

NEW HORIZONS:

A Guide to Reaching Consumers in High-growth Global Markets

**Rakuten
Marketing**



Introduction

Globalisation is nothing new. For years we've seen products from around the world enter the UK market and give us more options, faster technological developments and even new sales peaks. With key markets such as the UK and the US already well developed, many brands are looking beyond their traditional customer bases in search of new opportunities and sources of growth.

Importantly, it's not just UK shoppers looking overseas. There is increasing global appetite for UK-based brands, particularly premium and luxury retailers, in emerging markets from the Middle East to Asia-Pacific (APAC). In Britain alone, as many as 35% of transactions driven for Rakuten Marketing clients are now taking place overseas.

Thanks to the evolution in ecommerce platforms, translation tools and most importantly, freight forwarding, shoppers have abandoned their concerns around confusing websites and long delivery times. They now actively seek out products to buy from overseas based on the promise of quality and value.

Based on interviews with over 400 UK marketers, this report examines business readiness in response to growing demand in emerging markets for UK brands. As marketers, how practiced are we in leading campaigns in new territories? Do we have the right support to mature into truly limitless marketers working seamlessly across markets?



Taking charge

Just 11% of marketers say they have local marketing teams in overseas markets able to carry the responsibility for the international roll out of campaigns. While nearly a quarter are in the privileged position of having a centralised global marketing team, the majority of UK marketers (61%) are reliant on themselves and their local team to take charge of global campaigns.

As a result, 89% of UK marketers are now in a position where they are currently managing international campaigns. 55% are actively managing campaigns across Europe and a further 14% state they are also managing campaigns further afield.

While Europe remains incumbent as a top priority for 78% of UK marketers, APAC is the new frontier for nearly one in ten marketers. Others look to markets such as South America (4%) and the Middle East (7%) to expand their global customer base.



IF YOU DO **THREE THINGS** TODAY

1.

APAC presents a huge opportunity for UK brands, with our clients in this network growing their sales by an average 117% YoY. However, only one in ten marketers are focused on this market.

2.

Test the waters of a new market through performance marketing to reduce overheads and financial risk so marketing costs are based purely on a performance basis.

3.

With limited resource, don't attempt to tackle all countries in a region at once. Start by focusing on one country and do thorough research to inform your campaigns. Utilise expert advice from your network or someone with strong retail experience of that region.

Get to know the target market

Marketers have an overwhelmingly positive outlook on the potential for growth in overseas markets. Nearly two-thirds of marketers believe their target customers outside of the UK are wealthier (62%), younger (64%) and more digitally savvy (71%).

This sentiment is highest among marketers targeting Asia-Pacific where 82% confirm they see their customer base in the region as 'premium buyers'. To reach customers in the lucrative Chinese market, marketers are increasingly using platforms such as the messaging app, WeChat: 36% have used the platform personally. Similarly, 30% have tried the microblogging website, Weibo and 18% have tried the social network, Renren.

The situation is radically different for marketers looking to tap into South America and Africa. Here, not only do most marketers anticipate their audience has less disposable income (78% and 58% respectively), they're aware these customers are significantly less focused on periods such as Christmas and January sales (50% and 42%).



IF YOU DO THREE THINGS TODAY

1. Consumers interact differently with brands in different markets. For example, in Korea, key channels for engagement are KakaoStory, Naver and Daum. China has developed their own ecosystem independently with Weibo and WeChat being dominant.
2. Make sure that your digital mix is right for the country you're applying it to. For example, China's social media platforms are all monitored by The Great Firewall. By comparison, Brazil already counts 65 million Facebook users.
3. Understand the unique retail calendar for each market. You'll find examples of seasonal calendars for APAC and EU at the back of this report.

Make sure you're equipped

While display advertising remains the chief means of engaging audiences overseas (48%), marketers are fast realising the potential of social commerce (46%) given its success in eastern markets where social platforms such as WeChat double up as marketplaces.

This is closely followed by affiliate marketing which is considered a key marketing tactic by 44% of respondents. In particular, the affiliate channel is considered the most important tactic in Asia-Pacific by 52% of respondents, 48% of respondents in the Middle East and 45% in Europe.

From a technology perspective, voice has overtaken virtual reality as the focus for UK marketers with 44% stating Amazon's Alexa, The Google Home or The Apple HomePod are the technologies that make the most sense for their target market overseas. In particular, marketers targeting Europe (45%) and APAC (42%) are keen to adopt voice into their campaigns.

Marketers targeting APAC should be realising the popularity of QR codes in the market. At present, just 39% of UK marketers targeting this market are prioritising the technology despite 43% of customers in China using QR codes for payment through AliPay and WeChat Pay.



IF YOU DO **THREE THINGS** TODAY

1.

Start experimenting with the channels and technologies available in each region. Gain insight into which are most widely used and run small campaigns through them to see which resonate.

2.

In order to be truly successful in a new market, you must be willing to be flexible as what works in Australia, doesn't work in China or Korea.

3.

Carefully select your partners. By identifying and partnering with the key players in market, you will quickly receive feedback into performance and how your brand is being perceived.

The top three emerging markets

Over the next few pages, we delve into the three emerging markets: APAC, Europe and the Middle East and provide insights into the key marketing strategies to reach and engage consumers.



APAC

APAC spans many countries and languages and therefore, customer needs, habits and behaviours are fragmented across the regions. Each country is at a different growth stage and as a result, marketing strategies and campaigns require a market-by-market approach. Key regions to focus on include Australia, New Zealand, Japan, South East Asia, China and Korea.

The greatest opportunity for marketers is among the growing young affluent community in the region with a desire for fashion, travel and luxury goods. When selecting brands, these consumers look for authenticity and are increasingly price-driven and savvy when shopping online.

MARKETING STRATEGIES YOU SHOULD KNOW

- Key marketing strategies revolve around inbound marketing and social commerce, with platforms such as WeChat pioneering social marketplaces.
- Affiliate marketing is a key channel and provides a cost-effective way to enter the market.
- Encourage word of mouth and brand awareness by participating in key social media networks for each country.
- Consumers in Asia, Korea and China respond particularly well to content and influencers.
- Social media is the biggest driver of purchases online – but be aware that western social media sites are not used.
- In China and Korea, traditional platforms such as Facebook and Google don't have as much reach. Prepare to push your site/products via Naver, Baidu, Weibo or WeChat.

HOW TO GAIN SHOPPERS IN APAC

- Celebrate key APAC holidays to attract shoppers such as Singles' Day, Chinese New Year and Click Frenzy.
- Ensure your mobile and desktop sites are both robust experiences as a majority of buying journeys take place across devices.
- Where possible, provide localised language to increase trust.
- You don't necessarily need to ship to Asia-Pacific. Consumers in this market are exceptionally savvy and will often use freight-forwarding services and offset the additional costs through a cashback site. This allows you to test the waters before committing to permanent activity.
- Western brands are often viewed as being affluent, so you don't necessarily need to produce bespoke creative as existing materials can be impactful.

KEY DATES

- 14th March: White Day
- 15th May: Click Frenzy Mayhem
- 17th August: Chinese Valentine's Day
- 11th November: Singles' Day





Europe

Europe is regarded as a wealthier target market than domestic options. France and Germany are key regions for growth with France being the 5th largest ecommerce market in the world. In particular, fashion ecommerce is accelerating in the EU and fast approaching the levels seen in the UK.

With uncertainties around Brexit on the horizon, there is a risk of increased costs on products shipping from the UK, so penetrating this market may become more difficult with consumers looking elsewhere to make purchases. Part of the challenge is that European markets can have vastly different payment preferences, from payment on delivery to cashless economies. Ensure you can handle your target market's preferred payment method.

MARKETING STRATEGIES YOU SHOULD KNOW

- European consumers are often digitally savvy and social commerce is among one of the fastest growing marketing tactics in the region.
- Facebook is the most popular app in France, so you can gain market share by working with Facebook's partners.
- Content marketing is key as this generates more engagement than traditional advertising, which is seen as less authentic.
- Affiliate marketing and retargeting drive conversions as traditional sales peaks play less of a role.

HOW TO GAIN SHOPPERS IN EUROPE

- Consumers value short delivery times with real-time tracking information and a fast and easy way to return unwanted purchases.
- Delivery cost is a key factor for purchase decisions. If you can, offer free delivery or keep delivery costs as low as possible. Providing a cheaper delivery rate for a certain level of spend can help encourage purchases and a higher AOV.
- Although English is widely spoken in European countries, providing different language options on your website will help gain trust.
- European markets can have vastly different payment preferences, so make sure that you can handle your target market's favoured payment method.

KEY DATES

- 14th February: Valentine's Day
- September: Back to School
- 23rd November: Black Friday
- December: Christmas





Middle East

The market in the Middle East is overwhelmingly comprised of premium buyers. The biggest ecommerce potential comes from Saudi Arabia, Qatar and the UAE with fashion, travel and transportation being the most popular online shopping categories. Like other regions, it is important to be conscious of the diverse cultures and distinct sales peaks in the Middle East.

The biggest barrier to entry is that historically, a majority of the region has had no postal codes and home postal service which makes delivery difficult. There are also other cultural considerations to take into account, such as privacy concerns and wariness of online payment platforms, so establishing trust is key.

MARKETING STRATEGIES YOU SHOULD KNOW

- While consumers are often less digitally savvy, investing in search and affiliate marketing strategies will help capture wealthier audience segments.
- Although there are many affluent consumers, you should still aim to provide great deals to offer value and encourage overseas purchases.
- Social media helps consumers decide what to buy and Facebook campaigns, in particular, can help boost your market share.

HOW TO GAIN SHOPPERS IN THE MIDDLE EAST

- Establishing trust with consumers is key. Ensure you deliver on shipping expectations, are flexible with returns and provide outstanding customer service.
- Consider translating your website into Arabic languages. This will help gain trust, especially with cross-border sites.
- Make sure your promotional calendar reflects the culture and religious holidays in The Middle East such as Eid al-Fitr and the last day of Ramadan.
- With a lack of postal codes, ensure you provide robust delivery tracking and utilise GPS technology to help counter this issue.

KEY DATES

- April: Passover
- May/June: Ramadan
- November: Abu Dhabi Grand Prix



About Rakuten Marketing

Rakuten Marketing is the global leader in integrated marketing solutions, spanning affiliate, display and search. Rakuten Marketing empowers marketers to achieve the full potential of digital marketing by delivering data-driven personalised ad experiences that engage consumers – across screens, platforms and traditional publishers – and influence them to purchase.

Rakuten Marketing is committed to transparency, providing consumer journey insights that are used to continually optimise for performance.

Rakuten Marketing is a division of Rakuten Inc. (4755: TOKYO), one of the world's leading Internet service companies.

With UK offices in London and Brighton, the company is headquartered in San Mateo, California, with offices in Australia, Brazil, Japan, France, Germany, Singapore and throughout the United States.



Rakuten
Marketing

Talk to us about your global digital requirements...

rakutenmarketing.com

+44 (0) 207 427 8120

rm-ukmarketing@mail.rakuten.com