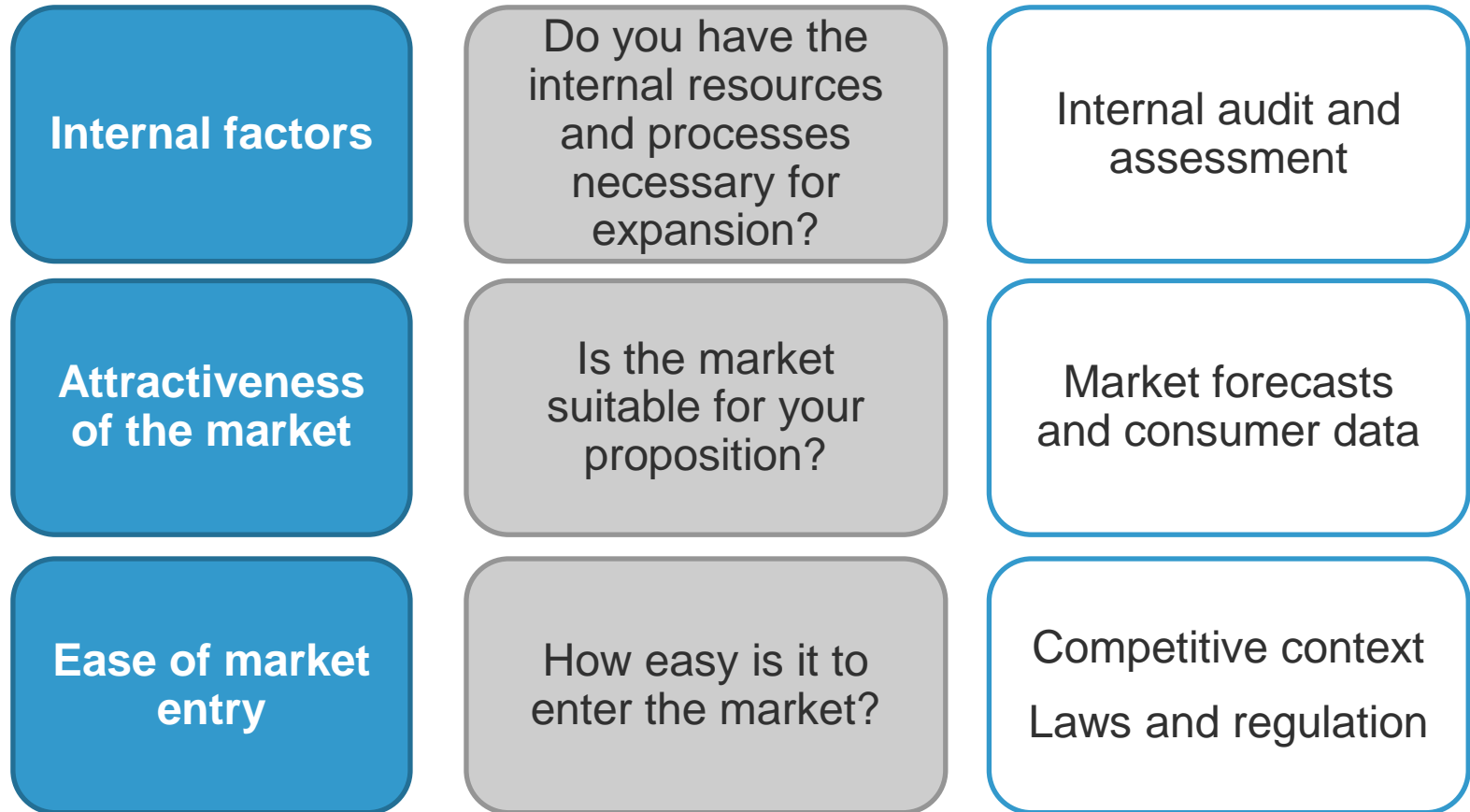


Source: Tmall.com

Every online retail market is different, beyond the obvious differences in size and wealth

- › Marketplaces matter much more in some countries than others:
 - Marketplaces play a big role or even dominate B2C online retail in some countries, notably Tmall in China and Rakuten in Japan.
- › Mobile is growing fast in some countries:
 - Mobile shopping is rising fast in countries like Japan and China.
- › People buy from different categories in different countries:
 - Shoppers in less mature markets tend to buy consumer electronics and software.
 - Online grocery purchases are popular in some countries (UK, China, South Korea), but not others (US, Brazil, India).
 - Beauty products are a frequent online purchase for men in China and South Korea.
- › Payment preferences vary enormously:
 - Low credit card penetration means cash-on-delivery payment is popular in much of Asia, Latin America and even parts of Europe.
 - Debit cards can't be used for online shopping in much of Europe (beyond the UK and France) and Latin America.

Forrester's globalization framework



Source: Forrester Research

Localization checklist

Language

Currency

Payments

Trustmarks

Fraud detection

Product range

Marketing

Merchandising

Analytics

Packaging

Delivery

Returns

Customer service

Recommendations

- › Start planning your international expansion now.
 - Watch your traffic levels from different countries to identify demand.
 - Start hiring people from the countries you expect to expand into.
- › Take a closer look at smaller markets.
 - Assess the supply side, as well as demand, to measure your opportunity.
- › Use your existing assets.
 - Use existing distribution centres and content to keep costs down.
- › Decide what you can centralize and what to localize.
 - Your eCommerce platform should be centralized, with standardized sites translated into national languages.
 - Marketing, payment acceptance and fulfillment should be managed at a national level.
- › Anticipate making lots of mistakes.
 - Don't assume you can build it and be done. You won't get it all right the first time.
 - Be ready to adapt. Budget for further development, corrections and improvements.

Related Forrester Research

- › August 13, 2012, “Trends In India's eCommerce Market”
(<http://www.forrester.com/go?docid=78361>)
- › July 25, 2012 “Using Tmall To Sell Online In China”
(<http://www.forrester.com/go?docid=76082>)
- › July 24, 2012, “Latin American Online Retail Forecast, 2012 To 2017”
(<http://www.forrester.com/go?docid=77342>)
- › July 11, 2012, “The Evolution Of Global eCommerce Markets”
(<http://www.forrester.com/go?docid=76121>)
- › April 16, 2012, “Asia Pacific Online Retail Forecast, 2011 To 2016”
(<http://www.forrester.com/go?docid=72723>)
- › January 26, 2012, “Establishing A Global Direct Online Sales Footprint”
(<http://www.forrester.com/go?docid=61292>)
- › November 29, 2010, “Staffing For Effective eBusiness Globalization”
(<http://www.forrester.com/go?docid=57480>)

Thank you



Benjamin Ensor

+44 20 7323 7626

benjamin_ensor@forrester.co.uk

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