

The Global Benefits of Expanding Beyond North America



Online retailers that managed to scale their business nationally understand that growth requires hard work, technological know-how, marketing savvy, strong products, and impeccable customer service.

But once a brand has maxed out its domestic expansion and starts looking to enter international markets, the challenges become larger. In today's interconnected global world, however, brands must maintain an international presence to boost their online visibility in order to remain relevant and continue to grow their revenue — and their company.

"Globalization has been accelerating faster than ever before, and therefore is one of the biggest trends that retailers need to pay attention to" says Jordi Vemeer, ChannelEngine's VP Revenue, North America. "Americans love buying European products, and Europeans love buying American products. But it's really hard to get your brand out there in a new region."



The opportunity for retailers isn't just in sentiment. With the European fashion market [projected to reach a market volume of US\\$258.80bn by 2027](#), American retailers would be remiss to keep their strategy local.

The evolving landscape of online shopping and the rise of direct-to-consumer brands created a new path for many retailers to conquer such growth. As large retailers are less interested in holding inventory, those brands are finding success going straight to consumers via marketplaces.

Their approach to online expansion has changed as well. Rather than starting with a brick-and-mortar store in

a key international city before moving to digital sales, retailers are now taking the opposite approach: introducing their products to international markets through online marketplaces first to build out the initial brand presence, whilst slowly building out their own Branded web presence.

"The shift to marketplaces and third-party sales channels means that a brand's own web shop or sales channel is becoming less relevant," says Niels Floors, ChannelEngine's VP of Strategic Development. "They can build their brands through the channels instead and reach their targets and numbers."

Why marketplaces are the solution

As consumers embraced online shopping as a way to quickly and easily make purchases, they're also increasingly making those purchases on just a handful of online marketplaces. Third-party online marketplaces already comprise more than 56% of global e-commerce sales. As shopping continues to move to mobile devices with strong social drivers, it's easy to see why marketplaces are set to become the largest and fastest-growing retail channel globally.

“Marketplaces solve some of the challenges of global expansion, because they already have the traffic, and they can handle the payments,” Vemeer says. “They have the service that local consumers expect.”

Just like decades ago consumers might have chosen a department store or a mall to streamline the purchasing process, they’re now looking to online marketplaces, such as Amazon or Walmart in the United States, as the most efficient way to shop when they’re on the web. Seven in 10 consumers worldwide now believe that online marketplaces are the most convenient way to shop, while two-thirds of them prefer sites with online marketplaces over those that don’t.

Even consumers who begin their shopping journey on a search engine often find themselves directed to marketplaces once they’ve honed in on a specific product to purchase. It's essential for new brands to

have a presence on those marketplaces in order to compete. That’s because those marketplaces allow brands to become discoverable with an existing audience. Rather than walking past a store at the mall, consumers now virtually browse through new brands on marketplaces.

That’s especially true internationally. The total gross merchandise volume at the 100 largest marketplaces grew nearly 3% last year (after 17.7% growth in 2021 when Covid was still a contributing factor) internationally, while the merchandise volume in the U.S. marketplace ticked down slightly last year.¹

The marketplaces deliver the traffic and the experience expected by the local clientele. Customers trust these marketplaces — and their brand partners — because they’ve built up a track record of customer service, reliability, and customer protection policies. They also

reduce the risk of international expansion and make it more cost-efficient for brands to scale since companies can rely on the marketplaces for much of the infrastructure and, rather than having to invest in building their own upfront. Many marketplaces also make it easy to tap into local data to glean insights that allow brands to better tailor their products to the needs and demands of local consumers.

Benefits of Marketplaces

- Increase DTC revenue to your existing e-commerce
- Increases and enhances brand presence, especially in lesser-known markets
- Have control of your product content and prices
- Allows for a flexible inventory distribution

The challenges of international marketplaces

While in some ways marketplaces make it easier for brands to expand into international markets, challenges remain. Countries have their own local heroes when it comes to marketplaces, often larger than Amazon and some very focussed on [specific niche industries](#). Unfamiliarity with these marketplaces and the best ones in each particular country is one of the first challenges of international expansion.

Another important hurdle is limited in-house technical ability. Even if brands have a talented team of local developers and engineers, these teams may not have experience in building and maintaining the tech required to connect to each individual international marketplaces and may not have the bandwidth to continually monitor and update the back-end connections as the brand continues to scale.

“If you’re selling in more than two marketplaces, there’s no way you can keep up and do all of that properly on your own,” Vemeer says.

In addition, international expansion requires knowledge of local rules and regulations around retail products, as well as tax laws. The company must remain compliant with all local laws and make adjustments when those laws change. While U.S. marketplaces typically calculate tax on behalf of buyers, in Europe, it’s up to individual sellers to make sure that they’re calculating the value added tax (VAT) appropriately.

Finally, selling across borders means taking basic international factors into account, including the need for a longer supply chain and issues that come with moving products through customs, navigating geopolitical risks, and factoring in the potential for currency fluctuations to impact profits or product demand. Retailers must be able to accept local currency, and to do so via



the payment methods preferred by local consumers, and they must have customer service representatives available in the time zones where their consumers live.

Of course, brands must take all of these challenges into account while also introducing their products into international markets at a competitive price point. That means that brands must address all of these challenges as cost efficiently as possible to make the expansion worthwhile from a revenue perspective.

Unlocking the benefits of international expansion

Brands that can overcome the challenges described above can unlock exponential growth that will transform their business. Such expansion can grow a brand's customer base and revenue much quicker than would otherwise be possible. By making strategic decisions about how and where to introduce the brand beyond the United States, brands may be able to unlock demand in markets where there is less competition and more demand.

When done effectively, international expansion can also increase a brand's flexibility and resilience to broader economic forces. If one marketplace or country experiences a recession, for example, the brand can rely on revenue from other marketplaces to minimize the damage. Brands that find themselves with a glut of inventory (as many did when online sales began to slow as Covid subsided) may also be able to avoid or minimize losses by moving that inventory to other markets where demand may be stronger.

For retailers that do ultimately want to grow internationally, an introduction via marketplaces can serve as a way to test the markets and learn about consumers in an individual country. It can also be a way to connect with future customers and employees who might not otherwise be aware of the brand.



Best practices for a marketplace expansion strategy

Tapping into international marketplaces requires a focused, tactical approach that takes time. A successful expansion may start small with only one or two markets at first. By expanding slowly, brands can figure out what works — and what doesn't — without overextending themselves in terms of either bandwidth or capital.

“Selling across borders is not a side hustle,” Floors says. “You need to really take it seriously and have someone local who is managing that business in the new region.”

While the specifics of any brand's marketplace strategy will vary depending on their products, customer base, and goals, there are several best practices that apply to nearly all sellers:

Select the right marketplace. While in the United States general retailers — like Amazon and Walmart

— dominate, in Europe and Asia, many markets have strong, niche marketplaces that may be the best venue for many verticals.

Localize content. In addition to translating listings to the local languages, retailers must also take into account differences in idioms and aspects, such as measurements and sizes.

Localize products. Some products may need tweaks in order to sell internationally. Tech products, for example, will need to plug into and run on the local electric system.

Connect the tech. Each marketplace has its own back-end technology, and a retailer may need to use API tools to connect their systems into the site.

Find local partners. From logistics to customer service, retailers need local expertise to smooth the rollout of their brand in any new market or marketplace.

How ChannelEngine Can Help

ChannelEngine works with brands of all sizes to simplify and streamline the process of building and executing a customized, international marketplace expansion strategy to help them meet their goals. In addition to offering technological and logistical support for brands looking to begin or expand their cross-border sales efforts, they have local expertise across the globe that can assist with selecting the appropriate marketplaces, navigating local regulations, and setting an optimal pricing strategy.

Since 2013, ChannelEngine has been working to connect brands and online retailers with marketplaces across the globe through their automated tools and dedicated customer service team. They built the most

complete marketplace integrator, and now they facilitate the sale of over 11 million products on 700+ sales channels. By integrating with multiple marketplaces and ecommerce platforms, retailers and brands can sell their products to millions of consumers worldwide, boosting online visibility and increasing revenue.

Their in-house team includes more than 240 ChannelEngineers from more than 30 countries working on the greatest assortment of connected marketplaces available to brands and retailers. Those teams are backed up by local partners, including full-service agencies and logistics experts, who are also ready to assist their brands and retailers in achieving their international expansion goals.

While they offer expert guidance, ChannelEngine's clients maintain total control over their product listings and pricing. Their clients have access to a dashboard that provides an overview of their channels and actionable data on sales, products, and inventory on that channel. In addition, ChannelEngine's platform offers automated tools like a [repricer](#) to enhance your Buy Box presence and [AI-powered product bundling](#) to streamline your operations, save valuable time, and drive increased sales for their customers.

Ready to learn more about how ChannelEngine can make it faster and easier for your brand to launch an international sales strategy? Connect with one of their marketplace specialists for a free consultation.

connect today



studio / ID

BY INDUSTRY DIVE

studioID is Industry Dive's global content studio offering brands an ROI rich tool kit: Deep industry expertise, first-party audience insights, an editorial approach to brand storytelling, and targeted distribution capabilities. Our trusted in-house content marketers help brands power insights-fueled content programs that nurture prospects and customers from discovery through to purchase, connecting brand to demand.

[LEARN MORE](#)