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Mapping an International E-commerce Strategy

By Kristin Larson

CHICAGO — Taking your business global is one of the biggest challenges retailers face in this challenging economic climate. The answer? Don't force it, said Uwe Bald, vice president of international business at the Hamburg, Germany-based Hermes NexTec.

"The strategy is highly dependent on the products being sold," said Bald, in an interview following the Internet Retailer Conference and Exhibition (IRCE) here this month. Hermes NexTec is a division of Otto Group and supplier of e-commerce services to fashion brands like Escada and mainstream retailers like H&M and Lands' End. Hermes is unrelated to the luxury company of the same name. Its parent company, Hermes Group, generated revenues of $2.8 billion in 2013.

"If a known brand wants to expand internationally for a product with a high existing demand the strategy is different than for a retailer that offers commodity products for the mass market," Bald said. "Commoditized mass market products need a brand recognition first before they can be sold successfully. If nobody knows that you exist, nobody will search for you on the Internet."

Establishing brick and mortar stores in major cities and target markets via pop-up stores, shop-in-shops, franchise operations and traditional retail stores are proven ways to develop a brand, Bald said. Then, "sell to people that live in the countryside and smaller cities via ecommerce."

"Fashion is an emotional product, people identify and express themselves with what they wear," he said. "In order to successfully sell fashion online an emotional experience needs to be delivered online to engage with the customer."

The challenges retailers face vary from market to market.

"If your product meets the demand, it will always sell independent from the economic climate, Bald said. "Different markets require a different strategy to be successful. It might make sense to focus on the markets in which the products can be successful instead of trying to sell undifferentiated to the entire world."

Focusing on a less-saturated market, such as Eastern Europe, might be more beneficial than moving into Western Europe, which is often the first international market companies try to penetrate, he said.