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EU ECOMMERCE BEYOND EU BORDERS

Assessing EU companies' readiness
for global success



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ASSESSING EU COMPANIES' READINESS FOR GLOBAL SUCCESS

Technology has made it possible for anyone anywhere to quickly set up and grow their ecommerce business. This transformative potential and speed-to-market has disrupted global economies, made new market leaders, and seen off slow-to-adapt incumbents. In turn, customer experiences and expectations are evolving faster than ever.

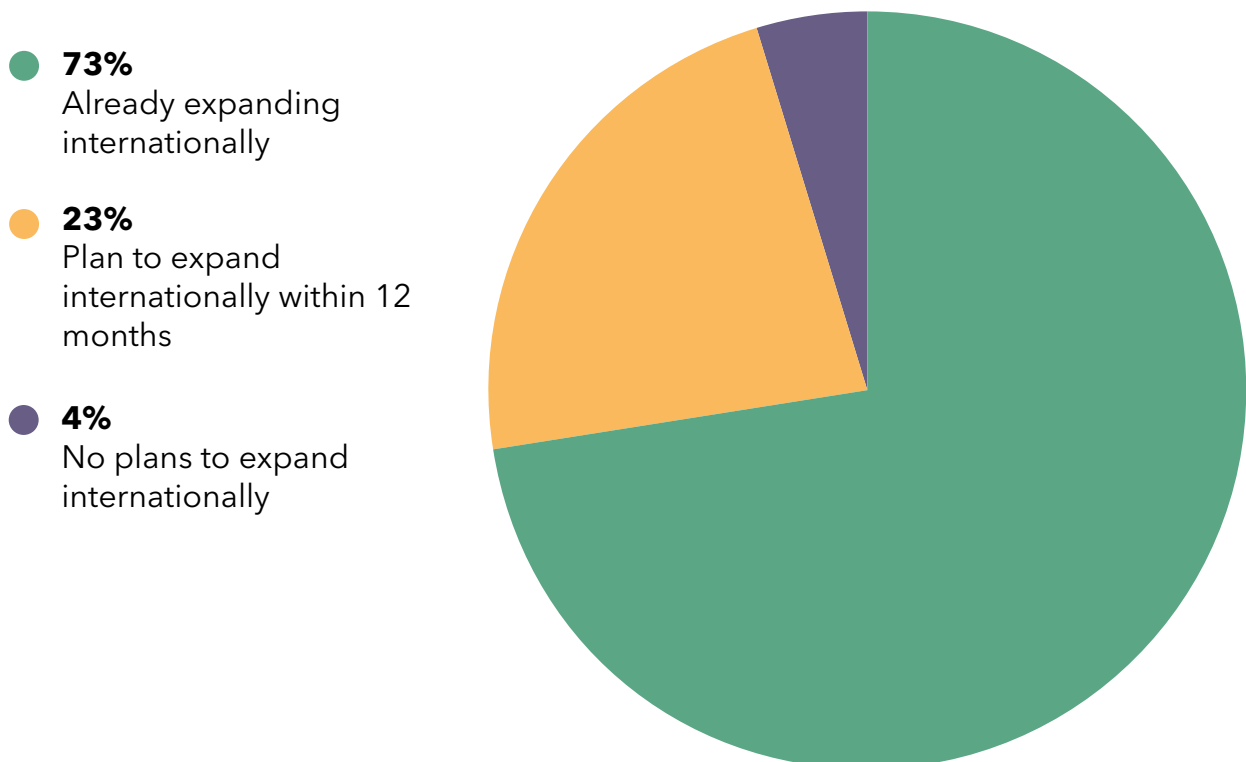
This report lifts the lid on what's needed to succeed in this new environment. Inside you'll find the views of senior ecommerce executives from across the EU, sharing their expertise on strategic approaches, perceived challenges, and the technology needed for ecommerce success.

Key findings

- Asia Pacific is the top region for expansion strategies
- Compliance and localisation are the top challenges to international expansion
- Just 54% are satisfied with their current commerce platform with 46% planning to replatform within 12 months

What best describes your current international ecommerce strategy?

The results are resounding - EU companies are overwhelmingly engaged in international expansion. A total of 96% respondents say they're either already expanding (73%) or planning to expand within 12 months (23%). Naturally, with increased expansion comes increased competition. In this race to expand, EU ecommerce brands face a crucial balancing act - between strategies for expanding successfully, and strategies for competing successfully.

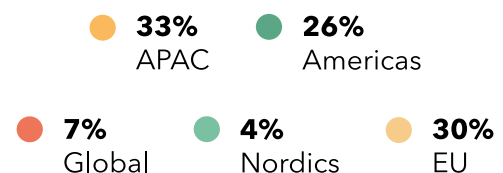
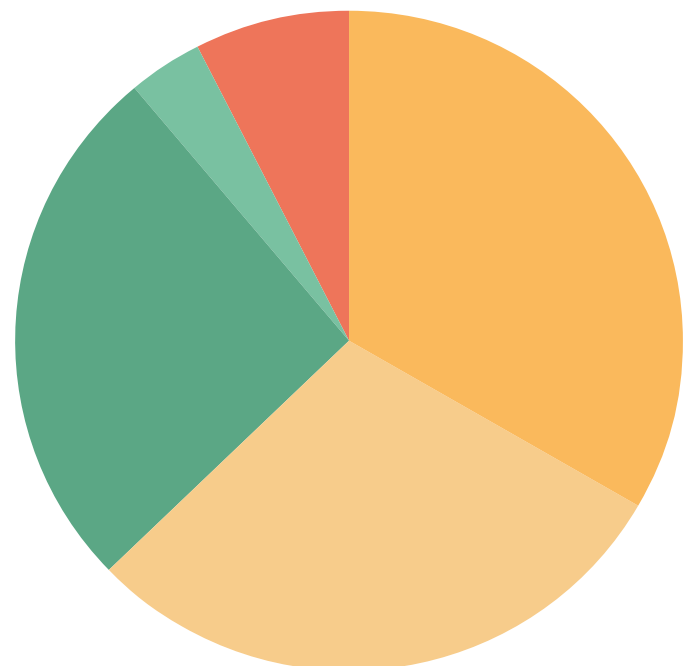


What are the top countries you want to expand into outside of your own?

The proportion of consumers shopping online is the highest in mature European ecommerce markets. Combine this trend with the EU's Digital Single Market regulation, and EU businesses have a firm foundation for growth among neighbouring countries. This mix (highlighted in this [ceo. digital infographic](#)¹) is why European countries feature highly in these results. It's also significant that Asia-Pacific features highly. China and India, both 1 billion+ populations, obviously offer plenty of ecommerce opportunities and challenges.

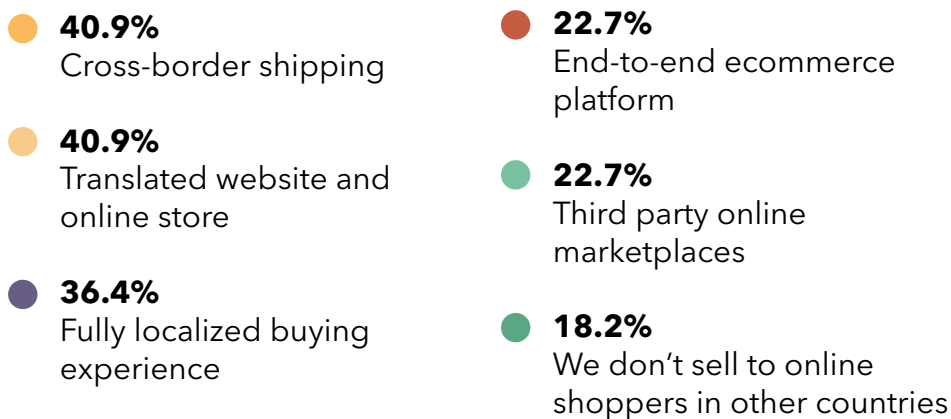
"The Chinese online retail market will be more than double the size of the US market, which will reach USD 713 billion in 2022, and ten times larger than Japan, at USD 159 billion. In 2022, China's online retail market is expected to hit USD 1.8 trillion."

*Forrester*²



How are you selling to online shoppers in other countries?

EU ecommerce appears to be well integrated from a cultural perspective with translation and localisation together registering the most votes among respondents. And yes, it helps to have a common parliament, currency, and geography. However, there's a significant gap between these three culture-focused elements and the next tech-focused answer - an end-to-end commerce platform. This suggests bridging culture with technology remains a challenge for EU companies. However, selling in global markets requires a platform that successfully integrates these two elements.



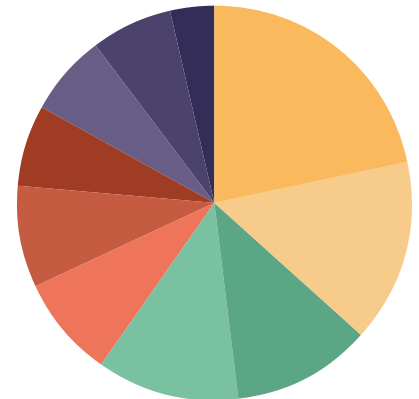
Respondents could select more than one answer.

“China and the US are the most popular cross-border destinations for global shoppers. Western European markets are the next most popular, along with Japan.”

PayPal³

What do you see as the top challenges related to international ecommerce expansion?

While compliance leads the way, there's a common thread among the top 4 answers: localisation. At the heart of this is customer experience - the 'new battleground' as highlighted by [Gartner⁴](https://www.gartner.com/en/customer-service-support/insights/effortless-experience) among many others. Of course, it's not merely a case of translating websites. Particularly for those wanting to expand into non-EU markets, where everything - **content, promotions, pricing, payments and products** - needs to be adapted **for specific audiences**. The solution lies in identifying a platform that can support EU companies to ensure compliance, while also delivering



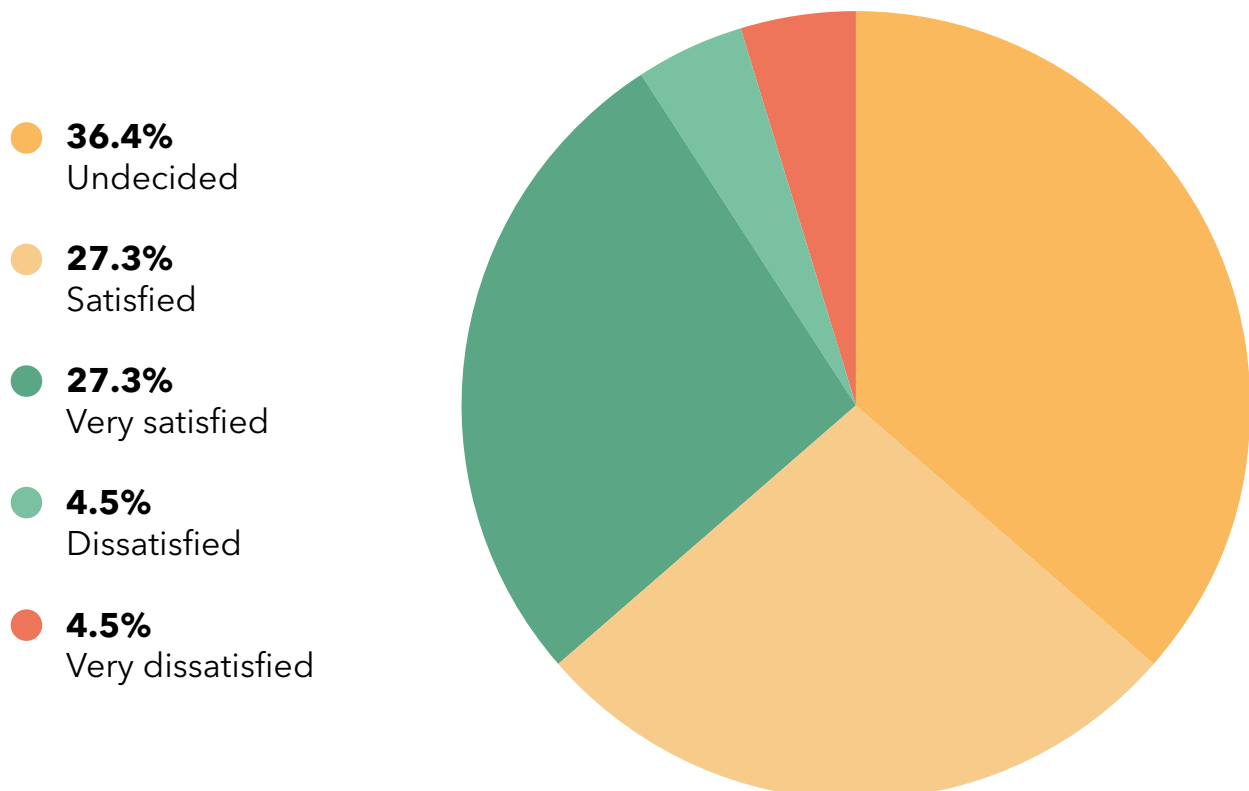
Respondents could select more than one answer.

“Localisation can take a number of forms, but overall, brands need to demonstrate a cultural understanding and awareness of the nuances facing consumers in that market.”

*Digital River*⁵

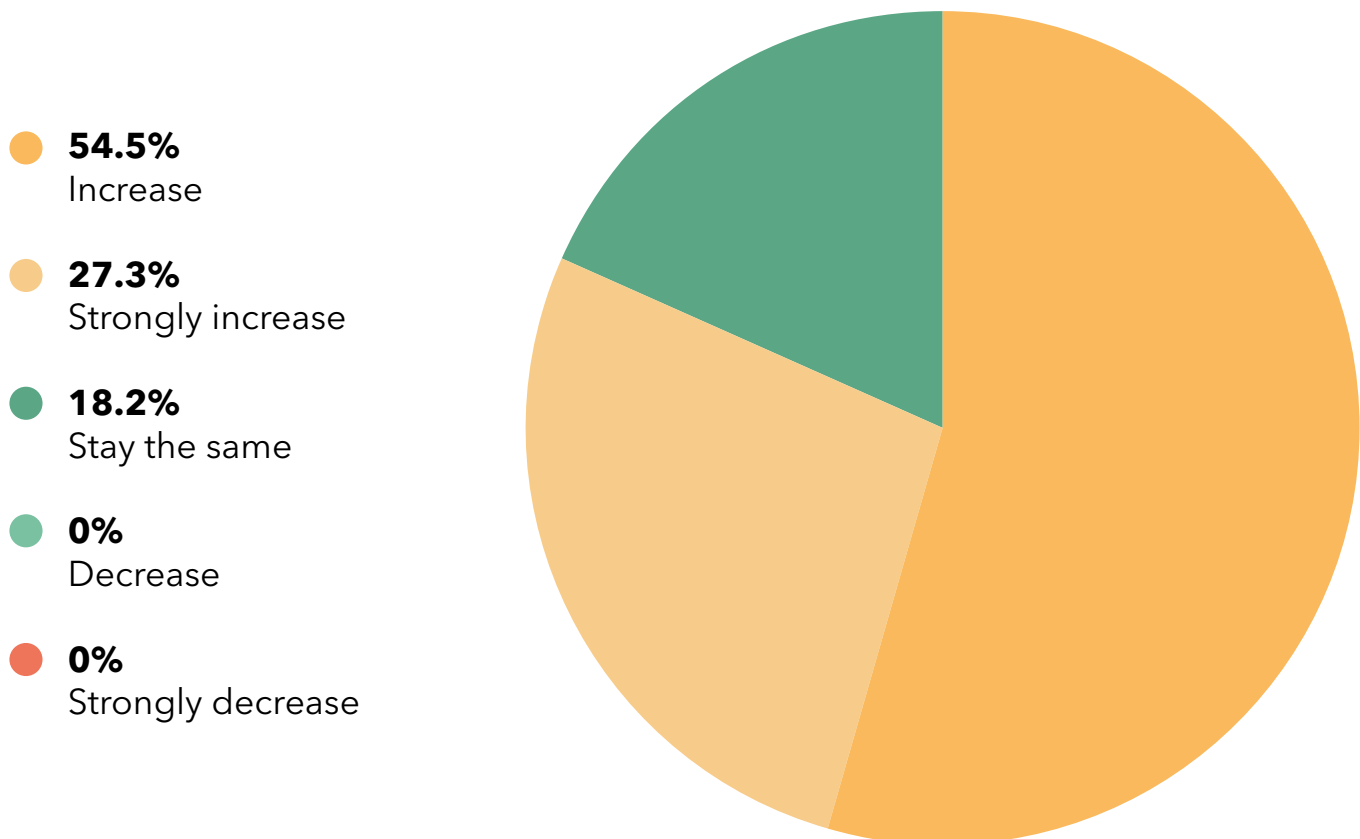
How satisfied are you with your current ecommerce platform?

Almost half (46%) respondents are either dissatisfied or undecided about their current platform. Given that expansion is seen as critical by 96% of respondents in Question 1, these findings show that there is plenty of work to be done around digital transformation. Legacy systems are a hurdle in pretty much every industry. However, consumers want to have instant interaction with the brands and their expectations are increasing exponentially. As a result, ecommerce companies face a race against time to adapt.



How do you expect your ecommerce expansion budget to change over the next 12 months?

The vast majority (82%) expect budgets to strongly increase (27%) or increase (55%). This growth mirrors global ecommerce spending trends, almost universally predicted to rise at least for the next few years. For ecommerce leaders, the big question is where to invest. For example in APAC, mobile payments lead the way (in China the top payment providers are apps rather than banks). In turn, catering for this demand will require new approaches to international security and privacy requirements.



Online retail sales will grow at an average of 11.9% per year over the next five years in Western Europe. Italy and Spain will see the fastest online sales growth. By 2022, 21% of non-grocery retail sales will be online"

Forrester⁶

"Online commerce will continue to expand with speed through 2022, growing at more than six times the rate of in-store sales"

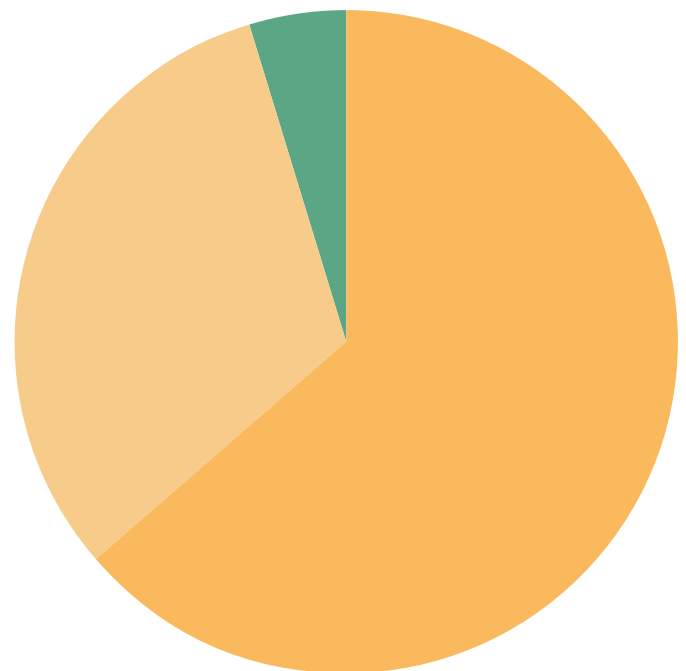
451 research⁷

Which ecommerce platforms do you plan to invest in the next 12 months?

Brands can't afford to ignore ecommerce giants like Amazon. However, direct-to-consumer (D2C) offers the most effective route to consumers - as borne out by the fact that D2C is the preferred choice for almost two-in-three (64%). The key to D2C success is making things seamless, helping build customer loyalty and taking advantage of the fast-growing subscription economy ([expected to grow 72% by 2022⁸](#)).

"Your direct to consumer channel is your most strategic route to market, reducing your reliance on retailers and giving you complete control over every stage of the shopper journey."

[Digital River⁹](#)



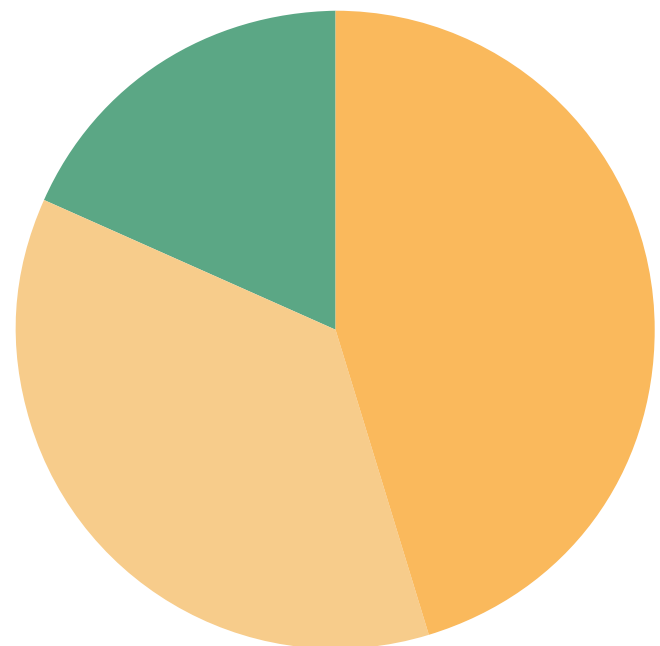
- **64%**
Direct-to-consumer channels
- **32%**
Both
- **4%**
Amazon Marketplaces

When are you planning to replatform your ecommerce solution?

Almost half (46%) are planning to replatform their ecommerce solution within 12 months. This is wise, given the pace of change, competition and disruption. The question is how to replatform in a way that minimises organisational downtime, while - perhaps most importantly - ensuring readiness for the future. Many ecommerce operations are still working out how to harness big data and omnichannel. Throw in the rise in voice assistants, IoT, and other AI innovations, and ecommerce leaders face some business-defining questions.

Retail CIOs are investing in analytics for both near-term benefits like decision making and to prepare for innovations such as smart machines, AI and augmented reality – all of which will require robust datasets.”

*Gartner*¹⁰



- **46%**
Within the next 12 months
- **36%**
We have no plans to replatform
- **18%**
Within the next 13-36 months

CONCLUSION

The findings show that going global is no longer seen as a 'nice to have' – it's a 'must have'. The appetite for expansion is clearly there – budgets are increasing while strategies are focused on going beyond borders. However, there's also concerns around the technology required to underpin – and sustain – success.

Solving this technological challenge is crucial for successful ecommerce expansion. Particularly given that respondents' main challenges are around compliance and localisation – issues that won't be solved by a simple one-size-fits-all solution. Specific regions require specific approaches that are easily scaled and customised.

Looking ahead, the rise of AI and the subscription economy means that ecommerce is set to become even more connected and smart. For EU companies to succeed in this ever-evolving era, transforming their technology has to be top priority.

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About the survey

For this report, produced in partnership with Digital River, ceo.digital contacted a select group of C-level, Heads and Directors, during Sep 2018-Jan 2019.

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