Developing eCommerce Market Entry Strategies in Asia Pacific

Advisory Report
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FOREWORD

This report is a result of the collaborative strengths of two eCommerce leaders in Asia Pacific: SP eCommerce, Asia Pacific's leading full-service eCommerce enabler, providing full-service eCommerce solutions for global brands; and TradeGlobal, a leading US eCommerce provider offering best-in-class services and solutions to global fashion, beauty and lifestyle brands.

The purpose of this report is to provide key insights and present the latest research findings on eCommerce in APAC, highlighting the region's potential as well as the unique challenges present in its individual countries.

1. SNAPSHOT OF ECOMMERCE IN ASIA PACIFIC

Asia Pacific is expected to become the leading region for eCommerce sales globally in 2015, representing 33.4% of the total retail sales, compared with 31.7% in North America and 24.6% in Western Europe.
Countries such as China, Japan, Australia, Singapore and South Korea have all been showing strong online retail potential. In terms of online market size, technology adoption and consumer behavior, infrastructure and growth potential, they all rank within the top 15 countries globally.

The growing spending power of the middle class is a key driver for the recent explosion in eCommerce, with middle class consumers in Asia Pacific projected to account for more than 50% of the global middle class by 2020. Other key drivers for eCommerce growth in APAC include the rapidly expanding online and mobile user bases in emerging markets, increase in sales through mobile commerce, advancements in payment and shipping options and the push into new international markets by major brands. SP eCommerce serves over 1000 brands across Asia and for most of these brands, growth rates reached 200% in 2014. This strong growth is expected to continue in 2015.
Individual markets across APAC, however, vary widely in terms of culture, regulations, infrastructural development, mobile usage, social penetration, payment systems and logistics networks. For instance, while Australia is one of the most sophisticated APAC markets when it comes to its payments infrastructure, in India, Indonesia, Vietnam and Thailand, more than 60% of all transactions are still cash-based. Differences such as these greatly impact where and how eCommerce adoption develops across the region.

### eCommerce Market Size of Countries in APAC

<table>
<thead>
<tr>
<th>Country</th>
<th>Key Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Australia</strong></td>
<td>eCommerce will account for 4.5% of all retail sales, which will pass USD $10 billion, by the end of 2015.</td>
</tr>
<tr>
<td><strong>Indonesia</strong></td>
<td>Annual online sales was forecasted to grow from USD $1 billion to USD $3 billion in 2014. It is expected to reach USD $10 billion by the end of 2015.</td>
</tr>
<tr>
<td><strong>Singapore</strong></td>
<td>The online shopping market was projected to reach USD $2.7 billion in 2014 and grow significantly to USD $3.45 billion by 2015.</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>Retail eCommerce sales is expected to hit USD $672.01 billion in 2015, a 42.1% increase from 2014.</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>The eCommerce market was valued at USD $38 billion in 2010 and is predicted to hit USD $49 billion in 2015.</td>
</tr>
<tr>
<td><strong>South Korea</strong></td>
<td>Retail eCommerce sales are expected to reach USD $36.76 billion in 2015, up 11% from USD $33.11 billion in 2014, accounting for 9.8% of total retail sales.</td>
</tr>
<tr>
<td><strong>Hong Kong</strong></td>
<td>Internet retailing in Hong Kong reached USD $1.5 billion in 2014, a CAGR of 16% over the past five years.</td>
</tr>
<tr>
<td><strong>Malaysia</strong></td>
<td>Revenue in Malaysia’s eCommerce market amounts to USD $804.5 million in 2015.</td>
</tr>
<tr>
<td><strong>Thailand</strong></td>
<td>The eCommerce market is estimated at USD $1 billion and is expected to reach USD $6 billion between 2020 and 2025.</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>Home to 243 million Internet users, India’s eCommerce industry is growing at 38% annually. Analysts expect market size to touch USD $100 billion in the next five years.</td>
</tr>
<tr>
<td><strong>Philippines</strong></td>
<td>At USD $1.15 billion in 2013, the eCommerce industry is projected to increase at a CAGR of 101.4% during 2013 to 2018. The B2C eCommerce market is projected to grow at 107.4% during the same time period.</td>
</tr>
<tr>
<td><strong>Vietnam</strong></td>
<td>A report from the Vietnam eCommerce and Information Technology Agency (VECITA) revealed that Vietnam’s eCommerce sales hit USD $700 million. USD $354 million of that amount registered officially on VECITA at the end of 2012.</td>
</tr>
</tbody>
</table>
These countries present viable business opportunities but are clearly part of a highly fragmented region. For instance, while China has high growth potential but less favorable online consumer behavior and lower technology adoption rates (low internet penetration rates) relative to other countries, at least 40% of consumers who do go online make online purchases despite constraints in the local financial or logistical infrastructure. Establishing a strong local online presence in these markets requires a focus on brand development that is consistent with global standards and delivery capabilities that beat the competition. In more developed markets like Japan, South Korea and Singapore where high technology adoption rates, advanced infrastructures and a track record of innovative shopping online prevail, brands must invest in interface technologies and back-end capabilities to differentiate their offerings.

SP eCommerce serves over 1,000 brands across Asia and for most of these brands, growth rates reached 200% in 2014. This strong growth is expected to continue in 2015.

2. KEY CHARACTERISTICS OF THE ASIA PACIFIC ECOMMERCE LANDSCAPE

Compared to global markets in the West, countries in Asia Pacific vary widely on several levels. With such unique characteristics of each market, brands looking to enter the region need to carefully consider these individual markets’ requirements in order to develop the best market entry strategy.
2.1 Growing Internet Penetration Across All Markets

The ASEAN region had 199 million internet users (32% penetration) in 2014. This figure is expected to rise to 294 million (48% penetration) within three years.\(^26\)

<table>
<thead>
<tr>
<th>MARKET</th>
<th>INTERNET PENETRATION</th>
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<tbody>
<tr>
<td>Australia</td>
<td>89%</td>
</tr>
<tr>
<td>China</td>
<td>40%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>75%</td>
</tr>
<tr>
<td>India</td>
<td>11%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>22%</td>
</tr>
<tr>
<td>Japan</td>
<td>80%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>61%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>88%</td>
</tr>
<tr>
<td>Philippines</td>
<td>32%</td>
</tr>
<tr>
<td>Singapore</td>
<td>75%</td>
</tr>
<tr>
<td>South Korea</td>
<td>83%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>75%</td>
</tr>
<tr>
<td>Thailand</td>
<td>30%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>34%</td>
</tr>
</tbody>
</table>


China has shown the most dramatic increase in internet penetration from only 2.1 million total internet users in 2000, to almost 600 million in 2013.\(^27\) This growth was spurred by strong PC sales, the rollout of broadband connection and growing 3G connections.\(^28\) The abundance of affordable mobile devices and mobile subscriptions have also contributed to this upward trend.\(^29\)

Source: *We Are Social*, 2015

In more developed APAC countries like Singapore, internet penetration has been bolstered by high connectivity and ownership of multiple mobile handsets. In terms of smartphone ownership, countries with the highest penetration are Hong Kong and Singapore at 87%, followed by South Korea (80%), Malaysia (80%), Australia (75%) and China (71%). The number of consumers with multiple mobile handsets are also rising, particularly in Malaysia (47%) and Hong Kong (31%).\(^30/31\)
2.2 Growing Consumer Spending

SP eCommerce (2015) reported that the growth of eCommerce in APAC is driven by the rise of the middle class, particularly in China, India, Indonesia, Malaysia, Thailand and Vietnam. Asia will make up 64% of the global middle class, contributing to 40% of its consumption by 2030. Along with greater spending power, APAC’s consumer base is also maturing in terms of technology adoption. They are increasingly tech savvy and open to adopting new technologies such as online payments. This increasing trust in online shopping technology has made a positive impact on eCommerce32.

2.3 Social Media a Driver for eCommerce

Home to some of the most socially active countries in the online space such as Indonesia and South Korea, the region has a consumer base that is highly engaged across multiple international social media platforms such as Facebook and Twitter, but also localized social media networking sites like Kakao (Korea) and WeChat (China).

In terms of online engagement, Asians also surpass their Western counterparts. There is a large overlap of social networking and eCommerce, with social media integrated into the purchase path of consumers. For example, before making a purchase, Chinese consumers often first collect information and advice from their peers on social media. After the purchase, they continue to stay engaged in the online social space by posting ratings or reviews of their purchases. In China, 75% of internet users post at least one review or rating per month, whereas less than 20% of users who do so in North America and Europe33.

Source: We Are Social, 2014

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China’s Tmall, for example, has integrated social media as a consumer-powered review and recommendation system where products with higher scores are given more exposure, indicating just how impactful social media reviews are on a product’s online visibility and in a larger sense, a brand’s reputation. Active social media users in China largely overlap with consumers that have spending power, compared to the West where those with greater spending power tend to be much older and use social media less.\(^\text{34}\)

Facebook continues to reign as the dominant social network being used across Asia Pacific, with Twitter ranking second in the region. However, the usage rates for these international platforms vary across markets. While consumers in Indonesia and India led in terms of Twitter users, Chinese instant messaging app WeChat and business networking site LinkedIn also showed significant usage.\(^\text{35}\) WeChat has also leverages social media to promote services to its 300 million users, including 100 million overseas, by offering various services from mobile payments, mobile commerce options, taxi booking services and consumer-to-consumer (C2C) money transfers. Users can even link their credit card account to the app to complete transactions through their mobile device.\(^\text{36}\)

In South Korea, a leading apparel brand powered by SP eCommerce launched a social campaign on Kakao. In the week prior to the social campaign, total visits stood at 11,637. After the campaign, the brand saw a significant jump to 20,110 total visits, an almost 100% increase, illustrating the success of the campaign and the impact of social on eCommerce in the region. Just like the broader eCommerce sector, APAC’s social media landscape is highly diverse and as such success stories indicate, it is critical for brands to take a local approach to their social media and content strategy by carefully considering consumer preferences in each country.

2.4 Mobile is Massive

APAC accounts for half of the world’s mobile subscribers, with 1.7 billion unique mobile subscribers. This figure is expected to grow further by 5.5% a year (CAGR) until 2020, reaching a staggering 2.4 billion subscribers.\(^{37}\)

Three countries that lead globally in the mobile space in terms of smartphone adoption are Hong Kong (87%), Singapore (87%) and South Korea (80%). In Singapore, an average user has at least 3.3 connected devices, also one of the highest rates in the world.\(^{38}\) The reason for this trend is clear - Compared to the West, people in Asia are generally more likely to use a smartphone than a desktop computer to go online. More consumers in Singapore (48%) and Malaysia (41%) would use their smartphone to research products online compared to consumers in UK (21%) and Germany (20%)\(^{39}\). Consumers in developing countries are also quickly growing as sophisticated as those in developed countries, with their extensive pre-purchase research done online, along with price comparisons and soliciting of friends’ opinions through social media and blogs.\(^{40}\)

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\(^{40}\) http://www.atkearney.com/documents/10192/3609951/Online+Retail+Is+Front+and+Center+in+the+Quest+for+Growth.pdf/6693929-b2d6-459e-afaa-3b892adbf33e
Given the region’s advancement in the mobile space, having a mobile strategy and strong mobile capabilities are no longer optional but a key success factor for retailers looking to explore APAC’s eCommerce landscape.

The payments space is also highly fragmented. With markets having various maturity levels, a one-size-fits-all solution does not work in APAC. On one hand, credit card penetration remains low in developing markets like Indonesia (6%) and Thailand (5%)⁴¹. Likewise, transactions in India, Indonesia and Vietnam and Thailand are predominantly cash based, as SP eCommerce reported (2015). In contrast, more developed markets like Singapore and South Korea have credit card ownership as high as 3.3 and 5 cards per person, respectively⁴². When SP eCommerce enabled bank transfers for one of its leading brands in Malaysia, the brand enjoyed an increase of 30% in conversion rates within the month following implementation. This 30% increase was reflected in revenue growth as well. With such varying readiness levels and payment method preferences, it is critical that brands offer localized payment options that best suit the markets they are serving, taking into consideration local regulations and market infrastructure⁴³.

Smartphone adoption and the strong growth of tablet usage have also opened new avenues to payment solutions: mobile wallets like WeChat and Alipay in China, and Paytm and Freecharge in India⁴⁴, eWallets like Smart Money and GCash in Philippines and Dompetku in Indonesia, have all emerged as innovative, viable ways for consumers to make payments for their online purchases by leveraging mobile devices⁴⁵.

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⁴² http://www.specommerce.com/asia-pacific-serving-consumers-without-credit-cards/

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**JAN 2015 Global Mobile Commerce Rates**

<table>
<thead>
<tr>
<th>Country</th>
<th>Mobile Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Korea</td>
<td>37%</td>
</tr>
<tr>
<td>China</td>
<td>27%</td>
</tr>
<tr>
<td>UAE</td>
<td>27%</td>
</tr>
<tr>
<td>Singapore</td>
<td>23%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>23%</td>
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<tr>
<td>Germany</td>
<td>20%</td>
</tr>
<tr>
<td>Turkey</td>
<td>19%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>19%</td>
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<tr>
<td>UK</td>
<td>18%</td>
</tr>
<tr>
<td>USA</td>
<td>18%</td>
</tr>
<tr>
<td>Spain</td>
<td>17%</td>
</tr>
<tr>
<td>Argentina</td>
<td>17%</td>
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<tr>
<td>Italy</td>
<td>16%</td>
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<tr>
<td>Vietnam</td>
<td>15%</td>
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<tr>
<td>Saudi Arabia</td>
<td>15%</td>
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<tr>
<td>Australia</td>
<td>15%</td>
</tr>
<tr>
<td>Brazil</td>
<td>15%</td>
</tr>
<tr>
<td>Mexico</td>
<td>14%</td>
</tr>
<tr>
<td>Poland</td>
<td>14%</td>
</tr>
<tr>
<td>Canada</td>
<td>13%</td>
</tr>
<tr>
<td>France</td>
<td>12%</td>
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<tr>
<td>South Africa</td>
<td>11%</td>
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<tr>
<td>Philippines</td>
<td>11%</td>
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<tr>
<td>Thailand</td>
<td>11%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>9%</td>
</tr>
<tr>
<td>India</td>
<td>9%</td>
</tr>
<tr>
<td>Russia</td>
<td>8%</td>
</tr>
<tr>
<td>Japan</td>
<td>6%</td>
</tr>
</tbody>
</table>

*Source: We Are Social, 2015*
2.6 Marketplaces Play a Dominant Role

In APAC, market places like Alibaba’s Taobao and Tmall in China, Rakuten and Yahoo in Japan and eBay’s Gmarket and Auction in South Korea are dominating the online retail channels. Alibaba’s Tmall, in particular, has become a strategic gateway to China as it accounts for almost 50% of the B2C market in the country. Tmall has over 100,000 brands, of which an estimated 2,000 are foreign, and over 500 million registered users.

2.7 Cross-Border Trade in the Region

eCommerce growth in the region is also attributed to the increasing amount of cross-border trade. The cross-border trade figures for China alone are staggering: in 2013, 18 million online shoppers spent RMB 216 billion, with projections for this figure to hit up to EUR 11 billion by 2018. Top overseas sites for China were the US (48%), the UK (46%), Austria (33%) and the Netherlands (16%). Another key market indicative of growing cross border trade in the region is Australia, with its 6.3 million online shoppers spending AU 6.5 billion in 2013. By 2018, this is expected to hit AU 16.6 billion annually. These findings send a clear signal to brands that Asia Pacific is actively shopping on international sites and are seeking access to international products. However, to fully leverage this growing demand and capture the online market, international retailers should go beyond cross-border and set up eCommerce operations in local APAC markets.

With such varying readiness levels and payment method preferences, it is critical that brands offer localized payment options that best suit the markets they are serving, taking into consideration local regulations and market infrastructure.

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To fully leverage Asia Pacific's customers that are actively shopping on international sites and are seeking access to international products, global brands should set up eCommerce operations in local APAC markets.
3. HOW TO TAKE YOUR ECOMMERCE BUSINESS TO ASIA PACIFIC

In order to understand this region better and determine a strategy that best suits their eCommerce growth plan and available resources, businesses need to consider several key factors.
3.1 Planning and Strategizing Your Market Entry

For eCommerce managers looking to explore the region, it is very challenging to assess the potential of individual eCommerce markets in APAC and develop a market entry roadmap that is tailored to your business. The next few sections cover key areas in planning a strategy and also propose market entry strategies for exploring this lucrative region.

**MARKET RESEARCH**

As a first step, do your research on the markets, specifically the size and growth of each market, number of active internet users, growth of online spending and other spending patterns, as well as share of online sales compared to total retail sales. Here are some key steps:

- Conduct overall market research
- Determine your demand
- Conduct competitor analysis.

**SIZE YOUR OPPORTUNITY**

Once you have done your groundwork research, size your opportunity by looking at:

- Share of online retail as a percentage of total market share
- Your offline sales compared to total offline retail sales
- Your existing brand site’s traffic as an indicator of traffic to your online store
- Conversion rate analysis.

**DETERMINE ECOMMERCE TECHNOLOGY REQUIREMENTS**

Once you have considered external factors, look inwards at what your business needs from a technological perspective. Each business would have its unique requirements but some key considerations include:

- Flexibility to customize content to suit local markets in terms of marketing, merchandising, currency and languages
- Customizable site experiences with an open platform
- Centralized content and data management for greater speed and accuracy
- Order Management System (OMS) that provides single view of orders, customers’ details, inventory and promotions
- Omni-channel operations that provide an integrated set of tools and processes to serve your customers anytime, anywhere
- eCommerce Platform that supports localization and better online customer experiences.

**CONSIDER LOGISTICS, CUSTOM DUTIES AND LEGAL FRAMEWORKS**

Find out about the logistics infrastructure in each market you want to enter, considering the minimal level of each market to determine distribution center locations. Also consider differences in global, regional and local inventory management. Remember: the legal regulations in the region are varied and complex.
3.2 Market Entry Strategies for eCommerce in Asia Pacific

**SHIP CROSS-BORDER**

Going global with your retail website can take you down two different paths of cross-border shipping: A) By Parcel Forwarding or; B) Via Cross-Border Merchant Enablement:

**A  PARCEL FORWARDING**

Consumers can choose to sign up with cross-border shipping providers to receive a virtual address overseas. International providers, such as vPost – a service by SP eCommerce -, Borderlinx, Comgateway and MyUS provide consumers in Asia Pacific with a shipping mail address in countries like the US and UK to buy products from online shops that do not support deliveries into the APAC region. Upon arrival of an order at the overseas shipment facility, the service provider oversees inspection checks and packing, and consolidates the packages for shipment to their overseas destinations.

While either option is an easy-to-implement interim solution, it creates a fragmented brand experience, as customers have to deal with a third party for delivery and fulfilment. Another key concern would be the potential negative experience customers could face when they encounter exorbitant shipping costs or delayed shipping by the third party. While not a service directly provided by retailers, customers will associate this experience with your brand, which could harm your brand image and customer loyalty in the long run. Brands can use cross border shipping as a first step to leverage the present and fast-growing demand for international brands and products among APAC consumers. While cross-border is an effective way of reaching global customers without established operations in local markets, it limits a retailer's reach and revenue potential. Brands that have successfully penetrated Asia Pacific's eCommerce market have done so with strong localized transactional eCommerce sites.

**B  CROSS BORDER MERCHANT ENABLEMENT**

As a merchant, you can partner with service providers that integrate international shipping capabilities into your site, allowing you to reach a global market.

While marketing will be one of your biggest challenges, key word analysis can help you understand your local market requirements and search behaviour. Also important is localizing your Search Engine Optimization (SEO) strategy as search engines vary across the region.
GO LOCAL

Research shows that consumers in Asia Pacific are increasingly looking for international products and branded shopping experiences. However, the region is also highly fragmented in terms of languages, payment preferences and online shopping and social behaviour. Successful brands in the region have catered to such diversity by building localized shopping experiences. Local branded presence also provides a platform for global brands to have full ownership of customer data, build brand awareness and develop long-term customer loyalty. Below are two options to enter Asia Pacific:

A NORTH ASIA FIRST

Countries such as Japan and South Korea have spearheaded the region’s eCommerce sector, developing almost at the same speed as that of Western markets. To gain a foothold in APAC, many brands chose to enter these markets due to their already advanced technological infrastructure, high eCommerce penetration and ready consumer base. Many brands that have selected the developed eCommerce markets in North Asia for their market entry also often chose the marketplace route given the high market share of such players. However, this marketplace approach posed limitations on brand building and access to customer data.

Today, China is also a lucrative route for brands entering this region. Many global brands choose China as a key market entry point for APAC, particularly because of Tmall’s high market share in China’s B2C market. However, a marketplace-only strategy poses limits to long term brand building. It can also present consumer-facing issues over authenticity and fraud, potentially diminishing a monobrand’s credibility in the long run. Chinese consumers themselves are becoming increasingly mature and are looking for unique shopping experiences with brands. Their growing trust in online platforms extends beyond marketplaces; over 70% of luxury purchases by Chinese consumers are made at monobrand boutiques – this is over 20% more than the global average51.

North Asia is also not a quick and easy in-and-out strategy. Retailers eyeing this region need to be prepared for a long-term commitment. For monobrands that do decide to go with a combination of marketplaces and monobrand sites, it is important to have a presence in a marketplace, given their high market share, but also have a transactional and localized monobrand site that drives your brand messaging, serves as a means to ensure consumers that your products on other eCommerce channels are authentic and offers exclusive products that draw people to the monobrand site. Some brands have effectively combatted the price-driven nature of marketplaces versus maintaining their brand identity by only offering off-season or outlet products on marketplaces. In this way, brands can still participate in marketplaces as one of their acquisition channels, without killing their margins or diluting their brand.

http://www.chinaconnect.fr/the-store-and-website-luxury-brands-key-touch-points/
GO LOCAL

B  BEACHHEAD MARKET ROLLOUT

eCommerce businesses today need to show results over a short time period. For markets like China, a successful market strategy is usually a more long-term plan with significant returns often only after several years. This is because many brands are zeroing in on China and strong local marketplaces, while local brands dominate the market, making it a highly competitive environment a difficult market to penetrate for new entrants. For brands looking for a low-risk opportunity with significantly less investment in resources and time, entering the APAC region via a beachhead strategy focused on developed markets in Southeast Asia and the Pacific region can prove highly lucrative. These Southeast Asian and Pacific markets are home to a consumer base that is actively shopping online and have the supporting logistical infrastructure and technological development. These markets also make a great test bed for markets in North Asia, particularly so for China, given the large overseas Chinese population in these countries.

While marketplaces are a key eCommerce channel in these markets, many successful market entrants leverage both monobrand sites as well as marketplaces. Brands entering these markets need to build operations and technology capabilities that allow for quick time-to-market as well as localization.
4. ECOMMERCE BEST PRACTICES

Successful international expansion requires time and careful planning. This demands a keen understanding of consumer behavior, knowing their preferences and differentiating nice-to-have from must-have features. In meeting consumer demands, brands should not shy away from adopting unique approaches. By carefully considering key factors in individual markets, brands can avoid pitfalls encountered by many early market entrants.
Planning alone does not ensure success. Brands still need to develop a supportive ecosystem of trusted technology and logistics partners who understand the brand’s objectives, while providing local knowledge about the market. Apart from having an external support network, brands must also have the capability to go international for the long haul. The challenges are many: competing against established online retailers, not being profitable in the first one or two years, experiencing low conversion rates and unpredictable consumer behavior. Given these challenges, brands must be able to make extensive adaptations to the business. They need to go beyond the basics and leverage their best tools and features to compete on a global scale. The following best practices lay the groundwork for eCommerce success in the region:

**BEST PRACTICES CHECKLIST**

1. **Create A Seamless Customer Experience Across Channels (Omni-channel)**
   Consumers today want a seamless brand experience across multiple touchpoints. To meet customer demands, brands should be able to manage, orchestrate and serve customers across all channels. Unlike multi-channel, where channels are separate and consumer engagement can be fragmented, omni-channel allows consumers to shop with no boundaries between online and offline. This means messaging must be consistent across multiple touchpoints, providing a seamless journey where customers can switch devices at different points of their purchase journey. Shopping experiences become more personalized as brands leverage consumer data at different points of engagement with the brand. Leading brands also enable ship-from-store fulfillment and customer pickup in-store.

2. **Leverage Social to Drive Sales (Social Commerce)**
   Engage customers in the social spaces where they gather. Make sharing easy with minimal sign ins and plug ins while providing customers with various options to connect using multiple social media channels such as Facebook, Twitter, WeChat, Line and LinkedIn. For social media to be truly effective in a brand’s eCommerce strategy, community management is key. It needs to be responsive, provide accurate information and have the capabilities and teams to manage the channel as a means to communicate with consumers.

3. **Make Mobile Site Capabilities A Priority**
   Offer fully mobile optimized sites and experiences that go beyond being “mobile friendly”. While a mobile friendly website simply makes a website viewable on a smartphone, requiring cumbersome scrolling or zooming, a mobile-optimized website loads easily with content scaled for efficiency. Some mobile commerce best practices include using geolocation to direct customers to the nearest offline store; activating social logins and guest sessions to facilitate mobile check out process; providing alternative mobile payment options, incorporating mobile product videos; optimizing product image galleries and including social media share buttons.

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Offer Localized Payment Solutions to Suit Your Target Markets
Offer a wide array of payment options to facilitate purchase, be it online payment, cash on delivery or payment via mobile apps. Look into your market's behaviour to get insights on how to localize payment options.

Offer Convenient Methods of Deliveries and Returns
Provide delivery and return methods that support a dynamic and urban consumer lifestyle, such as providing parcel lockers that customers can access 24/7. Create clear and straightforward guidelines that are easy to find. Shipping costs should also be visible on the site rather than surprising customers on the check out page. Develop a capability for effective ‘cross-border’ returns such as offering free shipping on returns. Also, leverage promotions on delivery and returns to drive traffic, conversion rates and sales.

Provide Local Customer Support
Providing support in local language drives conversion. 75% of online consumers surveyed in Europe, Asia and South America prefer to buy products in their native languages, while 60% rarely or never buy from English-only websites. Likewise, online transactions in Asia are driven by language; 70% of Japanese consumers surveyed made electronic payments in local-language websites.

Consider Key Platform Capabilities Required
An eCommerce platform provides an integrated set of tools and processes to power your omni-channel strategy, reduce operational and integration complexity, and enable your team to create consistent brand experiences across channels.

Centralize Your Customer Management
Obtain a holistic view of the customer by managing a single customer record across channels and touchpoints, including purchase history, regardless of the purchase and fulfilment location. With a central customer record, you can measure the performance of cross-channel shoppers, assign them to customer segments and personalize their experience with dynamic and relevant content.

Focus on Content Syndication
Integrated master and subsequent catalog structures allow you to easily share products across categories, catalogs and sites. You can also manage and maintain seasonal, branded and future catalogs simultaneously, putting an end to inconsistent information across channels. Deliver highly branded, personalized and consistent content across channels, and help your customers make smarter buying decisions.

Ensure You Have Clear Inventory Visibility
Give your customers “buy anywhere, receive anywhere” convenience by providing accurate inventory availability across channels. Real-time inventory visibility across multiple locations, including stores, is key to enabling the buy anywhere, fulfill anywhere experience. Reduce excess inventory, capture lost sales and promote the most profitable products to your customers.


Developing eCommerce Market Entry Strategies in Asia Pacific, Advisory Report
5. CHOOSING AN ECOMMERCE PARTNER

The next step to develop your strategy to go international is by determining the operational, logistical and technological capabilities your business needs to succeed. Having a supportive partner ecosystem with extensive experience and key insights into the region can make a huge difference. For eCommerce brands looking at international expansion, particularly for the highly complex Asia Pacific region, it is key that they find a partner ecosystem with the following capabilities:

- **Develops and launches eCommerce stores and operations quickly and easily.**
- **Provides an eCommerce platform that enables agility, localization and quick roll out.**
- **Has localized payment capabilities, whether online or offline, to suit local payment preferences.**
- **Supports your customers across multiple geographies and languages.**
- **Knows the markets and has valuable insights into each country’s requirements, growth drivers and unique consumer behaviors.**
- **Has omni-channel capabilities that allow your consumers to shop anytime, anywhere.**
- **Has a regional reach and logistics network to manage shipping and returns across multiple countries.**
- **Provides a cost structure that is manageable and scalable as your business grows.**
- **Supports customers who are shopping cross-border.**
- **Has the ability to drive performance marketing, specifically, drive traffic to your site through online and offline marketing and partnerships.**
Leveraging Regional Expertise and a Strong End-to-End Partner

SP eCommerce’s full service eCommerce solution provides global brands with Asia Pacific’s first end-to-end managed eCommerce solution. By partnering with SP eCommerce, your business gains access to a full suite of services: enterprise-grade eCommerce technology, regional warehousing, delivery and returns management, regional customer care supporting all relevant languages and dialects 24/7, as well as performance marketing to drive traffic and sales for your eCommerce store.

SP eCommerce’s knowledge and resources are seamlessly integrated into a full spectrum of capabilities; from customer service, to marketing and website management, to fulfilment, so as to provide brands with a one-stop-shop solution for their market entry into Asia Pacific.

eCommerce Technology
SP eCommerce experts build and implement enterprise-grade online stores for brands and retailers that utilize a stack of leading eCommerce technology software. These cutting-edge eCommerce technology solutions allow businesses to scale their business across Asia Pacific while providing a highly localized and customer-centric shopping experience.

Warehousing Solutions
Through a network of 24 logistics centres across APAC as well as global hubs in US and UK, SP eCommerce builds the logistical backbone of eCommerce businesses for major global brands. Warehousing and fulfilment related operations for business-to-consumer eCommerce is fundamentally different from traditional logistics solutions for business-to-business trade. That is why SP eCommerce has developed industry specific eCommerce fulfilment processes that are integrated with state-of-the-art warehouse and delivery management systems.

Delivery & Returns Management
SP eCommerce is a regional expert with an extensive network and thorough understanding of the diverse customer expectations, custom regulations and legal requirements. The wide range of delivery and returns solutions offered by SP eCommerce gives merchants’ customers a choice of affordability or speed with tiered offerings. Through well-established mail and courier networks, SP eCommerce enables brands and retailers to deliver their eCommerce promises to their customers while maintaining profitable cost structures.

Store Operations
SP eCommerce provides store operation services dedicate to delivering and managing the day-to-day operations. The team of experts covers management of product catalogue and content, coordination of marketing and oversees the order and inventory management. SP eCommerce’s end-to-end solution, provides all components required to manage the operations of eCommerce stores.

Customer Care
Through a network of customer care centres across the Asia Pacific region, SP eCommerce provides personable, multi-lingual customer care. The highly trained Customer Care team focuses on developing regional customer care strategies tailored to local markets across Asia Pacific to support eCommerce expansions, while enabling an economically viable cost structure.

Performance Marketing
SP eCommerce provides performance marketing solutions that are focused on maximizing marketing spend. Through effectively harnessing existing data and monitoring trends, SP eCommerce gathers relevant insights to help better understand customers and their behaviour. Leveraging our deep understanding of Asia Pacific’s diverse markets, the performance marketing solutions are built on technology, relentless data measurement and analysis, and strategic usage of the best digital marketing channels.
CONCLUSION

As eCommerce across APAC continues to grow at phenomenal rates, brands and retailers who want to expand their global footprint must take into consideration the key characteristics of this region: a growing middle class with greater spending power, an online population that is highly plugged into social media, increasing adoption and innovation of new technologies, particularly in the mobile and payments space, and a growing appetite for international products. Driven by unrelenting internet usage brought about by growing PC sales, the increasing availability of broadband and 3G connections and, more recently, the abundance of affordable mobile devices and mobile subscription rates, the Asia Pacific online consumer is more sophisticated and tech-savvy than ever before. They surpass their North American and European counterparts in terms of online social engagement and are increasingly lucrative for online retailers.

However, this highly lucrative region is also highly diverse. Individual markets differ in terms of culture, legal regulations, mobile usage, social media platforms, payment systems and infrastructural and logistics development, making a blanket solution unviable. The answer is localization. Apart from speaking the language of its consumers, brands need to gain a deep understanding of consumer behavior and preferences, coupled with a flexibility to adopt unique approaches that address the unique needs and preferences prevalent in each market.

Equally important to ensuring eCommerce success is working with strategic partners equipped with local knowledge and extensive reach across the region. By having a supportive ecosystem of trusted technology and logistics partners, retailers can look forward to valuable insights and support, agility and scalability that will allow them to grow their business across multiple geographies and languages. With localization in place and a robust network of regional support, brands can forge ahead with a market entry strategy that best suits their objectives, capabilities and strengths to realize Asia Pacific’s full eCommerce potential.
ABOUT SP ECOMMERCE

Who We Are
As part of the Singapore Post Group of Companies, SP eCommerce is a full service eCommerce partner that provides global brands with Asia Pacific's first end-to-end managed eCommerce solution which includes - Enterprise Grade eCommerce Technology, Warehousing, Delivery and Returns Management, Site Operations, Customer Care and Performance Marketing. We operate across Asia Pacific with a fully interconnected eCommerce infrastructure and 22 distribution centres, in addition to our global centres in the US and UK.

What We Do
SP eCommerce helps global brands launch their online business and strengthen their eCommerce logistics operations in Asia Pacific. We help assess market potential and develop entry strategies, with a focus on maximum return on investment. Through our regional set up, we provide custom duties management and enable local delivery and returns. In many cases, clients can leverage our legal entities across the region and we can be Merchant of Record on behalf of the brand.

Get In Touch
To learn more about our full suite of solutions, visit www.specommerce.com/solutions

Alternatively, get in touch with us at +65 6841 2000 or email us at biz@specommerce.com
ABOUT TRADEGLOBAL

TradeGlobal is an end-to-end commerce provider, offering best-in-class services and solutions to the world’s leading fashion, beauty and lifestyle brands on a global scale.

TradeGlobal unifies website development, digital marketing strategies, omnichannel fulfillment, supply chain logistics and customer care across domestic and international boundaries to create a seamless brand experience.

With operating locations in North America, Asia and the U.K., TradeGlobal provides the technologies and operations that enable emerging businesses to evolve and established businesses to prosper.

Get in Touch

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