



motionpoint

Beyond the Website

How virtual marketplaces and social channels are disrupting e-commerce.

Introduction

When companies make plans to expand into new geographies—particularly emerging markets like the BRIC nations (Brazil, Russia, India, China)—they often consider launching multilingual websites to serve those new global customers.

That seems like a smart play. After all, an expertly translated, culturally accurate website can be the foundation for a global e-commerce strategy.

However, many tech-savvy, mobile-first customers in emerging markets are not partial to company websites. Instead, they flock to virtual marketplaces hosted by third parties, such as China’s Tmall. They’re also using “Buy” buttons on social media channels as a seamless way to purchase items recommended by friends and family.

This e-book describes several opportunities to win customers in international markets **by participating in virtual marketplaces and social media.** It explains how retailers and brand owners can cost-effectively and efficiently broaden their business strategies to include these e-commerce channels by

working with a technology-focused and highly adaptable translation vendor.

By leveraging third-party sales channels, companies can attract additional customers and gain share and revenue in emerging markets.

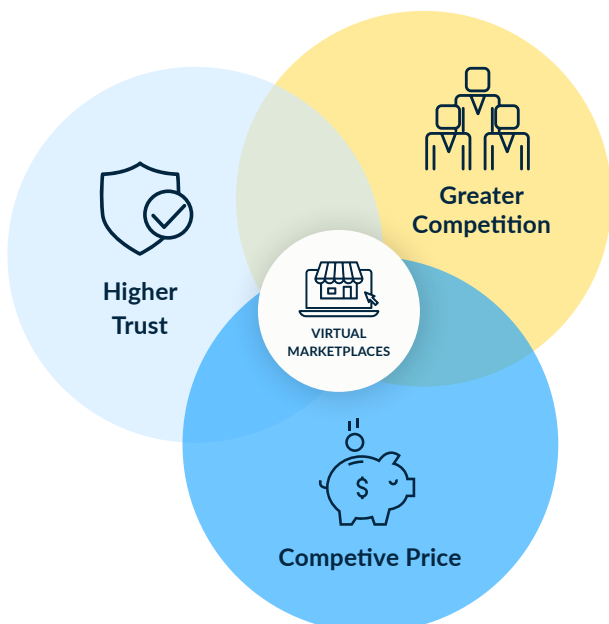


Virtual Marketplaces are Reshaping Online Retail

Traditional e-commerce in Western markets focused primarily on brand-name sites that sell their own goods and services, and on multi-brand retailers such as Amazon and Walmart, which offer a broad selection and competitive prices.

This picture is quite different in emerging markets, where consumers prefer virtual marketplaces (also called virtual malls) for several reasons:

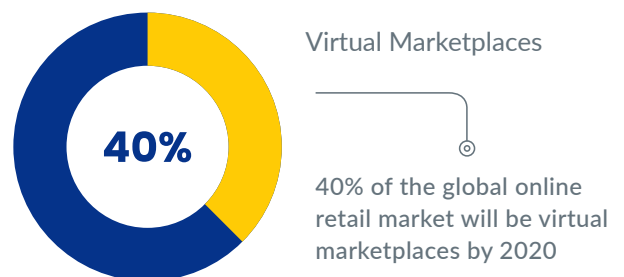
- ▶ **Higher level of trust** vs. doing business on a stand-alone branded site
- ▶ **Greater competition** that drives down prices and expands choice
- ▶ Convenience of **comparing prices** on the same site



These online marketplaces also benefit sellers, primarily because they generate a high volume of traffic, which may be difficult for smaller retailers to attract.

They also simplify inventory management and fulfillment, which can be handled by the marketplaces for a fee. Plus, marketplaces often leverage IT and big data more effectively than conventional e-retailers to help convert visitors from browsers to buyers.

Online Retail



Virtual malls have been around for years, **but recently their popularity has skyrocketed**. Here are some dramatic statistics:

- ▶ By 2020, virtual marketplaces will represent nearly **40%** of the global online retail market.
- ▶ Alibaba-owned Tmall has **400 million** active buyers.
- ▶ In Q1 2017, sales by marketplace sellers **accounted for 50%** of the units sold on Amazon.com.

This rapid growth is taking place in a number of international arenas, including:

- 1 China
- 2 South Korea
- 3 Middle East/North Africa

Each has distinctive and interesting characteristics. Let's take a look at the reasons why they represent good opportunities for marketing via virtual malls and social media.

1 CHINA: Dominated by Two Marketplaces

China's strong economic performance, globalization, growing middle class and rapid digital adoption **have accelerated the adoption of e-commerce**. The Chinese market's online retail sales reached 5.16 trillion yuan (\$752 billion) in 2016, representing 26.2% growth from 2015.

Chinese consumers favor virtual marketplaces operated by two companies:

- ▶ **Alibaba:** This company operates China's largest online marketplace, hosting storefronts for major brands on its Tmall platform.
- ▶ **JD.com:** China's second-largest e-commerce company emphasizes fashion brands, including U.S. designers.



A major factor driving Western brands to Chinese virtual marketplaces is their **low barrier of entry**. Managing a local website in China is difficult due to the bureaucratic and logistical challenges facing foreign businesses. Also, if a brand lacks a brick-and-mortar presence in China, it's far more difficult to attract consumers to a localized company-owned website.

A good strategy for international companies is to **translate product information into Chinese and use technology integrations** to feed the content to Tmall, JD Mall and other sites. Once the brand has established a presence, you can reinforce it with a localized corporate site.



Best Practice

Companies should register **localized websites with Baidu**, the Chinese search engine, to combat counterfeit products, a pervasive problem in the region.

2 SOUTH KOREA: In Love with a Search Engine

South Korea is the seventh largest retail e-commerce market in the world, and the third largest in Asia Pacific, after China and Japan.

Although Google dominates search worldwide, in South Korea, **Naver is the search engine of choice**. Its algorithms are built around the Korean language. More than a search engine, Naver also offers a blogging platform, a virtual marketplace and payment methods. In an experience similar to Google Shopping, products often display on organic search result pages—with an option to purchase, and directly pay, through Naver.



Naver and Kakao Implement Chatbots

By incorporating artificial intelligence chatbots—AI-powered programs that can mimic human conversations and react to spoken or written prompts—Naver and Kakao enable users to place orders and shop more easily on their e-commerce platforms.

Another influential player is Kakao, a popular mobile communication platform. The company recently launched its own shopping experience, which allows users to shop and send gifts to friends using its social platform. It uses the Kakao Wallet payment system.



Best Practice

Koreans respond far more positively to product photos featuring Korean apparel models over Western models.

Companies seeking to sell online in South Korea should actively cooperate with these companies to become a part of their ecosystems.

They should also adapt their products—or at least the presentation of those products—to local tastes.

3 MIDDLE EAST & NORTH AFRICA:

On the Cusp of an E-Commerce Explosion

According to *Forbes*, the Middle East is beginning a major e-commerce growth spurt, fueled by:

- ▶ A youthful population
- ▶ One of the highest per-capita Internet penetration levels
- ▶ Very low e-commerce penetration, estimated at only 2% by McKinsey, vs. 15% in more mature markets

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Best Practice

Around 90% of purchases made on Odjala are paid for by the customer upon delivery, a model that is unusual for most Western online retailers.

As in China, extensive bureaucracy and regulations in this region make it challenging for Western companies to use traditional channels such as brick-and-mortar stores or corporate sites. **Instead, they are serving consumers via marketplaces such as Souq and Aido.**

Recently acquired by Amazon, Souq.com claims over **45 million visitors per month** and a range of 8.4 million products across 31 categories.

In contrast to European and North American shoppers, most African consumers visit physical stores or markets to make purchases. However, **smartphone use and Internet penetration are growing**, leading to concepts such as:

- ▶ **MallforAfrica**, an app that allows people to shop for, and purchase goods from, online stores in the UK and U.S.
- ▶ **Odjala**, Africa's first online shopping mall

Offsite Social Commerce Offers Omnipresent Shopping Experiences

Although traditionally used for marketing, reviews and referrals, social media is becoming a viable retail channel.

A recent surge in e-commerce functionality across major social networks spotlights a growing opportunity for companies to use social for transactions and revenue generation.

The latest disruption is offsite social commerce. Here, brands and other businesses sell their products directly via social networks, rather than building social sharing into their own corporate sites. Social networks are now providing **streamlined, one-click buying experiences** for their users. “Buy” buttons are being integrated in Western-based social platforms such as Facebook, Twitter, Instagram and Pinterest, and in Eastern-based social and messaging apps such as WeChat.



Here are some examples:

- ▶ Shoppable photo tags on Instagram
- ▶ Buyable pins on Pinterest
- ▶ Facebook Marketplace for buying and selling used items in a user's local area

Such innovations help to:

- ▶ **Increase shopping comfort and convenience** by keeping consumers within their favorite social environments
- ▶ **Streamline and shorten** the buying process
- ▶ **Provide valuable data to retailers** such as conversion and engagement metrics, “likes” and comments

Studies suggest that 60% of consumers are **open to making purchases through social networks**. Global social commerce revenue increased by 50% between 2014 and 2015. In fact, social commerce already accounts for 30% of digital sales in Southeast Asia.

Offsite social commerce experiences can encourage purchases by playing on consumers' emotions. People often view products more favorably when they see positive comments or interactions from friends and family.

Studies suggest such endorsements increase the likelihood of a sale by 20%.

How to Seize New E-Commerce Opportunities

What is the best way for businesses to take advantage of selling on virtual malls and offsite social channels at home and abroad?

Virtual Marketplaces

Data integration processes for domestic and international virtual marketplaces typically permit companies to register as merchants and provide product inventory and descriptions, often via an API or connector that links the two IT systems. Of course, the data must be structured to meet the requirements of each virtual mall.

Offsite Social Commerce

Offsite social commerce platforms usually provide two methods for brands and businesses to integrate with them:

- ▶ Merchants can directly create their storefront on the platform and manually add content.
- ▶ They can use a third-party integration tool to push product information as a feed.

The Importance of Translation

To participate successfully in international virtual marketplaces and offsite social commerce, companies must take a further step: translating their information into local languages before feeding it to the sites and services.

If the business already operates a localized corporate site or has created translated collateral, this content—including photos and graphics that are tailored to the local audience—can be repurposed for marketplaces and social networks.

Reusing this content requires capabilities offered by leading translation providers:

- ▶ Integrated *translation memory* (a database of translated words and phrases)
- ▶ A translation platform to simplify initial deployment and ongoing operations
- ▶ Technology integrations, such as an API, to push translated information as a feed to social platforms and virtual marketplaces



Conclusion

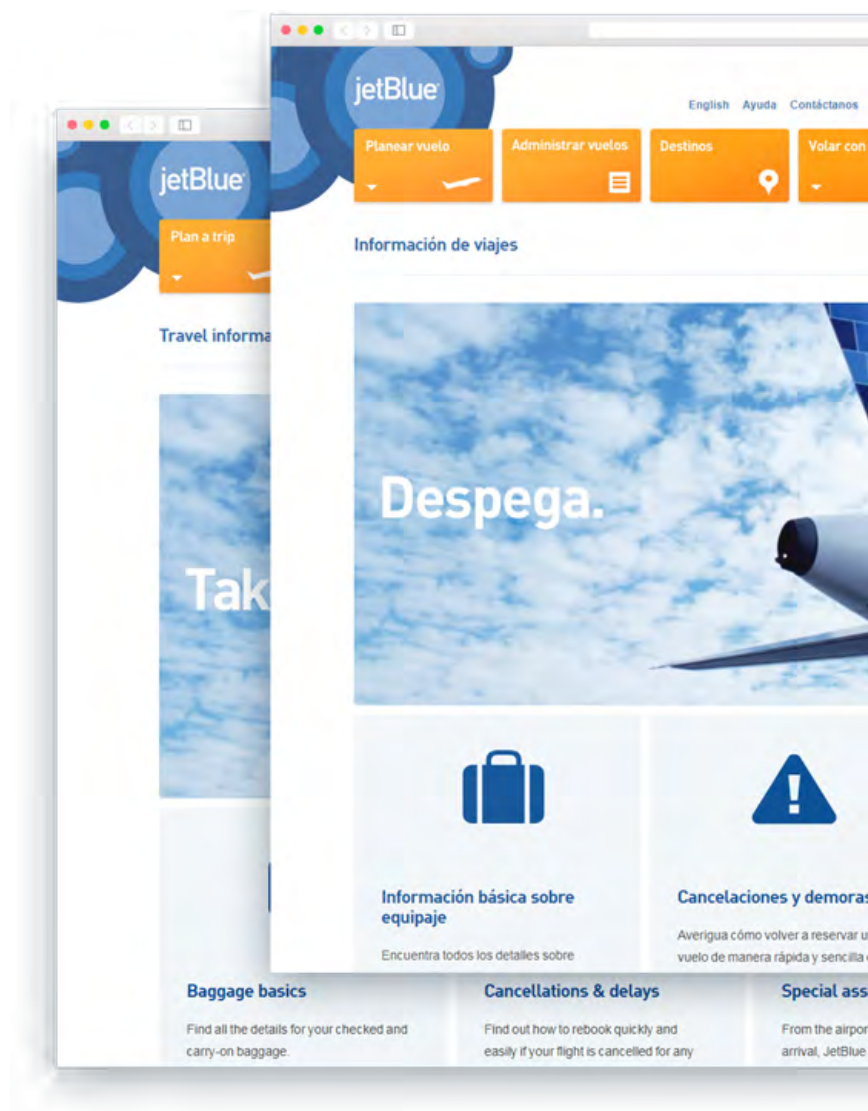
The e-commerce arena is shifting rapidly to keep pace with consumer preferences—both in Western countries and emerging regions such as Asia and Africa. Companies interested in tapping the growing potential of virtual malls and social commerce can get a head start by using their localized corporate websites or other resources as a springboard for participation in third-party platforms.

A translation vendor with strong technology expertise and a flexible approach can help companies accelerate their expansion into offsite social commerce and virtual marketplaces.

About MotionPoint

MotionPoint solves the operational complexity and cost of website localization. Unlike all other approaches, our technology and turn-key solution are built specifically for this purpose.

We translate, deploy, and operate multilingual websites, optimizing the customer experience across all channels.



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