ONLINE EXPORTING: A GUIDE FOR AUSTRALIAN BUSINESS
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ABOUT THIS GUIDE

THE PURPOSE OF THIS GUIDE

Online shopping has quickly progressed from an activity for the young and tech savvy to an everyday activity for people of all ages. Indeed, many markets are seeing double-digit growth in online sales as e-commerce platforms drastically increase access to new products.

Like all business opportunities, online exporting poses a number of challenges and risks. However, it can also provide a more equal playing field for small businesses, help niche companies implement a scalable business model, and be an effective way to keep up with overseas competitors.

This guide is designed to help Australian business owners understand the online exporting opportunity.

THIS GUIDE HELPS YOU:

- Understand how to use e-commerce as part of your export strategy
- Be more aware of what the risks are and how you can manage them
- Compare markets and make informed decisions about where to focus your effort
- Learn how to use e-commerce as a market entry or market growth strategy
- Know which topics are important and recognise gaps in your knowledge
INTRODUCTION TO ONLINE EXPORTING

EXPORTING ONLINE

Selling online — or ‘cross-border e-commerce’ — presents an ideal opportunity to help your business get started in exporting, grow sales in existing markets, or test products in new markets.

THE ONLINE EXPORTING OPPORTUNITY

In 2016, global online sales were worth US$1.9 trillion or 8.7 per cent of total global retail sales. By 2020, global online sales are projected to reach US$4.1 trillion or 14.6 per cent of total global retail sales.

Implementing an online export strategy can bring millions of customers within the reach of even the smallest producer, and may provide easier market access than traditional export channels. As such, all exporters must consider how online channels fit into their business sales strategy.

While many businesses without a proactive online exporting strategy may receive enquiries or sales from overseas customers, any business wishing to significantly grow online sales should invest in a thoughtful online export strategy.

2016 RETAIL E-COMMERCE SALES WORLDWIDE

- USA: US $312.06bn
- China: US $366.28bn
- Australia: US $73.46bn
- Germany: US $44.09bn
- United Kingdom: US $36.46bn
- France: US $3.5bn
- India: US $4.4bn
- South Korea: US $21.65bn
- Japan: US $72.58bn
- Canada: US $17.96bn
- Germany: US $4.4bn
- South Korea: US $15.52bn

Data from Euromonitor
Online exporting provides a variety of potential business models and export methods, all of which allow varying levels of control, ability to monitor offshore sales and maintain your brand reputation through consistent pricing, marketing and sales.

Traditional exporting usually involves a business-to-business (B2B) model in which the exporter’s customer is another business — a distributor, a wholesaler or a retail store. In this model, exporters tend to lack oversight over how their product is marketed, where it’s sold, and how it’s priced.

Online exporting provides businesses with more options. Businesses can adopt a business-to-business-to-consumer (B2B2C) model, which functions similarly to traditional exporting. In this model, businesses sell products to a distributor that will then sell products to online consumers.

Businesses can also choose to sell directly to consumers under a business-to-consumer (B2C) model that is quite different to traditional exporting. Businesses that choose this model will often require local experts in fields such as logistics, social media, foreign language customer service, and website design. In this case, the customer is the end consumer rather than a distributor or retail store.

TIPS

1. No matter what model you choose, take the time to understand the B2C model so you can better monitor your distributors and service providers.

2. Consider profit margins, costs and your level of experience in each overseas market when choosing between a B2B or B2C model.
GETTING STARTED

GETTING STARTED IN ONLINE EXPORTING

There's no doubt that exporting online can be a game changer for your business. While it takes preparation, hard work, and informed decision-making, online exporting can allow small and large businesses to compete on an equal footing.

Most of the fundamental factors used to assess export readiness through traditional channels remain relevant to online exporting. Understanding customers, researching partners and suppliers, managing risks and having reliable freight all remain crucial to the success of an online exporting business. However, not being prepared or failing to understand the risks involved in online exporting can be detrimental to a business's success.

Austrade's International Readiness Indicator is an online tool for new exporters and has been designed to help Australian businesses determine whether their business is ready for exporting.

TIPS TO GET E-COMMERCE READY

Create a website that speaks to overseas consumers
Having a website that appeals to and can be understood by overseas customers is crucial in allowing them to easily research your products.

Define a clear brand and sales message
To stand out from the crowd, you'll need to craft an engaging brand story that differentiates your business from competitors.

Use professional product photos
High-quality photos of products, including multiple images from different angles on a plain background, are an indispensable online exporting sales tool.

Include detailed written descriptions
It's important to pair product photos with a detailed product description that explains the product and convinces consumers of its value.

Ensure your ability to understand consumers
Always ensure you consider what consumers will expect from the online shopping process, and tailor your online presence to meet these requirements.

Commit to ongoing research
Continuous research on customer expectations and competitors is the key to maintaining a competitive edge in overseas markets.
IMPLEMENTING AN ONLINE EXPORTING STRATEGY

While a reactive approach to developing an export strategy — choosing to export based on customer requests — can be successful, businesses should take a planned approach and develop a long-term export strategy to maximise success.

TAKE A PROACTIVE APPROACH AND DEVELOP A LONG TERM STRATEGY FOR E-COMMERCE AND ONLINE EXPORTING
To ensure a successful online export strategy, you need to look beyond the statistics and market indicators to understand the local online sales environment and ensure you can deliver a high-quality consumer experience.

When selecting the ideal target market, a business’s own website traffic and buyer behaviour is an invaluable source of information. Business owners should pay particular attention to where overseas visitors are coming from, conversion rates, customer queries, and the sales being made to each market.

Once this initial internal research has been completed, it’s important to conduct in-depth desk research into the product category and competitors, market, and regulatory systems to determine the appropriate target market.

To help in this process, Austrade has produced a range of overseas market snapshots and guides for online exporting.
RESEARCH PRODUCTS AND COMPETITORS

Consumers in many overseas markets have high expectations when it comes to the products they want, the visual marketing of goods, the language of transactions, and the pricing of imported goods. Businesses will have to consider their ability to meet these expectations when deciding on a target market.

Australian businesses should undertake product category and competitor research to determine the following:

Marketing and customer service

- Does your website design and visual marketing meet customer expectations?
  - Customers in different markets often expect different levels of detail with relation to product information, so understanding local expectations is crucial.

- How are you going to manage local customer service? What are the costs involved?
  - Some countries will require local language services for marketing materials, online product information, customer service, and platform communication.

- Do you understand the local social media platforms and how to use them to help market your product?
  - Australian exporters should consider using local social media as a marketing channel. However, keep in mind the country when choosing which social media to use. For example, Twitter and Facebook are blocked by Chinese authorities so it is better to use Chinese apps such as WeChat and Weibo.

Product pricing

- Does your pricing take into consideration any import duties, local taxes, and freight costs?
  - The additional costs involved in overseas exporting often results in higher prices which may mean your product cannot compete with domestic alternatives.

- How does your overseas retail price compare with potential competitors?
  - It’s important to know whether there are any products similar to your own already offered in your target market, whether by online or domestic competitors.

TIPS

1. It’s important to consider the value of your product to overseas markets when deciding if online exporting is the right choice for your business.

2. Comparing your overseas retail price (including any import duties, taxes, and freight costs) to potential competitors will help ensure it’s market competitive.

3. You may need to hire external assistance to cater to consumers expecting customer service in their local language and time zone.

While local social media is an important marketing channel, you should look into which specific platforms are available and popular in your target market.

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RESEARCH MARKETS

While online shopping is booming around the world, businesses should understand the intricacies of the market, potential profit levels, and the risks faced by online exporters before deciding on which markets to target.

Australian businesses should undertake market research to determine the following:

Business models and payment
➢ Does your business model work in your intended marketplace?
  • Depending on the country you intend to export to, some online exporting business models may not be appropriate or accessible.

➢ Do you understand the expected payment options and risks?
  • It’s important to understand the payment options and wait times, and how these may affect your business’s cash flow.

Competitive environment
➢ Who are your potential competitors? What is their pricing model?
  • When evaluating a new market, it’s important to know who your competitors are and how they operate in order to ensure your business and product can compete.

➢ What level of promotion and discounting will be required to develop strong sales?
  • In many e-commerce markets, customers have come to expect low prices and regular sales offers which you’ll need to account for in your pricing structures.

Logistics and returns
➢ Will delivery time and costs align with consumer expectations?
  • It’s important to be aware that slow delivery and unexpected costs are both common causes of customer dissatisfaction, so you’ll need to plan your logistics accordingly.

➢ Can you afford to have a free return policy?
  • Free returns are a powerful marketing tool for online sales, however this strategy may not be realistic if your freight costs are too high.

TIPS

1. Conduct competitor research to get a better idea of what it takes to succeed in a particular market.

2. Understand how online payments are made and offer the right payment option for your market to help increase your conversion rate.

3. Be aware that unreliable last mile logistics may impact customer experience and make managing returns and lost items both costly and time-consuming.
RESEARCH REGULATIONS

Many countries and markets have specific regulations for products sold online, especially those shipped direct to customers from overseas markets like Australia. These regulations may change over time depending on the value of the volume/units of products sold, changing biosecurity/quarantine risks and other importing country requirements.

Australian businesses should undertake research into export and import regulations applicable to e-commerce pathways to determine the following:

Export and import requirements

➢ Have you checked export and import requirements in Australia and your target country?
   • Companies are responsible for checking both Australia’s export regulatory requirements and the importing country’s requirements for their products before exporting. These can include biosecurity/quarantine requirements, packaging, and labelling requirements. There may be requirements for export certification by government agencies as part of these steps.

➢ Food and agricultural products
   • Meat, dairy, fish and plant products including fruit, vegetables and seeds must adhere to the importing country’s requirements. Exporters must also comply with the requirements of the Export Control Act 1982 and associated Control Orders when exporting commodities from Australia. Exporters can research the import requirements online in the Manual of Importing Country Requirements (MICoR) at micor.agriculture.gov.au. Please note, MICoR should only be used as a guide and exporters are encouraged to confirm import requirements prior to shipping with their respective importers. MICoR is managed by the Department of Agriculture and Water Resources. Questions can be directed to the department directly via exports@agriculture.gov.au.

In most markets, these items cannot be shipped direct to consumers through the postal system or a courier.

➢ Health supplements, cosmetics and skincare
   • Most importing countries require items used on the skin, as well as health supplements, to undergo product registration and adhere to local labelling and testing laws. This process can be quite expensive and potentially lengthy – sometimes taking multiple years in some markets. The regulations for these products may vary depending on whether they are shipped as large commercial shipments, or as individual items direct to consumers through the postal system or a courier.

➢ Alcohol
   • In some countries, alcohol cannot be sold online or there are strict restrictions for delivery to individuals. Alcohol generally has stringent import and labelling requirements and is often subject to import duties or other taxes which may make selling online complicated.

➢ Other items
   • There may be restrictions on the online sale and shipping of dangerous goods, including batteries and items containing batteries.
E-COMMERCE IS THE WORLD’S FASTEST GROWING RETAIL CHANNEL, GLOBALLY VALUED AT US$16.2 TRILLION

Intellectual property registration

> Have you registered for the relevant patents and trademarks in your target country?
  - Intellectual property (IP) can be a valuable business asset, so it’s important that you understand how to protect it within your target markets.

> Does your online marketplace require separate intellectual property registration?
  - In many online marketplaces, there is a separate process for registering your trademark, allowing you to delist any counterfeit products and unauthorised sellers.

Taxation and import duties

> What is the tax-free limit for online sales by overseas exporters?
  - It’s important to know the tax-free limit for online exporting transactions within your target country, and account for this within your pricing matrix.

> Can you arrange to pay any duties or taxes on behalf of the customer?
  - Make sure you understand who is responsible for custom clearance, duties and taxes, as this can be collected by the shipper or the consumer.

TIPS

1. Remember that even once you’ve registered your IP, it’s your responsibility to identify and report counterfeit products and unauthorised sellers.

2. Understand that being above the tax-free threshold may trigger taxes, import duties, labelling laws, or other regulatory requirements that can complicate online exporting.
THE B2B2C MODEL

The B2B2C business model is similar to traditional exporting, with businesses selling their products wholesale to a distributor that will then sell the product to end consumers. Given that online sales platforms are decided by distributors, businesses should carefully consider which type of distributor to use.

Most successful B2B2C exporters choose one of the following distributor options:

**OPTION 1**
- Australian-based consolidator

**OPTION 2**
- In-market distributor

**OPTION 3**
- Direct purchasing platform

THE MOST COMMON REASONS FOR USING B2B2C

- Export large quantities through an importer distributor in the market
- Foreign brands are required to partner with a local company in some markets to list on a local online marketplace
- You already have a distributor in the market who is managing offline sales and you want to start selling online too
- The effort and expertise required for ongoing promotion justifies local representation

**PROS**
- Ability to use existing distributors
- Distributors handle offshore operations
- Easy to manage stock in bulk

**CONS**
- Exporter only receives wholesale price
- No direct communication with consumers
- Overseas retail price generally set by distributor
THE B2C MODEL

The B2C business model gives Australian businesses the opportunity to sell directly to consumers through their own website or an online sales platform. Given the higher level of control involved in the B2C model, there are two major decisions that will dictate the way the business will run at an operational level:

1. Where the transaction will take place (on which website or platform)
2. What delivery method will be used (through which delivery system)

Though there are many ways to export online using a B2C model, most successful businesses use one of the following combinations:

<table>
<thead>
<tr>
<th>TRANSACTION</th>
<th>DELIVERY SYSTEM</th>
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<tbody>
<tr>
<td>OPTION 1</td>
<td>Own website</td>
</tr>
<tr>
<td>OPTION 2</td>
<td>Online marketplace</td>
</tr>
<tr>
<td>OPTION 3</td>
<td>Own website</td>
</tr>
<tr>
<td>OPTION 4</td>
<td>Online marketplace</td>
</tr>
</tbody>
</table>

THE MOST COMMON REASONS FOR USING B2C

- To test the market, or when sales are small so it is possible to send individual parcels to each consumer
- Personal importation regulations remove the need for product approvals and labelling
- No market regulations preventing foreign brands from managing online listings themselves

The level of involvement and control that a business maintains during the exporting process varies across each of these transaction and delivery decisions. Each option requires different resources and costs, as well as different levels of liability, responsibility and risk. No matter which option they choose, businesses should understand all of the roles and tasks required throughout the process.

PROS

- Exporter receives retail price
- Full control over brand image
- Direct communication with consumers

CONS

- Increased research time
- Extra costs to set up online store
- External service providers required
EXPORTING FROM YOUR OWN WEBSITE

Regardless of whether you choose a B2B2C or a B2C business model, having a high-quality brand website will allow you to grow sales and facilitate a satisfying customer experience.

There are two types of online exporting websites:

A **marketing website** promotes the product and brand, providing information on how a product can be purchased through an external sales channel.

A **transactional website** promotes the product and brand and allows customers to purchase the product directly.

MARKETING FROM YOUR OWN WEBSITE

Both B2B2C and B2C online exporters should invest in a well-designed website to showcase their product and boost their brand’s reputation. A business’s website is often the consumer’s first stop when researching a product. A successful online exporting website will appeal to the target market’s visual expectations, provide detailed information about both products and the brand, and clearly address how and where products can be purchased.

**TIPS FOR CREATING A MARKETING WEBSITE**

- **Ensure correct domain name registration**
  Be aware that in some countries consumers react more favourably to a local domain name, for example a co.jp site in Japan or a .com site in the US.

- **Translate content into local language(s)**
  If your target market speaks a language other than English, you may need to translate your website and any other online content into the local language(s).

- **Consider a locally hosted website**
  Hosting a website locally within a target market will help you solve the problem of your Australian-hosted website being too slow for or inaccessible to overseas consumers.

- **Optimise rankings on local search engines**
  You’ll need to optimise your search engine rankings separately for each of your target countries, keeping in mind that Google may not always be the major search engine.

- **Be clear about product accessibility**
  If you’re using your website purely for marketing purposes, you’ll need to provide a clear link to your chosen marketplace so that consumers can understand how to purchase your product.
BUSINESSES THAT INVEST IN A WELL-DESIGNED WEBSITE CAN SHOWCASE THEIR PRODUCT AND BOOST THEIR BRAND’S REPUTATION

EXPORTING FROM YOUR OWN WEBSITE

Most businesses that choose to export from their own website do so to test the market, conduct consumer research, or retain control over the online exporting process. However, as sales increase and the process becomes more complex, outside export assistance is often necessary.

Researching potential competitors can help businesses understand what a successful online exporting business offers to consumers. It can also be useful to consider what information and level of service consumers would expect before buying a product online from another country.

Alternatively, there are technology companies that provide inclusive subscription packages that can help develop your website. Companies such as Magento magento.com, Shopify shopify.co.uk or BigCommerce bigcommerce.com.au can help businesses build their own transactional website. The template usually includes the website design, backend system, e-payment gateway management and freight management functions. Companies are required to sign up for a monthly subscription.

INTERNATIONAL PAYMENT GATEWAYS AND CURRENCY EXCHANGE

When it comes to selling products to international consumers, one of the challenges is international payment collection and currency exchange. There are companies that offer technologies to solve this problem. Each company will offer different solutions so exporters should read through their offerings to find the one that best suits their needs.

TIPS FOR CREATING A TRANSACTIONAL WEBSITE

Create a mobile-friendly website
Ensuring your website is mobile-friendly will allow you to take advantage of the increasing amount of online shopping transactions being conducted on mobile devices.

Set clear consumer expectations
Be clear about which markets you can ship to, what currency transactions you support, and any freight costs, taxes or duties that the consumer should expect.

Publish a list of common FAQs
Publishing a list of FAQs to answer common consumer questions will help you reduce the number of customer service emails and phone calls you receive.

Offer foreign currency transactions
Consider speaking to your bank and shopping cart providers about facilitating foreign currency transactions to reduce conversion barriers and maximise online sales.
THINGS TO KNOW

While selling through your own website can be cost-effective, this model may not work well in some countries due to competitiveness and customer preferences. For example, in most Asian countries, customers prefer to visit one website to buy everything they want, they don’t like visiting multiple websites because they find it troublesome. In these countries, there are usually local giant online marketplaces such as Tmall (China), Rakuten (Japan) or Flipkart (India). It is extremely hard for your website to compete with them. However, in most Western countries, while there are still giant platforms such as Amazon and eBay, local customers enjoy searching the internet for new and used products worldwide. Your own website may not be able to compete with local online marketplaces but can be an additional channel for your consumer to find you.

**PROS**

- Buyers worldwide can find your company and view your products
- You can use your website to generate offline enquiries or to sell direct
- You have full control over your branding, marketing and pricing
- You don’t have to pay commissions to online platforms
- There are no restrictions on how to structure and promote your online store
- You can communicate directly with your customers
- You receive payments directly from your customers with little or no delay

**CONS**

- It is very hard to promote your own website, and marketing fees may be required
- It is very labour intensive as you will need to take care of all the operations
- You need to manage multiple e-payment gateways as different countries have different payment methods
- You need extensive knowledge of e-commerce to handle every aspect of your online business

OVER 50% OF HOUSEHOLDS WORLDWIDE HAVE ACCESS TO THE INTERNET
Every online marketplace offers a customised range of services, payment methods, policies and requirements. Even within a single country, marketplace platforms can vary greatly.

An online marketplace platform, like Amazon, eBay and Rakuten, doesn’t hold any inventory, instead inviting distributors and brand owners to open shops on their platform. While there will be more shoppers visiting an online platform than an individually owned website, standing out from the crowd can often prove challenging for Australian businesses.

Under the online marketplace model, businesses can establish a shop themselves or find a distributor to list products for them. Either way, it is important that you do not compete with your existing distributors. If your current export sales are heavily reliant on your distributors, you should consider using your online shop as a flagship store. Instead of trying to increase sales through cheaper prices, your flagship store signifies your official presence in the local market, through which you can also answer questions and provide local customer service.

The terms ‘online mall’ and ‘hypermarket’ are used to indicate a general business model for online marketplaces, however each platform will operate differently.
UNDERSTANDING MARKETPLACE PLATFORMS

Simply listing products on an online marketplace isn’t enough; businesses need to develop an effective marketing strategy to grow sales. This means either promoting their products themselves or hiring professional service providers to manage and promote products within the marketplace.

Pros:
- Exporters receive retail price
- Direct communication with consumers
- Full control over brand reputation

Cons:
- Shop management can be resource intensive
- Extra service providers often required
- Increased costs to develop online store

Online marketplaces will usually charge a number of fees: a shop opening fee, a product listing fee, a deposit amount, and a continuous commission fee according to total sales volume. A service provider will often also be required, which will add monthly shop management and commission fees.
Unlike traditional export models, online exporting involves a high degree of transparency, meaning that the connection between your business and your distributor is clearer and more scrutinised than ever.

Given the transparency of online exporting, businesses should do their due diligence about distributors before making any commitments. Options for Australian businesses include using an Australian-based consolidator, in-market distributor, or a direct purchase platform.

Understanding a distributor’s business model and sales channels is crucial, as it helps companies ensure their products respect local laws and regulations, maintain their brand reputation, and avoid potential competition between distributors.

Good communication between a business and its chosen distributor is equally important, allowing businesses to uphold their reputation, implement a consistent marketing and sales strategy, and incentivise distributors to promote their products.

### TIPS

1. Understand your distributor’s business model and sales channels and ensure they align with your own strategy before committing to any partnership.

2. Communicate your marketing and sales strategy to your distributor from the outset, making each partner’s responsibilities clear.

3. Monitor each of your distributor’s sales channels to ensure they’re not competing with one another and lowering your overall profit.

### PROS

- Third-party logistics and fulfillment
- Domestic sales are usually in AUD
- Usually ships bulk orders to an Australian address

### CONS

- Consolidator will take a high margin
- Shipping individual orders from Australia will result in longer wait times for consumers
- Less control over marketing and strategy
**AUSTRALIAN-BASED CONSOLIDATORS**

Australian-based consolidators are international distributors with Australian offices or aggregators that are looking to buy and export products overseas. Under this model, businesses will perform a domestic transaction with an Australian-based consolidator that will then list and sell products through online sales platforms.

Smaller businesses will often find consolidators easier to work with due to reduced cultural barriers; however, Australian-based consolidators may have less knowledge of and experience with overseas sales platforms compared with those based in overseas markets.

**IN-MARKET DISTRIBUTORS**

Similar to traditional export channels, businesses ship to an in-market distributor that will then sell products to end consumers. Under this model, businesses will send large shipments at wholesale prices to overseas distributors that will then handle customs clearance, customer service, fulfilment and last mile logistics.

Businesses using an in-market distributor that specialises in selling online will benefit from their understanding of local e-commerce practices, but should be careful to do their due diligence before committing to any offshore distributor. Not all distributors are experienced in selling online or using online marketplaces.

### PROS
- Lower freight cost than individual shipments
- Faster delivery to end consumers
- Avoids peak freight wait times

### CONS
- No control over overseas stock
- Traditional import regulations apply
- No taxation exemptions

**DIRECT PURCHASE PLATFORMS**

Direct purchase platforms, such as kaola.com, purchase products directly from Australian businesses and then sell the products to end consumers. Under a direct purchase model, businesses need not worry about warehousing or logistics, as this is handled by the external platform.

Businesses will, however, need to communicate with the platform to discuss marketing materials and pricing strategies. In most markets, direct purchasing platforms are limited, with the majority focusing on a single market sector.

### PROS
- Externally managed stock control
- Third-party logistics and fulfilment
- Exporter receives payment for bulk orders

### CONS
- Exporters sell at wholesale price
- Some direct purchase platforms focus on heavy discounting
- Less control over pricing and marketing
Regardless of whether you’re selling through your own website or through an online marketplace, you should tailor your business’s shipment solution to your particular circumstances and consumers.

Delivering products to a target market and consumers often poses significant challenges for businesses. Understanding the various logistics options available will help Australian businesses make the best possible choice.

In making this choice, Australian businesses should consider consumer expectations, competitor services, and available service providers to ensure they can offer the best consumer experience possible.
DIRECT SHIPMENT

Direct shipment requires online exporters to fill purchase orders individually, sending parcels directly from Australia to the end consumer overseas.

This solution is particularly attractive for businesses testing a new market or that want to deal directly with consumers and retain control over their brand image and reputation. However, direct shipment is not practical for some products or markets.

### PROS
- Full control over stock
- No need for a distributor
- May take advantage of tax-free threshold in some countries

### CONS
- High freight and labour costs
- Risk of product loss and damage
- Longer consumer wait times

THIRD-PARTY LOGISTICS

When using a third-party logistics (3PL) solution, online exporters will ship a large quantity of inventory to a paid fulfilment warehouse for storage where it will be broken down into individual orders and delivered to end consumers using local courier services.

Most 3PL services can be integrated seamlessly into a business’s e-commerce platform, however business owners should be aware of the diverse range of cost structures.

### PROS
- Cheaper bulk shipment and storage
- Automatic order fulfilment
- Scalable services

### CONS
- Requires long-range sales predictions
- Higher risk of waste if product expires
- Risk of owning goods stored overseas

Some countries are yet to implement reliable postal and customs clearance processes for parcels. Shipping some items (e.g. food) to certain markets requires full product registration and importation from an approved commercial importer so direct shipment is not possible.
GOOD COMMUNICATION BETWEEN A BUSINESS AND ITS DISTRIBUTORS IS CRUCIAL TO DEVELOPING A SUCCESSFUL ONLINE EXPORT STRATEGY

FREE TRADE ZONE

As part of an effort to promote overseas e-commerce, some countries have established bonded regions known as Free Trade Zones which enjoy preferential import policies. Under this model, businesses can send containers of products into a free trade zone, enjoying certificate-free, tax-free thresholds and bonded policies for selected items. Businesses choosing this method should find a local service provider to manage shipment and last mile logistics.

PROS

> Lower logistics and taxation costs
> Fewer import regulations on some items
> Faster consumer delivery speeds

CONS

> Risk of policies and regulations changing
> Potential loss of control over stock
> No ability to facilitate returns
SELECT DISTRIBUTORS OR SERVICE PROVIDERS

FINDING DISTRIBUTORS AND SERVICE PROVIDERS

No matter what business model or transaction method you choose, specialist services will likely be required to facilitate effective online exporting.

As such, deciding which external parties to partner with is a crucial step in developing a sustainable online export business. Businesses should ask potential external partners for a detailed breakdown of charges, and ensure they fully understand any payment terms and contractual obligations.

PROTECTING YOUR REPUTATION

In online exporting, the whole consumer experience needs to be well managed to ensure their satisfaction. As such, online exporters should understand the consumer experience offered by potential logistics providers. Asking external partners about transit time, reliability, and delivery is important to ensure they can provide a satisfying consumer experience.

TIPS

1. Investigate your distributor or service provider’s pricing structure and consumer base as well as the brands they represent.

2. Examine the track record of your distributor or service provider, including references to prove their experience.
TYPES OF SERVICE PROVIDERS

E-commerce consultants
E-commerce consultants provide data and insight about e-commerce within a target market without being involved in actual trading.

Marketing/sales services
Marketing and sales services firms provide marketing advice. In some countries, they may help businesses source multiple local platforms through which to sell products.

Graphic designers
Graphic designers help design online marketing collateral, translate product information into local languages and organise product photos and demonstrations.

Online store managers
Online store managers handle the management of online stores and listings, communicate with marketplace platforms, and organise promotional events.

Customer service specialist
Customer service specialists deal with consumer enquiries in the local language(s). This could include both over the phone and through online chat tools.

Fulfilment providers
Fulfilment providers store, pick, and pack stock held overseas, working with last mile logistics providers to track products until delivery to the end consumer.

Logistics services
Logistics services provide wholesale logistics for bulk shipping and retail shipping for individual parcels.
ADOPT A CONCERTED ELECTRONIC MARKETING STRATEGY TO REACH POTENTIAL CONSUMERS

THE ONLINE SALES CYCLE

Like all other business types, online exporting is dominated by a defined business cycle. While this guide offers general advice on each stage of this cycle, each step can be quite involved and you may require help from experts.

PROMOTION

Once businesses have a website or platform listing, it’s important to undertake promotional activity to help drive traffic towards products and generate new consumers. A concerted social media and electronic marketing effort can facilitate consumer acquisition and retention at a low cost.

This promotional strategy will involve sourcing the necessary language and cultural communication skills, identifying ways to engage local customers, and improving search engine rankings through paid search.

DETAILED PRODUCT INFORMATION

Providing consumers with the right product information raises awareness and reduces the likelihood of dissatisfaction and returns.

Consumers in many overseas markets are accustomed to far more product information than is usually provided by Australian websites.
CONVERSIONS AND PAYMENT

Increasing shopping cart conversion rates is an ongoing challenge for all online businesses. Ensure that information about total costs (including freight, options, currencies and payment fees) is available before the transaction takes place to create a satisfying customer experience.

Preferred payment methods vary around the world, so online exporters should understand how they will be paid, and what the risks of non-payment are. Australian businesses should also consider accepting payments in foreign currency to increase the chances of securing a sale.

DELIVERY AND RETURNS

Product review research shows that consumer complaints often focus on the delivery and returns experience, rather than the actual product. Regardless of which delivery option a business chooses, they must take into account consumer expectations, competitor service and available service providers to ensure a high-quality consumer experience.

Businesses should also consider how to manage returns and lost items, as poor returns logistics can be costly to both a company’s bottom line and its brand reputation. While there is no simple or broadly accepted way to manage returns, researching costs and consumer expectations can help businesses find the right balance.

In some markets, product returns can be as high as 30%.

TIPS FOR MAXIMISING ONLINE SALES

Implement direct marketing to local audiences
It’s important to understand which marketing channels are most relevant to your target audience, whether this is social media, online marketplace reviews, or other sources.

Include detailed product information and high-quality photos
Providing detailed product information across all sales and marketing platforms will help you reduce the likelihood of dissatisfaction and returns.

Be transparent about all costs
It’s important to ensure that information about all costs - including freight, taxes, duties, and transaction fees - is available to the consumer before the transaction takes place.

Optimise shopping experience and card payment
It’s important to understand preferred payment methods and consumer expectations in overseas markets to ensure a smooth shopping cart experience.

Define clear returns policies
Make sure consumers fully understand what to expect when it comes to delivery and possible returns to maintain a high level of consumer satisfaction.
FOSTER AN ONGOING RELATIONSHIP WITH CONSUMERS

BUILDING GOOD CONSUMER RELATIONSHIPS

Maintaining a good relationship with your consumers after their order has been shipped is crucial to building a successful online exporting business.

Social media and instant messaging apps are effective platforms through which businesses can build relationships with their consumers.

The rise of mobile has led to the rapid adoption of instant messaging apps, where consumers can do anything from booking a taxi, reading news, ordering food, or shopping for clothes. There are whole ecosystems of social networking and instant messaging platforms beyond Facebook and Twitter that businesses can take advantage of through their social media strategy.

Building a social media strategy around local social media platforms — WeChat in China, KaKao Talk in South Korea, and Line in Japan, Indonesia, Taiwan and Thailand — will give businesses a huge advantage when it comes to developing an ongoing relationship with consumers.
TIPS FOR BUILDING GOOD CONSUMER RELATIONSHIPS

Engage local social media networks
Depending on your target market, there will be a range of social media platforms and instant messaging services you can take advantage of.

Send regular email campaigns or newsletters
Even with the rise of social media, sending regular emails remains a great way to connect with consumers and keep them up to date about your products and deals.

Provide consumer support for issues after delivery
A consumer’s online shopping journey extends far beyond the initial transaction, so it’s important that you provide consumer support even after delivery is complete.

Offer discounts for purchases and referrals
Offering discounts to existing consumers for future purchases or referrals is a great way to build a relationship and encourage future engagement with your business.

CROSS-BORDER DIGITAL PURCHASE SHARE AMONG CROSS-BORDER DIGITAL BUYERS

In many Asian markets, smartphone users can account for up to 35% of total online transactions.
KEEP UP WITH GLOBAL COMPETITORS

THE IMPORTANCE OF CONTINUOUS RESEARCH

The hard work doesn’t stop once your online sales have been established. You should conduct ongoing research to ensure you’re up to date with the regular changes in overseas e-commerce markets.

The world of online exporting moves quickly, with platforms growing rapidly and consumer expectations continually changing. As such, online exporters should undertake ongoing research to ensure they can take advantage of new trends and developments.

Listening to what consumers are saying online will help businesses keep up with the fast-paced world of online exporting. Being across the latest developments in web design, online payments, social media, and logistics can help Australian businesses stay ahead of their competition and maximise online sales.
TIPS FOR ONGOING RESEARCH

Listen to what consumers are saying online
Listening to what consumers are saying online about both your product and your business will help you identify any improvements that need to be made.

Know what your competitors are offering
Understanding what your competitors are offering, and what consumers are saying about them will help you keep up in the fast-paced world of online exporting.

Monitor how and where your product is sold
Keeping abreast of where your product is sold and how it is presented can allow you to better manage your brand reputation and keep track of new sales opportunities.

Take advantage of new technology
New innovations in web design, online payments, and social media are happening all the time, so make sure you take advantage of what these new technologies have to offer.
MANAGE YOUR RISKS

UNDERSTANDING POTENTIAL RISKS

While the areas of risk are largely the same across traditional and online exporting channels, the increased transparency of online exporting means that your brand reputation is more important than ever.

Depending on the chosen business model, the costs of selling online often go far beyond setting up a website or paying online marketplace store fees.

UNDERSTANDING THE PROCESS

Many businesses do not fully understand exactly how online exporting works, along with the details of the tasks they’re outsourcing. This can lead to uninformed decisions that may affect a business’s potential success as an online exporter.

No matter whether a business manages online exporting internally or externally, they must understand all parts of the process. Knowing realistic outcomes and potential challenges will help Australian businesses develop a more successful online exporting strategy.

PROTECTING BRAND REPUTATION

A business’s brand and reputation is one of its most powerful assets - and should be protected throughout the online exporting process. For many markets, a “.com” website will suffice to protect a business’s brand. However, in a market like China, businesses must have a website hosted in the region in order to deliver the speed required and reduce firewall barriers.

TIPS

1. Do your due diligence on all external parties, understand each step and role in the process, and set clear expectations about service quality.

2. While ensuring trademarks and registering domains can be conducted by individual companies in some markets, in-market legal advisors may be required.

3. Keep up to date with intellectual property laws in your target market, as these often differ from country to country.

Registering trademarks and domain names in target countries and markets is an important step towards protecting a brand’s reputation.

UNAUTHORISED SALES

Many online exporters are surprised to find that opportunistic resellers or distributers are selling their products online without their permission. Some businesses see this as an opportunity to follow and assess external sales that they don’t directly control, and use their learnings to better understand the potential for growth. Others want to take back control to ensure that poor product photos and information doesn’t damage their own brand.
INFORMATION AND ASSISTANCE

The following resources will provide more information and advice on online exporting and financial assistance.

Setting up your digital business

Get advice on how to set up a website, understand e-commerce capabilities, implement social media, and more from the Australian Government’s online business resource.

digitalbusiness.gov.au

Online training

Learn how to boost online digital performance through website creation, online marketing, social media, and e-commerce from Google’s free training platform The Digital Garage.

learndigital.withgoogle.com/digitalgarage-au

Export readiness

Find out what it takes to become online export ready with Austrade’s online resource, then try the International Readiness Indicator to assess your readiness.

Becoming Export Ready: austrade.gov.au/about-export
International Readiness Indicator: austrade.gov.au/IRI

Getting financial assistance

Australia’s export credit agency EFIC operates on a commercial basis, partnering with banks to provide financial solutions for small and medium export enterprises.

efic.gov.au/business-solutions/

Export Grants

Austrade administers the Export Market Development Grants (EMDG) scheme to provide financial assistance to small- and medium-sized Australian businesses developing export capabilities.

austrade.gov.au/Australian/Export/Export-Grant
ABOUT AUSTRADE

The Australian Trade and Investment Commission – Austrade – contributes to Australia’s economic prosperity by helping Australian businesses, education institutions, tourism operators, governments and citizens as they:

- develop international markets
- win productive foreign direct investment
- promote international education
- strengthen Australia’s tourism industry
- seek consular and passport services

Austrade provides information and advice that can help Australian companies reduce the time, cost and risk of exporting. We also provide a range of services to Australian exporters looking to expand their business in growth and emerging markets, including:

- information and advice on doing business in international markets
- help with overseas market selection
- identification of relevant overseas contacts
- assistance with market entry and expansion
- identification and follow-up of specific international business opportunities

We also administer the Export Market Development Grants scheme – the Australian Government’s financial assistance program for aspiring and current exporters.

W austrade.gov.au
E info@austrade.gov.au
T 12 28 78 (within Australia)
**Aggregator**: A trader/exporter that buys multiple brands and exports their products overseas

**B2B2C (business-to-business-to-consumer)**: A business model where a company sells its products to a business partner and relies on that partner to sell products directly to consumers

**B2C (business-to-consumer)**: A business model that sells directly to end consumers

**Business model**: A business plan defining how a business will facilitate online exporting

**Cross-border e-commerce**: International online trade involving the sale or purchase of products or services via online shopping across national borders

**Direct purchase platform**: An online sales platform that purchases a business’s product to then sell it to end consumers

**Direct shipment**: International parcel delivery from Australia to a consumer in a target country

**Distributor**: A wholesale consumer that purchases in bulk from a business then sells products overseas through their distribution channel

**E-payment systems**: Online payment systems such as PayPal, Alipay and Paytm

**Firewall**: A network security system that monitors and controls the incoming and outgoing network traffic based on predetermined security rules; may block customers from accessing certain offshore websites

**Free Trade Zone**: A specific area within the territory of a country that enjoys preferential policies including lower taxes and reduced registration requirements

**Fulfilment services**: Provides product storage, pick-and-pack services, and last mile delivery

**Intellectual Property (IP)**: Refers to intellectual creations for which the law assigns a monopoly to designated owners

**Last mile delivery**: Movement of goods from a fulfilment centre to their final destination

**Logistics services**: The whole delivery process involved in getting a product from the creator to the end consumer; includes warehousing, shipment, offshore fulfilment, pick-and-pack, and last mile delivery

**Marketing website**: A website that only provides marketing materials for your product without a shopping cart built into the site

**Online marketplace**: A platform where businesses can list their product to sell to an end consumer without the platform taking ownership of the product
**Search Engine Optimisation (SEO):** Increasing the visibility of a website and its pages for higher rankings in a search engine's unpaid results

**Service provider:** Companies that provide professional services to help fulfil a business’s online export strategy without taking ownership of the product

**Target market:** The market/country a business intends to export to

**Third-party logistics (3PL):** Outsourcing storage and logistics when exporting. This usually means a warehouse overseas stores and sends your product to customers once they order

**Transactional website:** A website that provides marketing materials for a product and allows consumers to purchase products through an in-built shopping cart