

# Internationalisation through Digitalisation

## Interreg DigitSME

### Manual workshop series 3 E-Commerce

It pays for companies to be digitally well positioned and internationally active. "Digital competence and international strength"  
This initiative was launched by the partners in the Euregio Meuse-Rhine, Hogeschool Zuyd, Agence du Numérique, Basse-Meuse Développement, Voka Kamer van Koophandel Limburg, IHK Eupen and IHK Aachen.  
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# 1. Strategy and choice of sales channels

Apart from our own consumer behaviour, the following figures also show that e-commerce is now indispensable to the sales landscape:

<b>€135 billion</b>	revenue is expected in 2027 in German e-commerce. It was still around €90 billion in 2019.
<b>220 million</b>	Europeans have made international online purchases in 2022.
<b>Over 80 %</b>	of the responding traders are already sell their goods abroad.
<b>At 79 %,</b>	the online shop is the dominant sales channel for cross-border sale.

Incentives and requirements for international online purchases are diverse and the demands of the consumers from online shops are growing with the constantly evolving technical opportunities:

## Incentive:

- Price
- Product selection
- Product variations
- Authenticity of products
- Quality of products
- Discount campaigns abroad
- Favourable exchange rates

## Requirements:

- Fast delivery times
- Good return conditions
- Lower shipping costs
- Availability of certain payment methods
- Availability of local language
- Reliable customer service

Despite the high revenue potential, some traders do **not sell abroad** and give the following **reasons among others for it:**

1. Legal uncertainties when selling to customers abroad
2. Customs clearance too comprehensive and complicated
3. Enforcement of outstanding receivables difficult
4. Lack of information on foreign markets
5. High expense and major risk in the field of sales tax

## E-commerce concept: 6 steps

### 1 Definition of e-commerce strategy: Questionnaire

Define which specific goals should be attained until when using which resources and rank the value of online shop in your sales mix.

The strategic considerations also always include a market and competitor analysis. Also answer the following **questionnaire:**

- Which customer segments and target groups are addressed?
- What is the portfolio of goods and services offered?
- What should be borne in mind while designing the product range?
- What are the sales volumes that should be achieved?
- Should the shop be oriented towards national or even international trade?
- Should other sales channels such as market places (e.g., Amazon, eBay), be used?
- Is the planned shop project the first activity in this field? Who can contribute to e-commerce competence (internal/external)?
- Which existing business and company processes are involved?
- What is my competitor doing until now in online sales (online shop, marketplaces, apps, etc.)?
- How can I involve my suppliers or what do the interfaces and processes for it look like?
- How can I make my (existing) customers and new customers aware of my online activities?
- Where can I advertise my products? (Social media, search engines, and market places)?
- Where (market places, price search engines, shops) are the items offered at what prices, and sold in what quantities (projection) and shipped under which terms?
- Who are the manufacturers and what are their sales structures (e.g. number of manufacturers, foreign service providers, direct sale)?
- How big is the competition for my product or my range of products? (e.g., number of competitors, market structure)
- How is the image and product quality of the manufacturer and competitor?
- Which shipping and payment modalities do my direct competitors offer?

## 2 Development of project organisation

An e-commerce project means much more than just the implementation of front end, that is, the website interface. The **largest effort and cost drivers** arise from the **design of processes in the background**.

The planned measures are allocated to the project participants and **responsibilities clearly regulated** as a part of project organisation. Content-related and organisational information can be exchanged and documented in **regular meetings**. An agenda and a protocol strengthen the commitment within the team.

Sub-goals can be pinned down in a **milestone plan**. These can contribute to increased motivation in long-term projects in particular. The most important indices as well as the budget should be regularly monitored as a part of **project controlling** to ensure the success of the project. If are dependent on third party service providers, you should record fixed dates contractually also.

### 3 Survey of process and system requirements

A **common kick-off date** offers an option to collate the process and system requirements. The ACTUAL situation can be documented here and the TARGET state can be discussed. The **biggest challenges** often arise in the **linking of different systems among each other**. Ask whether interfaces are compatible (e.g., enterprise resource planning and new shop system) and whether other software would possibly be needed.

The **structure of the available product data** and content has a big impact on the scope of the project. Answer the following questions to this end:

- What product data do we have? (e.g., product features, images)
- What is the structure in which this product data is available?
- Does the company have the rights to the data?
- Is the data suitable for e-commerce? (e.g., images released, texts of different lengths)
- How the product data quality?
- Is all the data complete?

In **international content** it should be made sure that it is not simply translated, but the user behaviour in the respective country is observed. SEO and SEA should be oriented towards the target market and the legal factors should also be able to differ from the factors of the home market (e.g., with reference to the imprint, data protection).

### 4 Process design

Run through the sub-fields such as payment processing, returns management, or warehouse management and rank them in the entire process. The processes can also be analysed with the help of a **visualisation** (so-called blueprinting).

In the process, identify the individual process steps and the **most important customer contact points**. The processes should be repeatedly checked for their economic efficiency and error rate during and also after the project phase.

### 5 System, technology design and choice of partner

The knowledge in relation to different project areas of bought-in software must not be in your company. The collaboration with specialists and agents can hardly be avoided in digital projects. It is important that the external partner company has a **fixed contact partner** within its company and the **strategy is given by you**. The more detailed the briefing from your side, the better is the end result. Involve your partner company actively in the project and let the partner participate in regular idea exchange meetings.

**System decisions** can turn out to be very **individualised** and are primarily dependent on the existing and necessary third systems, available budget, overall sales channel strategy, and internal knowledge. Your requirement catalogue from step 1 and step 3 comes into effect while choosing the right shop system. Find out about **features of the available plug-ins, shop kits or shop software** (e.g., Shopware, Magento, WooCommerce) and choose one of the systems on this basis.

Below are some of the **relevant selection criteria** for a shop system:

- Scalability of the solution
- System security
- Modern options for product description
- Fit for own infrastructure and strategy: Interfaces to enterprise resource planning (ERP), product information management system (PIM), customer relationship management system (CRM), payment processing and other systems

## 6 Sales and cost planning

The **available budget**, the **knowledge and the efficiency of your project team** form the framework of your project. Set up cost planning and project the possible sales, which should result from the new, digital sales channels after one to five years.

### Online market places: Definition and success factors

**Definition:** Online market places are digital platforms, which support the exchange of services, where you bring together service providers and consumers and offer a framework for transaction processes.

The essential advantage of online market places lies in there being a **high visibility** already at the beginning and the platform's brand promotes your own brand. **Infrastructure and processes are available** and can be used directly. Thus, even the **costs can be calculated** as compared to when building an own separate platform.

Success factors for sale through these platforms are primarily **good product data, fast response times** to customer queries, and **fast deliveries**. You should also act independent of the external market place and maintain other sales channels to minimise risks arising from dependences.

Reach international target groups through social media

## 2. International marketing

Now which marketing channel is right for your company depends on its features and the industry, your products, services, and target groups. Use a combination of channels with which you can best reach your customers:

- Public relations
- Search Engine Optimisation (SEO)
- Search Engine Advertising (SEA)
- Email marketing
- Social media marketing
- TV advertisement/product placement
- Out of home (OOH)

### Reach customers in different markets

The customers and their needs Take centre stage when developing a target market. You can get ready for the market with processes and the right customer approach by analysing the cultural, demographic and psychographic characteristics as well as technological and country-specific framework conditions.

**Example:** While YouTube and WhatsApp are the two most important platforms in Germany, primarily WeChat and Douyin are used in China.

**Customers do not think in terms of channels, but in terms of needs.** While simple products that do not need an explanation can be ordered on online shops, there is probably a greater need for telephonic contact support for more complex service queries.



But there are **country specific differences** here as well: While customers from Great Britain are quite open to technical innovations, there is still potential for development of e-commerce in Italy. Take a close look at each customer contact point and analyse the different behaviours of your target groups. Companies that have identified these differences and are adapting to these differences are e.g., IKEA, Adidas, and Volkswagen.

## **Social media Use Instagram and Facebook properly**

- Keep information updated
- Corporate design
- Latest logos and cover pictures
- Imprint
- Data protection
- Local language or English account
- Follow image formats and technical prerequisites
- Create brand recognition using visual elements or filters
- Use markings sensibly and specifically
- Practice community management and promote interactions

## **Organisational growth** through ...

- Sweepstakes
- Follow accounts relevant to your theme
- Comment, like, save
- High interaction on your own profile
- Cooperation with stakeholders
- Offer additional value
- Develop a hashtag strategy (use maximum of eight per post)

**Posts can be advertised or social media ads** can be inserted to generate wider reach or generate more clicks. The **shopping function** of Instagram is also increasingly gaining in importance for traders.

## **Helpful tools and templates for your social media channels**

**Social Hub** (<https://socialhub.io/de/>): Companies can combine, manage, centralise, and automate all the social media activities on Facebook, Instagram, Twitter, and LinkedIn with an account on Social Hub. IT saves time and resources. Furthermore, the system also offers a better overview of the performance on various platforms. Thus, the marketing strategy can be better analysed and adapted.



**Hootsuite** (<https://www.hootsuite.com/de>): Hootsuite is a social media management tool, which supports companies in planning, organising, and automating their social media activities. The platform enables the users to manage their social media accounts from one central hub. Hootsuite also offers functions to monitor brand mentions, to create analysis reports, and to collaborate with team members. Companies can optimise their social media strategy, save time and resources, and increase their reach and engagement on various platforms using Hootsuite.

**Buffer** (<https://www.buffer.com>): Buffer also offers functions to collaborate with team members and to plan posts at various times in order to achieve the maximum reach. Buffer offers a user-friendly dashboard on which you can manage the activities.

**Guidelines** (<https://kompetenzzentrumhandel.de/leitfaeden/>): The guidelines of the Federal Ministry of Economic Affairs offer companies practical guidance to operate successfully on social media. The guidelines also have practical tips and examples as well as information about legal provisions and data protection.

**Canva** (<https://www.canva.com>): Canva is an online design tool that facilitates the creation of graphics, posters, presentations, social media posts and other visual elements. Users can choose from a multitude of templates and design elements or create their own designs. The tool is easy to use and requires no special knowledge of design. Canva also offers an extensive library of images, icons, and typefaces, which the user can use for free or at a fee.

**Adobe Creative Cloud Express** (<https://www.adobe.com/de/express>): Adobe Creative Cloud Express is a web based tool, which offers the users an easy access to some of the basic functions of Adobe Creative Cloud applications, such as photo processing, layout design, and video editing. Crop and rotate photos and perform basic adjustments in them quickly and easily. It also offers templates for flyers, visiting cards, and other designs, which the users can customise and download.

**Google Analytics:** Google Analytics is a free web analysis tool from Google, which provides website operators detailed insights into the behaviour of their website visitors. The tool offers a multitude of metrics and indices, which give information on how users navigate on the website, which are the most popular contents, and which pages lead to users leaving the website. Using Google Analytics, website operators can also see where do their visitors come from, which devices and browsers do they use, and which search terms did they use to reach the website.

### 3. Payment and logistics in international e-commerce

German customers prefer the four modes of payment of **PayPal, invoice, credit card, and direct debit** for online shopping transactions. These are also the most frequently offered modes in Germany. Which mode of payment is selected largely depends on the amount of purchase price, estimation of delivery reliability, buyer protection and the ease of doing business. The most important things for the customer here is that they are secured against financial loss and their data is secure.

Traders should offer multiple modes of payment to not lose customers in the last stage of sale (checkout). Higher the number of modes of payment are offered, the lower is the dropout rate.

#### Preferred modes of payment of customers from other countries

##### France

- Heavily card driven online market
- “Carte bancaire” as local payment method with very high prominence
- Cartes bancaires and credit cards are used in more than half the payments in online shops; apart from that, PayPal is popular.
- The especially lower prominence of invoice payments in comparison to Germany is striking.

##### Netherlands

- Offering iDEAL is absolutely essential. iDEAL is a direct bank transfer procedure in Dutch banks (comparable to Giropay)
- Rank comparable to that of PayPal in Germany (approx. 6 of 10 transactions).
- PayPal or invoice payments have lower prominence

## Great Britain

- Online shopping in the United Kingdom is dominated by credit card payments (around 50%)
- PayPal also has a certain prominence (approx. 25% of market share)
- Credit card payments are considerably costlier for the traders because the regulation of the interchange fee is not applicable; Visa/Mastercard implemented raised fees at the end of 2021
- Foreign currency risk

## Italy

- Italy has two local methods of prominence
- PostePay is a prepaid card payment service of Poste Italiana, with Co-branding of Visa/Mastercard.
- Astonishing: Cash on delivery is chose around 10%
- The role of PayPal is high, in contrast, buying on account is not really popular, direct debit is also not prominent.

## EU commerce package 2021

EU commerce package 2021 is a comprehensive set of measures that aims at **promoting and improving online trade within the EU**. It contains a series of recommendations and initiatives, which should improve the regulation of e-commerce market within the EU and make fairer and more transparent trade practices.

An important part of the package is the **elimination of sales tax-free limit of €22** and the introduction of an EU-wide threshold value of €10,000. Furthermore, the introduction of the one-stop-shop (OSS) and import-one-stop-shop (IOSS) as an option should **simplify administration and settlement of sales taxes for online sales in the EU**.

Four out of ten online trade companies use the one-stop-shop, but only every tenth online trader uses the import-one-stop-shop and its simplified sales tax declaration. Close to on fourth had technical problems in the changeover to OSS/IOSS, e.g., in relation to suitable interfaces and the implementation in their own systems.

The package also contains suggestions for **improvement of consumer rights** and consumer protection in e-commerce. This includes the obligation of online platforms to inform consumers about the placement of online advertisement and to give the consumers the option to reject personalised advertisement. The rules for return of goods and warranty should also be improved.

## Returns: Challenges and proposed solutions

Return rates of up to 50 % are common in Germany: Nowadays, consumers expect not just that returns should be taken at least two weeks after delivery, but also that they be free. The current situation can be optimised only by **avoiding returns** and an **efficient handling of returns**:

- Improvement in product description (texts, images, videos, customer evaluations, aids, etc.)
- Continuously ensuring high product quality (maintenance of product line)
- Professional packaging
- Range of aids (AI, size measurements, Chatbot, video, etc.)
- Adhering to short delivery times or announced delivery times
- Appeal to environmental awareness of the consumers
- Reward for fewer returns and penalty for too many returns
- "Security Tag" on those sending too many returns
- Service restriction by customer rating

## Requirements for logistics service provider

### Warehouse and dispatch

You should find out the number of warehouse facilities are needed by a requirement analysis. Do you sell products that require special certificates for their handling (e.g., hazardous substances, foodstuff)? Special knowledge of the products is necessary to some extent to not damage them or make them unusable. In addition, also consider how the goods should be shipped. The packaging is also a contact point to your customers.

### Structure and flexibility

Analyse the nature and structure of the dispatch orders to be processed and buying behaviour of your customers. Project seasonal or other fluctuations to be able to ask for a corresponding flexibility from the logistics service providers.

### Value Added Services

Which services are covered by the logistics service provider available for selection? Check whether additional services such as quality control of products or handling of returns will also be undertaken.

Weigh the services and evaluate the logistics service providers using an evaluation matrix.

## Interfaces

A basic prerequisite for collaboration is that you can link your systems to those of the service providers and the interface configuration do not generate additional costs. Order and stock data, shipping notifications and shipping information should be exchangeable digitally and automatically.

## Collecting, understanding, and using customer data

### 4. Marketing automation

Marketing automation designates the use of technologies and software solutions for automation and optimisation of marketing processes. Thus, companies can **apply their marketing measures more efficiently, save time and personalise customer communication.**

A central aspect of marketing automation is the option, **to automate repetitive tasks.** These include, for example, the automatic sending of emails, planning and publication of social media posts or lead management. The automation of these tasks allows the marketing teams to put their focus on strategic tasks and development of innovative campaigns.

- Automation of repetitive marketing tasks
- Personalisation of marketing messages
- Data analyses and assessment
- Integration of various marketing channels
- Increasing efficiency and saving time for the marketing team
- Improvement of customer communication
- Optimisation of the customer journey
- Possibilities of lead generation and nurturing
- A/B tests and continuous optimisation of marketing campaigns
- Improvement of customer experience and customer satisfaction

#### Concretely, this can mean ...

- Automated email campaigns and follow-up messages
- Segmentation of target groups based on demographic behaviour and interest data
- Lead scoring for identification of potential customers with high buying intention
- Automatic generation of landing pages and forms
- Automatic creation of reports and dashboards for performance measurement
- Social media planning and publication of social medial posts
- Automated creation and publication of blog posts or other content formats

- Personalised product recommendations based on the buying behaviour and the preferences of the customers
- Automatic creation and sending of invoices and confirmation emails
- Integration of CRM systems for seamless administration of customer data
- Automated lead nurturing campaigns for conversion of interested parties into customers
- Workflow automation for simplification and optimisation of internal marketing processes.

### Advantages of marketing automation

- More income with soft leads
- No more cold calling required (efficiency gain)
- Evaluation and filtering of leads for the sale
- Automation results in savings in the marketing costs
- Target groups are addressed where they stay

### 5 steps to marketing automation

Step 1: Draw up strategy

Step 2: Analyse customer journey and decision-making process

Step 3: Collect the right data

Step 4: Develop campaigns with all the departments

Step 5: Measure results and improve measures

### Challenges in e-commerce and how to meet them

## 5. E-commerce: History and digital skills

2010 vs. 2020 online buyers:	<b>+85%</b>
2010 vs. 2020 online tasks:	<b>+210%</b>
2010 vs. 202 online orders:	<b>+270 %</b>

<b>60s:</b>	First idea of a “Universal network”
<b>1989:</b>	“www” concept
<b>90s:</b>	Internet commercialisation
<b>First online shops:</b>	1994 / 1995 (Pizza Hut, Amazon, E-Bay)

In December 2002, Yahoo, MSN and AOL were the best known websites. Through the years, **Google, YouTube and Facebook** have conquered the peak of the best known websites (as of: October 2019).

Integrating e-commerce in the business processes of the incoming and outgoing logistics, production, marketing, sales, and customer service is of vital importance to keep up with the changing online landscapes. Companies have recognised

that **seamless integration of online sales channels in the entire value-addition chain** is of vital importance.

The **corona pandemic especially, has worked as a catalyst for the introduction of more digital processes**. Companies were compelled to adapt to the changed market conditions and to invest more heavily in digital solutions. The pandemic has accelerated digital transformation and prompted the companies to design their marketing, sales, and customer service processes to be more digital.

In all these efforts, it is important to keep an eye on customer benefit. It is not just about gaining new customers, but also maximising the value of existing customers. **Productive value of customer, that is the total value generated by a customer in the course of their customer relationship, should always be higher than the acquisition costs**. Companies can hold on to their customer better, identify cross-selling opportunities, and boost customer value in the long run by automation of marketing and sales processes.

### Challenges in e-commerce

- Compilation of the right marketing team with GDPR (rising chances of enforcement)
- Rising costs of online advertisement (CPA)
- The cookie-less age has begun
- First-hand collection of data
- Data must be 100% accurate
- More and more specific expectations of consumers

### Digital skills: The right questions and number-based decisions

**Ask the right questions**, be open to new and unconventional ideas. Above all, it is important that at the beginning of an idea, a concept, or a new strategy, you formulate questions such that the project participants can come up with diverse and creative proposals for solutions. Allow an open culture for discussion and asking question. Suggestions should be evaluated from different perspectives and at a later time.

**Key performance indicators**, must be appropriate your business processes and business model. Take a close look at the customer's decision-making process and find out, which data gives you information about customer behaviour and the quality of your activities.

Develop a monitoring process and communicate only those figures to the different teams, which are relevant to them and affect the daily work. The results of the measurements form the basis for the development, adaptation or elimination of further measures. Data dashboards and regular communication meetings help in taking along all the employees on the way to sales target.



Look at each individual **measurement index as a setscrew**. You can then achieve a target using different levers. **For example:** You want to increase your sales through the online shop by 5% in one year. You can achieve it by increasing the traffic numbers on your website, increasing the conversion rate, a better customer retention, or a combination of multiple targets of action.

**Getting to know, understanding, and addressing your own target group** is not an isolated task. Businesses change and so do their customers. Try to find out what makes a difference to your target group, what problems does it have to tackle, and find out new target group potentials by trying new channels or measures.

Ask yourself again and again: Which contact points and process are especially important for our customers? What generates a good or bad customer experience for our target group? A/B tests help in finding out what the customers like. Be bold and try out different activities within your brand personality.

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