

# GOING GLOBAL

*Throw your  
online doors  
wide open*



Innovation in connectivity and e-commerce has seen online trading across all parts of the world increase exponentially, bringing with it huge capacity for online merchants to scale up and expand customer reach. In fact, global e-commerce opens up a vast new world of multiplied business opportunities beyond borders.

In this whitepaper, e-payment specialists PPRO assess the challenges and benefits of “going global” and how merchants can put themselves in the best possible position to serve online shoppers everywhere by honouring local cultures and preferences.



# JUMP IN

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*don't get left behind,  
go global*

**N**ew territories are fast joining the list of countries accepting online forms of payment. While the e-commerce market in the EU is growing at a **relatively healthy rate of 13%** a year, many other markets are far outperforming that – which is great news for merchants across the globe.

According to recent reports, the average global e-commerce growth rate is **38%**, with China leading the way, expanding at an impressive **64%** per year, followed by Malaysia at **47%** and Indonesia at **45%**. Saudi Arabia (**43%**) and Russia (**42%**) round out the **top five fastest growing e-commerce regions**.

Such high growth rates show profound evidence for online shopping outside of the core regions you might expect. This makes it all the more important for merchants to ensure their **online presence is enticing and accessible to a wider, global audience**. It's no longer enough to just accept credit card payments. In fact, those regions experiencing high e-commerce growth are seeing this come via alternative payment methods. In China, **57%** of payments are made via e-wallets and only **16%** of the population have a credit card. Compare this to

Hungary in central Europe and only **30%** of those who shop online pay for goods with a credit card, with **60%** preferring cash-based payments.

It is **locally preferred payment methods** that will help merchants to increase customer reach and satisfaction by appealing to a broader, global audience. Indeed, higher conversion rates and less basket abandonment can be attributed to sites offering more familiar and prevalent payment methods to shoppers in particular regions. Taking China as an example, **27%** of consumers shop from overseas retailers with **44%** of those citing the ability to use third-party payment systems as an important consideration when doing so.

Despite the obvious opportunities of adding a global flavour to your online site, there are many perceived barriers which stop merchants taking the steps to make the checkout process as familiar as buying in-territory, through offering alternative payment methods. **Understanding the options and how to overcome the complexities is vital for merchants to pick-up their share of an expanding, global e-commerce market.**

## WHY ARE YOU STILL HESITATING?

Despite the undoubted advantages, many e-commerce operators have still not gone global in any meaningful sense. While in theory they may sell and ship goods and services to other countries, their sites and businesses are **not yet optimised** to make this happen.

Providing goods and services to new customers in diverse markets is, without a doubt, challenging. It requires careful investigation and planning; there may be language barriers, logistical issues, regulatory and legal matters to consider. **Cultural insight and market know-how is absolutely essential.** For example, in Germany it is mandatory for e-sellers to give specific details of

their business on their e-commerce site, whereas other countries have no such demand, or different requirements. In one country some goods and services may be available to people of 16 years and older, whereas in another country the legal age for purchase may be 18 or 21. Tax and customs regulations can also cause headaches initially, as can the need to provide comprehensive customer support in several languages and for various cultures. Sales techniques, advertising and packaging may all need attention to meet diverse cultural expectations.

**Of course, vendors must provide preferred payment methods for all customers, no matter where they are from, to improve cross-border trade conversion rates.**

Despite this understandable reticence, statistics suggest that in an increasingly global online marketplace, businesses have little choice but to go global if they are to thrive. A 2015 study of 9,006 consumers and 34 small and medium sized businesses with international e-commerce operations, conducted on behalf of logistics giant FedEx, found that a striking **82%** of global respondents had made a cross-border purchase online. Furthermore, it valued global e-commerce revenues at **around USD\$1 trillion** and predicted these will rise exponentially over the next few years.

Clearly, these are statistics that **no business can ignore**. Many online retailers simply must go global, or risk being left behind. Yet once that decision has been made, many vendors find themselves asking, “where do I start?” This is often because retailers do not know exactly which markets are relevant to them, where their potential customers are, how they prefer to pay, or anything about global and alternative payment options in general.

For many vendors, their understanding may be limited to the services usually offered in their own country, such as credit card payments.

# SUCH INSULARITY CAN BE A RISK FOR AN EXPANDING BUSINESS.

For example, in the UK, online payments made by credit card is commonplace, but this is not the case for consumers in nearby Poland, far fewer of whom have credit cards and payments by bank transfer is the norm. For international vendors it is important to get **objective, expert third-party support** with alternative payment provision by their Payment Service Provider (PSP).

A similar situation exists with regard to the technical provision of international online sales, such as integration, maintenance and processing procedures – it is relatively unusual for sufficient expertise to be held in-house, but **such expertise is crucial and must be secured**, usually from the PSP.

For many online merchants, however, the most daunting challenges lie in the commercial and regulatory barriers to global trading. Dealing with a range of carefully targeted payment methods may be great for business, but it can be hard to administer, reconcile and report appropriately without some very knowledgeable support. In some cases, alternative payment provision requires local banks to provide appropriate services; payments in various currencies must be collected and reconciled; refund processes may vary and not all payment methods permit them. Some countries, such as China and India, apply currency restrictions. Some industries, including financial services and gambling, can be subject to a plethora of regulation and legislation, varying widely by country and region. All of this must come before the language barriers and the challenges of reporting and aggregating sales are even

considered – no wonder some e-commerce providers are daunted. The **good news** is that if those providers choose their commercial partners appropriately, these problems can be overcome.



# YOUR

## 10-STEP GUIDE

### TO GOING GLOBAL

Given the barriers identified above and acknowledging the benefits of working with a third-party expert, here is a **checklist for businesses** looking to go global, successfully:

**1 Assess the cross-border market opportunities.** While doing this, also consider the barriers to trade in the areas that interest you, making sure the benefits outweigh the costs. Some high-growth markets such as Vietnam and Poland might be relevant for your business yet not immediately apparent when considering the potential scale of expanding cross-border.

**2 Identify your potential customers, carefully.** This matters not only in terms of what you sell and to whom, but also in terms of payment preferences. Online casinos will not go for credit cards due to fraud potential, while travel websites need to offer customers the option to pay via credit card. Sales are linked to the provision of appropriate payment methods – and payment behaviour varies by demographic just as purchasing behaviour does. In many cultures, younger people are more likely to use non-traditional payment methods, but if your market is primarily older, this may not be relevant to you. Do your research by considering all important marketing segments before you begin to trade.



**3 Plan your marketing strategy.** If you are new to a region, you absolutely must raise your profile there. Consider your target market carefully. A German national buying furniture online would, for instance, rather not pay for a new sofa in advance, but wait for delivery and then pay directly from their account. Think about your target market behaviour and how you can reach them most successfully. Or find a knowledgeable local marketing partner to support with promoting your business.

**4 Plan your market entry.** As you research marketing, consider also the best format in which to enter new regions. Do you need a partner to begin with, for example selling via an online market place, an auction site or established local vendors. If so, for how long? Or can you go it alone from the start?

**5 Consider your positioning in terms of current and potential markets.** Your current market may be dominated by one or two big names, but if you enter an emerging market with a carefully tailored and localised offering, you could grab a large slice of that niche before others do.

**6 For payment formats, decide how much risk you are happy with.** Some payment methods may be convenient for customers, but carry a greater burden of chargeback/refund risk or other cost to the vendor. Such risk can often be mitigated, for example by offering riskier forms of payment, such as SEPA direct debits, only for goods below a certain value or to trusted customers. So-called 'push payments', which are proactively sent by the client, are less risky in terms of chargeback but their use must be balanced with local preferences. Examples of push payment include giro pay in Germany and iDEAL in the Netherlands.

**7 Optimise your e-commerce site to cater for local needs.** Specifically, make sure that customers in a given location are offered only the products and payment methods relevant to that location, in a regionally-appropriate format. There are several ways of doing this, including region-specific websites and identification of site visitors by location

(e.g. according to their IP address) which then dictate the pages and payment options served. You should offer each visitor at least three, or ideally around six, of the payment options most popular in their location, to maximise your chances of making a sale.

**8 Do not leave it too late.** Online retailers wanting to take a share of emerging markets need to act now, while the trend towards internationalisation is in its infancy and market niches are free.

**9 Compliance matters.** As a business, you must comply with the legal, financial, customs and other regulations of the markets you trade in, which means that you must also keep abreast of and respond to changes in a timely fashion. This generally demands external expertise, particularly as the penalties for non-compliance can be extremely tough.

**10 Carefully select appropriate third-party support.** This is particularly important in terms of the commercial barriers mentioned above; the provision of alternative payment methods is, of course, closely linked to financial reporting and compliance, and all are fundamental to the success of your business. Very few retailers will have sufficient expertise in-house to manage all of these matters optimally, so you are almost certainly going to need professional partners who can.

# DO IT RIGHT, DO IT NOW

There is no doubt that e-commerce is flourishing, with purchasers becoming increasingly fascinated with more and more choice and new companies moving swiftly into global markets. **This is a period of opportunity that will not last indefinitely** – first impressions last and it gives you the chance to convince consumers before the markets get flooded with competition.

As we have seen, customers around the world favour payment options that they know and trust. These vary widely according to location and demographic; a payment form that may seem alternative to you will be completely normal to many of your potential customers. If you fail to provide appropriate payment services that is relevant to the local market and culture, many customers will simply find an alternative retailer that does – the increasingly global market gives them many more to choose from, just as it gives you the potential for more sales.

# THE CHOICE IS YOURS.

Know the difference between your Bancontact and eNETS or find a partner who does. It is not merely sensible, it can multiply your bottom line. Offer the right payment option to the right target market. Win new customers and build new revenue streams. Reduce cart abandonment and increase conversions across many regions. There's never been a better time to realise the rewards of global success.

ABOUT PPRO

**At PPRO** we help people pay and get paid. We enable consumers, corporates and our payment industry partners.

**Everywhere,  
every minute,  
every way  
that people prefer to pay.**

PPRO reduces the complexity of international e-commerce payments by acquiring, collecting and processing an extensive range of alternative payment methods for PSPs and financial institutions under one contract, through one platform and one single integration.

As a solution provider selling indirectly through industry partners, the PPRO Group specialises in crossborder e-payments and e-money, working with PSPs and financial institutions such as acquirers to help them offer a vast range of alternative payment options to their merchant customers.

The PPRO Group offers local and international payment methods across more than 100 countries, allowing clients of PSPs and financial institutions to expand their e-commerce reach, arrange hassle-free collection and achieve higher conversion rates.

In addition, the PPRO Group offers e-money accounts that come with products and features such as prepaid cards and IBAN.

**For global e-commerce and market information that meets your needs, just get in touch with us at the PPRO Group:**

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