Cross-Border Ecommerce

In today's global, post-pandemic environment, businesses have more opportunities than ever to trade outside of their domestic country or state — something they are increasingly taking advantage of with cross-border ecommerce.

In 2022, a study by Statista showed that cross-border ecommerce is projected to account for 22% of ecommerce shipments, amounting to more than $3.5 trillion.

Cross-border ecommerce, defined as the online selling of goods to consumers in different countries, has grown from the domain of large, multinational conglomerates to the sphere of any growing online business.

The evidence is increasingly clear that companies looking to expand their reach should begin to look at selling across multiple borders. Because if they won't, one of their competitors will.

Why Sell Cross-Border?

Deciding to sell cross-border ecommerce is a significant decision for any business, and it starts with understanding the potential benefits, including:

Expanded market reach.

The most immediately obvious benefit of cross-border selling is the expansion and access into untapped markets.

Regardless of how well your business is performing on the homefront, by expanding your efforts beyond your borders, you only stand to increase your potential customer base.

Increased sales.

Cross-border selling into new markets can open your business up to increased ecommerce sales and higher profits — a sentiment shared by more than 80% of ecommerce retailers worldwide.

Every successive country you venture into represents a new customer base, offering new pathways to business growth and a higher demand for your business products or services.

Brand visibility.

Brand awareness and visibility are critical to the long-term success of any ecommerce business hoping to become a global brand, as brand recognition is one of the most apparent indicators of a successful imprint within a market.

By expanding your business across multiple borders, you can spread awareness of your brand and highlight the capabilities of your business.

Competitive advantage.

The reality of business is that competition drives companies to find advantages when and where they can. One of the most immediate opportunities for growing businesses to move beyond their local competitors is to expand into different markets — because if you don't, they eventually will.

By becoming the first to move into new markets, you can gain the first-mover advantage, allowing you to build a significant brand presence with international customers before your competitors even get the chance.

Top Challenges for Cross-Border Ecommerce

When growing your business across different borders, you will inevitably come across challenges, including:

Cross-border taxes and foreign exchange.

For each country or state you wish to work in, you will have to understand different tax laws and regulations. This will affect the price of any goods sold, as well as shipping costs.

Hidden costs for consumers.

Outside of potential tax and exchange issues, you will need to understand what hidden costs may affect your business and the customer's purchase.

These hidden costs can range from the currencies used to the different payment methods such as Paypal, as well as the methods and banking networks preferred in other states and countries.

Trading versus purchasing currencies.

There will be a challenge going into markets with different currencies, as businesses will need to understand the legalities pertaining to exchange rates and potential tariffs.

Exchange rates can be dynamic, especially in times of economic downturn, which can make keeping up with them difficult and labor intensive. For international businesses working with many different currencies, making a single mistake can be detrimental to the overall success of the business.

Payment fraud.

Payment fraud is a legitimate issue faced with cross-border purchases, concerning more than half of businesses. Credit cards are among the most common modes of payment used and where much of this fraud occurs.

Any online sellers looking to sell cross-border should make sure to implement address verification systems and other anti-fraud measures to counteract an issue you will most likely face.

Shipping difficulties.

American companies often face difficulties shipping across-states, as they have to deal with different rules and regulations depending on each state they venture into.

Now, imagine this but on the global stage. Each country has its own laws surrounding imports and exports, not to mention the aforementioned issues with tariffs and taxes.

When setting up an international shipping program, make sure you understand all of these things for each country in order to prevent any headaches down the road.

Determine What Countries to Sell In

When deciding how and where to expand your cross-border business, make sure to consider the following before all else:

Gross Domestic Product (GDP).

Gross domestic product (GDP) is defined as a comprehensive measurement of economic activity. It measures the value of the final goods and services produced within a nation and is one of the most popular indicators of a nation's overall economic health.

By understanding the GDP of the nations you are interested in selling within, you can gain a better grasp of how well your products or services are likely to perform.

Population.

Before selling into a nation or state, you need to have an understanding of what your potential customer base would look like — and the clearest indicator of that is often simply population numbers.

Demographics are one of the most critical indicators of success for any business, whether it's age or the volume of your desired audience. If there's a readily available market for your business, then it would be one you should invest in.

Consumer spending.

Consumer spending is more than just a phrase, it is a metric used by organizations to uncover the validity of any market target. It is the total money spent on final goods and services per person — aka the average spending an individual performs within a given period.

It does businesses no good to sell into a market where the consumer spending doesn't match their goals or services.

Cross-Border Selling Options

There are two primary options for cross-border selling if you are serious about dedicating time and resources to increasing offline and online sales in a new environment.

- Localization.
- Regional Marketplaces.

To decide which option may be best for your brand and to succeed globally, your brand must understand the consumer behavior and mentality in the regions you are expanding to.

Localized, region-specific websites.

Localization is the altering of messaging, ecommerce strategy, images, site copy and even product variations to meet the needs of a geographical region and culture. This is often needed because culture, consumer behavior and customer expectation differ by region.

The most successful international sites are region-specific for that reason –– updating product imagery and writing copy that engages the regional audience rather than using home-country ideas that often fall flat abroad.

Regional marketplaces.

According to Pitney Bowes, 45% of global ecommerce and online shoppers make most or all their domestic purchases through a marketplace, compared to 24% through a retail site. The splits were similar for international purchases: 46% via marketplaces and 22% via retail websites.

That data might cause you to choose a marketplace to launch internationally, but it is also essential to understand exceptions by market.

Some examples of regional, online marketplaces include:

- Alibaba.
- AliExpress.
- Mercado Libre.
- Rakuten.
- Taobao.

- TMall.

How to Be Successful in Cross-Border Ecommerce

Participating in cross-border ecommerce is one thing, finding real success is another — especially for inexperienced organizations. In order to build a successful online, cross-border business, consider the following steps:

Identify and rank potential new markets.

Before starting to sell anything, you should begin by identifying and ranking the markets you are interested in using the abovementioned metrics.

What is the GDP of the marketing you are considering? How relevant is their purchasing interest to the products that you sell?

An excellent place to start is by reviewing the US Government's Country Commercial Guides and their Research Foreign Markets page. Here you can get a good idea of potential overseas partners and markets by examining trade patterns.

Investigate any restrictions or regulations.

Prior to selling into a nation or market, you will need to determine what can or cannot be sold.

Many countries have specific regulations or restrictions surrounding particular goods or products, from religious exemptions to various cultural norms. While it may appear from the outside that there is a significant market for your products, you don't want to make a critical or even offensive mistake.

Determine pricing strategies for these new markets.

When going into any new market, you will, of course, likely have to deal with regional tax regulations as well as local currencies.

Make sure to do your research to determine a specialized pricing strategy for each country, market or state that you sell in. This includes evolving your ecommerce website and online store to match the individual countries in terms of language, currency and relevant data.

Partner with a third-party logistics (3PL) service.

As any company who has dealt with shipping and fulfillment knows, it can quickly become a complex and challenging process — particularly true for companies that attempt to accomplish it all in-house.

An excellent way to ease the potential stress may come in the form of third-party logistics (3PL) services.

Instead of having to handle international fulfillment and logistics on your own, you can partner with a company that specializes in those services, freeing up time for your business to concentrate on attracting buyers and building business relationships.

Develop a strategy you can repeat.

A good rule of thumb in business is that you should never have to reinvent the wheel. When building a business strategy for cross-border expansion, you should look at the process as if you are constructing a foundation.

If the goal of your business is sustained growth — and with that, further expansion — then the first time you begin the process should be where all of the difficulty arises. With experience should come a template of how to perform expansions in the future.

By building a repeatable strategy, you will save time and resources, making future developments that much easier.

Cross-Border Ecommerce Glossary

3PL.

3PL stands for “third-party logistics” and is a provider of outsourced logistics services.

Logistic services encompass anything that involves management in regards to how resources are moved to the areas where they are required.

APAC.

APAC stands for Asia Pacific — abbreviated as APAC, Asia-Pac, AsPac, APJ, JAPA or JAPAC — and is the part of the world in or near the Western Pacific Ocean.

The region varies in size depending on which context, but it typically includes much of East Asia, South Asia, Southeast Asia and Oceania.

Digital Wallets.

A digital wallet refers to an electronic device that allows an individual to make electronic and ecommerce transactions.

This can include online shopping with a computer or by using a smartphone at a store. An individual’s bank account can also be linked to the digital wallet.

Final Mile Delivery.

The last mile is a metaphor used to describe the movement of goods from a fulfillment center to their destination. In other words, the last mile is the final leg of your product’s trip before it arrives on your customer’s doorstep.

Localization.

The adaptation of a product or service to meet the needs of a language, culture or desired population’s “look-and-feel.”

MENA.

MENA is an English-language acronym referring to the Middle East and North Africa region.

The term MENA covers an extensive region, extending from Morocco to Iran, including all Middle Eastern Mashriq and Maghreb countries.

O2O (Online-to-Offline).

A website or mobile advertising that entices someone into purchasing a physical establishment. Groupon is a premier example, offering discounts for venues such as restaurants and theater tickets.

Tariffs.

Taxes on imported goods.

Total Landed Cost.

A landed cost is the total price of a product once it has arrived at a buyer's door.

The landed cost includes the product's original price, all transportation fees — both inland and ocean — customs, duties, taxes, insurance, currency conversion, creating, handling and payment fees.

The Final Word

Cross-border ecommerce can be complex, coming with many stipulations and potential headaches for business owners. However, it is also potentially highly lucrative, allowing companies to increase their reach like never before.

In an increasingly digital commerce world, the constraints of borders and nationalities are no longer the limits that they once were. By investing in cross-border ecommerce markets, you can set yourself up for significant growth and dynamically transform the nature — and functionality — of your business.

FAQs About Cross-Border Ecommerce

What marketplaces should I sell into?

Ecommerce businesses should feel free to sell into any market they're capable of. After seeing whether a country or market lines up with your business advantages — from reviewing the nation's GDP, population, regulations and consumer spending — the only thing that should prevent you from expanding is your own ambition. Where there's a market, and as long as there is the willingness and opportunity, there should be a way.

Can I sell B2B products cross-border?

Absolutely, many companies are currently selling B2B products across borders and finding considerable success doing so. A new study by Juniper Research found that the transaction value of B2B cross-border payments of all payment types will exceed $42.7 trillion in 2026, from $34 trillion in 2021 — significant growth driven primarily by ecommerce marketplaces such as Amazon. For any B2B-focused ecommerce business, cross-border selling represents a significant opportunity for advancement.

Does BigCommerce support cross-border ecommerce?

BigCommerce does support cross-border ecommerce, providing several ways for companies to expand their reach into new markets. With BigCommerce's primary ecommerce platform, you'll have access to features that let you sell anywhere — from international payment providers and native language support to multi-storefront capabilities. You can start selling in global markets where your products are unique or test multiple markets at once by listing your items on international markets like Mercado Libre. Additionally, BigCommerce provides integration with several cross-border fulfillment providers and applications, from Digital River to Zonos.