

E-commerce Brief

First Steps to Exporting

E-commerce is simply a route to market such as selling via trade representatives, listing with retailers or selling to wholesalers, who then on-sell to consumers. The major difference is that the E-commerce route is mostly Direct to Consumer (D2C). This brief outlines the approach that can be taken for selecting how to use this route to market when entering new countries.



Although E-commerce is itself a route to market, the export marketing process still needs to be undertaken to be successful. A company cannot simply list a product on an online shop and expect sales without marketing preparation and promotion.

Therefore, the selection of the route or routes to E-markets forms part of the companies' wider export marketing strategy and plans, based on assessment of the companies' export capabilities and based on market identification and research to understand opportunities and how to market in that country.

EXPORT MARKETING OF E-COMMERCE

1. Must have an overall Export Marketing Strategy that has identified E-commerce as the Route to Market.
2. Identify key E-commerce Marketplace in the target market (either create a new one or join existing one to promote the product as appropriate).
3. Ensuring Marketing Copy and packaging align with strategy and the company Point of Difference, with consistent messaging in the product description and specifications.
4. Pricing Policy to be competitive in the market segment, (incl. P&P or not which can be a market driver in e-commerce).
5. Export marketing channels (referrals to marketplace incl. social media, returning customs, marketplace/website optimisation, adverts on marketplace, adverts on social media to boost, and face to face (festivals, events, tourists), influencers and online presence).
6. Handling Reviews (complaints and improving services), including managing expectations such as long delivery times if logistics are challenging.

KEY FIGURES

Global e-commerce Revenues	Estimated US\$ \$3,600 billion in 2024
Forecast Growth	9.83% per annum 2024-2028
E-commerce sales by market	<ol style="list-style-type: none"> 1. China 36% (US\$1.3 trillion) 2. USA 20% (US\$ 727 bn) 3. Japan 3.7% (US\$ 133 bn) 4. UK 3.1% (US\$111 bn) 5. Germany 2.5% (US\$90 bn) 6. France 1.8% (US\$65 bn) 7. South Korea 1.8% (US\$65 bn) 8. Canada 1.3% (US\$45 bn)
Biggest e-commerce marketplaces by sales (2023)	<ul style="list-style-type: none"> • Amazon 16% (US\$ 575 bn) • JD (China) 3.7% (US\$ 82 bn) • Alibaba 2.0% (US\$ 72bn) • Apple 1.6% (US\$ 56bn) • Walmart 1.4% (US\$ 52 bn) • Shien 0.7% (US\$ 26 bn) • Rakuten 0.3% (US\$ 11bn) • E-bay 0.3% (US\$ 11 bn)

ROUTES TO E-COMMERCE MARKETS

The rest of this brief will focus on using E-commerce as a route to market and options for an export or prospective exporter to an establish E-Commerce export business. There are a number of developing an e-commerce business:

- A. Create a company E-shop that processes the transactions. This is harder in terms of costs to set up, payment systems to collect money and promotion (equivalent of having your own shop outside the City).
- B. List on an existing marketplace in the target country. This is equivalent to being in the biggest Mall (maybe at back, but still there). Whilst there will be no costs of establishing and maintaining an e-shop or issues with payment processing, there is a cost of listing and per transaction commissions.
- C. In reality, an exporter may have both its own e-shop and can be listed on an existing marketplace. This allows repeat orders to come directly to the company's own e-shop without commissions, but for acquiring new customers.

An in-market marketplace provides a trusted online shop for customers to be introduced to an exporter's product with perceived lower risks (payment fraud and delivery). It also provides the exporter with a relatively low cost start to exporting in the market to understand the consumers and potential without having to build a shop and address payment challenges.

STEPS TO ENTERING AN E-COMMERCE MARKET

The following steps describe practical actions that a business in Suriname can take to rapidly start exporting on existing marketplaces in its target market:

- Selection of appropriate marketplace and registration of account;

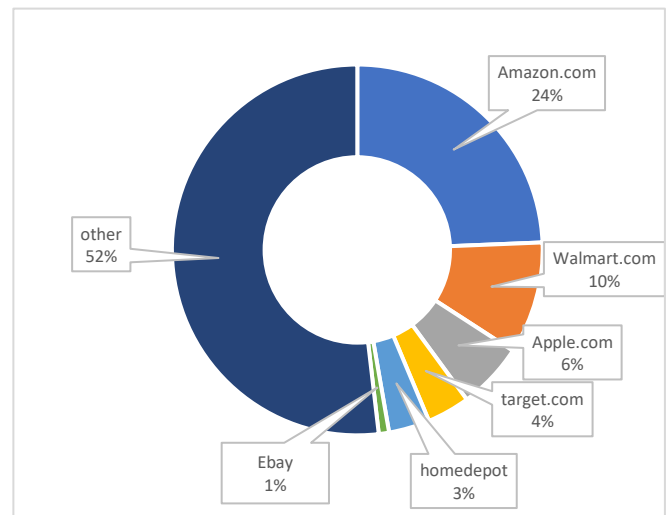
- Prepare product listing including description, company profile and category number;
- Understand the Market Access rules including compliance, taxes and VAT applicable to the customer (who becomes the importer);
- Fulfilment management of orders received online (efficiency, protective packaging, insurance, tracking, delivery logistics, costs and delivery times).

STRUCTURE OF KEY MARKETS¹

The selection of the marketplace that will be used to start the E-commerce exports will depend upon the target country.

In the USA, the largest marketplace is Amazon with 24 per cent of all E-commerce sales in the US in 2023, with well over 50% being brands (such as Walmart, Apple, Target, HomeDepot etc) and then next largest marketplace where buyers can advertise is E-Bay.

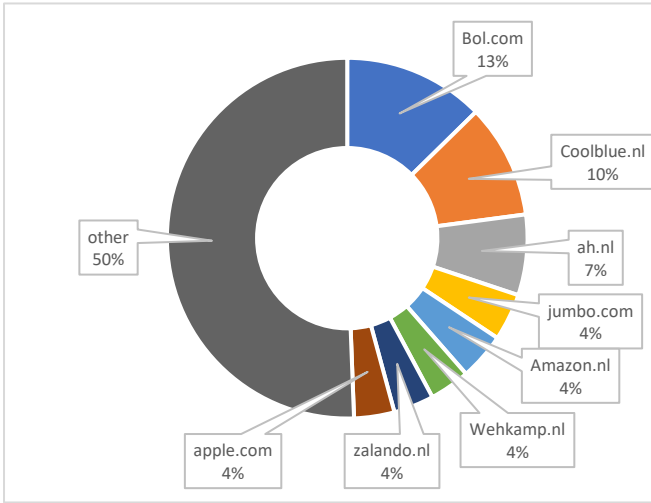
Online shops share in US E-commerce Market in the US\$ 727 bn



The Dutch E-commerce market is more diverse and Amazon only recently launching a specific site in the Netherlands to serve the Benelux area (previously consumers buying on Amazon in Germany and France). As a result, there also a number of nationally developed alternatives with the market leader being bol.com.

¹ All values in this section has been collated based on reports and data from Statistica (2024).

Online shops share in Netherlands E-commerce Market in the US\$ 16.6 bn



However, Amazon.nl since launching, is by the far the fastest growing marketplace in Netherlands and predicted to be ranked number 2 in 2024 by revenue.

The Caribbean is a much less developed online E-commerce space, with revenues of US\$11.1 bn estimated in 2024. Much of the limited use of national and regional marketplaces is due to the fact that Caribbean consumers buy online globally using Amazon and eBay in the US and receive deliveries as imports (which are not reflected in the e-commerce revenue figures).

Secondly, the Caribbean is not a single country but a region comprising a number of relatively small countries and further, logistics between islands are not always easy, restricting the growth of regional marketplaces. From the 26 countries and territories of the Caribbean region, the following are the most significant in 2023:

- Dominican Republic US\$1.6 bn
- Jamaica US\$1.5 bn
- Bahamas US\$ 1.2 bn
- Cuba US\$ 1.2 bn
- Trinidad US\$ 0.5 bn
- Suriname US\$ 231 mn
- Guyana US\$ 142 mn
- Belize US\$ 116 mn

In the Caribbean, Dominican Republic, Jamaica, Bahamas and Cuba account for around 50% of all e-commerce revenues in the region.

Biggest online marketplaces by country

Dominican Republic	https://jumbo.com.do https://plazalama.com.do https://supermercadosnacional.com
Jamaica	https://www.coolmarket.com https://jadeals.com https://storetodorja.com
Bahamas	https://shopmangrove.net https://www.cbsbahamas.com/online-shopping
Cuba	https://mallcubano.com/tienda/mundo/ https://www.qvashop.com https://www.tuambia.com

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Once the in-market marketplace has been selected, the register an account and start listing products. The listings should describe the company offering in line with the export strategy and messaging.

PRODUCT LISTING

For most categories, a unique product identifier, known as a GTIN (Global Trade Item Number), is required to be provided to create new product listings on marketplaces.

The specific GTIN required for products in different regions include:

- UPC (in North America / GTIN-12)
- EAN (in Europe / GTIN-13)
- JAN (in Japan / GTIN-13)
- ITF-14 (for multipacks / GTIN-14)

How to get a GTIN

<https://www.gs1.org/services/activate/how-to-create-a-gtin>

MARKET ACCESS

Although selling online, the global trade rules such as tariffs, product safety and certification still apply. However, since the responsible person for taxes and compliance is the importer, and the importer is the

consumer, there are exceptions for certain taxes and compliance issues:

USA

The USA has de minimis threshold of US\$ 800, which means there is an exemption from import duties of any parcels (whether or not purchase online) so long as the parcel is valued below the threshold. Some US states still require importers (customers) to pay the sales tax or VAT (this should be clearly stated on the product advert).

Food in parcels usually requires FDA approval, check here for restricted items and approval process

<https://www.fda.gov/food/food-imports-exports/importing-food-products-united-states>

Examples

Allowed	Prohibited
Chocolate and sweets	Liquids over 1 litre
Biscuits (as long as they are store bought and packaged)	Alcohol (unless by approved company)
Tinned goods	Coffee
Spreads and preservatives	Nuts, seeds or cereals
	Fruit, vegetables or flowers

European Union

Currently, in the EU, if the value of online purchases (or personal mail) from outside the EU are below €150, duties and tariffs are exempt, but VAT may be payable by the importer, depending on EU member state rules.

In the Netherlands, from 1 July 2021 there is no VAT exemption. Calculate 21% VAT, for some products there is a reduced rate of 9%. Therefore, it should be stated on the product listing.

Imports of meat and dairy are prohibited and limited for fish and plant products ordered online or sent by mail.

Products which do not contain meat or milk (e.g. honey) can be imported to the EU up to 2kg in a parcel; Fresh or processed fishery products up to 20 kg or 1 fish (whichever weighs most). For Plants or plant products including cut flowers, a plant health certificate is still required attesting that the product is free from certain specific pests.

FULFILMENT

Research and understanding of the logistics to the target market, and associated costs are essential (whether by post, courier or warehoused by third parties or the Marketplace themselves). Plans for damage or loss (insurance options) are important, as well as parcel tracking to manage the delivery process dealing with complaints.

SIGNPOSTING

To register on global marketplaces, the following are links to the most popular options.

AMAZON

To sell on Amazon in any country, first you must register with Amazon and then log in and register a Seller Account:

<https://sellercentral.amazon.com/help/hub/reference/G181>

Amazon then charges a listing fee and commission:

- US\$39,99 per month or US\$0.99 per item sold in US and €39,99 per month or €0.99 per item in Netherlands plus commission (commission varies by product category but expect 18-20%)

EBAY

To sell on e-Bay, register in the country you want to sell (such as US)

<https://www.ebay.com/sellercenter/selling/start-selling-on-ebay>

- Fees for most products are zero for listings for first 250 per month, then US\$0.35 per listing and 13.25% on total amount of the sale up to US\$7,500 calculated per item

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