

Recommendations for building supply chains, IT, and localization strategies for successful international growth

## **Arvato Supply Chain Solutions creates a Handbook for Cross-Border E-Commerce**

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**Guetersloh – Shopping revenues reaching 3.35 trillion euros are predicted for the global e-commerce market in 2022, and the trend is rising. According to the forecast by the data portal Statista, sales are expected to increase to around 4.61 trillion euros by the year 2025. Cross-border online trade is becoming increasingly important and is anticipated to account for around 22 percent of all e-commerce shipments of physical products in 2022. In 2016 it was only 15 percent. For this reason, Arvato Supply Chain Solutions has compiled a set of guidelines for key strategies, business models, and challenges of cross-border supply chains and fulfillment solutions for brands and retailers.**

"Despite of the growing popularity and market size of cross-border e-commerce, we discovered that many decision-makers are not familiar with the specifics of the process and the associated challenges," explains Abbas Tolouee, Senior Consultant at Arvato Supply Chain Solutions. Tolouee is the author of the white paper, "Internationalize Your Brand - A Guide to Cross-border E-commerce Highlighting Supply Chains, IT, and Localization Strategies". "In our guide, we examine the opportunities and risks of cross-border online trade and aim to provide appropriate support and information."

The advantages of a cross-border strategy are obvious: brands and online retailers can gain access to new, sometimes rapidly growing markets worldwide without having to immediately set up their own local branches or hire employees. Orders can be placed via individual country webshops or marketplaces. Goods are then distributed from the domestic distribution center to other countries. With this model, retailers can first test how their product is received in the target market. The next step could be to bring regional warehouses into operation in the respective countries to meet the growing demands of end-customers and manage higher order volumes.

The success of cross-border e-commerce is, to a considerable extent, dependent on logistical processes and trouble-free delivery to end-customers. If a customer orders a product, the rest of their shopping experience should also be perfect. According to the study, this requires smooth fulfillment processes along the entire supply chain. In addition to goods receipt, storage, order picking, packaging, and delivery of orders, this also encompasses returns management, payment processing and customer service.

"Transparent inventory management is also essential. Given the current characteristics of the market - smaller shipment sizes, higher peak volumes and increasing delivery speeds - only this transparency and accuracy ensures that the right article is available from the central inventory in the right channel at the right time," says Abbas Tolouee. "A perfect supply chain is an important part of our customers' internationalization strategy," confirms Berthold Reinke, Vice President Global Business Development at Arvato Supply Chain Solutions. "However, it is just as important to identify growth opportunities and market developments at an early stage. Our industry and sector experts are therefore constantly monitoring various markets and growth sectors around the world to support our customers' international online business."

Additionally, great care must be taken with the respective tax and customs regulations which come with cross-border shipping. "This is a subject whose complexity should not be underestimated," emphasizes Abbas Tolouee. "For example, it must be entirely clear from the outset who is responsible for import taxes and duties, because no customer wants to be surprised by unexpected fees." A solution using prepaid delivery fees is therefore often used – for example, the international trade incoterm DDP (Delivery Duty Paid) - which places the responsibility for import clearance, payment of taxes and import duties squarely by the seller. There is no obligation for the online shopper to take any further action, and all costs associated with the order are presented to them in a transparent way during the purchasing process.

In addition to logistics, a localized and personalized online presence also plays a vital role in cross-border commerce and is key to achieving sustainable growth in cross-border markets. Online shoppers should not only be able to shop in their native language and use local payment methods; brands and retailers must also learn to understand local buyers and their respective idiosyncrasies and preferences to successfully establish their cross-border strategy long term. Tapping into markets does not need to happen in one big bang, this can also be achieved step by step. While an initial online presence with international customer service and international payment and delivery options is sufficient to start with, localized websites with localized services are required for further growth – and can be developed to include fully localized webshops with a locally embedded fulfillment system, local customer support, delivery options and preferred payment options. This is an approach that is particularly suitable for markets with great potential and constant growth.

The complete white paper on cross-border e-commerce is available for download at: [arva.to/internationalize-your-brand](http://arva.to/internationalize-your-brand)

**About Arvato Supply Chain Solutions:**

Arvato Supply Chain Solutions is an innovative and international leading service provider in the field of supply chain management and e-commerce. Partners come together with industry specialists in the fields of Telecommunication, Tech, Corporate Information Management, Healthcare, Consumer Products and Publisher. About 17,000 employees work together to provide practical and relevant solutions and services worldwide. Using the latest digital technology, Arvato develops, operates and optimizes complex global supply chains and e-commerce platforms, as the strategic growth partner for its customers. Arvato combines the know-how of its employees with the right technology and appropriate business processes to measurably increase the productivity and performance of its partners.

For more information, please visit [www.arvato-supply-chain.com](http://www.arvato-supply-chain.com).

Arvato Supply Chain Solutions is part of Arvato, a leading international service provider with more than 96,000 employees in almost 40 countries. Arvato is a division of Bertelsmann.

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