

E-commerce retailers in the USA want to expand into Europe

12 July 2017

Gütersloh – Germany is the most important European future market for US brands expanding their e-commerce business, as established by the “Internationalizing Your Brand in 2017” study commissioned by Arvato and conducted by the Worldwide Business Research Digital agency. For the study, 200 decision-makers were asked in the second quarter of 2017 about their internationalization strategies in Europe. The survey concluded that around a third of the leading US e-commerce retailers were planning to enter the German market in the next four years. The Benelux countries, France and Italy are also top targets for 22 percent of those surveyed. “Europe is one of the largest and most dynamic e-commerce markets in the world”, emphasizes Frank Schirrmeister, CEO at Arvato SCM Solutions. “US brands, therefore, need to actively improve their reputations in Europe.” Hence, companies that focus consistently on omnichannel and on offering convenient, flexible and reliable service are at an advantage. But Europe poses challenges that do not exist in the US. The European continent consists of around 50 countries – each with their own languages, legal requirements and also their own shopping and payment preferences. The picture is clear when it comes to payment options: All US companies surveyed offer credit card payment; payment by invoice and via PayPal can also be found virtually everywhere. Moreover, sophisticated risk and fraud management has to be integrated to this end. “But in this case too, an individual mix needs to be developed for each country. One in three online customers in the Germany/Austria/Switzerland area favours purchase by invoice. In Germany, up to 40 percent of transactions involve payment by PayPal, whereas in Sweden almost one in ten payments are processed via E-wallets”, explains Frank Kepsch, CEO of Arvato Financial Solutions. So far, services such as ApplePay or Samsung Pay, offered by only 39 percent of US companies in Europe, have failed to catch on. However, 46 percent of companies say that these services will be offered in the future. United Kingdom as a springboard Since there is no language barrier, it is not surprising that 96 percent of companies surveyed use the UK as a springboard into Europe; 85 percent even have retail shops there. In the top continental European markets of Germany, France and Italy, more than three quarters of the US brands surveyed are represented by their own web shops or on marketplaces; retail shops are considerably rarer. Czech Republic, Portugal and Turkey had the lowest rankings. Nevertheless, even in these countries, more than 60 percent of the US companies surveyed are represented in online retail. However, more than half of providers here use only marketplace offers and forego self-programmed platforms. In contrast, around eight out of ten companies surveyed focus on a combination of their own web shops and marketplace services in the large markets. “But this also always depends on the national habits. In Germany, for example, around 50 percent of all e-commerce transactions last year were conducted via marketplace platforms, meaning that this channel of distribution is indispensable in this country”, explains Frank Schirrmeister. Just as important as the appropriate sales channels are services that are tailored to the requirements of the target market. For many decision-makers, the omnichannel concept is key to their European expansion. The specific services are, however, weighted differently. Online checks as to whether the requested article is available in the store are regarded by 61 percent of companies surveyed as being particularly important. The store locator feature that helps customers find their nearest retail shop is also a high priority for 57 percent of those surveyed. Less important is an in-store returns option; this is seen by less than 20 percent as being crucial to commercial success in Europe.