

**EXPANDING INTO NEW
MARKETS? HERE'S HOW.**

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INTRODUCTION

If your eCommerce business is growing faster than you can keep up with, considering going cross-border could be in your favour. You should be excited and thrilled at the road ahead; it's quite an achievement. And with consumers no longer confined to purchasing locally, they are searching cross-border for lower prices and better quality products, so you should have little trouble reaching success with the right products. For this reason, merchants will be happy to learn more about Shopify Markets, which launched earlier this year.

The image displays three mobile app screens for Shopify Markets. The central screen features a world map with product cards for 'Kopfwickel' (€62.00) and 'ヘッドラップ' (¥8,260), and a 'Start free trial' button. The left screen shows 'Payment methods' with a bottle of hot sauce and a 'Log in to get started' button. The right screen shows 'Domains' with the URL 'www.sauce.com' and a 'Log in to get started' button.

Payment methods
Provide popular local payment methods for international buyers to increase your checkout conversion.

Start free trial

SHOPIFY MARKETS
The future of international commerce
Go global by default. Shopify Markets lets you easily sell to anyone on the internet from a single store.

Domains
Create international domains or subfolders optimized for search results that drive more traffic to your store.

Log in to get started

WHAT IS SHOPIFY MARKETS?

Shopify saw the opportunity to empower its brands with new functionalities, making international markets attainable from a local eCommerce store. Launched for early access in September 2021 and released to all merchants in February 2022, Shopify Markets allows brands to launch, optimise, and manage all international markets from one store. It will help you create global selling tools and tailor the customer experience based on different buyer segments. Markets can be designed to target countries or regions.

Before jumping in head first, you will need to decide on the best option for your brand to reach success. This whitepaper will discuss everything you need to know before going cross-border and what Shopify Markets can do to help you succeed.



Image source: Shopify

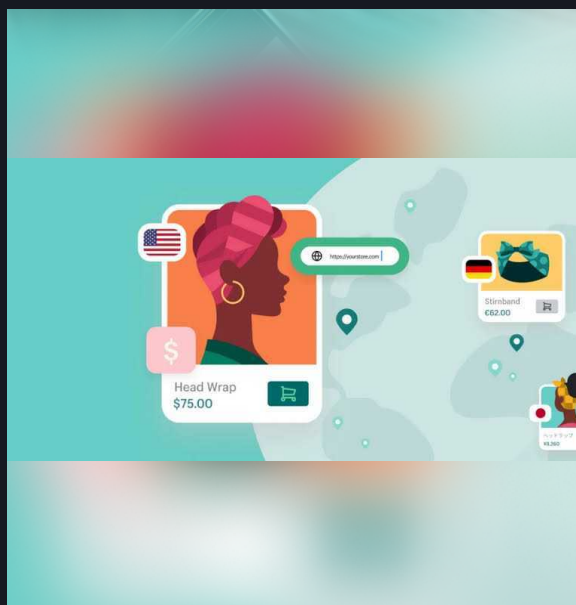
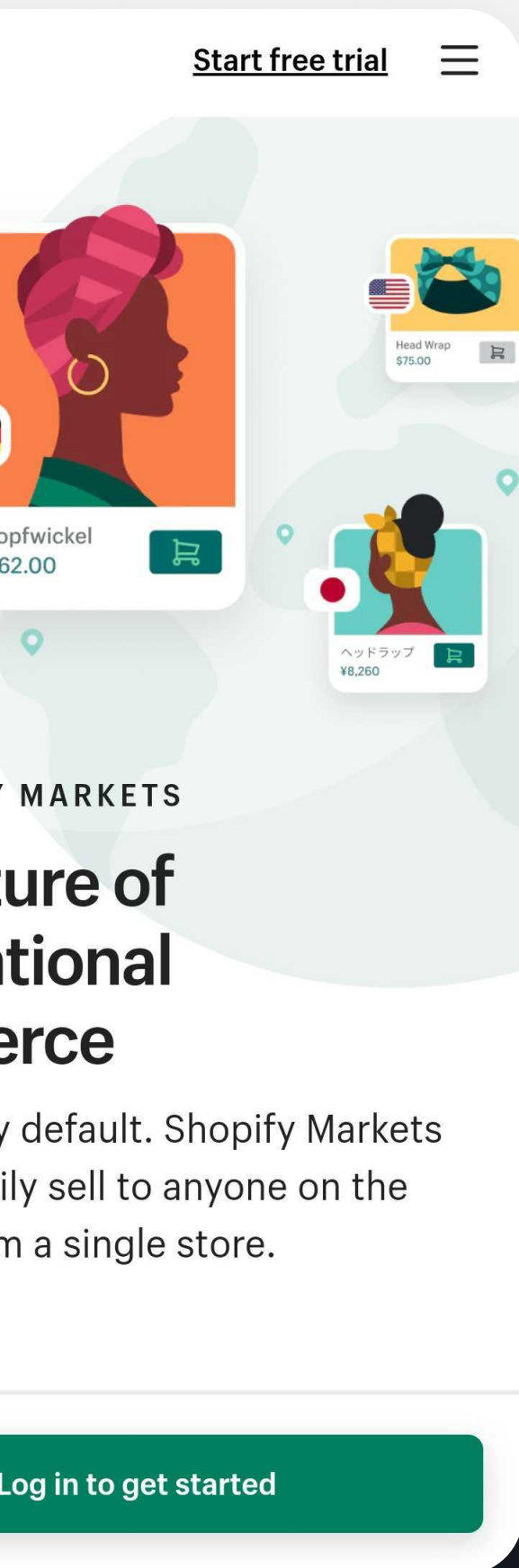


Image source: Shopify

COST OF PLATFORM

As with any business, the first question that comes to mind when making changes is, 'what will this cost?' The best part about Shopify Markets is that anyone who has Shopify can make use of it at no extra cost. There are cost implications when using the platform to sell internationally, though.

However, the costs involved with Shopify Markets are next to nothing in comparison to the option of having a separate site for each country or region. Local payment methods are included in Shopify Payments' international payment processing. Still, when it comes to duties and import taxes, payment providers and converting currencies, there are cost implications which we will talk through further on.



DEVELOPMENT CHANGES NEEDED

Shopify Markets was built around the fact that anyone could do it. You'll need to consider certain things, such as whether you're aiming at global sales or specific countries. Shopify's data showed a 13% increase in conversion when buyers were shown a store translated into their language compared to the default language. It's something that should be strongly considered when going international.

All brands should aim to create a seamless experience for their customers in their native language; you can do this easily by dynamically setting multiple languages with Shopify Markets, as the majority of popular themes support languages. This means you will have one storefront, but the language will change based on the country where these customers reside. The translations will also work throughout your store, giving your customers a consistent journey.

If we're talking about languages, we should also talk about domain names. Targeting customers in different countries and regions, merchants can purchase and create custom domain names and create subfolders for their stores. For example, a customer in Canada will see `mystore.ca` instead of `mystore.com`. This domain difference creates an extra layer of trust for the customer and appears higher in search engine rankings.

CURRENCIES

Like with languages, a change to the customers' local currency is another way of making your store personalised to the international customer; once again, Shopify's data shows increased conversion rates of up to 40% when products are shown with the customer's local currency.

Implementing Shopify Payments allows Markets to convert your storefront prices to over 130 international currencies automatically. It will even round them up based on the latest exchange rates consistently.

WAREHOUSING

A warehouse in the country or region you aim to service has its upsides, specifically regarding shipping costs. With a Shopify store, merchants may know they can allocate their inventory based on different locations. The limitation that comes with this is that inventory levels will not be consistent with the storefront. When using Shopify Markets, the inventory levels will reflect accurately based on the inventory available in the customer's country or region. Shipping from one location globally, however, creates a barrier for the customer regarding shipping delays and costs.

A limitation with Shopify Markets is that the inventory numbers per location are not shown to the customer on the storefront and aren't limited. This means that a customer can order an amount more significant than is in the inventory of their specific location and put the area's stock into the negative as they can still checkout. However, if you localise your customers correctly, there shouldn't be a problem.

IMPORT DUTIES AND TAX IMPLICATIONS

Duties and import taxes can be calculated using Shopify Payments which will cost merchants a 0.85% fee per order. If merchants use an alternative payment provider, like Payflex or BitPay, a 1.5% fee per order comes into effect. And when converting currency, there's a 2% fee per order, while costs for using local payment methods are included as part of Shopify Payments' international payment processing.

While these costs are involved, there are ways around some of them. For example, you could open a warehouse in the receiving country to avoid the duties and cost implications. While this will be a cost on its own, it depends on the long-term goal of your business.

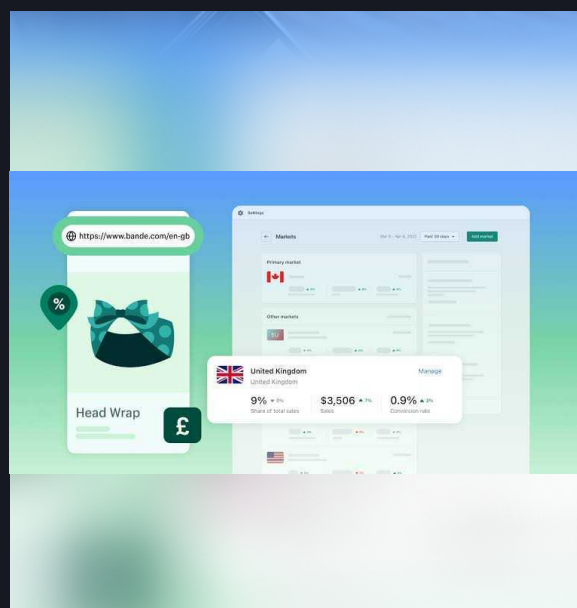


Image source: Shopify

IS SHOPIFY MARKETS THE RIGHT CHOICE?

As mentioned earlier, Shopify Markets is an incredible tool to assist merchants in attaining an international customer base. And while that statement won't change, it doesn't mean it's the right choice for every brand.

Shopify is always working on its product to ensure it brings across the best platform possible for merchants. So while they are working on releasing custom storefront content for each location store, you cannot currently display differing content. Not being able to customise your storefront poses a problem for many things, including blog content or seasonal appropriate copy and products. Copy celebrating spring in a location that's going into autumn wouldn't be ideal.

The ability to customise would include changing your website's general tone and look; as with Shopify Markets, you only have access to one theme. There is also no current way of limiting products to specific locations. This has higher implications, including promotional sales, which will show across the board and will not exclude any countries.

If you sell products on Amazon, it's essential to remember that prices cannot be set lower than your Amazon store, meaning that Shopify Markets' exchange rate feature won't be ideal. The fluctuating prices will go against Amazon's rules should they exceed the set price.

Shopify Markets also works with Shopify Payments, meaning if your target market is a country that doesn't support this function, you may have a problem. Currently, the list of countries using Shopify Payments includes Australia, Austria, Belgium, Canada, Denmark, Germany, Hong Kong, Italy, Ireland, Japan, Netherlands, New Zealand, Spain, Sweden, Singapore, the UK, and the US. While you can create a market for other countries, they will simply have to pay in your currency instead of their own, as you won't be able to process their currency.

With this in mind, it's important to note that Shopify Markets is working on the release of allowing the sale of different products in different countries and market-specific inventory and fulfilment controls.

IN SUMMARY

AMAZING THINGS ABOUT SHOPIFY MARKETS

- ✓ Manage all stores from one space
- ✓ Ease of development changes
- ✓ Language translation for all pages
- ✓ Automatic currency conversion that keeps up with fluctuations in exchange rates
- ✓ No extra charge other than import duties and taxes
- ✓ Custom domain for each store

THINGS TO CONSIDER

- ✗ Limited to one storefront for all countries or regions
- ✗ Unable to limit product viewing based on geographical location
- ✗ Cannot personalise when selling to different customer segments

OPTIONS FOR MERCHANTS GOING CROSS-BORDER

Don't feel discouraged if you've pinpointed some problems if you were to use Shopify Markets, though. With Shopify, there are always options. Currently, you would have three options.

OPTION ONE: SHOPIFY MARKETS

With this option, you could manage all stores from one place. You don't need to be on Shopify Plus to use Shopify Markets, and you would have access to site translation, currency changes, and custom domains based on location.

As mentioned above, the downside to this option is the inability to customise your site based on location

OPTION TWO: STANDALONE STORES

Slowly rolling out standalone stores for each country is a strong lead choice if you are looking to start with one country and gradually expand. It enables you to customise each store based on its location with seasonally appropriate content and geographically relevant products. Discounts can also be displayed differently for different areas.

The downsides to this option would be that each platform would need to be paid for separately, all apps on each store would also need to be paid for individually, and all store development would be separate and time-consuming. This can be avoided in Shopify Plus Organisation as some apps are currently working on the organisation level and can be set up for all stores simultaneously. The costs for this option are certainly higher than option one, but if there are certain things you need from going international, it would be something to consider.

OPTION 3: START WITH ONE

If your brand requires customisability based on location or season, your alternative would be to start with option one and expand to the new store for the new country. This will only take a few seconds, while option two will take a lot of work, money, and time.

Ultimately, you need to choose based on your brand and what would work best—deciding what non-negotiable factors for your store and your future goals will allow you to make the best and most appropriate decision. Either way, Shopify will enable you to do incredible things for your business and push you to success.



Image source: Shopify

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