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COMMUNITY

# THE RETAIL HIVE LIVE

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Cracking International Markets

**Kensington Roof Gardens**  
October 2017



# About the day...

If you have a successful national retail business with loyal UK customers, international expansion may be the next step for your business. Why? Growth of course! There are of course many factors to consider before you jump in and start brushing up your German language skills. Do people in Germany even want your products? Who are your competitors? What are the tax implications? How much will delivery cost? Will you meet packaging standards? The list is endless.

Our Retail Hive Live: Cracking International Markets held at the magical Kensington Roof Gardens discussed all of these issues, and more. We were delighted to welcome Robin Phillips, Director of Digital, Kurt Geiger as Chair who opened our meeting posing the very questions every Retail leader must consider in preparation for entering new markets.

During the day each of our members attended the following round table discussions and we've captured the key learnings and insights in this post-meeting report.

Our round table topics and hosts:

1. Strategy, Business Models and Testing
2. Organisational Structure
3. Roadmap for Launching a New Country Site (Translations.com)
4. International Fulfilment and Returns (Sorted Group)
5. Personalising for Your Local Customers (Apptus)
6. A Global Approach to Data (SoftServe)

Becoming a global company is a great achievement, demonstrating resilience and a thirst for success. But it is not easy and taking the leap requires investment, willingness to change and above all a deep understanding of your customers, with all their differing characteristics, wherever they are in the world.

Best wishes

**Noj Mather and Sally Green**

Co-Founders - The Hive Network



Thank you to our partners:







### Polling & Panel: Building Scale Efficiently in New Markets

Moderator:  
Robin Phillips, Director of Digital, Kurt Geiger

Panel:  
Suzanne Egleston, Head of eCommerce, Ted Baker  
Helen Barnish, Former Head of International Development,  
Hamleys of London  
Bernice Menzies, Director of eCommerce, Sainsbury's  
Mark Batty, Head of International Development, Boden

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softserve

Fueled by design thinking  
Grounded by deep product  
engineering expertise  
Creating exceptional  
experiences to solve today's  
digital business challenges

experience design  
big data and analytics  
digital marketing  
product development  
brand strategy

International  
Development & Retail

Hive

THE RETAIL HIVE  
CRACKING INTERNATIONAL MARKETS  
A series of digital masterclasses

APPTUS

softserve

Sorted.

translations.com



## 1

# STRATEGY, BUSINESS MODELS AND TESTING

**Discussion Summary:**

A golden rule came out of the day's discussions; Follow the structure you have currently in your business in order to move internationally. So in the first instance embed international teams within your existing departments; it may be necessary for international to break out over time but this was not advised during the launch phase.

Another point made over and over again was keep your proposition simple, but scalable.

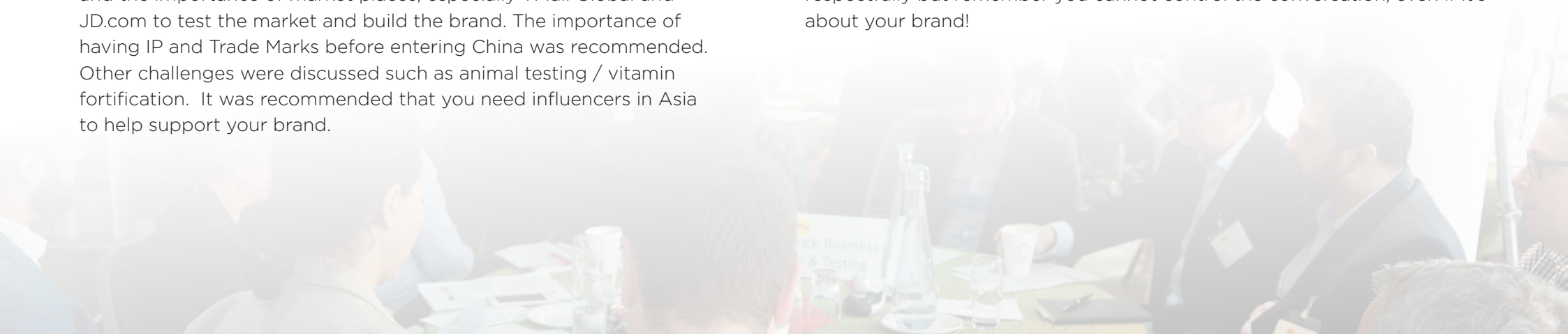
One senior retail member who led the international expansion of a major UK Clothing Retailer discussed the strategy of using selected franchise partners to then move each market on line, with the challenges of existing contracts in place. The Retail brand was fiercely protected with the central team providing digital assets for translation locally to retain best practice, and much discussion centred around how to monitor content, strategy for market places, use of customer experience /analytics and revenue stream for partners.

There was significant debate around the challenges of entering China and the importance of market places, especially TMall Global and JD.com to test the market and build the brand. The importance of having IP and Trade Marks before entering China was recommended. Other challenges were discussed such as animal testing / vitamin fortification. It was recommended that you need influencers in Asia to help support your brand.

Other specific new markets discussed included entering South America and the challenges of import duties, and that customer's expect to pay for everything in instalments. It was noted that all markets need to be researched to understand how customers like to pay. For brands with no stores using market places to test other new markets then to select markets to launch was recommended.

The effectiveness of HO-support departments was debated with the challenges of teams not understanding international. However a centralised approach with local staff sitting in central office helps to break down communication issues.

Not surprisingly the complexity of managing brands with social media in all markets was discussed and there was much agreement that listening is a key way to get local customer knowledge but ultimately this is not an area in which you control. If you do decide to engage with your brand's community on social media you must give to the community, wherever they are in the world and particularly where customers are looking for help that has to be provided. More importantly request feedback and listen respectfully but remember you cannot control the conversation, even if it's about your brand!





## 1

## STRATEGY, BUSINESS MODELS AND TESTING

### Table Takeaways:

- Centralised approach with local staff sitting in central office breaks down communication issues
- More and more companies are merging eCommerce and offline teams
- Tiered approach to market entry: start with importing products, then more local assembly, then local sourcing
- Select next country more on immaturity of marketplaces
- There are significant disadvantages to entering South America: import duties & instalment payments
- China: more opportunities than challenges – use strong local knowledge, and sort out your IP and TM first
- Social media listening is a key way to get local customer knowledge
- Marketplaces: use them to enter a market and test the waters e.g Tmall.com is an excellent starting place to enter China. However consider the overall cost to your brand position and brand control? You will get scale internationally but not necessarily a strong brand.

“

*Within a company you only get one opinion, but here you can get 70 different real perspectives, I've never been anywhere like it.*

”

**Senior eFulfilment Manager**

Dyson



## 2

## ORGANISATIONAL STRUCTURE

**Discussion Summary:**

There were largely three structural models that were discussed by participants during the day:

**1. Local Approach**

Local input allows for true local understanding, your target market and brand strategy should remain consistent – there will be customers your brand speaks to in your chosen market.

**2. Centralised Approach**

The safest approach when breaking into new territories as it does allow for ease of management. However sometimes the customer experience can suffer and extra expense incurred from simple mistakes.

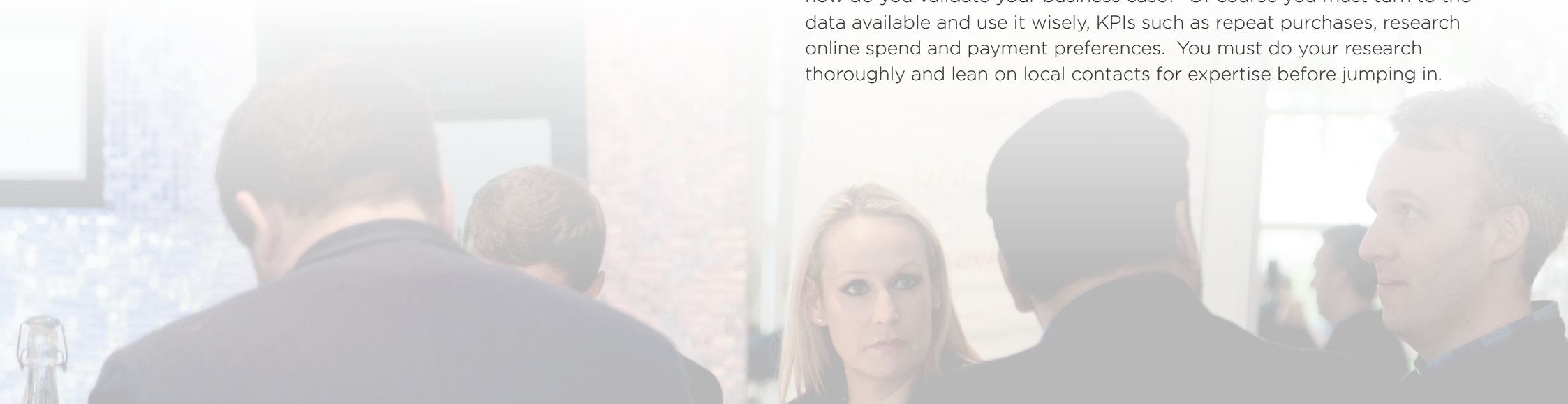
**3. A Mix of Local/ Central**

Local staff centrally employed with a central strategy that can be adapted locally.

Before committing to investing in local resource/ overheads of course marketplaces can be a springboard for exploring new markets, meanwhile avoiding capital outlay for unknown conditions. If considering entering China via marketplaces, the marketplace Taobao was cited as a potential starting-points compared with the risks of bricks and mortar.

The issue of Brexit also provided lively debate with attendees concerned by the lack of planning and the sudden drop of available resource, particularly around peak trading times, drain of linguistic experts available and the potential cost of re-structuring.

What became very clear at the end of the day was that if you are planning to enter new markets, the structure of your company must absolutely reflect the importance of that new market – and those new customers. International cannot be an after-thought. Furthermore there are challenges to building brands when you have no high street presence and how do you validate your business case? Of course you must turn to the data available and use it wisely, KPIs such as repeat purchases, research online spend and payment preferences. You must do your research thoroughly and lean on local contacts for expertise before jumping in.





2

## ORGANISATIONAL STRUCTURE

### Table Takeaways:

- Centrally run strategy business models and testing.
- Challenges of building brands when no high street presence; what KPIs and measures do you set? How do you validate your business case?
- Local ownership of brand is key.
- Conduct research on what will have the biggest impact in each market.
- Local expertise is required internally from the point a localised website is launched.
- Ranking on marketplaces: algorithms vs marketing (paid) – trend is favouring paid-for marketing spend.
- Approach for catering a market with digital only proposition needs to be well defined.
- Keep costs low before full launch into market.

“

*Great to speak to senior retail leaders in an open and friendly environment.*

**National Sales Manager**

Sorted

”



## 3

# ROADMAP FOR LAUNCHING A NEW COUNTRY SITE

Translations.com

## Discussion Summary:

In conclusion, there appeared to be a favoured four-step process for launching a new country site:

### Step 1. Why launch a new site?

Compare all available data when deciding if and when to invest in a new market site and highlight the reasons for launching a new site e.g. traffic, sales, drop-off, competition gaps

### Step 2. What will it cost you?

Compare these reasons against the barriers to entry e.g. payment options, new language, fulfilment challenges, taxation

### Step 3. Talk to your friends

Use your networks and partnerships to understand common challenges, potential pitfalls. Marketplaces offer an easier entry point into specific regions as they you may not need to deal with fulfilment, localisation and payment challenges while you build up an in-market presence. However what is your exit strategy?

### Step 4. Make your decision

Embarking on a new country site is a challenge but certainly a huge opportunity for growth. So choose wisely; start with the new markets that provide the biggest sales opportunity, localise thoroughly – remember if customers experience a fully optimised local site they will expect that experience throughout their journey from fulfilment to customer service.

Ultimately if you're contemplating launching a new country site you need to have a solid view on the traffic you need to generate to convert to sales and confidence that you'll be able to drive this traffic. You need to understand your region inside and out and your competition.

Markets that have low barriers to entry are those such as USA and Australia but obviously if you're looking at China and Japan you are hitting all the obstacles in one go with high tariffs and additional costs.





3

## ROADMAP FOR LAUNCHING A NEW COUNTRY SITE

Translations.com

### Table Takeaways:

- Choose the right partners with local knowledge.
- Tone of voice very important when translating and local translation is really the only way to maintain your brand tone in international markets.
- Marketplace strategy: product differentiation needs optimising like PPC.
- Understand your market: payments / returns /privacy options.
- Get the service right before investing to open a new market e.g. optimise with language first in the most profitable markets.
- Payment methods are imperative for localisation.

“

*Unparalleled opportunity to talk openly about solutions facing our business.*

COO

Cru Kafe

”



## 4

## INTERNATIONAL FULFILMENT AND RETURNS

## Sorted Group

**Discussion Summary:**

There were four key topics discussed during the day:

1. Choosing the right market: select an international market that you can serve easily and make sure you fully understand the market, the local nuances, local expectations (such as payment options) and evaluate the cost vs benefit of meeting these expectations. Local fulfilment and servicing is imperative for real growth but this will need investment. Do the numbers stack up?
2. Why are we all ignoring Brexit? Brexit seems to be the elephant in the room! No one is talking about it or planning for it. So what is going to happen in 2019?
3. Marketplaces; cure or curse? There's a unique opportunity to use marketplaces as a vehicle for international expansion. Platforms such as Fulfilment by Amazon and Amazon Marketplace are excellent for international shipping and management of new business, particularly if the retailer chops up the approach into work flows.

However, management can be difficult and high maintenance. Some Retailers are starting to suggest that brands should come together to make a stand against Amazon. While there are certainly challenges to marketplaces, the platforms are still the best option to test and grow in new markets and territories. Therefore many believe one should make the most out of the opportunities they offer, but exercise caution in the long run.

4. If using a partner, choose an expert: Third party partnerships may also be utilised however they require precise reporting and tight SLAs to ensure smooth running. In the majority of cases customers have the same brand expectations regardless of the market and therefore if third parties are used there must be strict brand controls in place.

The subject of International Fulfilment also raises many additional issues that need to be considered before embarking on cross border growth:

- Duty and taxes.
- Different customer needs & UX in different countries.
- Currency.
- Ecological packaging.





4

## INTERNATIONAL FULFILMENT AND RETURNS

### Sorted Group

#### Table Takeaways:

- Don't use the UK as your model; international engagement needs to be personalised to the geography of the market.
- Free delivery and returns does work worldwide but clearly there is an issue over cost.
- Low risk is fulfilment by a marketplace.
- If using a partner choose an expert in that locality.
- Understand complexity of international returns before entering a market; international stores are an opportunity for returns consolidation.
- Avoid drop-shipping.
- Local fulfilment or centralised?
- Delivery & returns expectations are the same. Premium service when purchasing a premium brand.
- There needs to be a trade off between delivery, stock optimisation and customer experience?
- Customers will take convenience over speed in most cases. International fulfilment should be managed locally to help keep customer satisfaction high.

“

*My highlight was the networking and feeling a sense of community.*

**Head of Project Delivery**

Tempur Sealy Intl.

”



## 5

## PERSONALISING FOR YOUR LOCAL CUSTOMERS

## Apptus

**Discussion Summary:**

Once the basic hygiene factors of localisation (i.e. local language, currency, payment and delivery options) are in place, the participants all agreed that delivering relevant products and content specifically for that market or region was of critical importance.

Few retailers felt that their existing merchandising infrastructure and processes easily supported this use case.

The creation of a separate team with local experience, whether employed centrally or 'in market' each has its own challenges and brings unwanted costs, therefore leveraging advanced technology that can capture and learn about local behaviour to take away heavy lifting from merchandising teams could be a key consideration for the future.

If you engage with a local partner to leverage scale, it is essential to have your brand proposition in place prior to entering a new market so you have clear rules and guidelines around your brand, ensuring it remains consistent across all markets, assuming there is no cultural conflict which may require flexibility of your brand.

Of course it is dangerous to rely wholly on technology. It will help with the heavy lifting but won't solve every issue or provide every answer as understanding the culture, customs, traditions, food and national holidays in your new market is crucial to understanding your new customers and this can only be done successfully by tapping into local knowledge. Take advantage of business networks provided by organisations such as the DTI as a first step.

“

*A really good chance to get out of the office and speak to people with similar issues but different views, as within a company everyone seems to have the same mindset.*

”

**International Online Manager**

Charles Tyrwhitt





5

## PERSONALISING FOR YOUR LOCAL CUSTOMERS

Apptus

### Table Takeaways:

- Localisation before personalisation.
- Getting the obvious things right; understanding time zones, language, cultural appropriateness.
- What about cohorts rather than countries? E.g. hipsters across all countries?
- Don't take broken processes going internationally e.g. merchandising issues.
- Germany: social NOT a key driver: traditional methods still predominant (e.g. print).
- Carefully managed partnership in territories can be a good point.
- Be aware of pricing differences in markets.
- Localisation and personalised merchandising seems a worthy investment.

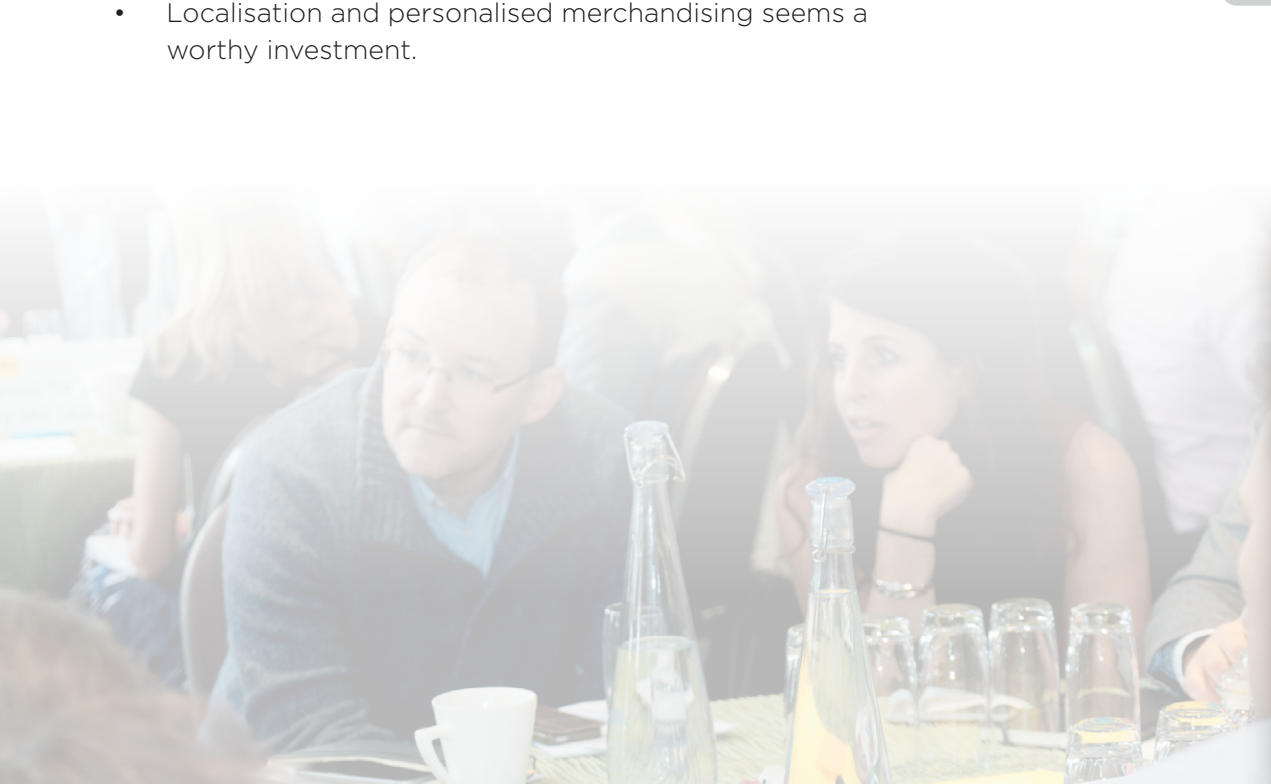
“

*Highlight was meeting experts from a range of industries, facing similar challenges.*

”

CFO

Cru Kafe





# A GLOBAL APPROACH TO DATA

Softserve

## Discussion Summary:

### 1. “What” before “How”!

Try to think “why do you need it” before approaching to any data-related problem. Do not implement personalization, Big Data or Analytics System just because everyone does it. Do not blindly follow best practices and patterns from the Internet. Think first!

### 2. Define data strategy

Define data strategy and make “data” a topic for the whole organization.

### 3. Use data strategy to unite the whole organization

Use data strategy to unite the whole organization, every division (sales, marketing, HR, finance, R&D etc) and employee should be aware about general data strategy and how his/her role corresponds to it. Every decision around data should be made taking data strategy into account.

### 4. Keep your data connected

Make sure that when you work on increasing and monitoring one KPI you don't make other KPI's declining, e.g. when you work on increasing conversion rate, make sure that life time value is not decreasing.

### 5. Make data transparent to the whole organization

Data values should be the same in all the reports and data insights. Data should be reasonable and should make sense to everyone in the organization who is working with it.

### 6. Run a minimum viable product or proof-of-concept first

A simple and non-expensive PoC or MVP project for couple weeks can save you tons of money and efforts by increasing quality of requirements and decreasing risks of choosing wrong approach or technology. Test first!

### 7. Bring early value

No matter if it is an Enterprise Reporting System with hundreds of reports or personalization system – bring value as soon as you can, then convince business and expand. Even small functionality which can lead to increased business efficiency could be a key to the overall data project success and early adoption.

### 8. Validate results all the time

Using A/B testing from the very first stages of your data projects will help to correct the approach and technologies required, making sure fastest time to market and adoption.

### 9. Ask your customers for their data

Ask your customers for their data, but be ready to give something in return. Personal data will help you understand your customers, build a digital footprint for them and serve them better. The easiest way to get personal data is simply to ask your customers. And they will be more than happy to share it with you if you can offer something in return. Centralized receipts storage, personalized offers or even discounts – any approach is good and would save you time and money on trying to get the same data from 3rd party vendors.



## 6

## A GLOBAL APPROACH TO DATA

## Softserve

**Table Takeaways:**

- Be clear about what you're using the data for and why before you start gathering. What is the problem you're trying to solve?
- Make data relevant/key to all employees; they need to see the value of the data analysis.
- International expansion is about getting local expertise – don't rely on your existing customer data as these are early adopters.
- SMEs will only get you so far.
- Sampling can help to reduce size of data.
- Customer profiling is key.
- Change of business culture and attitude towards data is essential.
- Help! We have no company strategy for managing and exploiting our rich data resource!
- Work with a small data set first to demonstrate value and earn business support.
- Customer data collection and processing is a major challenge with legacy systems.

“

*Usually you can sit in the corner of the room and no conversation flows, but there's no way I'd get away with that here! I've heard so many insights from people I wouldn't expect to have the same problems.*

”

**eCommerce Operations Manager**

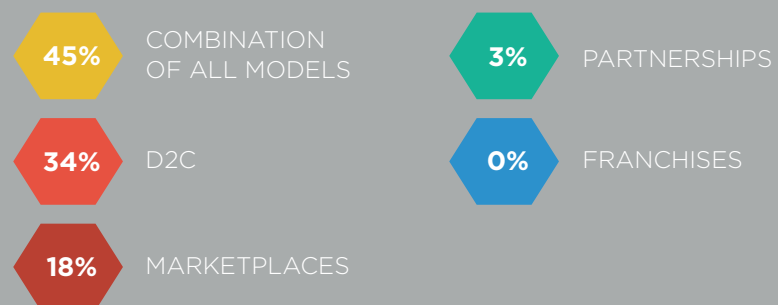
LifeStyle Sports



# Retail Hive Member Poll...

## What model do you use for new market entry?

When entering a new market only 18% of Retail Hive members rely solely on marketplaces with 45% preferring to use a combination of models. At present none of our members are solely using franchises to enter new markets.



“

*Very useful event. I picked up a few great tips from the roundtables.*

**Head of eCommerce**  
Hawes & Curtis

”





# Future Hive Live Meetings...

## Next Generation Retail Engagement

28 February 2018

Exploiting personalisation, content and data to engage the connected customer.

## Where eCommerce Meets Fulfilment

23 May 2018

Selecting the best strategies to meet the demands of today's multi-channel operations.



Both events will be held at Kensington Roof Gardens, London. For more information or to reserve your place please contact: [paul.kehoe@thehive-network.com](mailto:paul.kehoe@thehive-network.com) (T: 020 8004 3241)

roof-gardens 