



Changing Political Landscape Opens New Doors While Others Begin to Shut for Cross Border eCommerce

GlobalShopex 2nd Quarter Merchant Update

MIAMI, FLORIDA, UNITED STATES, May 12, 2017 /EINPresswire.com/ -- One of the most frequently asked questions asked by retailers who are new to or are expanding their cross border solutions is “what countries are my orders going to come from?” While it still holds true that the largest pieces of the international eCommerce pie for U.S. based retailers will come from the traditional base of English speaking countries including the UK, Canada, Ireland, Australia and New Zealand there are plenty of emerging opportunities elsewhere in the world. Changing governmental regulations and trade practices are also having a potential negative effect in these core markets. Merchants, no matter what their size, can’t be experts in the evolving geopolitics and need to rely on their partners who are experts in cross border solutions.

One of the most interesting opportunities that has recently arisen has been in Argentina. A market that has been notoriously difficult to gain traction in has recently been opened for the first time with the election of the first center/right President in 14 years. The Macri administration has loosened the reins on cross border B2C eCommerce allowing consumers to import goods in ways never before possible. While the tax and duty rates still remain quite high, all signs point to a breakout in sales with huge potential. Proliferation of internet availability and high mobile phone penetration, a strong tradition of domestic eCommerce and an increase in disposable income are all drivers for retailers to consider. While internet speeds (especially mobile) are still a limiting factor; merchants with clean, simple international checkout pages can take advantage of this growing opportunity.

Another market to consider that might not immediately come to mind is Russia. Historically always a difficult place to do business with and a consumer base that is extremely spread out and diverse, Russia is poised to be the next big frontier with brands who can impress on an international scale. While it is estimated that Russian consumers place over 50 million orders on international eCommerce sites yearly, this number is still only 2% of the overall spending picture. Russian customers place a high value on reliable shipping methods which are trackable and cost effective. Customer service is also a high priority. While the stereotype of jeans being the number one item of fancy, really any lifestyle or luxury brand can assert itself in this market provided it can differentiate itself by catering to the local tastes. One way to for merchants to assert themselves is to align with a partner providing a total landed cost delivery service to the home which is fast replacing the traditional “collect and pay at courier location” method as the preferred option.

Traditionally one of the stalwarts of the international eCommerce game, Australia is currently seeing a rise in protectionist political rhetoric and the real possibility of game changing legislation that may severely curtail its global eCommerce standing. Historically, Australia has had everything going for it as an international eCommerce destination. An English speaking customer base, remoteness, high income, first world technology penetration and appetite for American products have fueled this rise. Perhaps the biggest factor though, is the extremely high “de minimis” of \$1,000 AUD. Consumers have always been essentially exempt from taxes and duties so long as they kept their orders under

this threshold. A draft law that will place GST on these traditionally exempt orders looks like it will be enacted on July 1st. While quantifying how much of a chilling effect this sea change will have on consumer behavior remains to be seen, merchants are already considering allocating marketing dollars elsewhere. GlobalShopex still believes that while Australia will continue to be a robust market, consumers will start to think twice once they see taxes and duties being charged in any international shopping cart.

With political upheaval like Brexit and the rise of Trump taking place at a seemingly faster pace than ever before U.S. merchants will need to continue the trend of partnering with global eCommerce experts who can help maximize their international sales while concentrating on their core domestic business. Additionally, progressive eCommerce platforms are following the same strategy, embedding international checkout solutions within their offerings in order to provide best in class global eCommerce functionality. The world is complicated and growing more so by the day, merchants would be wise to not bite off more than they can chew. Stick to what you know and let your trusted partners help you ring the cash register and avoid the minefields associated with international eCommerce.

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