How to sell internationally

REACH NEW CUSTOMERS IN TARGET MARKETS
AROUND THE GLOBE.

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Enter a world of opportunity

There's a world of potential customers out there, just waiting to buy what you're selling. You just have to think a little more globally.

If you have any doubts about the possibilities for your business, consider this: according to McKinsey, cross-border, consumer-to-business payments were worth US$1.5 trillion in 2018. Driven by international ecommerce, this is set to grow at 7% per year through to 2023.[1] That's a huge market to tap.

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It's easy to create an online presence, either on your own website or through an online marketplace – test a few target markets, then offer a subset of your product range to international buyers.

But to make your international expansion a success, you need a plan. This guide outlines 5 critical elements that can help prepare you to take your first steps across international borders:

- Gathering market intelligence
- Making it easy for customers in target markets to pay
- Researching taxes, duties, customs and regulations
- Developing clear delivery and return policies and offering excellent customer support
- Building your marketing to attract more customers

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Your cheat sheet

IDENTIFY YOUR TARGET MARKETS

Strategy is important when selling internationally, especially when you're testing the waters – so learn all you can about potential customers, competitors and points of entry in the markets you target.

CONSIDER YOUR PAYMENT OPTIONS

Look for a payments provider that offers several payment methods, processes transactions in multiple currencies, and includes fraud prevention technology to help keep your business and customers secure.

KNOW YOUR OBLIGATIONS, FROM TAXES TO REGULATIONS

Find out the tax or legal impact on any items you plan to sell abroad – and make sure that buyers understand their obligations too.

ATTRACT MORE CUSTOMERS WITH INTERNATIONAL MARKETING

As your confidence – and success – in selling internationally grows, find more ways to drive demand in your chosen target markets.

ESTABLISH SHIPPING AND SUPPORT SERVICES

These policies should be customer-friendly, easy to find on your site, and, if possible, available in your customers' local language.

IDENTIFY YOUR TARGET MARKETS

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Build your knowledge to expand your reach

Research is essential before pursuing any new venture. So, your first step toward selling internationally should be identifying where to sell.

Explore the unique aspects of each target market, paying special attention to the following three subjects.

Local buyers   **Competition**   **Points of entry**

LOCAL BUYERS

For each country, consider whether there's a market for your product. Who will be the local buyers? What are their online shopping habits? What things do they consider important and what are the potential barriers for them in shopping overseas?

You should explore popular ecommerce websites in the country and see what local people say on social media.

Also, try to understand cultural differences. Awareness of local traditions can be critical to selling the right products to the right customers – and to position those products in the right way.

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COMPETITION

Do some comparison shopping with your biggest competitors. Which countries do they sell to? Do they offer local-currency pricing or country-specific websites? These questions will give you some insight into how serious they are about selling in your target markets.

Also research local competitors in your target market and consider what makes your business or products different from everyone else. Businesses that can promote clear points of differentiation can more easily set themselves up for success.

POINTS OF ENTRY

Consider whether it's better to use your own website (perhaps offering translation and local currency options) or an established online marketplace.

Check out some of the big, international marketplaces and any local favorites in the market you're investigating.

Here are some points to consider when deciding whether to use a marketplace or have your own ecommerce website:

Marketplace

Own Website

FOR

- Quick and easy set-up
- Ready-made audience
- International reach

- Own and build your brand
- Control the customer experience and build loyalty
- Own the customer relationship
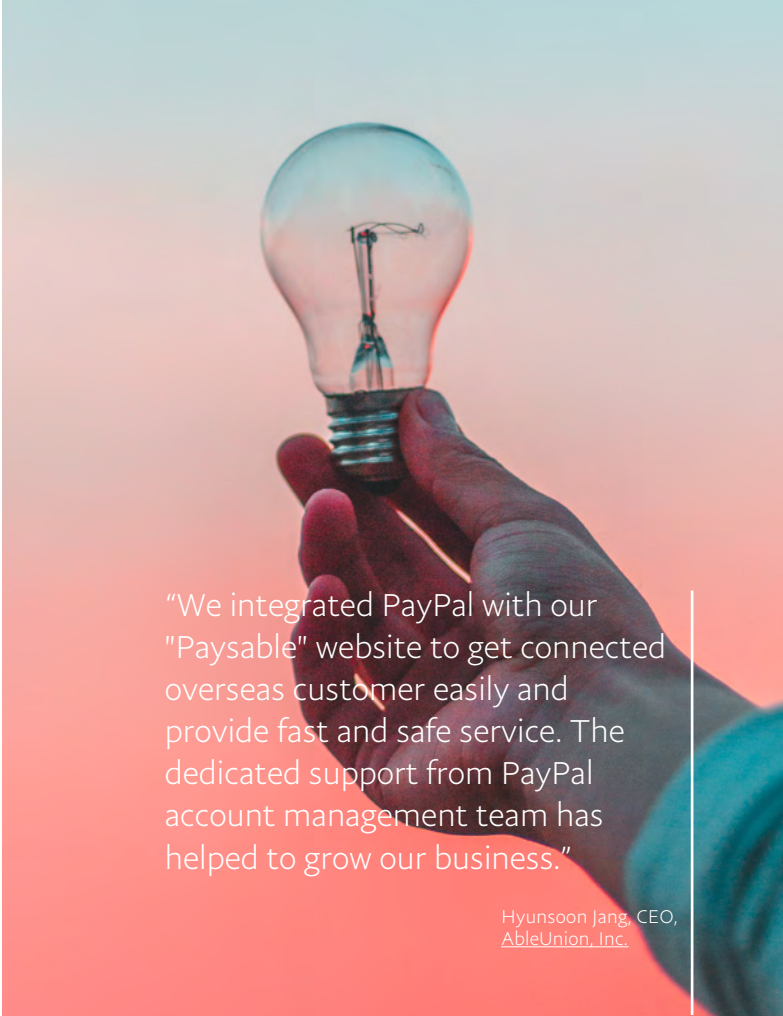- Build your customer list and gain referrals

AGAINST

- Lots of competition
- Lack of visibility – customers may buy your product but still not know who you are
- Lack of control over branding, marketing etc.
- Limited customer relationship
- Fees

- Need to invest in marketing to win customers
- No support infrastructure or services (such as logistics)

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Resources for small businesses

Here are a few sources of market research and tools that can help you get your international business off the ground:

✧ Small and Medium Enterprise Export Support Center - this government site is an excellent source of information and includes guides to some of Korea's main export markets.

✧ Korean Trade-Investment Agency (KOTRA) - an export guide from the agency supporting Korean trade

✧ Google Market Finder - an interactive tool to explore new international markets

✧ Google Trends - explore what people are searching for over time and across the world

✧ Facebook IQ - useful research on cross-border shoppers

✧ Facebook Audience Insights - tools and research to help you better target customers

"We integrated PayPal with our "Paysable" website to get connected overseas customer easily and provide fast and safe service. The dedicated support from PayPal account management team has helped to grow our business."

Hyunsoon Jang, CEO,
AbleUnion, Inc.

Don't forget to look at your own internal data when choosing target markets. Identify countries where you already have a growing customer base. Consider test-selling specific products to those markets based on international customers' buying patterns.

If you can, meet with other small businesses that are selling in international markets, so you can learn from their experiences.

Creating a SWOT analysis for each potential market – listing your Strengths, Weaknesses, Opportunities and Threats – can help you compare different markets and identify which hold the greatest potential for your business.
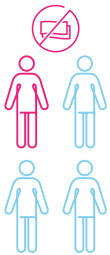
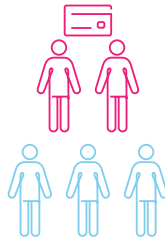**PayPal**

CONSIDER YOUR
PAYMENT OPTIONS

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Give customers the ability to pay in their own currency

It's essential to understand how customers in your target markets prefer to pay for goods and services online.

One of the main reasons that cross border shoppers abandon purchases at checkout is that they don't have the comfort and convenience of paying in their currency of choice using a preferred payment method.

In fact, based on PayPal's research, **1 in 4 online shoppers** have abandoned a transaction because their preferred payment method wasn't available.[2]

2 in 5 online shoppers say they are more likely to trust and shop with businesses when they know their preferred payment method is available.[2]

It's the same with currency. PayPal has found that **3 in 4 online shoppers** would prefer to be able to pay in their own currency.[3]

As you research payment providers, make sure they offer one or more payment methods – such as debit cards, credit cards or PayPal – that appeal to customers in your target markets. While people prefer to pay using their local currency, an internationally recognized currency such as the U.S. dollar may also be an option.
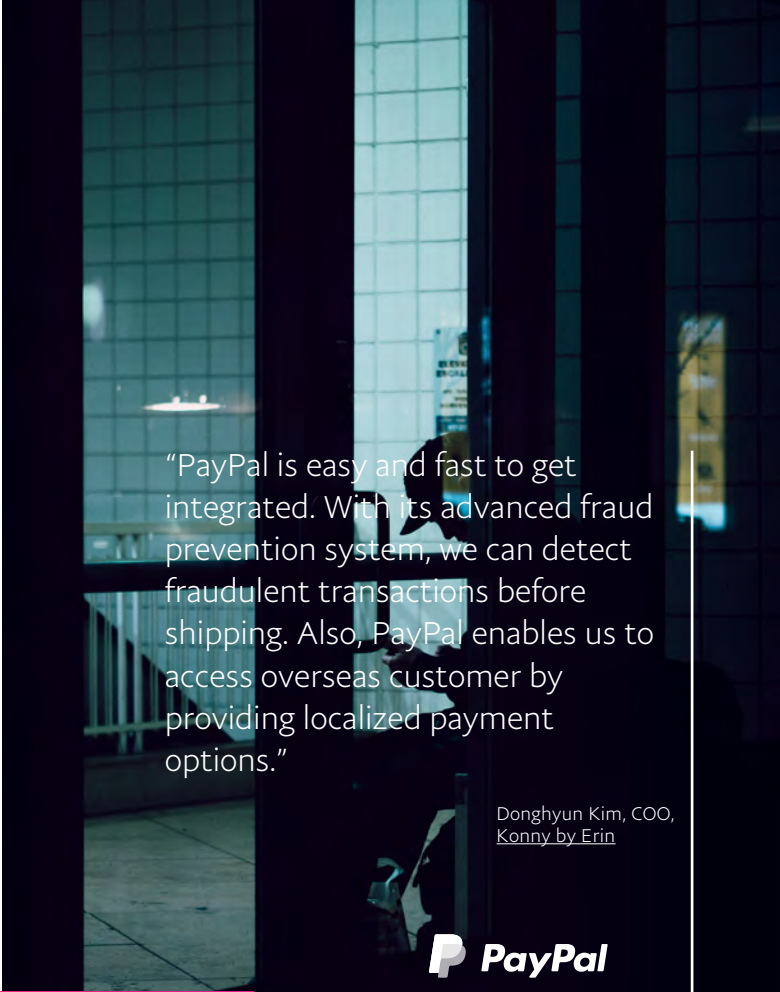
Many payment providers will allow you to list prices in different currencies – use this option if it's available. If you're not offering payment in local currency, provide a currency conversion tool so customers can estimate how much they're paying.

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Check you are protected from fraud

To protect your business and your customers, make sure the payment solution you use is always up to date and compliant with international security standards like PCI.

When selecting a payment solution provider, check what services they offer to help protect you from fraud. For example:

✧ Sophisticated fraud protection tools

✧ 24/7 support

✧ Additional protection for sellers

"PayPal is easy and fast to get integrated. With its advanced fraud prevention system, we can detect fraudulent transactions before shipping. Also, PayPal enables us to access overseas customer by providing localized payment options."

Donghyun Kim, COO,
Konny by Erin

OFFERING PAYPAL HELPS BUILD TRUST — AND CAN LEAD TO SALES

Another reason cross-border shoppers may abandon their purchase is fear that their personal information won't be handled securely.

Using PayPal for payment processing can help you earn the confidence of international customers. In recent research,[4] cross-border shoppers were 61% more likely to buy if PayPal was a payment option on a website. In the same research, 6 in 10 shoppers said they had abandoned a purchase because PayPal wasn't available as a payment option.

61%

Shoppers were **61% more likely** to buy if PayPal was a website payment option

60%
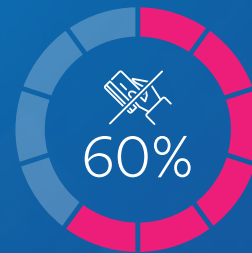
6 in 10 shoppers abandoned a transaction because PayPal wasn't an available payment option

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PAYPAL MAKES IT EASIER TO SELL AND RECEIVE PAYMENTS

Also, PayPal's Seller Protection[5] could help protect you from "unauthorized transaction" and "item not received" buyer complaints.

PayPal gives your business access to local funding methods around the globe, without the hassle of opening multiple merchant accounts overseas. With a single PayPal account, you can:

Receive payments from more than **300 million active accounts** worldwide.[6]

Sell to customers in more than **200 markets** using **25 currencies**.[6]

Confidently sell in new markets, knowing that a dedicated team at PayPal is **helping to identify and mitigate fraud** and **keep transactions secure**.

PayPal makes it easier to offer international customers the payment methods they prefer.

KNOW YOUR OBLIGATIONS, FROM TAXES TO REGULATIONS

Avoid legal headaches when selling internationally

It's important to keep within the law when you sell internationally.

At first glance, this can appear enormously complicated, but you will soon learn the requirements for selling your goods to other countries. Here are the most important areas to research.
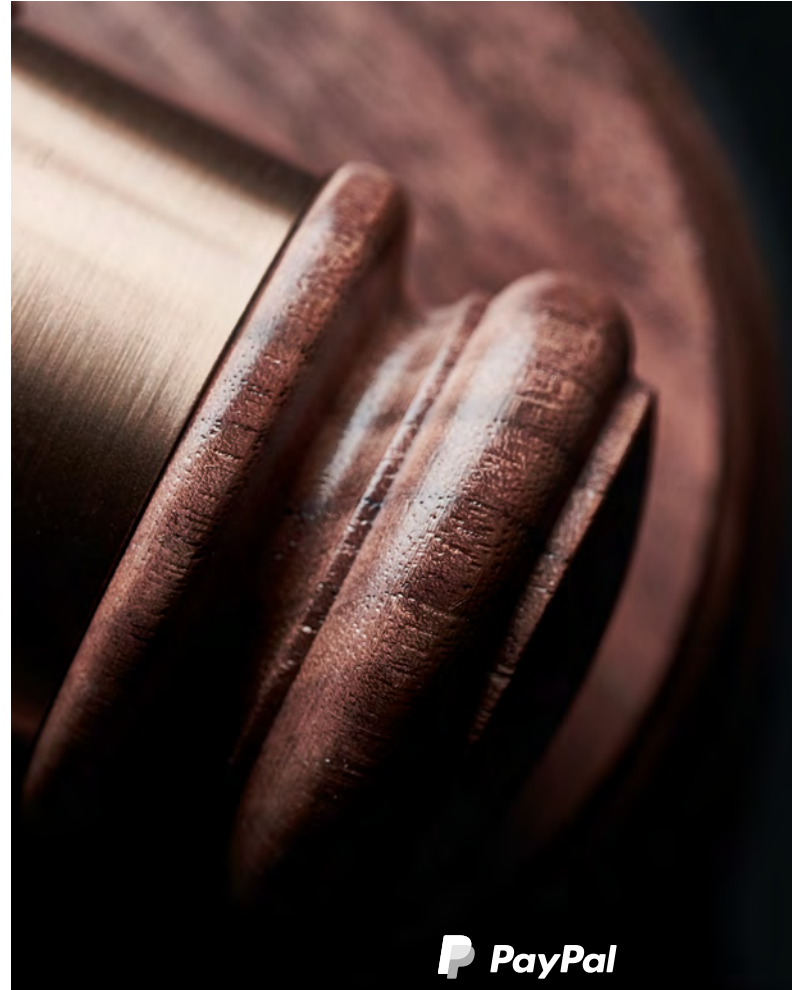
Export and import restrictions

Duties and taxes

Customs and regulations

EXPORT AND IMPORT RESTRICTIONS

Your country may have restricted what you can sell, including in the following ways:

✦ **Sanctions** —
   Your country may have made it illegal to sell certain goods or services to shoppers in a particular country.

✦ **Restricted goods** —
   It may be illegal to export certain goods or services from your country to anywhere else.

Your buyers' countries may have made it illegal for them to bring some goods they buy from you into their country.

DUTIES AND TAXES

Countries sometimes add import duties or taxes to certain categories of goods before they are allowed into the country. Usually, the charge, or "tariff", is set at a percentage rate of the value of the goods. This rate varies for different categories of goods. There is often a minimum level at which duty is applied so that, for example, there may be no duty payable on goods below the value of, say, US$20.

Find out in advance if duties and taxes will affect the price of any items you plan to sell in a target market as this will affect the price the customer pays.

Let your customers know ahead of time if they can expect to pay duty or taxes, so they're not surprised later. Make sure they're also aware that duties and taxes are the buyer's responsibility and must be handled before they can collect their goods. Requesting signature confirmation on purchases of certain value is also good practice to ensure that items are received.

CUSTOMS AND REGULATIONS

All international shipments must clear customs, the agency that regulates shipments entering a country or region. To help customs officials understand the contents, value and purpose of your shipment, you must attach customs forms to the outside of your package so they can be examined easily. Some shipping companies will handle this for you as a service.

Do not declare the goods you send as "gifts" to try and avoid taxes or customs fees. This is illegal.

FURTHER ADVICE AND RESOURCES

Your national customs authority, Korea Customs Service can provide detailed information on customs requirements.

You can also find information on customs regulations around the world, from the World Customs Organization.

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FREE TRADE AGREEMENTS

Many countries have free trade agreements in place with other countries.

These agreements can help international sellers reduce or eliminate tariffs and other barriers for specific product categories. Taking advantage of negotiated free trade rates may require more record keeping, but the extra effort could save you money if you plan to export to any participating countries.

You can learn more about the countries with which Korea has free trade agreements, here.

ESTABLISH SHIPPING AND SUPPORT SERVICES

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Make delivery and returns policies clear and customer-friendly

Choosing reputable shipping services can help you earn the confidence of international buyers.

Most of the large shipping companies (including DHL, FedEx and EMS) have services that include handling, customs and excise documentation, and shipping calculators. Other companies offer all-in-one cross-border solutions that go beyond shipping. For example, they might integrate country tax obligations and international shipping price into your web checkout, or help you customize your website for a local market.

No matter what shipping solution you choose, be sure your customers know the details of your delivery and returns policies.

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DELIVERY

Make sure your delivery policy is clear and easy to find on your website. Also:

✦ Include all charges (delivery charges plus any likely duties).

✦ State estimated delivery times. If your delivery service offers online tracking, mention this, as it can give added comfort to your customers.

You can encourage sales by offering free delivery on orders over a certain price.

RETURNS

Establish a clear "no questions asked" returns policy. To boost customer confidence, offer free shipping for returns. Be sure your returns policy is compliant with all applicable laws. At a minimum, your policy should outline:

✦ Local consumer laws.

✦ Refund details, including when a refund will occur and what it consists of (full money back or store credit).

✦ Time limit for returns (for example, within 28 days of item delivery).

✦ Restocking, return delivery, or other fees.

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Some more tips on international shipping

If you decide to handle your own international shipping, you may find the following useful.

Frequently asked questions on international shipping

Are you shipping "dangerous goods"?

Frequently asked questions on international shipping

How do I determine what international labels and documents are needed?

Unless you're a shipping expert, it's difficult to know the requirements for each country. Your shipping service provider can help you take care of documentation. This will include customs declarations, commercial invoices, international manifests and labels – all of which are subject to regulations.

Why does it take longer to process and ship international orders?

Shipping time varies depending on the service provider and transportation you choose. Some services will take just a few days, others can be much longer. Always check with your service provider to ensure you choose the best service for your needs.

How do I insure my shipment?

Cargo insurance policies are available. Many shipping providers will also let you protect shipments at an individual level.

How should I handle duties and tax disputes with a buyer?

Shipments are usually governed by International Commercial Terms, or "incoterms." Such terms of purchase define your level of responsibility. For example, the DDP (Delivered Duty Paid) incoterm means that you, the seller, are responsible for all costs associated with the duties and taxes and shipping of the product.

What happens if my shipment was lost or damaged during transit?

Cargo air carriers have limited liability. If the cost of goods sold is high, then it's advisable to gain additional shipment value protection.

ARE YOU SHIPPING "DANGEROUS GOODS"?

"Dangerous goods" in the world of shipping are those that may cause harm to those handling them in the shipping process. These are usually products that include lithium ion batteries, powder cosmetics, liquids or alcohol.
Your shipping partner can provide a full list of what qualifies as a dangerous good and advise you on the precautions and extra paperwork that are required.

You may need to pay extra to ship these goods because of the additional processes the shipping company needs to perform.

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Make customer support a priority

To boost customer confidence, make sure your policies on international shipping, returns and payment are easy to find on your site – if possible, in your customers' local language.

Make it easy for customers to find and contact you by telephone or email. Be sure to include your email address, telephone number and postal address on all your communications: email, website, invoices, delivery notes and packing slips. Always include a delivery note with the packages you send.

You can specify if you offer a telephone helpline and whether help is available in the local language or in English. If it fits your budget, a 24-hour local-language customer helpline is ideal.

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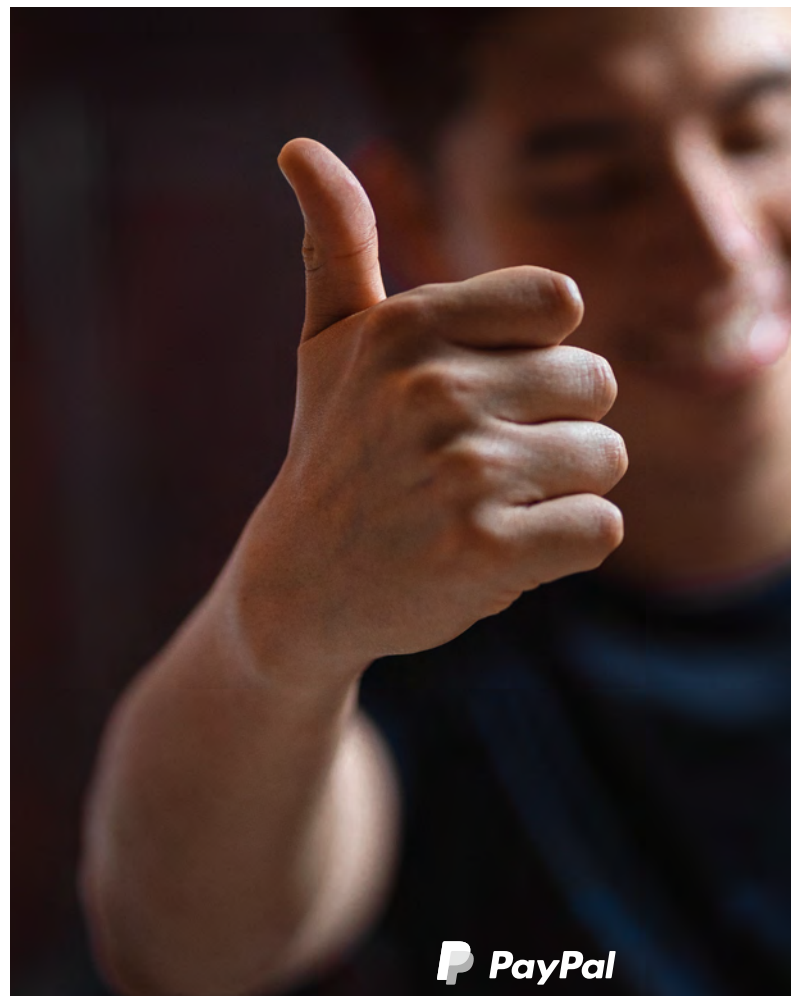
WHAT ABOUT A BOT?

A chatbot could be a cost-effective answer to your support needs. You may think of chatbots as a big company solution, but recent research found that:

40% of small businesses (with 1-10 employees) already use them.[7]

According to Facebook research,

56% of people say they would rather message than call customer service.[8]

53% say they're more likely to shop with businesses they can message.[8]

You can easily program chatbots for Facebook Messenger, Twitter Direct Message and other social media platforms, so check out your favorite social media or your own website provider for ways to get started.

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ATTRACT MORE CUSTOMERS WITH INTERNATIONAL MARKETING

Build your business by finding more customers

Once you've started to sell internationally,
how do you build your business?

Let's look at 10 marketing tips to help you grow your business.

Use SEM and SEO
to attract online
customers

Use social media
to engage with
customers

Reach different
customers with
affiliate marketing

Try
personalization
and retargeting

Email marketing
gets shoppers'
attention

Marketplaces can be
a great way of
finding new markets

Think visually,
with video and
images

Translate your
site

Target important
holidays and
celebrations

Optimize your site
for mobile

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1. USE SEM AND SEO TO ATTRACT ONLINE CUSTOMERS

Search engine marketing (SEM) – where you use pay-per-click advertising to boost your site's ranking in search results – can help you stand out from the crowd.

Search engine optimization (SEO) means making it easier for search engines to find the products you sell so that you are more likely to appear in shoppers' search results.

2. USE SOCIAL MEDIA TO ENGAGE WITH CUSTOMERS

Social media is a powerful marketing channel that enables you to create a conversation with your customers. It helps you understand your audience's interests and makes it easy to share information. It can also be a useful "paid" channel where you can place targeted ads or explore other ways of marketing to customers.

3. REACH DIFFERENT CUSTOMERS WITH AFFILIATE MARKETING

In affiliate marketing, you pay other businesses (either individuals or large companies) to promote your products. That means you can reach more (and different) customers.

4. TRY PERSONALIZATION AND RETARGETING

Personalization can help you catch the attention of busy shoppers and web site visitors. You can tailor site content to users' interests, send personalized emails and, with retargeting, you can even show them ads based on the products they viewed.

"One of the biggest hurdles we had was people telling us how to do things. We were told we needed Instagram and Twitter, but if you look at our demographic, Facebook was key. It's all about lifestyle and posting pictures of babies."

Victoria Molyneux, Founder, Want That Trend

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5. EMAIL MARKETING GETS SHOPPERS' ATTENTION

Email campaigns can be an effective way of bringing customers back to your site. Marketing automation tools make it easier than ever to run email marketing campaigns.

6. MARKETPLACES CAN BE A GREAT WAY OF FINDING NEW MARKETS

Marketplace websites have established brands and loyal customers. This makes them a great place to reach new markets – either for an initial test or as your main route to market.

7. THINK VISUALLY, WITH VIDEO AND IMAGES

Online shopping is very visual, especially on smaller phone screens. Shoppers love to view high quality images of the products they're browsing. And they love video. YouTube and other video platforms have become enormously popular.

8. TRANSLATE YOUR SITE

Language affects your SEO success. Ideally, you should translate your website text for each country so that it uses local phrasing as well as language – so that it feels natural to a native speaker.

"People shop with their eyes, especially in the evening, when we receive most of our orders. They're not ploughing through the product descriptions every time."

James Washington, Founder, GadgetPark

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9. TARGET IMPORTANT HOLIDAYS AND CELEBRATIONS

Shoppers love to find unique gifts and bargains for their festival shopping, so plan ahead to target important dates… and catch customers when they're in a buying mood.

10. OPTIMIZE YOUR SITE FOR MOBILE

Search engines like Google now prioritize mobile-friendly sites in their search results.[9] This means that making your site work well on mobile devices could boost your rankings when a customer searches for your products.

MARKETING YOUR ONLINE BUSINESS

To learn more about the above tips for attracting customers, read the PayPal ebook, Marketing Your Online Business.
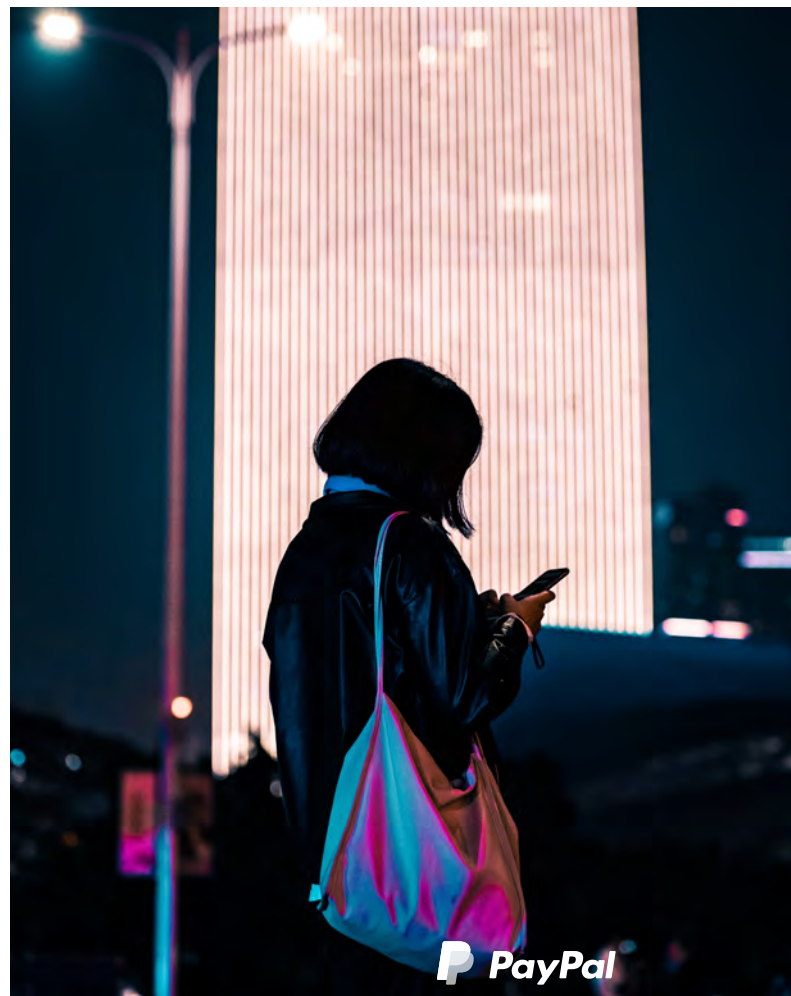
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Your future customers are waiting

Like traveling abroad, selling internationally through your online business can be a rewarding adventure. It gives you the opportunity to learn about other countries and cultures, and to build relationships with customers around the globe.

It can be good for business, too. Online shoppers are increasingly confident in buying from sites in other countries and they love to shop for bargains and unique items they can't find at home.

We've designed this guide to get you started and to help you build your international, ecommerce business.

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To find out how PayPal can help support your business, visit **PayPal.com/kr** or the **Help Center**

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