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CROSS-ATLANTIC COMMERCE

HOW TO MAXIMISE YOUR CHANCE OF SUCCESS

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In the UK, retail has reached a plateau – indeed, by some measures it is declining. So if you want your retail business to grow, looking beyond the confines of your national market is a must. And the most obvious place to start is the largest retail market in the world – the United States, where online sales are growing at around 15% year-on-year.¹

Expanding into the US seems like it should be easier than most alternative markets because they speak the same language; and surely they are just like UK consumers in many other ways too, aren't they? Presumably that's the view taken by almost half of retailers who are targeting, or planning to target, US shoppers with their existing UK website offering without doing any localisation.² Yet according to experts, that is definitely not the right path. Instead, with some planning and investment, there are many ways in which you can make your cross-Atlantic proposition far more attractive to potential buyers.

In this white paper we will focus on the online retail opportunities, but that isn't the only option available, even at a time when in-store purchases are falling. Research done by consultancy Practicology for one of its clients – Rapha, a premium cycling clothing brand – showed that having a physical presence did not cannibalise online sales: indeed, those who shop in both stores and online spend around three times as much as those who only shop online. In addition, there will always be buyers who want to see the physical goods before buying them, even if their final purchase is made via a website.

Online sales in the U.S. are growing **15%** year-on-year.



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DO YOUR HOMEWORK

Let's start at the beginning. If you want to sell online to the US or overhaul your existing online presence, you should ensure you have fully assessed your core strengths and weaknesses before you get the programmers started.



67% of retailers believe that email is the first channel to localise

Anastasia Roumelioti, Head of Marketing at Hawes & Curtis, which recently successfully launched into the US, recommends that you start by considering where your brand fits into the market. Who are your competitors – both British and American – and what are they doing? Are there aspects of your brand that you can exploit more overseas than you can in the UK, such as ‘British-ness’? Don’t forget macroeconomic factors, especially any that may affect your sector in particular.

LOCALISATION

Next, it’s time to consider how you are going to make your online presence as attractive as possible to potential buyers.

There are a few brands which are so desirable that they can get away without any localisation at all, because buyers will jump any hurdle to buy into them. But they are few. For everyone else, it’s a case of choosing where to invest time and money to localise your proposition, based on your brand and strategy. Broadly speaking, this can be split into content (including social media) and commerce, such as pricing, currency and payment terms.

WORDS AND IMAGES

Americans don’t speak English; or, at least, not UK English. The differences between UK and American English have been the foundation of jokes for years, but they aren’t so funny when you lose customers

because they can’t find what they want on your website. If you sell clothes, what will they find if they look for ‘pants’ or ‘suspenders’?

It is fine to retain a level of ‘British-ness’ if that is part of your brand, but it is vital to enable people to navigate around your site, and to offer unambiguous answers through the Search function and a clear path through the payment process.

At this stage you should also look at your imagery, and assess how this presents your brand to any audience outside the UK. It may be that you can trade on your British heritage more than you can to a UK audience, for example.

When it comes to the overall website, you need to assess whether to go global, with very limited localisation, or local, or something in-between. “Using a global template for websites, with some element of localisation, is on the increase and we agree with that approach,” suggests Simon Birkenhead, managing director of Europe at L2. “It’s a wasted effort to have a completely different site structure and backend for each market.”

This would also help you to draw in existing transatlantic customers who have been buying from your UK website and might not respond well to a



“Pricing can be a signal of quality to someone who doesn’t know your brand.”

Anastasia Roumelioti, Head of Marketing at Hawes & Curtis

completely different style and different messages. “Our business model is based on multi-buy offers for formal shirts, but that is predominantly to do with the needs of our customer. A customer who would wear a formal shirt daily would most likely do so because of office attire. As the American office culture is similar, we would keep the multi-buy offers in US as well,” explains Roumelioti.

Aspects of the site that may be worth localising first include the home page, specific landing pages and content pages that address differences between national markets. If you can’t change the actual sizing on your clothes or shoes, for example, then you need a clear US-focussed size guide: not only does this give buyers the confidence to buy from you, but will also cut down on returns. You may also want to take advantage of local holidays and present different seasonal offers.

PRICING, PAYMENT, AND TAX AND DUTIES

People are more open to cross-border shopping if they can see prices in their own local currency and a good returns policy (more on which later). PwC Global states that 36% of US buyers are likely to buy from offshore retailers if they can get a better price³, but Roumelioti suggests that it is possible to set higher prices in the

US if you have a unique offering: “Pricing can be a signal of quality to someone who doesn’t know your brand.”

If you regularly offer special deals, such as multi-buy offers, then consider what they say about your brand and whether you want to repeat the same offers in the US. That said, US buyers are used to seeing more promotions than we typically encounter in the UK.

Prices should clearly signal tax and duties for US buyers – a key difference from UK websites. “Don’t put the onus on the buyer to work this out themselves,” advises Gerald Maidment, Head of Business and Customer Development at Practicology. Payment types should also reflect local preferences, as this can increase conversions and reduce the number of abandoned shopping carts. Never make any assumptions and don’t rely on other cross-Atlantic websites for guidance, as they may not have got this right. Speak to specialists in this area instead.

SHIPPING AND RETURNS

Thanks to their geography, US buyers are used to longer delivery times than UK buyers, which plays into the hands of retailers who will be shipping across the Atlantic to fulfil orders. However, this is not an excuse

for quoting excessively long timeframes. Practicology found that the average time UK retailers quote for standard shipping to the US is around 7 days, which Maidment considers that US buyers would find acceptable, but some quote as long as 15 days, which is too long.⁴

Shipping fees can reflect the international aspect of delivery – again, US buyers are used to paying more than UK buyers for domestic delivery, but will be sensitive to any extreme fees.

You should also consider how users will get their goods. Will you offer delivery only, or add options such as click-and-collect? Their local landscape will affect what consumers expect.

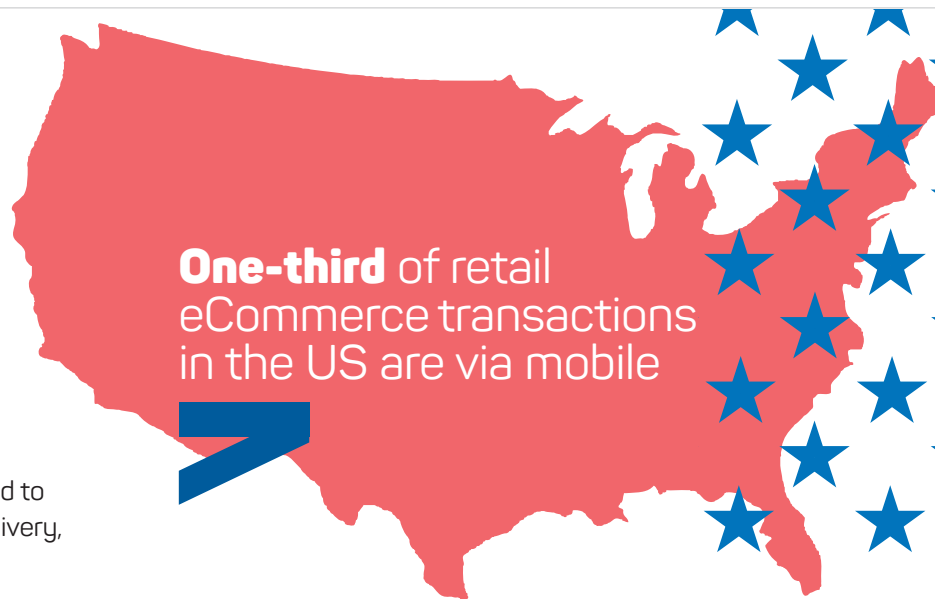
Similarly, think carefully about how you expect users to return unwanted items. Keep it simple and don't be tempted to ask them to ship back to a UK address. A decent returns policy can make or break a sale.

CUSTOMER SERVICE

Online sales may remove the personal element from the sales point, but there are plenty of times before and after the sale when a buyer may want to get in touch with you. So make it easy and do not expect them to pay to call you in the UK!

Offering a US phone number for customer service implies you will be able to answer the phone during US hours, which means an extended day due to their multiple time zones. Yet Practicology not only found that just three-quarters (72%) of UK retailers provided a US phone number on their US sites, but in some cases this connected to UK agents. Ultimately, therefore, in reality only half (52%) were definitely operating customer service during US business hours.⁵

An alternative is online live chat, which is popular in the US and expected particularly by younger buyers. You can also offer online forms and local email addresses, but these don't enable immediate communication, so may not be as well received or encourage repeat purchases.



One-third of retail eCommerce transactions in the US are via mobile

GO MOBILE

Whatever choices you make for localising your web presence, you must ensure your website is designed for mobile.

"There's a common misconception that people don't buy on mobile devices but that isn't true," highlights Birkenhead. Mobile shopping is growing fast, and already one-third of retail eCommerce transactions in the US are via mobile⁶, with 22% of US buyers shopping online via their mobile at least monthly.⁷

Overall, traffic to your website from mobile devices now forms the majority of site visits – and continues to grow. "This means you should consider your site as essentially a mobile site first," Birkenhead points out. "And yet everyone designs their site on a desktop, based on desktop wireframes. This doesn't make sense – you should be designing websites primarily for mobile screens and then translate them to work on desktops as well."

BEYOND YOUR WEBSITE

Localisation is also a consideration for your social media presence – not just in terms of spelling and the words you use, but overall content. And getting your social media presence right is vital: according to PwC, two-thirds of shoppers worldwide say that either reading or writing social media reviews and comments influences their online shopping behaviour.⁸ Yet, Practicology found that only 20% of UK retailers in the US had localised their Facebook feed, 40% Twitter, 20% Instagram and 24% Pinterest and 8% YouTube.

Being image-led, you could argue that Instagram needs no localised version for the US. However, “US customers won’t engage with your brand if you post irrelevant content,” notes Maidment. “Separate accounts let you promote seasonal products and acknowledge cultural references.”

Maidment cites the social media feeds of Boohoo and Misguided around the Coachella festival as great examples of how to make the most of the opportunities afforded by an increasingly prominent US event. Some events are even more localised to the US and therefore really only appropriate to US social media and websites, such as ‘420’ (or 4/20), which celebrates the legalisation of cannabis in many states in the US. This year Body Shop managed to incorporate this on its US website with a 42.0% discount on purchases on 20th April – a promotion that would have made no sense on a UK website or for anyone outside the US looking at non-localised social media feeds.

Facebook and Twitter are more text-based, so consider using global assets and layering on local content. But if your resources are limited, bear in mind that in the US they love Instagram more than in the UK⁹, and are less enamoured by Facebook and YouTube than we are.

The differences in social media go beyond the text. Birkenhead notes that US consumers like to interact and comment more than UK users¹⁰, so don’t be surprised by this and ensure you have the resources to respond positively.

Another aspect you must consider is other channels through which your products may be sold. It’s impossible to ignore the fact that Amazon is, by far, the dominant retailer in the US. So you need a strategy for Amazon, and while you are about it you might as well consider other marketplaces and affiliates as well.

“If you don’t have an Amazon strategy, you place yourself at huge risk,” says Birkenhead. Your choice is either to distribute with Amazon or choose not



Anastasia Roumelioti, Head of Marketing at Hawes & Curtis, speaking at the Commerce Futures Cross-Atlantic event.

to distribute and have a plan to compete with the third-party sellers who will be selling your products on Amazon, whether you like it or not.

“Amazon doesn’t give buyers a true brand experience, unlike some APAC marketplaces, but there will be companies who are selling your goods on the platform without your approval,” he adds. “So you may want to consider officially distributing with Amazon as this will provide you with greater control over your brand’s exposure and product pricing.”

As for affiliates, these are worth considering but make sure you are consistent across all channels to avoid cannibalising your own marketing. “If you don’t plan and create the relationship, you won’t get the best out of this,” notes Roumelioti.

YOU ARE NOT ALONE

If you are considering stretching your wings into cross-Atlantic commerce, you will be competing against many domestic and international players. The good news, however, is that you don’t have to learn the hard way as you can learn from their successes and mistakes, which have been dissected by agencies and consultancies such as Practicology and L2. In addition, there are plenty of companies you can call on to help with issues such as cross-border shipping and, local marketing and promotions.

The time is ripe then, it seems, to look west and embrace the opportunities offered by the largest retail market in the world.

¹ Centre for Retail Research; Online Retailing: Britain, Europe, US and Canada 2017

² Real Business; www.realbusiness.co.uk, January 2017

³ PwC Global; Total Retail Survey 2016

⁴ Practicology; Localisation Report 2016

⁵ Practicology; Localisation Report 2016

⁶ Criteo; State of Cross-Device Targeting H2 2016, February 2017

⁷ PwC Global; Total Retail Survey 2016

⁸ PwC Global; Total Retail Survey 2016

⁹ L2 Intelligence Report: Social Platforms 2017

¹⁰ L2 Intelligence Report: Social Platforms 2017