

E-Commerce 101 for Exporters

Agenda

1. Overview
2. Industry outlook
3. Business to consumer
4. Business to business
5. Key takeaways

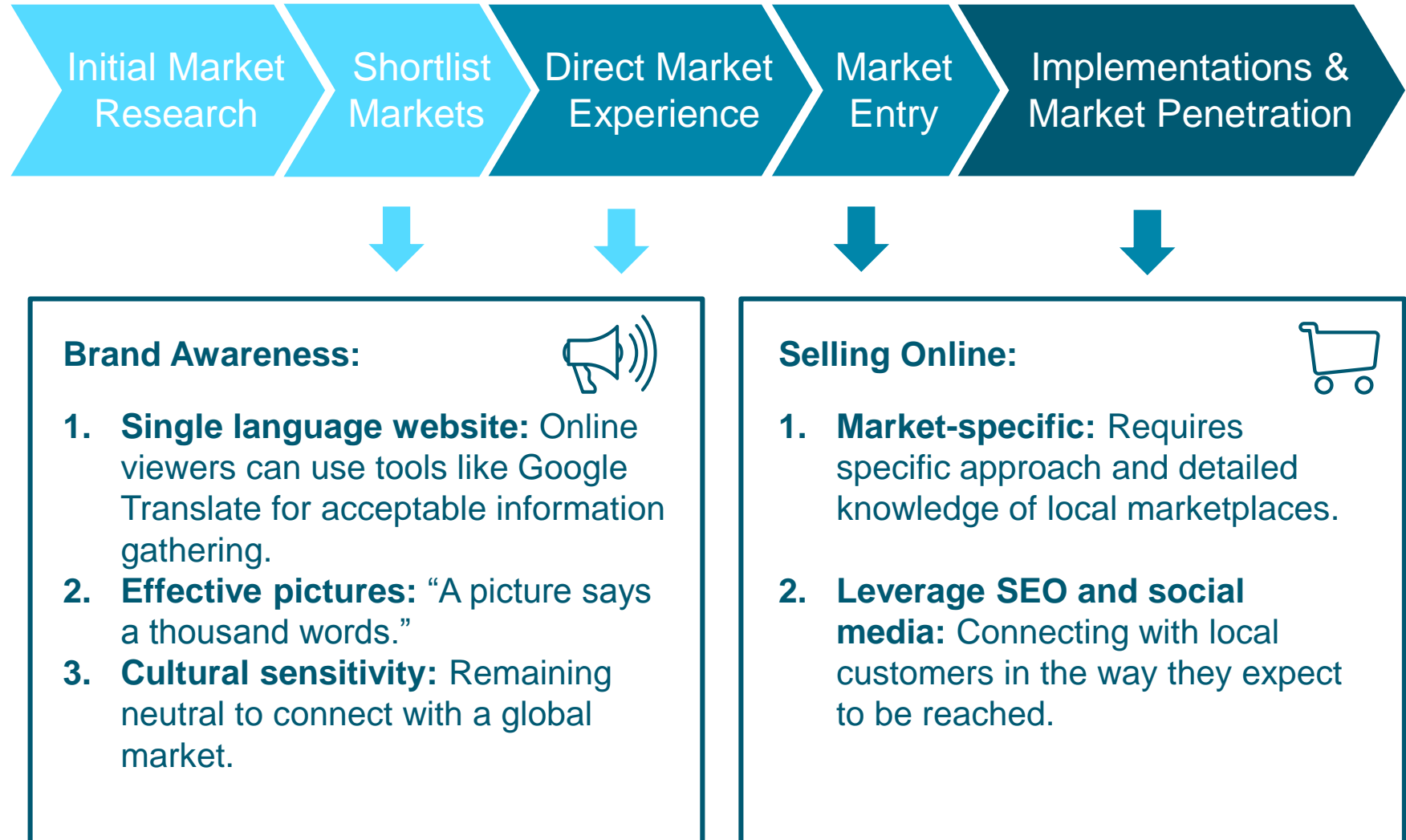
Starting Point:

Where are you now in the exporting journey?



Objectives:

Linking e-Commerce strategy to the Market Entry strategy



Overview:

Develop a plan for getting started in e-commerce and exporting

eCommerce Sales Platforms

1 Own Website

- Getting started
- Platform options
- Exporting

2 Marketplace

- Third-party support
- Global markets
- Limitations

3 Both

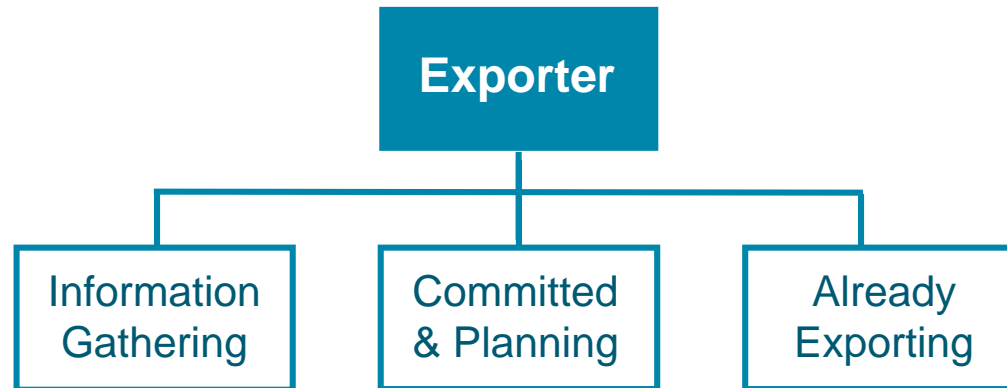
- Multi-channel
- Consistency across platforms
- Systems integration

Opportunities:

- India, China and Brazil combined have almost 900 million mobile phone users.
 - Over 40% of global eCommerce transactions are mobile
- Europe has 221 million eShoppers (30% of population)
- Japan has 77 million eShoppers (61% of population)
- US online shopping will grow to US\$500 billion or 15-17% of total retail by 2021

Starting Point:

Where are you now in the Exporting journey?



**Export
Market Mix:**

Single
Country

Multi-country
Unilingual

Multi-country
Multilingual

**E-commerce
Options:**

No
E-commerce

Own
website

Market-
place

Website and
Marketplace

Increasing Complexity of Implementation and Management

■ Industry Outlook:

However, multiple choices for business and consumer buyers.

- There are over 12 million e-commerce websites in the world that make up over 10% of the Internet.
- The top 1% of e-commerce sites generate 34% of the total revenue and the bottom 48% generate only 3% of total revenue.
- 40% of Amazon sellers have less than \$1,000 revenue.

What is your action plan?



eCommerce:

Case Study

HealthX3, a Canadian maker of a specialized nutritional supplement, is investigating market expansion options for its brand. The company has the ability to provide health and wellness services to support sales of its supplement product.

They have tried basic online selling in Canada with limited success and also have a distributor that is struggling to make progress domestically, given the competitive landscape of the nutritional products industry in Canada and lack of brand recognition.

Canada has a good reputation in the industry for quality products and stringent quality control.

Exports of natural health products from Canada are expected to grow from \$10.B in 2015 to \$16.2B in 2020. The US accounts for almost 50% of Canadian imports and China is the world's largest importer in this category. Otherwise the market is fragmented.

Is exporting an option and what would you do?

E-commerce:

Multi-Platform, Multi-Channel

Business to Consumer (B2C)

Online sales of goods, services and provision of information directly to consumers.

Ex. Amazon

Business to Business (B2B)

Online selling of products, services, or information between businesses.

Ex. Alibaba

Consumer to Consumer (C2C)

Online selling of products, services, or information between consumers.

Ex. eBay, TaoBao



E-commerce: Target markets

Table 1.1 – The 2015 Global Retail E-Commerce Index™ *

Rank	Change in rank	Country	Online market size (40%)	Consumer behaviour (20%)	Growth potential (20%)	Infrastructure (20%)	Online market attractiveness score
1	+2	United States	100.0	83.2	22.0	91.5	79.3
2	-1	China	100.0	59.4	86.1	43.6	77.8
3	+1	United Kingdom	87.9	98.6	11.3	86.4	74.4
4	-2	Japan	77.6	87.8	10.1	97.7	70.1
5	+1	Germany	63.9	92.6	29.5	83.1	66.6
6	+1	France	51.9	89.5	21.0	82.1	59.3
7	-2	South Korea	44.9	98.4	11.3	95.0	58.9
8	+5	Russia	29.6	66.4	51.8	66.2	48.7
9	+15	Belgium	8.3	82.0	48.3	81.1	45.6
10	-1	Australia	11.9	80.8	28.6	84.8	43.6
11	-1	Canada	10.6	81.4	23.6	88.9	43.1
12	+2	Hong Kong	2.3	93.6	13.0	100.0	42.2
13	+6	Netherlands	8.9	98.8	8.1	84.6	41.8
14	-3	Singapore	1.3	89.4	15.7	100.0	41.5
15	+13	Denmark	8.1	100.0	15.1	75.5	41.4

*Source: FITTskills Text, "International Sales and Marketing," page 282

Marketplace Customer Expectations

What do you think your customers expect from your B2C eCommerce presence?



Business to Consumer e-Commerce:

Customer Expectations

Product Search:

Finding the right product easily, regardless of what device I am searching on.



Features and Benefits:

Show me your product by using video, high quality images and captivating product descriptions.



Price and Availability:

How much will I pay and do you have the product in stock.



Customer Reviews:

What are other customers saying about the product and what else are they buying.



Shipping:

a) When will I receive it
b) Is there an extra cost for shipping
c) Can you handle returns.



Sales Support:

Can my questions be answered before purchasing and what if there is a problem.



B2C - What Needs Managing:

All require time, effort and investment: What is the ROI?

Professional images and descriptions

- Clearly representative of product, shareable, keyword-enabled, proper resolution

eCommerce platform selection

- Templated website with web store (e.g. Shopify), custom build, mobile-enabled

Warehousing and shipping logistics

- Your warehouse, pick-and-pack facility, 3rd party carrier, localized inventory

Reviews, testimonials and digital marketing

- Getting “found” (SEO), building a subscriber list, sales conversion, multi-language, localization

Payments integration

- Credit card, Paypal, COD, local payment network

Sales support and analytics

- Real-time chat, email response, multiple time zone, customer shopping patterns

Comparison of Monthly Fees:

e-Commerce platforms are priced very similarly



	BASIC	PLUS	PRO
shopify	\$29.95	\$79.95	\$249.95
3dcart	\$29.00	\$79.00	\$229.00
BIGCOMMERCE	\$29.00	\$79.00	\$299.00

Credit Card Transactions:

Understanding fees – Shopify Example

- Rates are charged on a transaction-by-transaction basis.
- Online fees vary from 2.4% of transaction to 3.5% plus \$0.30 per transaction.
- In-person credit card rates are lower, for example through Shopify POS.
- Additional transaction fee of 0.5% to 2% if not using the Shopify Payments gateway.



Overview:

Expanding global reach through a presence in Marketplaces

The Marketplace is here...



Tmall

Screen shot

Tmall
理想生活 上天猫
天猫超级品牌日

女王爱瑜伽

搜索

t恤男 | 连衣裙 | 夏凉被 | 空调 | 客厅灯 | 防晒霜 | 凉鞋 | 双肩包 | 驱蚊液

三 商品分类

- 女装 / 内衣
- 男装 / 运动户外
- 女鞋 / 男鞋 / 箱包
- 化妆品 / 个人护理
- 腕表 / 珠宝饰品 / 眼镜
- 手机 / 数码 / 电脑办公
- 母婴玩具
- 零食 / 进口食品 / 茶酒
- 生鲜水果
- 大家电 / 生活电器
- 家具建材
- 汽车 / 配件 / 用品
- 家纺 / 家饰 / 鲜花
- 医药保健
- 厨具 / 收纳 / 宠物

天猫超市 | 天猫国际 | 天猫会员 | 品牌街 | 电器城 | 喵鲜生 | 医药馆 | 营业厅 | 魅力惠 | 飞猪旅行 | 苏宁易购

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女王爱瑜伽

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belulu	EYE NY 伊美尼	首尚格祥	喜马拉雅FM	aspire	美赞臣·蓝臻
LUNA classic	Penfold's	OXFORD 牛津大学	爱得堡	普邦衣	S.ér





The Canada Pavilion on Tmall

Screen shot



进口食品

食品TOP榜 >

 <p>加拿大鲜活龙虾500g/只 加拿大进口，鲜活发货</p> <p>专柜价: ¥169 活动价: ¥139</p> <p>立即购买 ></p>	 <p>加拿大北极带子大规格1kg 新鲜到港带子带籽即食</p> <p>专柜价: ¥156 活动价: ¥85</p> <p>券 10元 > 立即购买 ></p>	 <p>加拿大特产天然枫树糖浆1升装 营养美味，低糖，老少皆宜</p> <p>专柜价: ¥398 活动价: ¥158</p> <p>券 10元 > 立即购买 ></p>	 <p>PURNATUR枫糖 纯枫叶糖浆玻璃瓶装... 均衡营养，健康幸福的元素</p> <p>专柜价: ¥399 活动价: ¥89</p> <p>券 10元 > 立即购买 ></p>
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Brands in The Canadian Pavilion on Tmall Global

ALDO - QC

AllerAir / 加拿大欧乐 –

QC

Neolia - QC

Dorel / 乐瑞 - QC

L.B. Maple - QC

3 sprouts - QC

PurNatur - QC

DELON - QC

Iron Kids – QC

Western Family - QC

Dorel Group's brands - QC

ARC'TERYX/始祖鸟 - BC

Webber Naturals - BC

Lululemon - BC

Herbal Glo - BC

Native Shoes - BC

Natural Factors - BC

NORCO - BC

Stgeneve - BC

Echo Clean / 爱可丽净 - BC

Sunrype - BC

New World - BC

Green Beaver - ON

Jamieson/健美生 – ON

Platinum Naturals – ON

Roots - ON

Flapjack kids - ON

INNISKILLIN / 云岭 – ON

Ddrops - ON

PETRO-CANADA – AB

SunCrop - AB

LULUJO – NB

Clearwater - NS

BeeMaid / 必美 - MB

Canada Beef – AB/ON

Ontario Ice Wine Stores on Tmall



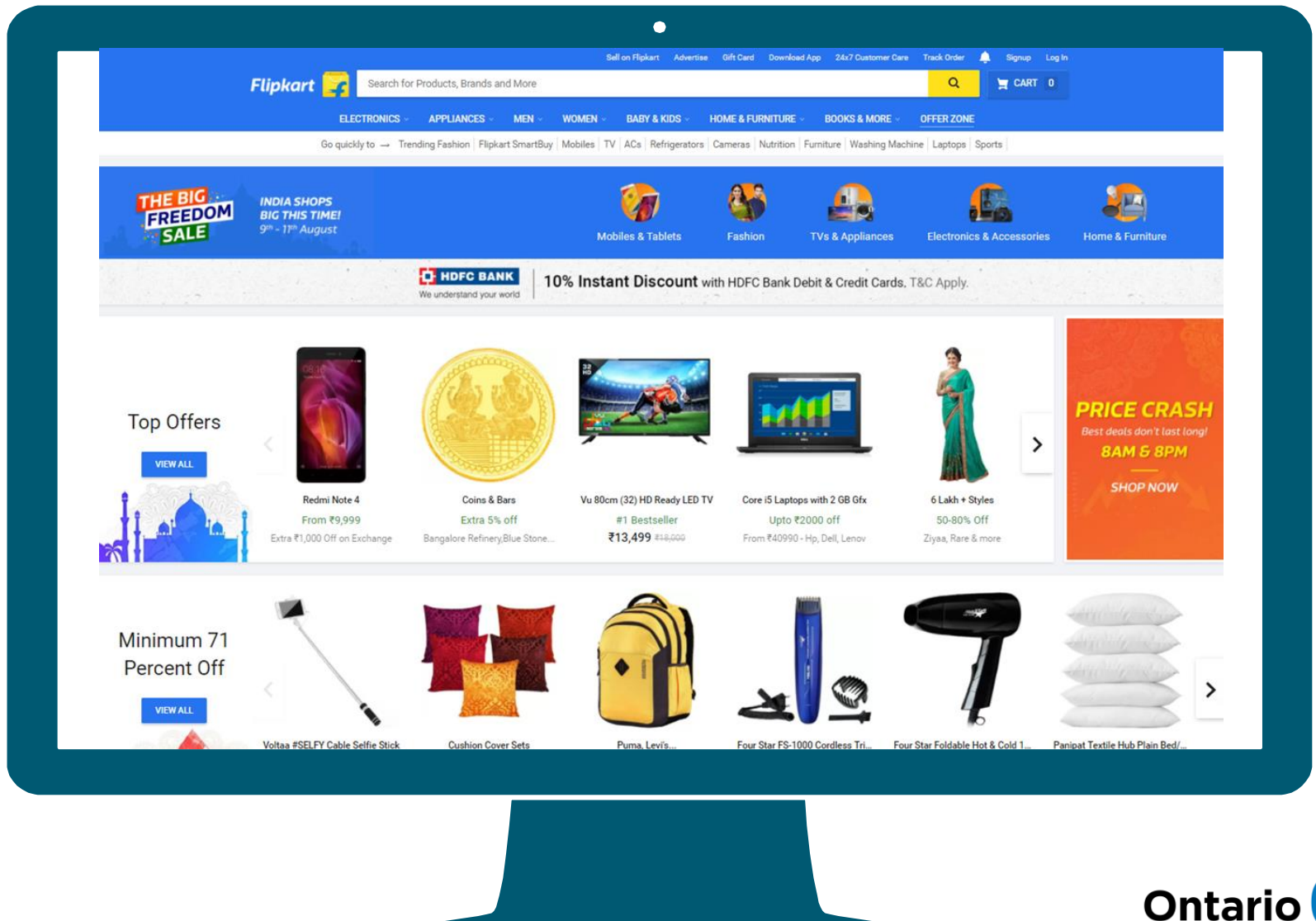
JD.com (China)

Screenshot



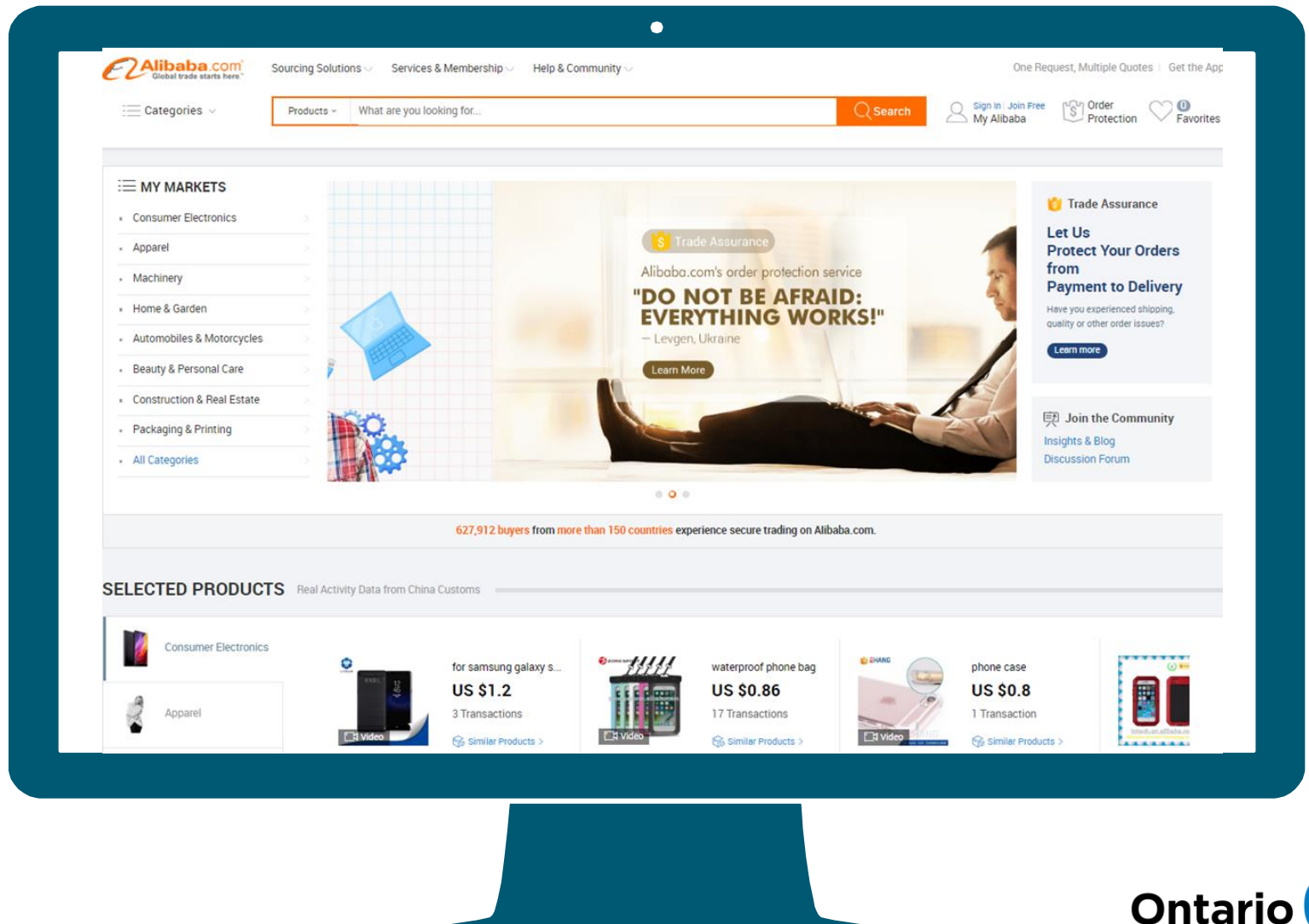
Flipkart

Screenshot



Alibaba

Screenshot



Amazon (USA-Global)

Screenshot

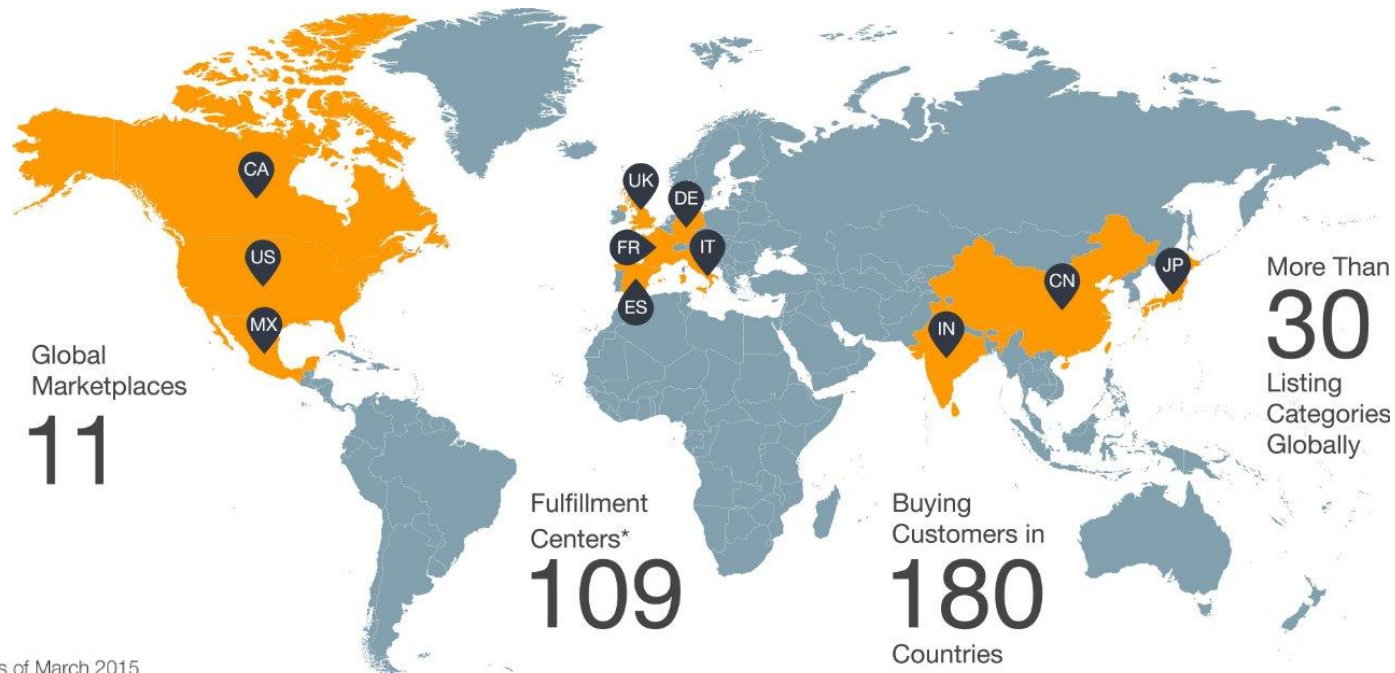


Case Study: Amazon

An example of 3rd party support in Marketplaces

Amazon Fee-Based Services:

- Fulfillment by Amazon
- Amazon Pay
- B2B Selling on “Amazon Business”
- Amazon Service Selling
- Advertise on Amazon



*As of March 2015
Source: Amazon Investor Relations

Amazon:

FBA Basic Product Selling (using your own warehousing or Amazon)

- **Monthly subscription** charges: \$39.99 per month on Amazon.com
 - or **per-item fee** at \$0.99 per item for lower volume sales.
- **Commission fee as a percentage of sale price.** It ranges from 6% to 20% (45% for Amazon devices), but it's usually 15%.
- **Variable closing fees**, depending on product category.
- **Handling and shipping fees**, if order taken on your website and shipped via Amazon.

Amazon:

FBA Basic Product Selling (using your own warehousing or Amazon)

Bottom Line:







- **If you plan to sell on Amazon, then seriously consider Amazon as a fulfillment partner.** They offer advantages like free shipping, returns management and customer service.
- **For multi-channel orders i.e. orders also coming from your own website, the business case for Amazon FBA is less clear, due to additional fees.** If you can pass shipping costs onto customers and already have invested in a customer service solution, then it may be better to ship out of your own warehouse for non-Amazon orders.

Marketplace Customer Expectations:

What do you think your customers expect from your Marketplace presence?



Business to Consumer eCommerce:

Customer Expectations		
<p>Familiar User Interface: Shoppers like the familiarity of the common interface and are attracted to products that stand out.</p> 	<p>Accurate Translations: I appreciate that you have taken the time to respect my language and culture.</p> 	<p>Trusted Payments: Using payment methods that I am used to and trust.</p> 
<p>Timely Shipping: I am willing to wait but there are substitute products that I am willing to try.</p> 	<p>What I See is What I Get: I don't want surprises after waiting for my shipment to be delivered.</p> 	<p>Returns Handling: Not everything works out and make it easy for me to get my money back.</p> 

Marketplaces - What Needs Managing:

Impacts more than just the e-commerce plan

Get started, learn from your mistakes and keep going.

Strategic market entry and selling costs

- Each marketplace requires attention to detail, partnership, testing, and re-work.

Getting found in the crowded marketplace

- Marketplaces have their own search – what is required to make your brand stand out?

Do not overcommit to multiple markets

- Learn how to be successful in one marketplace and then apply that expertise to the next.

Know your competition within the marketplace

- There are many substitute products and services. What do your customers want?

Ensure adherence to quality standards

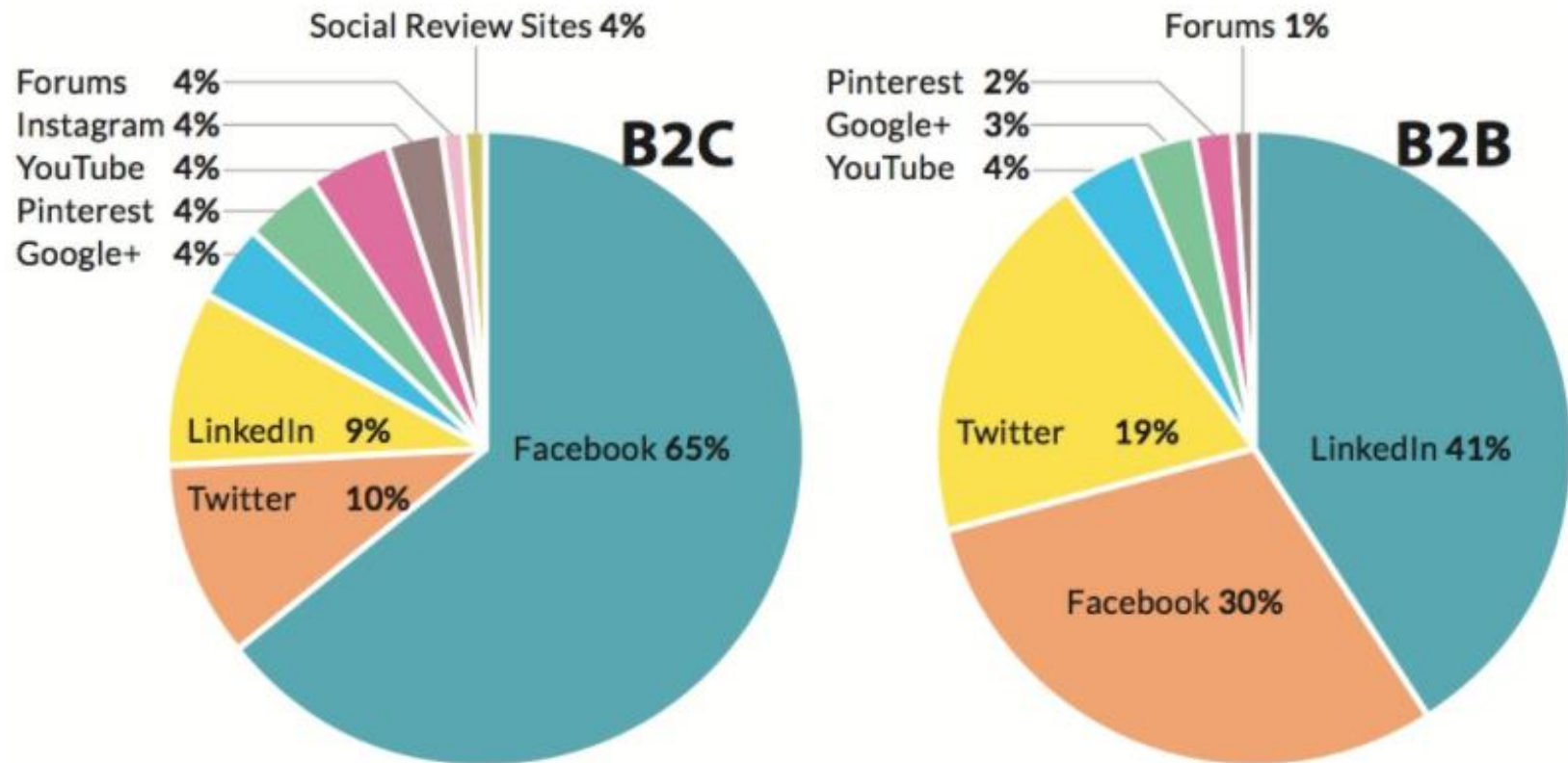
- To avoid delays and negative impacts, find out in advance what the procedures are.

Test and re-test

- Don't assume anything. Test on multiple devices and with different types of login.

■ Importance of social media in e-commerce

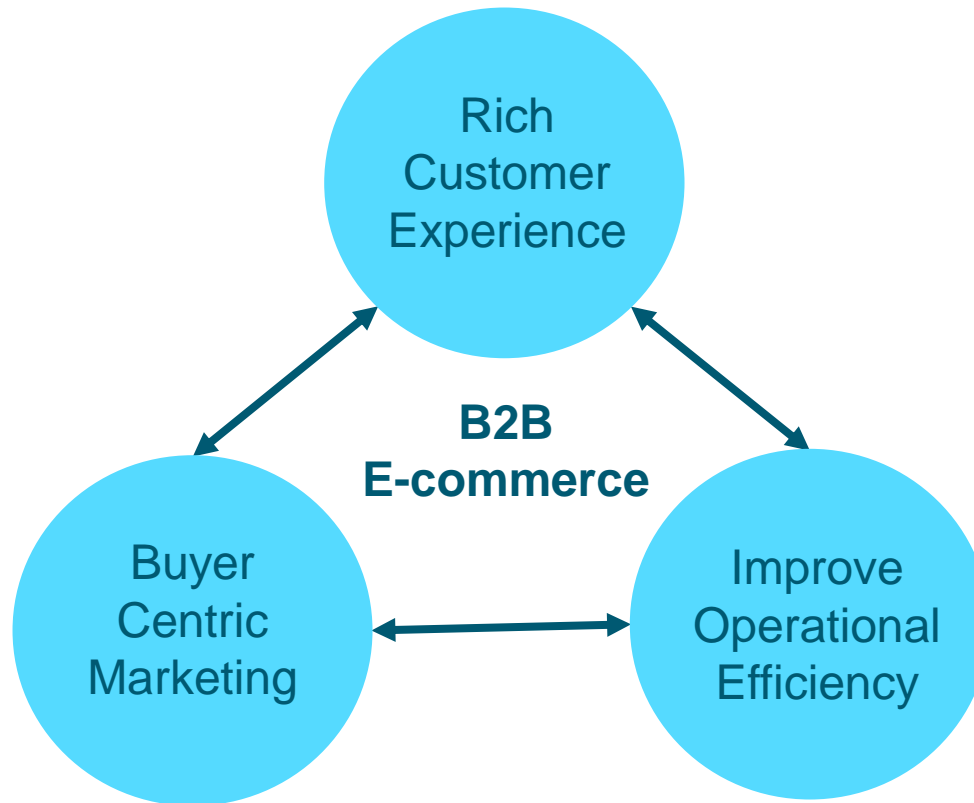
Figure 2.6 – Importance of Social Media to B2B and B2C Marketers



Source: Stelzner, Michael, 2015 Social Media Industry Marketing Report 2015⁵⁵

B2B (Business-to-Business):

Integrated user experience and business systems



■ B2B (Business-to-Business):

What features make B2B different?

- A configurable product catalog
 - Ex. Automotive buyer
- The ability to provide online quotations.
- Split shipping to optimize shipping costs.
- Multiple payment methods
 - Ex. credit card, account and terms
- Interfaces to customers' transaction processing systems

■ B2B (Business-to-Business):

Supply Chain Options:

- ① **Using your own team, facilities and resources:** direct to consumers and businesses.
- ② **B2B to distributors:** who handle logistics of import, distribution and customer payment.
- ③ **Through a marketplace**
- ④ **A combination of the above**

■ Key takeaways

1. E-commerce can ease access to export markets if planned strategically and realistically.
2. Being found online requires as much attention to detail and resources as other marketing activities.
3. The sale transaction is only the beginning of the customer experience.



Thank you!