

E-info

A global view for online sellers

WINTER
2015/16

HANDMADE IN HEAVEN?

THE NEXT BIG THING FROM AMAZON

TAKE THE PLUNGE

SETTING UP YOUR BUSINESS IN 2016

SOMETHING NEW?

MARKETPLACES YOU MIGHT NOT KNOW ABOUT

ENGINEER SUCCESS

A LOW RISK GROWTH STRATEGY FOR 2016

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Welcome.

The Christmas rush is now behind us, and – hopefully – where online sellers were looking at warehouses brimming with goods a month or two ago, those same warehouses are now looking a whole lot emptier following a successful and profitable Christmas period.

After the busiest time of the year, it's natural that you might want to take a break. But we all know it doesn't really work like that, and now all eyes are on 2016 and what it holds for us.

In this edition of E-info, we hear from a number of e-Commerce experts, and get their insight on the sort of things that online sellers can expect in 2016 and what they should be looking out for.

There's also advice for those starting their online business in 2016, we'll get the opinions of an economist regarding the effects of a slowdown in China on retailers everywhere, plus we'll showcase some of the marketplaces you may not be aware of.

It's worth pointing out that the views given in this magazine are those of the individual authors, and not those of World First.

Wishing you a successful 2016.

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My advice – just get on with it!

Rather than focusing on the negative things that could happen when you set up your online business, **Dave Furness** says be positive and take the plunge!

If you're looking to start up an online business in 2016, my advice would be to just do it. Too many people get hung up on worrying about what might happen, but if you never try you'll never know. Keep the fundamentals in mind, so products, pricing and processes are key to success. Also build your processes and systems for the business you see yourself being in two to five years' time, as this will stop you reaching any glass ceilings too quickly.

If you are just starting out in 2016, there are plenty of things you can do now to get ready for the new year. Research! Look at what people are doing in your category now, what mistakes are they making, opportunities are they missing that you can capitalise on? Where are the gaps in the market that you can exploit, giving yourself a competitive advantage? In fact, all of these questions are applicable whether you're just starting or if you've been in business for years.

It has never been more important for sellers to innovate within their product ranges.

In 2016, the main issues I see online sellers having consistently regards the profit of the business. Keeping an eye on marketplace fees, marketing fees, cost prices and currencies are all crucial for online sellers to remain in the black. Nothing kills a business quicker than no cash flow.

For online sellers looking to grow their business in 2016, as competition increases in the online space, it has never been more important for sellers to innovate within their product ranges. The opportunities in bundling together products and entering the market with unique products are huge when more and more sellers are trying to stand out from the crowd. If you sell in one region such as the UK, look to expand to other English speaking countries first, USA and Australia. The language barrier doesn't become an issue in product descriptions and customer service. If you do that already then it's time to branch out and look at opportunities in foreign speaking countries where there is highest demand for your product range.

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DIY days are over?

Carlo Silva explains the increasing popularity of outsourcing for online businesses, as well as looking ahead at some of the other issues to look out for in 2016.

For online sellers, outsourcing is starting to become an accepted practice in the Western world, compared to a few years ago. If you decide to outsource, make sure you look for a reliable partner that will grow with your business. The Philippines is a great country to outsource for things like listings, content, data entry, customer support, design, web development, marketing and SEO. India is known for IT and programming.

Some of the largest eCommerce businesses have been outsourcing for decades, which has enabled them to save money on labour costs and have thousands of employees in other countries. Perhaps if your online business is of a certain size, perhaps next year will be the year you choose to start outsourcing some parts of your business.

The main issues for retailers to look out for in 2016 concern logistics and global competition. Uber, Grab Taxi, Amazon and other “technology based logistic” companies are popping up all over the world to increase the speed of delivery for consumers worldwide. This means that if you’re not offering this service to your customers you might be left in the dust. Another issue sellers should watch out for is more competition from sellers outside out of their home country (ex. China and South East Asian countries). More and more sellers globally are beginning to sell into other markets to get a piece of the global eCommerce pie.

Online sellers can grow their business by keeping up with the market trends

Online sellers can grow their business in 2016 by keeping up with the market trends and selling innovative products. Build your brand and get into cross-border sales. If you really want to grow your business, you need to get into cross-border trading into other markets. If you’re a US seller, sell into the UK or vice versa. If you find yourself having not enough time to focus on growing your business, since you’re “working too much in the business” instead of “on the business”, I highly suggest you start building a virtual team to help you with those tedious or repetitive tasks so you can grow your business to the next level. Building a virtual team will take a few months since you’ll still need to train your staff, so the sooner you start the sooner you can grow!

Carlo Silva is the founder of 2nd Office Inc, and runs the multichannelselling.com blog.

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Beyond eBay and Amazon: 10 international marketplaces to master

It's not all about eBay and Amazon, as **David Trumper** explores some marketplaces off the beaten track.

Two names dominate global ecommerce – Amazon and eBay – so it's no surprise that most people start their journey as an online seller on one or the other. But while most roads may lead to Amazon and eBay, they needn't necessarily end there.

Expanding to new marketplaces continues to be one of the safest and quickest ways to scale your online business and access new international markets, so here are ten more to master...



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Cdiscount.com

Cdiscount is France's largest online retailer. Launched in 2011, its marketplace has grown remarkably and now has more than 11.1 million product offerings from almost 5,400 vendor partners.

Markets you can access:

France, Belgium, Colombia, Ivory Coast, Ecuador, Thailand, Vietnam, Senegal, Brazil, Cameroon, Panama



Newegg

Newegg is a technology marketplace that attracts clued-up, savvy customers who know exactly what they're looking for. If you're selling the right product at a competitive price, this knowledgeable audience will buy. Newegg is well known for its low rates of commission too.

Markets you can access:

USA, Canada, China, Taiwan



PriceMinister

PriceMinister is the second most-visited e-Commerce site in France. It claims more than 7.5 million unique visitors a month and is home to a wide variety of products, including books, video games, clothing, home and food.

Markets you can access: France

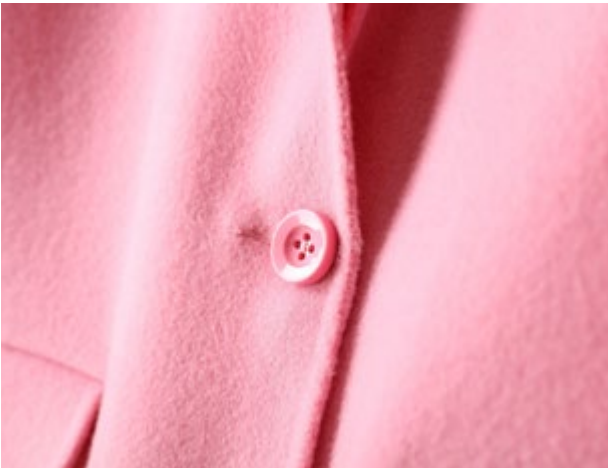


Wish.com

Wish.com is US based and has between 30 and 50 million users. At 15%, the transaction fee for merchants is high, but the scale of the operation seems to be enough to keep retailers selling on the site.

Markets you can access:

China, North America, South America, UK, Europe, pretty much anywhere!



Rakuten

Founded in Japan in 1999, the purchase of Play.com helped Rakuten to expand globally and establish a strong presence outside of its trading heartland of Japan. With Rakuten, it's easy to sell your products to consumers based in the UK, continental Europe and elsewhere through their dedicated regional websites.

Markets you can access:

France (PriceMinister), UK, Germany, Brazil, Malaysia, Indonesia, Japan, Singapore, Spain, Taiwan, Thailand (Tarad).



Pixmania

Founded in 2000, Pixmania is a French-based e-commerce website which promotes a wide variety of products – such as camera, camcorders, TV, home cinema, appliances, etc. – and gets around 40 million unique visitors a month. Your monthly subscription fee depends on the number of countries you're selling in – the more countries you sell in, the bigger the fee.

Markets you can access:

UK, Belgium, Denmark, Germany, Spain, France, Italy, Republic of Ireland, Netherlands, Norway, Poland, Portugal, Finland, Sweden



Rue du Commerce

Another French e-commerce site featuring products as wide ranging as fashion, electronics, tech, home, garden, DIY and fashion. The site attracts around 8 million visitors per month, and with 3 million products on sale, there's a lot for them to look at!

Markets you can access:

France, Spain



BestBuy

An established name in retail, BestBuy is a relative newcomer to the world of online marketplaces but already has tens of millions of unique views each month. It's something of a dream for technology and electronics enthusiasts as it features laptops, cameras, mobiles and tablets, printers, TVs, hi-fi equipment and more.

Markets you can access:

France, Belgium, Colombia, Ivory Coast, Ecuador, Thailand, Vietnam, Senegal, Brazil, Cameroon, Panama



SHOP.CA

SHOP.CA is one of Canada's largest e-commerce destinations and fastest growing retailers. SHOP.CA's average consumer has a higher than average income, is more likely to buy online than the average, and repeatedly shops at trusted locations. They're a loyal bunch.

Markets you can access:

Canada



FNAC

FNAC is one of France's leading high-street retailers specialising in audio, books, CDs, DVDs, games, photography and ticket sales. FNAC shops are also found in other European countries and its Europe-wide marketplace also serves customers in places as far flung as Morocco and Brazil.

Markets you can access:

France, Belgium, Brazil, Italy, Spain, Switzerland, Monaco, Morocco, Portugal.



Think tech in 2016

Stuart Rivett says the key challenges for retailers in 2016 will be how to respond adeptly to the barrage of new technologies that are emerging, while keeping up with the rapid changes in consumer behaviour.

Online sellers should have three key issues on their radar going into 2016: omnichannel retailing, delivery options and import duty charges.

Consumers are increasingly using more than one device for online purchases. A recent report by Forrester estimated that 46% of all European online sales will come from mobile by 2018. Retailers need to ensure they provide a seamless experience for their customers across mobile, tablet and PC. Having a consistent interface that is easy to use is paramount as consumers look to browse and purchase online wherever and whenever they please.

Consumers are also busy people and sellers should have solutions in place that facilitate this lifestyle. Online retailers need to ensure they have flexible delivery solutions in place moving into 2016. Lastly, businesses must be aware of import charges. Sellers sending goods outside of the EU need to be aware of import duty thresholds within the countries they sell into. Consumers do not like to receive any unexpected import charges so transparency here is key to maintaining customer loyalty.

There are some big opportunities for online sellers in 2016. Findings from a recent survey conducted across the major European markets suggest that only 13% of consumers are not confident in purchasing products from other EU countries. This suggests massive opportunities for UK online retailers to sell into the European marketplace. The biggest barrier to these consumers, however, is potentially higher delivery costs.

Still untapped by many international ecommerce retailers, Italy is suggesting average ecommerce growth rates between 17 and 20 per cent higher than most established markets. A combination of improving internet penetration (the government is promising a €6bn investment into the country's broadband services) and consumer confidence means that Italy is a market to watch.

Our own research revealed recently that 62% of Italian shoppers expect to increase their online spending and decrease offline in the next two years. This is compared to the likes of Belgium and Switzerland, where the percentage is only 35% and 31% respectively.

Stuart Rivett is the Managing Director at B2C Europe.

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Feeling the Chinese burn

In 2016, all eyes will be on the Chinese economy. Economist **Jeremy Cook** explores the possible impact of slowing growth in China on online sellers.

Economists started 2015 predicting that the Federal Reserve would be the main agent of economic change in 2015. It stood to reason that the US central bank – the most important in the world – starting to raise interest rates and roll back the crisis-proofing of the world economy would be an important sea change for the world economy.

As online retail becomes a norm, the outlook will only improve for those in the ecommerce sector.

Then August 11th happened. The devaluation of the Chinese yuan alongside similar falls in Korea, Indonesia and Vietnam stopped the optimism in its tracks. Market panic picked up as falling global demand, issues of oversupply in commodities and capital and the belief that the Chinese government would miss its 7% growth target pressured international trade from multinationals to etailers.

The ensuing collapse in emerging market stocks, worries over tit-for-tat currency war type retaliations and competitive devaluation – where countries compete against each other to achieve a lower exchange rate for their own currency, pushing down the price of exports – have not caused the global recovery to stumble and fall but it has certainly checked its step, and this has given those etailers selling overseas something to think about.

As we move into 2016 it will be the ability of the Chinese authorities to stabilise economic growth in the coming quarters that will shape the global outlook. China at the moment is feeling the blowback of years of investment driven growth with industries chock full of factories that are underproductive, a housing sector with a significant stock overhang and ensuing high debt levels in local government and corporate balance sheets.

As this slows and consumption within the Chinese economy fails to make up the difference, then a natural compression on growth is likely to take place. I believe that the People's Bank of China will cut interest rates, while Beijing will continue its recent fiscal stimulus by cutting taxes on consumption although they need all the revenue they can get given local and municipal debt levels.

China's bid to reform its economy is playing right into the hands of etailers in the coming years and decades. China has built its economy on low value, high volume manufacturing and exporting and is seeking to move this towards more highly specialised manufacturing and consumption in the future. As the Chinese middle class evolves and online retail becomes a norm, the outlook will only improve for those in the ecommerce sector.

In the meantime, I expect a further, gradual weakening of the yuan. For those e-tailers banking on additional demand as we head into 2016 I am expecting that additional yuan weakness into 2016 will make their wares more attractive.

Jeremy Cook is the chief economist at World First. You can read his daily thoughts on the economy [by signing up to his morning update.](#)



Engineering success

Many online retailers are of the opinion that international growth is too expensive and complicated, but according to Fraser Harper, it is simple to reverse-engineer a low risk international growth strategy in 2016.

Where to grow your business: 5 steps to help you decide

1) VAT

All sales outside the EU do not attract VAT from HM Revenue & Customs. So a £100 sale in the UK would net a business £83.33 after VAT, thus leaving an additional £16.67 for shipping, translation and duty costs if a UK business makes a sale outside the EU.

2) Identify Duty Free Zones

Hong Kong is duty free, Australia has a A\$1,000 duty free threshold for consumer purchases, USA is \$200 and South Korea is £7,000. These are all well-developed e-commerce countries.

3) Identify cheap shipping lanes

Some countries are cheaper to ship to than the UK and others are much cheaper than retailers often think (see page 11).

4) Use Google Market Finder, Amazon and eBay analytic software

...or the international daily deal sites to establish the demand and competition in each country and see if they are relevant to your product offering.

5) Financial Appraisal

Assuming that there is demand for your product in one of the countries which you have researched, then as long as the following formula is positive, it make complete sense to launch a “low risk” sales strategy in that country.

VAT BENEFIT (minus) TRANSLATION COSTS (minus) SHIPPING (minus) DUTY = POSITIVE

These five simple steps can establish very quickly whether there is logic and demand to export to new countries.

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SHIPPING COSTS FROM THE UK

SAMPLE PRICES FROM E-GISTICS (PART TRACKED PKTS)

	100g	200g	500g	1kg
Netherlands	£0.48 	£0.64 	£1.00 	£1.55 
Spain	£0.49 	£0.72 	£1.52 	£2.73 
USA	£0.85 	£1.31 	£2.63 	£4.80 
Australia	£1.39 	£2.17 	£4.50 	£8.11 
Hong Kong	£0.84 	£1.30 	£2.70 	£4.70 
South Korea	£0.89 	£1.35 	£2.65 	£4.78 

HANDMADE IN HEAVEN?

Lauren Carter talks about what's new on Amazon in 2016, including their next big thing.

Amazon Handmade has been described as a rival to Etsy, giving sellers a place to sell their handmade unique products, and it's just launched. So for anyone who is currently selling on Etsy, it's certainly worth keeping an eye on the growth of Handmade. It could be huge and it might be worth getting on board. Some people are concerned this will be the death of Etsy and you need to make sure you're prepared to jump ship if need be.

Also, don't forget that Amazon Webstore is closing in July 2016. The news broke back in March so you should already be aware if it is going to affect you. Time is flying by and if you haven't thought about what platform you are going to switch to, you need to do so sooner rather than later. To make sure the disruption to your business is as limited as possible, you ought to start the process now.

Amazon Handmade could be huge and it might be worth getting on board.

Amazon's FBA programme is growing year on year. It had a slow start in some marketplaces but it's certainly not going to stop any time soon. You are probably aware that FBA gives you a few advantages over merchant sellers and if you're not already on board it's worth reconsidering. Of course it isn't for everyone but if you have enough margin to cover the expense - even on a few product lines - it is certainly worth trialling.

Of course, some won't have come across these issues, with 2016 being the year that they look to start their online business. If that applies to you, remember that with any online marketplace there is a learning curve and success isn't going to come overnight.

It takes time to learn which products and practices will work best for your business, but don't give up. Anybody can be successful selling online if they are willing to put in the time and effort. Always do your research and make sure you understand your marketplace before investing all your money into something. Test the waters and take it slowly while you find your feet.

Lauren Carter is the Digital Media Manager at ProfitSourcery

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Take VAT

Even if VAT isn't top of your list, at least put it somewhere on your list, says Chris O'Shea.

Having worked with global online sellers for over 20 years, we've seen again and again that VAT is rarely at the top of anyone's agenda. The over-riding priorities are to sell products, get paid, ship them and deal with any returns as quickly as possible.

VAT is simply down the list of priorities. However, this doesn't excuse the fact that declaring the right amount of VAT in the right countries at the right time is a legal obligation and something that can't be avoided. Our advice to sellers in 2016 is to determine either yourself or with the help of an expert whether or not you need to VAT register in another country.

As an online seller, the opportunity for you to sell beyond your domestic market is vast. Amazon has unified its five European marketplaces. This allows you to create and manage product offers in one or all of these five. You can control what and where you sell and you manage all your European business from a single seller account. Keep in mind that if you are selling across the European Union you may need to register for VAT in the country where customers are located.

From a tax perspective, becoming compliant in some countries is more difficult than in others. For example, the USA is the only country in the OECD that doesn't have a VAT system. Instead it has a Sales and Use Tax system and over 11,000 taxing jurisdictions.

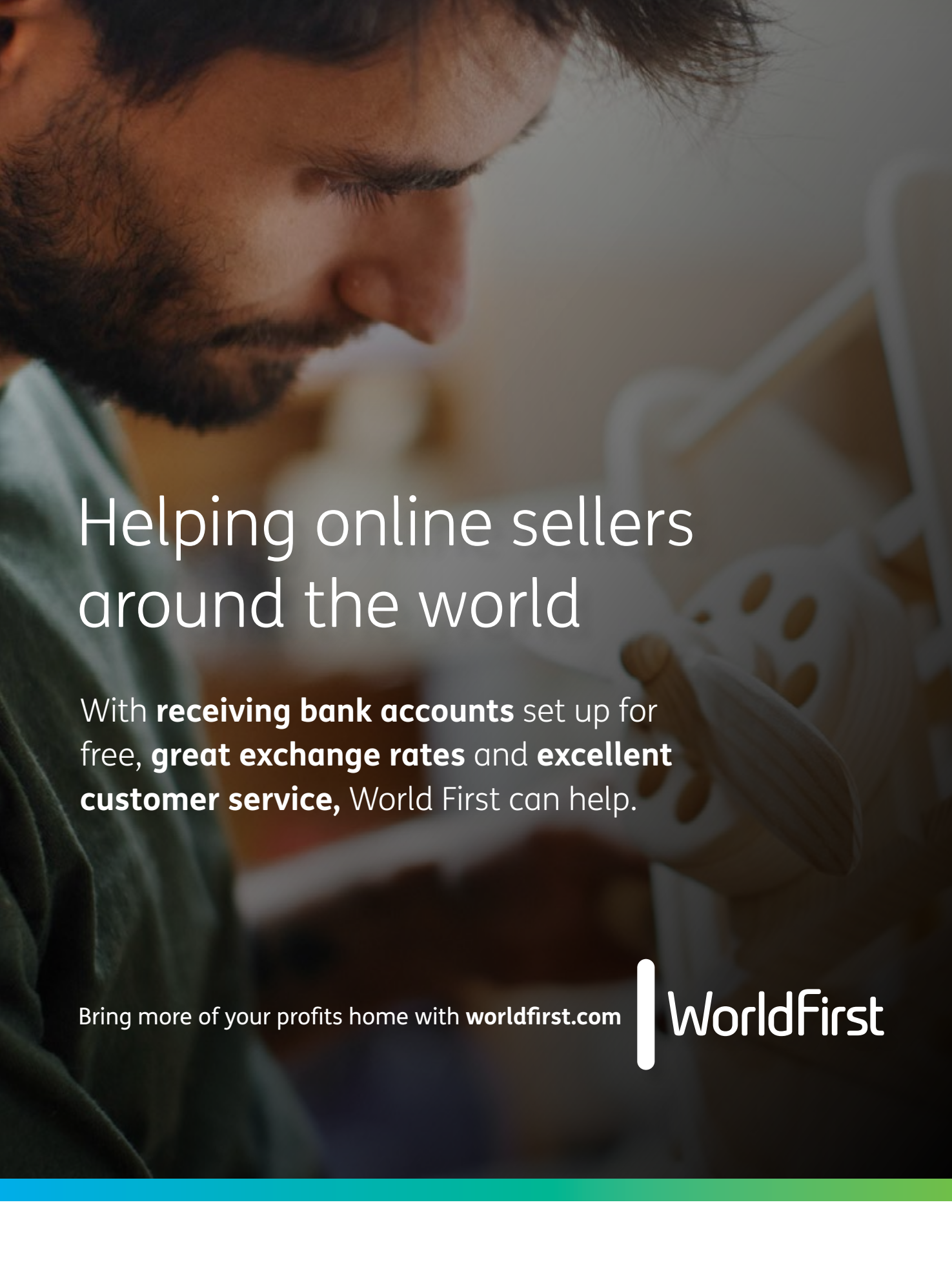
For many reasons it makes sense to sell to US customers, however I'd recommend speaking with a professional to determine if you have any Sales Tax liability, especially if you are using Amazon FBA.

From January 1st 2016 the distance selling threshold for France will be reduced from €100,000 to €35,000. This means that all non-French distance sellers who sell above €35,000 at some point in 2016 to private individuals in France must register for VAT in France. So for sellers who are new to France and who plan to sell on Priceminister, Cdiscount, La Redoute and Fnac, it's a good idea to get a French VAT number sooner rather than later.

The opportunity for you to sell beyond your domestic market is vast

Chris O'Shea works for Meridian Global Services. [Click here for further reading on distance selling in the EU.](#)

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