Global Expansion for Tech Manufacturers

Seven experts’ perspectives on why going global is essential for long-term success—and how to make it easier
Introduction

Global expansion is now a prerequisite for success for 21st century technology manufacturers

The market for technology components and products is expanding rapidly—but the fastest growth isn't always in the easiest markets.

Many North American manufacturers find operating in their own geographical backyard comfortable. They understand the languages, business conventions, and trade agreements. They enjoy the benefits of stability and familiarity. Simply put, doing business at home is safe and easy.

But ignoring international prospects may mean missing enormous opportunities. Other countries have experienced exponential growth recently, and experts predict more of the same in coming years.

According to a study published by the Peterson Institute for International Economics, U.S. companies that export not only grow faster, but are nearly 8.5 percent less likely to go out of business than non-exporting companies. While this may seem counterintuitive, the diminished risk is a result of the diversification and expansion of a company’s customer base. In other words, if you are not exporting, you are at risk of falling behind—or worse.

Barriers exist, but you can surmount them. Research can help you select the right markets and channels. Capable service providers can manage language differences and help you reliably and securely get your product across borders into your customers’ hands—and handle return, recall and repair needs efficiently so your customers remain satisfied.

The potential rewards are great, and UPS can help you break into new markets and change the world in your own unique way. We believe you will find the perspectives in this document from UPS’s tech industry logistics experts both inspiring and enabling.

We hope you will reach out to explore how we can help bring your ideas to fruition. Let’s work together to help you capitalize on overseas opportunities.
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Choosing the right market—and entering it

Expanding globally can bring growth, exposure to larger markets, and first-mover advantages. Here’s how to learn what you need to know—and how to act on that information to bring about a greater possibility of success.

MEET THE EXPERT: RUCHI SHAH
UPS director of marketing, North America export district

Ruchi joined UPS in 2011 specializing in international marketing. She has been instrumental in network optimization efforts as part of the company’s worldwide strategy team. Most recently, Ruchi joined the U.S. Export team where she oversaw the team’s market analytics and customer research initiatives. Ruchi holds a BBA from the University of Michigan’s Ross School of Business and an MBA from the University of Chicago’s Booth School of Business.

MEET THE EXPERT: VIGNESH ANANDAN
UPS senior marketing manager, high-tech segment

Vignesh is responsible for developing programs that help customers in the tech industry enhance, streamline and derive more value from their supply chains. Prior to his current role, Vignesh worked in the Emerging Market group at UPS, where he managed strategic projects in India and the Middle East. He has an undergraduate degree in computer science and is also a graduate of the University of North Carolina Kenan-Flagler Business School, where he earned an MBA in marketing and finance.
THE BIG QUESTION: Should you expand overseas?

For a technology manufacturer, the answer to the question, “Should you consider expanding overseas?” is almost certainly an emphatic “yes.”

North American technology companies that focus on domestic and nearby markets enjoy familiarity, stable governments, adequate infrastructure, and well-understood regulations and trade agreements. But, according to the U.S. Commercial Service’s International Trade Association, more than 70 percent of all the world’s purchasing power is located outside the U.S.

By confining your exporting activities to just one country, region, or continent you may be limiting your prospects. A 2017 World Bank study illustrates the possibilities: Developing countries may offer both a bigger opportunity and a faster growing economy than the U.S.

Projected gross domestic product (GDP) growth in some emerging and developing economies is more than double that predicted for the U.S. For example, the same World Bank study predicted a 7.1% GDP growth for South Asia in 2018, compared to 2.2% for the United States.

A REGIONAL VIEW: Emerging Markets GDPs Projected to Grow Faster than Developed Economies

Source: The World Bank, Global Economic Prospects, June 2017
Bank study predicts some South Asian countries’ GDPs to grow at nearly three times the rate of that of the U.S., with East Asia and Pacific nations closely following. Not creating a presence in these markets may mean losing important opportunities.

It’s likely you’re already exporting to an international clientele, perhaps by responding to occasional inquiries from overseas that originate through your website or by utilizing online marketplaces. However, you can go further, and possibly generate far greater success, by strategically expanding in the global marketplace.

The perfect market — case studies reveal there is opportunity everywhere

Choose a country that is right for your specific business. Look for positive indicators like high projected economic growth, steady adoption rates for your type of technology, and few competitors.

Though it can be an advantage to be the first mover in a new market, first movers may also face elements of risk that second and subsequent movers don’t face. While the first mover may have more time to make an impression and build brand loyalty, for example, followers can sell to a market that is more aware of the product type and may be able to learn from missteps that the first to market may have made.

First-to-market opportunities for advantages are more plentiful in developing economies. But technology companies are, according to the substantial list of exporting success stories published by the U.S Commercial Service, making considerable inroads into countries around the world, regardless of whether their product is new or simply better than the rest.

- **Cloud Microphones** of Tucson, Az., a tech manufacturer of high-quality recording studio microphones, achieved a 427 percent increase in global sales in the past several years by selling through online marketplaces, among other channels.

- **Space Systems Loral**, of Palo Alto, Ca., created the largest-ever aerospace technology U.S. export sale to Bulgaria, valued at $150 million. Its telecommunications equipment will bring internet and other communications to millions of Bulgarians.
From Nigeria to Kenya, and Rwanda to Ghana, tech innovation is starting to influence multiple sectors: energy, agriculture, banking, healthcare, entertainment, transport and fashion...technology in Africa has the potential to create more impact faster than anywhere previously in the world.

—The World Economic Forum

A Brief Overview of Africa’s Tech Industry and 7 Predictions For Its Future

• Amatrol, of Jeffersonville, In., designs and develops educational technology to train tomorrow’s global workforce within industries such as manufacturing, oil and gas and packaging. They have found buyers for their technology in Kenya, Mongolia, the Philippines, and among other places.

Three ways to win abroad

Identify markets that complement or diversify your existing customer base, provide regional growth opportunities, or allow you to test your products.

1. **Diversify your customer base.** North American heating and cooling technology manufacturers, for example, that experience on/off seasonal demand can find balance through the year by accruing customers in the southern hemisphere. Also consider the advantages of insulating yourself from single-market fluctuations. Being the first to offer your product at the correct price point can make a big difference.

2. **Look for good neighbors.** Seek out a country whose neighbors also hold out promise. You can then establish a base in the first country and expand outward from there, regionally. Success in one foreign market can serve as a springboard to a neighboring country, allowing you to leverage your regional understanding and relationships. In addition, customers in economies that aren’t closely tied to your own may help defend your business against the effects of a domestic economic slowdown.

3. **Test and learn.** Find markets that allow you to test and pilot your products or services. A smaller country can serve as an effective, low-risk “test bed” for new approaches you can deploy later to domestic or other foreign markets, too. Consider where you’d like to improve your business intelligence and positioning, and let a strategic vision guide your choices.
Perceived problems with emerging markets

- Transportation resources below expectations: 24%
- Difficulty finding qualified logistics providers: 24%
- Telecom/Info services below expectations: 18%
- Customs clearance is complex and slow: 15%
- Trade finance and funds flows are complicated: 12%
- Difficult to understand export compliance: 9%

Perceived risks of moving into developing and emerging markets

- Disruption of flow of goods: 3.3
- Cybersecurity/data integrity: 3.2
- Financial: 3.0
- Regulatory/compliance: 2.8
- Security of product/intellectual property: 2.7
- Disruptions in the flow of goods and data and the security of data were among the greatest perceived risks in new/emerging markets.

Who's on your team?

Take advantage of the free, expert insight available from the U.S. Department of Commerce’s International Trade Administration (ITA), with its network of 108 offices across the U.S. and in over 75 additional countries. The ITA’s Top Markets Series of reports breaks down in-depth, industry-specific information, country-by-country for products including financial, manufacturing and environmental technologies; medical devices and health IT; semiconductors and more. You can also use the Department’s country commercial guides to help develop a clear-eyed view of each country’s pros and cons.

Further analysis of potential markets can be sought by engaging the U.S. Chamber of Commerce, and specifically the Chamber’s International Affairs division. Their resources will help not only deepen your understanding of market conditions, but can also help you meet potential customers by attending webinars and trade shows — and even traveling to countries of particular interest on targeted trade missions.

In addition, you can learn a great deal from reputable global logistics leaders who have deep understanding of worldwide markets and trade management issues. Many have facilitated trade across and between hundreds of economies for decades, and may offer an understanding of global trade that can be gained only through the experience of operating where the rubber meets the road.

Best practices

Give your entry into a new market its best chance of success by learning from others’ victories. Here are some proven techniques to optimize your first product launch overseas.

- **Run the numbers.** Ensure your domestic customer base can support a speculative venture abroad. Also, be sure you balance domestic investments with investments in foreign markets. Allocate capital effectively to ensure a stable overall cash flow. Beware of chasing higher rewards overseas to the detriment of your home market.

- **Adapt your product to foreign needs.** Overseas customers will likely have slightly different requirements from your home-market clients, from electrical voltage to safety regulations to operating systems. Let your research inform how you tailor and present your product — and let your product’s well-thought-out suitability for your target market be a discriminator in your favor.

- **Speak the language, and speak it well.** Use your customers’ language and make the necessary investments to understand and be acceptable to their culture. A recent Harvard Business Review article titled “7 Traits of Companies on The Fast Track to International Growth” says that technology businesses with the strongest international success have singular customer focus in common.

- **Take the long view.** Your efforts to expand represent a significant investment that will likely play out slowly or steadily. Don’t expect a quick ROI. Trust your research, and follow the blueprint you created based upon it, making course corrections as appropriate. If you plan well and aim for steady, not skyrocketing, growth, you are probably less likely to pull out of a new market prematurely.

- **Select experienced, trusted partners.** Accept that you can’t possibly do everything. Ideally, choose a single logistics provider that can provide shipping, customs brokerage, trade management, in-country distribution and more. A single point of contact for almost any issue may be an advantage.
How UPS Can Help

Thinking of going international? Go with UPS.

You need not be intimidated by the prospect of international expansion. UPS can help you ship, track and manage returns almost as easily as you can in your home market. Take advantage of our international trade management services and customs brokerage expertise to extend your business reach and help you remain in compliance with customs and other regulations. When your logistics provider is also your trusted expert advisor — with “boots on the ground” in more than 220 countries and territories worldwide, you may only need one point of contact to solve almost any problem.

Our step-by-step trade tools can help you navigate import or export documentation and requirements. Use UPS TradeAbility® international tools free of charge to track and monitor your supply chain in motion, estimate landed costs, find harmonized codes and check import compliance. You can even integrate these tools into your website. Enroll in UPS Paperless® Invoice and you can easily submit customs paperwork electronically and accurately, reducing the risks of holds and delays. Choose UPS — your service provider in virtually every geography.
The ideal way to execute international product launches

Since new technology becomes obsolete so quickly, smart businesses plan new product releases to happen as quickly as possible. A successful launch takes deliberate preparation, close communication, operational experience and insight, and attention to detail.

MEET THE EXPERT: ARTHUR LECOURS
UPS senior marketing manager, high-tech segment

Arthur manages key client relationships, helping to ensure that clients derive maximum value from their supply chains. Prior to this assignment Arthur served as a director of Global Accounts Sales with UPS for 17 years, where he developed extensive experience managing complex sales processes and customer relationships with our largest top-tier customers. Arthur has over 33 years of transportation and supply chain experience. He is a graduate of Young Harris College and Kennesaw State University.

MEET THE EXPERT: DAVID ROEGGE
UPS director of marketing, high-tech segment

David is a 20-year veteran in strategic marketing and joined UPS in 2010. David directs a team responsible for marketing UPS’s portfolio of best-in-class logistics and transportation solutions to serve the unique needs of customers in the high-tech sector. David has in-depth knowledge of how customers can use logistics to save money, improve efficiency and grow their business. He holds a BA from Kenyon College and a MBA from Boston College. David is also active in industry associations.
The Journey Through the Logistics of a High-Tech Product Launch

Stage 1: Forward Deployment
- Determining the best strategy for getting your product into the supply chain
- Efficiently moving your product into the desired geographies, ready for consumers

Stage 2: Product Processing
- Warehousing & packaging
- Product security
- Shipment processing

Stage 3: Product Delivery
- Synchronizing the delivery plan to match the desired launch-day experience for your customers
- Visibility and tracking solutions: Quantum View™ visibility and tracking solutions, ups.com and the UPS Mobile™ App
- UPS has delivered MILLIONS of packages, such as tablets and smartphones, for high-tech product launches over the years

UPS Planning Begins

UPS will manage planning processes across multiple stakeholders and geographies through the control tower

UPS has transported over 7.6 MILLION kilos in freight shipments specific to high-tech product launches since 2010.

UPS serves more than 220 COUNTRIES and territories, including every address in North America and Europe.

UPS Worldport® Facility
- Origin Pickup & Sort
- Customs Brokerage
- UPS Worldport® Facility
- Product Processing
- Delivery Plan

Customer delivery management tools such as UPS My Choice® service

Satisfied customers
Follow these five tips to get the biggest bang for your product launch buck.

1. **Encourage open communication throughout your network**

   Shared understanding between stakeholders is crucial to an effective product launch, so don’t take shortcuts with your communications. Thoroughly plan and conduct launch rehearsals to ensure stakeholders fully understand who’s responsible for what, when.

   The overall tone of communications should convey cooperative partnership. Many cultures with a focus on innovation feature stakeholder “cadence calls” on alternating days prior to launch. These provide internal team members—along with logistics and other providers—an open environment to air launch-threatening concerns without fear of blame.

   Typically, this takes the form of a two-week “amnesty period” during which stakeholders are actively encouraged to reveal problems without fear of criticism, increasing the chances of resolving them in advance.

   The spoken word is easily misunderstood. Compose detailed minutes after each meeting, and have participants approve or amend them to help ensure mutual understanding.

2. **Let your logistics provider help determine how you protect your product during shipping**

   Make sure your product’s physical characteristics and requirements are well understood by all players, particularly packaging engineers and logistics partners. This includes dimensions and weight, requirements for orientation, moisture and temperature tolerance, and external pressure and handling limitations. Providing your logistics partner with product (and proposed packaging) samples in advance is a good way to raise concerns and develop solutions in advance of problems occurring.

   Packaging that succeeds in your home country may not protect products being distributed in an emerging...
economy with different infrastructure. Also, don’t assume the conditions throughout your product’s journey will mirror those in North America. For example: expect wet environments in Southeast Asia during monsoon season. High humidity can wreak havoc with some electronic components if you don’t use additional packaging or desiccants.

3 Expect, and plan for, problems

At UPS, we’ve seen three main issues that can wreak havoc on your global product launch: asset management, exceptions and returns.

- **Asset management:** We’ve learned that inventory flexibility is crucial. This means you should have well-positioned stock, an intelligently pre-positioned reserve, and dedicated capabilities to swiftly shift goods between locations.

- **Exceptions:** These take place when your product is sold before it has been officially launched. These are particularly troublesome because they can expose your product to your competitors early. A competent logistics partner’s visibility capabilities, however, can help detect such events, along with other supply chain irregularities. With near-real-time supply chain visibility, advanced logistics providers can continuously monitor their network from global “control towers” and alert you if these or similar occurrences arise.

- **Returns:** Finally, taking the sting out of the product return process can help you retain customers. Even if they are less than happy, a simple, low-stress procedure may encourage them to give you another chance. Make the returns process for low-value bulk items intuitive and simple to execute. Meet the needs of customers who order one-off, expensive or mission-essential product by offering high-touch repair services, forward-positioning repair components to maximize uptime, or anticipating other urgent customer needs and planning to meet them. (For more on returns, please see page 25.)

4 Pay attention to packaging and presentation

Don’t treat packaging as an afterthought. Your customer’s first impression comes from the packaging. Prominently display your branding on packages to strengthen your identity in a new market. Low-quality packaging sends a poor advance message about the value of the product inside.

5 Invest in the details

Don’t try to launch a new product on the cheap. Whether it’s for packaging, marketing or shipping, you are likely to get what you pay for. When you launch a product in a foreign market, the premium you pay for trusted, experienced partners may be your most important investment—and can decrease the risk posed by low-cost options.
How UPS Can Help

Let us help plan and execute your product launches so you can stay focused on what you do best.

It’s difficult to move outside of your core competency and handle the logistics of getting your high-value products to market. That’s where we can help. Logistics is our core competency, so let us help you keep doing what you do best.

Keep your capital for R&D and your next big thing. Through UPS, your company has access to our established network of strategically located distribution centers, full-featured “cloud warehousing” and other systems on our rigorous and ultra-stable data platforms. Skip the capital costs and risks of investing in the facilities and systems on your own.

We can help you get distribution and packaging right. By simplifying your processes, UPS can help you position your products closer to your customers to help reduce time-in-transit and overall transportation costs. Use our multi-carrier capabilities and let us help you match the right carriers with the right service at the right cost, enabling you to reach your customers efficiently across the country or around the world.

Choose UPS and our experienced staff can design effective solutions for you that mean you can rely on a single source to manage your global transportation, freight, sales and even returns—so your customers stay happy.
MEET THE EXPERT: MARK SHACKLETTE
UPS director, customs brokerage compliance, global brokerage

Mark focuses on global brokerage operations, emerging markets and new brokerage products. He works with global brokerage from both an operations and sales support standpoint. Mark’s career at UPS began in 1987 and he has spent 29 of his 30 years with the customs brokerage function, starting in Louisville, Ky., followed by a seven-year stint in California, before being transferred back to Louisville. He graduated from the University of Louisville in 1988 with a degree in finance.

Navigating the details of getting product into another country can be challenging. Understanding customs, tariffs and import rules may help inform your decision of where to expand — and how to get there.
Navigating the world with global trade management

It’s a nightmare scenario for a technology exporter: A time-sensitive component shipped to a hurried customer becomes delayed at the Port of Entry (PoE). The exporter finds out only when the frustrated customer emails to ask its status, after the required arrival date. And without anyone on the ground, it’s extremely difficult to resolve the problem. The result is disappointment, extra hassle, increased cost and —possibly—a damaged customer relationship.

One of the most difficult challenges is getting product out of your country and across borders into the destination market. Global trade management, which includes all aspects of import and export, is a no-fail mission for a company that wants access to overseas customers. Follow these six strategies to give your packages the fastest, easiest, most cost-effective transit you can.

Six strategies for navigating customs and regulations

1. Entrust trade management to experienced professionals

Retain a customs broker to help solve problems and eliminate delays at the PoE. The ideal customs broker knows your products and can work with customs officials and Other Government Agencies (OGAs, increasingly known in the U.S. as Partner Government Agencies) to understand the problem and find a quick solution. Customs brokers can often free your product simply by explaining to officials what your product is and why your classification and labeling are correct. If the paperwork requires adjustment, your customs broker can confer with your home-based trade management services personnel to correct the problem. If you outsource these duties, choose professionals with global experience, a worldwide footprint and a deep regional understanding.

If you choose to keep this capability in-house, make sure personnel understand international logistics, including the necessary documentation, native language and special requirements of the individual countries. You should also ensure they use tools that enable them to remain up to date with requirements, which change frequently.

Top-Scorers on the Enabling Trade Index

According to the World Economic Forum and the Global Alliance for Trade Facilitation, these economies have the greatest capacity to facilitate imports based on factors including openness to trade, infrastructure and regulations.

1. Singapore
2. Netherlands
3. Hong Kong SAR
4. Luxembourg
5. Sweden
6. Finland
7. Austria
8. United Kingdom
9. Germany
10. Belgium
11. Switzerland
12. Denmark
13. France
14. Estonia
15. Spain
16. United States

92% of U.S. electronics-exporting respondents have a challenge with product classification

Source: 2016 Global Trade Management Survey, Thomson Reuters and KPMG International
2 Know what it costs to move product between countries

Understand how to calculate the landed cost of your goods, which is a total of their purchase price plus customs, tariffs, duties and taxes, shipping, insurance and other costs through the PoE. Use that figure to help you make business decisions—and be open with your customer about landed costs, too.

Look at de minimis thresholds to see if you can import small shipments without the duties and delays that accompany more valuable ones. When a country sets a higher de minimis threshold, you may be able to get your goods through the PoE more quickly and less expensively.

3 A single source may simplify your process

Maintaining shipment visibility means you are able to detect when delays occur, and thus trigger action to resolve problems. If you select a single logistics partner to handle transportation and customs brokerage, you may benefit from having a single point of contact for any type of shipment problem. That person will know you, speak with you in your own language, in your own time zone, and actively work to solve your problems.

A single trade management service provider can help to streamline the process—and may help prevent your shipments from falling through the cracks.

4 Know and follow the rules

Each country has its own regulatory framework. Research the rules thoroughly and follow them carefully to promote compliance. Infractions can result in delays, penalties and even the seizure of your products.

Expect rules on both the export and import side. Look up trade restrictions and prohibitions on dual-use items and conduct thorough denied-party screening with free online tools. Understand how to classify your product, and rigorously research the requirements of your target country.

5 Success is in the details

Don't expect to completely avoid inspections, since most countries practice them on a small percentage of inbound shipments. There are some things you can do that will ease the process: Fill out forms correctly and completely the first time, and type or print answers rather than handwriting them. Customs officials may request exams for incomplete, inaccurate or illegible paperwork. Contents descriptions,
shipper/consignee information and shipment value are notorious problem points. Membership in a group like the Customs-Trade Partnership Against Terrorism (CTPAT) can speed shipments through inspection points, as well.

Cooperate fully with investigations, regardless of circumstances. Whether an examination is random or focused, it is helpful to have a courteous customs broker available to coordinate with customs officials. You want to avoid becoming an importer of interest. A violation of import regulations not only frustrates that shipment, but can also direct a flag on future shipments to or from the same shipper or consignee. In some cases, this may make that market unavailable to you as an importer.

Take advantage of FTAs and FTZs

According to the U.S. Department of State, the U.S. has 14 trade agreements with 20 countries. Free Trade Agreements (FTAs) minimize trade barriers and allow a more reliable, transparent trading environment for importers and exporters alike. When deciding what countries to target with your products, consider whether they have an FTA with the United States. Specifics of FTAs vary, but generally they make it easier and cheaper for U.S. companies to export their products and services to trading partner markets, according to the Department of Commerce.

Though the abbreviations look alike, FTZs (Foreign or Free Trade Zones) are quite different from FTAs. Typically co-located at national borders, major seaports and international airports, FTZs typically allow import, manufacture, repair/reconfiguration, storage, handling and re-export of goods or components without customs duty. Because of their complexity, you may delay exploring FTZs until you get more experience, but they can allow cost-effective assembly and product staging near target markets, while delaying import fees until they enter the destination country’s commerce.

30% of electronics exporters get full benefits from FTAs

Source: 2016 Global Trade Management Survey, Thomson Reuters and KPMG International

Exporters Who Use FTAs Report Substantial Savings

Source: 2016 Global Trade Management Survey, Thomson Reuters and KPMG International
How UPS Can Help

We’re customs experts—so you don’t have to be.

With each new market, it becomes more complex to navigate the myriad of regulations and paperwork just to get your products across borders. It takes expertise and confidence.

As one of the world’s largest customs brokerage providers, UPS can help minimize the risk of delays, penalties and reputational damage. Our team of experts are fluent in customs clearance, trade management and global logistics, and can scale up as your needs increase. By getting to know you and your business, we strategize and implement your best global logistics solution.

Speeding shipments through customs and quickly addressing issues with a UPS Customs Brokerage expert at the overseas port of entry can mean the difference between fulfilling a distribution contract and losing an important customer. Choose UPS for smooth sailing through final delivery.
Getting e-commerce right

E-commerce can ease your movement into a new market—but you should also consider potential drawbacks. How can you tell if it’s the right step into exporting for your business?

MEET THE EXPERT: CHRIS MEHLFELDER
UPS vice president of marketing at UPS i-parcel

Chris began his career while studying economics at the College of New Jersey. After graduating, Chris had roles with UPS in operations management, industrial engineering, human resources and business development before settling in marketing. Prior to his current role, he was the retail industry segment manager in New York City, where he spent a great deal of his time on e-commerce. Today, Chris directs all marketing activities at UPS i-parcel.
E-commerce marketplaces

There are different ways of using e-commerce to enter into foreign markets. The choice you make may influence the success of your global business. Here are the main options.

Online marketplaces

Popular sites like Alibaba.com, Amazon Business, BigCommerce and eBay offer a combination of easy set-up, little up-front investment and a worldwide customer base. There are drawbacks, however. For example, you may pay high margins to the marketplace on each sale, which become even more significant with high-value orders. Many North American businesses also shy away from online marketplaces because of intellectual property concerns.

In addition, customers tend to use marketplaces to price-compare more than to compare other characteristics of a product, and that may de-emphasize value-added aspects of your goods. Also, if your research points you to a specific regional or national market, global marketplaces may lack focus or popularity in your target markets, and prevent you from maximizing the value of the research you have carried out.

E-procurement services

Dozens of e-procurement services (sometimes called listing services) exist to connect large corporate buyers with vendors. Most aim at the Global 2000 and allow their customers an integrated purchasing system with access to vetted, trusted suppliers. Benefits for vendors

Technology and logistics advances are moving many B2B retailers to provide an international online shopping experience for their customers. Advanced solutions such as UPS i-parcel for B2C businesses are already providing access to a new market of international shoppers, bringing retailers with cross-border aspirations true cross-border successes.

—Christopher Mehlfelder
UPS vice president of marketing at UPS i-parcel

$1.1 TRILLION

Dollars estimated for B2B e-commerce in the U.S. by 2020

include lower transaction fees than open marketplaces, greater safety of intellectual property (your new product is less likely to be shown indiscriminately across the internet), and the existence of an approval chain for each buyer. This approval chain assures that orders placed for your products have been authorized at the appropriate level in purchasers’ companies. A drawback, however, is that some businesses have moved virtually all their procurements to this model, which means that if you’re not an approved vendor and consequently a procurement partner, you may find yourself effectively off-limits to some purchasers.

Your own proprietary site, constructed in-house

If you have the capability, building your own e-commerce site can preserve profit margins and allow a high degree of brand control. You can also determine which products the entire web can see, and which ones you want to reveal only to clients and potential clients with a password. And you won’t have ads for your competitors’ products placed right next to yours.

Of course, running your own internationally versioned e-commerce website requires a considerable investment in development, security, hosting and maintenance — as well as an effective marketing effort in your target markets to draw potential customers to your site.

Your own site, outsourced

Small- to mid-sized technology companies that lack the resources to build and operate an internationally enabled B2C e-commerce site can outsource the task to a trusted E-commerce-as-a-Service provider like UPS i-parcel. Such providers can take care of standard functions like cart and order management, and can also tie into systems for inventory, fulfillment, returns and refurbishment. Some even provide extra protection against fraud.

12.1%

of all B2B sales in the U.S. are predicted to be e-commerce transactions by 2020

How UPS Can Help

Integrated UPS® shipping makes selling a snap.

If your business is looking to expand into new markets but you’re not yet ready to dive in, there’s a way to dip a toe in the water. The easy online solutions offered by UPS Ready® Marketplace Providers can help you gain more customers, more sales and more success. With ready-to-use solutions that are tied to trusted names like Amazon and Yahoo!, your online presence will be quickly established.

In addition, combining the latest in e-commerce technology with export processes, proven global logistics and shipping expertise, UPS i-parcel™ technology (for B2C only) is built to address the obstacles to global e-commerce by adapting your domestic website for local currencies and payment methods, as well as collection of duties and taxes at checkout. International shoppers can see all costs related to their order, choose from a variety of local payment options, select a shipping option that balances cost and speed, and track their delivery.

UPS i-parcel technology manages all B2C payment collection processes, relieving you of the risks and complicated procedures that come along with foreign currencies and credit card transactions—including fraud. This special report from Internet Retailer and UPS i-parcel presents a road map to help merchants seize the opportunity and meet the challenges of B2C global e-commerce.

LEARN MORE ▶
Managing returns, repairs and recalls

Building an overseas customer base doesn’t end at the sale. How you support your global customer when problems arise can distinguish you from the competition—but conducting that support across borders can be complicated. As you contemplate a move into a new market, consider how you will manage returns, repairs and recalls.

MEET THE EXPERT: JIM BRILL
UPS marketing manager, returns portfolio

Jim Brill has over 30 years’ service with UPS and has served in the company’s business development and sales and marketing functions. He has a deep, cross-functional understanding of the organization’s business units, operations and systems, and creates industry- and business-specific solutions from the company’s broad portfolio. He has a BS in industrial technology with a concentration in packaging engineering and also has an MBA.
Best practices for international returns, repairs and recalls

Every technology exporter will have customers who want to return products — so plan for it prior to entering a new market. In our decades of experience, we have seen the most effective companies take the following actions.

**Understand your customer’s desired outcome**

What does your customer expect when they return your product? In some markets, customers may happily repackage an item at their own cost, and perhaps even travel significant distances to ship it. Other cultures expect white-glove, concierge-style return services that don’t require them to leave their locations. Solutions that address local needs — UPS Access Point™ smart lockers in urban areas, for example — may lead to more satisfied customers that are inclined to become a repeat consumer.

Successful companies appreciate their customers’ need for urgency. How soon do they need a fix? Can immediate shipment of a replacement satisfy their needs, or do the desired timelines require an amount of in-country stockage or a local repair capability? A logistics provider can help you build your reverse supply chain to accommodate quick returns.

**Extract maximum value from returned goods**

According to “The Hidden Value in Reverse Logistics,” a point-of-view paper issued by Deloitte, a disciplined reverse logistics program can reclaim up to 32 percent of the original product value. Quickly testing valuable products can identify those where no fault is found with the product and restore it to your general inventory. On the other hand, you’ll want rapid return and quick refurbishment to get defective high-value goods back into circulation. Finally, if repairing the product is cheaper and quicker than issuing a replacement, you may want to consider an in-country repair capability.

An inexpensive product may not merit a return, so you could direct your customer to simply discard it rather than pay for transportation. But many governments restrict the disposal of some components for environmental or other reasons, so don’t plan on that unless you’ve confirmed it’s a local option. Salvageable items retain some value, and you should either reclaim valuable parts in-country or ship the item back for recovery.

Carefully consider the pros and cons for replacement, refund and repair. Although properly identifying a product as a repaired or refurbished model can often waive customs fees when reentering the country from which it was returned, you may be obliged to label or list the product in certain ways to be free of a further customs duty. Establishing a quick-response plan for each category of products can ease the pain of a return.

32% of the original product value, on average, can be reclaimed through a properly managed reverse logistics flow

Source: Deloitte, The Hidden Value in Reverse Logistics: Point of View
Keep your commitments

Announce your return and repair policy up front. A 2017 UPS consumer survey, Pulse of the Online Shopper™, reveals that 68 percent of shoppers review a retailer’s return policy during their online shopping experiences, and 15 percent abandon a cart when the return policy is unclear. To gain the trust of your customers, display your policy prominently and state it in simple language, rather than in legalese designed to protect the seller.

If you have a Service Level Agreement (SLA), tout reverse logistics aspects of it as a value-added advantage — and then keep your promises. Understand the possible consequences of not meeting it. You may need to take extraordinary logistics measures sometimes to protect a valuable contract.

Include reverse logistics in your overall logistics plan

An overall assessment of the market should direct how you answer a fundamental global reverse logistics question: whether to decentralize your network by creating infrastructure in foreign markets, or operate from a North American base. Your decision has wide-ranging ramifications on costs and customer experience. To optimize resources and data use, integrate it with your larger logistics plan, as your shipping network should include the same players and touchpoints as your returns. Savvy exporters integrate logistics into other business processes like order fulfillment, inventory management and sales.

A trustworthy logistics service provider can assist in both planning and execution. For example, your logistics provider should associate returns with initial orders, and track both to their destinations with complete visibility throughout. They should also provide you with regular returns metrics, contextualized within the bigger global logistics picture. Look for a logistics provider to help you capture data on where returns come from and why; this information can prompt you to redesign your product more effectively.

CHOOSE A LOGISTICS PROVIDER WHO:

- has a long history of success with global shipping in general — and with your chosen geographies in particular
- is experienced in the current import/export rules, including restrictions, duties and tariffs, and required paperwork
- is experienced in preparing customs and shipment documentation correctly, in the appropriate language, and in the most efficient channels (online, if possible, to minimize risk)
- has logistical reach that includes customs brokerage at the Port of Entry, which may help to proactively problem-solve and move your shipments along
- operates systems that can track (and expedite, if necessary) every leg of your product’s journey, from your assembly facility to your customer’s doorstep — and back again if necessary
How UPS Can Help

Easy returns keep customers coming back.

Post-sales support is integral to customer satisfaction and can be a significant source of profit. You can have the best tech product in the world but still lose repeat customers and future revenue without excellent after-sales service.

How you manage returns is an important part of the customer experience, and it can really set you apart from the competition. Using UPS technology to make returns easy and convenient can lead to customer recommendations and repeat business. With UPS Returns® services, you get a simple and clear process where one carrier handles all returns—and a choice of returns service for every need. Whether it’s a recall, or to help you provide first-rate field service, choosing UPS helps to provide and maintain visibility, while keeping your operations running smoothly.

In addition, we have more than 900 global field stocking locations (FSLs), to provide you with service parts logistics and distribution. This helps to put your products and spare parts closer to your customers. Quickly expand your service capabilities by tapping into our established global network, and we’ll help support you with a strong international infrastructure, integrated with UPS transportation for shipment and order efficiencies.

We offer a full range of cost-effective transportation options to meet your customers’ service level agreements. The options include one-, two-, four-, six- and eight-hour, same-day courier, and next-flight-out services, in addition to an extensive suite of next-day shipping choices.
Need global expertise from people like these? We can help.

When you need experts that understand the global technology industry, we’ve got you covered. From supply chain analysis and product launch planning to packaging and returns management, our people know the technology business. They can help ensure that your products get where they need to go, on time and in good condition—so your customers will enjoy your products as much as you take pride in innovating them.

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