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GLOBAL  
VOICES



# AN INTERNATIONAL EXPANSION GUIDE

For Consumer Electronics Brands

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# OPPORTUNITY KNOCKS

As 2023 unfolds, there is reason for optimism and caution. While the economy seems to be holding up better than some experts predicted, we are still facing global conflict, supply chain issues and economic challenges.

But challenges are nothing new in commerce. Brexit, GDPR, intellectual property protection, climate change, Covid and countless other natural, technical and economic disruptions are just our ways of life. And when the next challenge presents itself, we, in commerce, will rise and meet it. Through innovation, ingenuity and partnerships, we find ways to create opportunity.

As we look to the next 6 to 12 months, uncertainty is poised to be our biggest threat. But there are also opportunities. From emerging global markets to consumers who see the world as one unified storefront, brands and retailers can implement strategies that improve sustainability, build brand loyalty, and increase revenue while protecting successful distribution channels.

To provide you with data-driven direction, ESW conducted a global survey of more than 16,000 consumers from 16 countries. We asked them about everything from what they buy and why they buy it to their anticipated spending behaviour.

International expansion requires knowledge and resources. My team and I have helped the world's best-loved brands grow their presence in more than 200 markets around the world and we can do the same for you.

We hope this report will serve as a valuable guide as you grow your brand.

Regards,

Chad Johnson

*VP Consumer Electronics, Gaming and Digital*

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# CHANNEL OF CHOICE

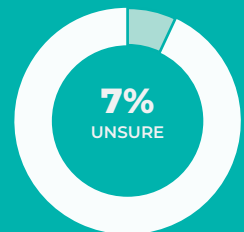
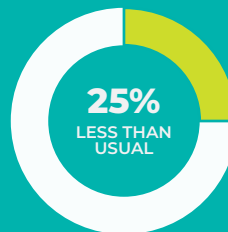
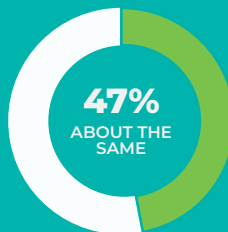
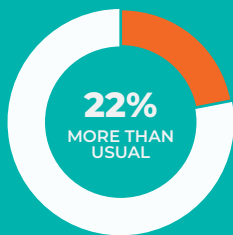
## ECOMMERCE IS THE GO-TO FOR CUSTOMERS AROUND THE WORLD

To meet new and emerging consumer demands. Consumer electronics brands have had to pivot significantly in the last three years, including to ecommerce. When lockdown orders sent workers home, consumers invested heavily in outfitting their homes and offices. In addition to purchasing equipment for work, shoppers pivoted to comforts like enhanced entertainment systems and smart home technology, often with subscription content or services built in.

While a newfound commitment to started for some consumer electronics brands as a necessary reaction to Covid, the channel helped entirely new product categories blossom while economic stimulus enabled new, loyal customers around the world. And those customers plan to keep on spending. In fact, nearly 70% of international consumer electronics shoppers said they plan to spend as much or more online this year.

## ALMOST 7 IN 10 CONSUMER ELECTRONICS SHOPPERS WILL MAINTAIN OR INCREASE ONLINE SPENDING

Consider the next 12 months and your online spending intent. Are you planning on more than usual, less than usual, about the same?

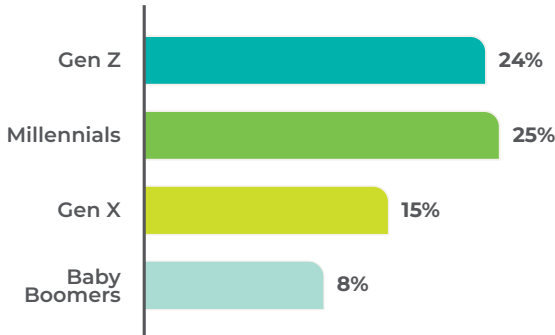


N=3,148

Source: Global Voices Survey conducted November 2022

## YOUNGER SHOPPERS ARE MORE LIKELY TO BUY INTERNATIONALLY

% of Respondents who shopped cross-border for consumer electronics in the last 12 months



Gen Z (N=2,340), Millennials (N=6,939), Gen X (N=4,312), Baby Boomers (N=2,966)  
Source: Global Voices Survey conducted November 2022

## SPEED-TO-MARKET EQUALS SPEED-TO-REVENUE

Entering new global markets expands the customer base but in order to realise revenue, brands must accelerate speed to market. This can be especially difficult for consumer electronics brands that have to plan distribution of bulky, fragile components that may be subject to tariffs or other government regulations. Consumer electronics brands also have more mature local distribution networks and have to be sensitive to channel conflict that may disrupt an already successful market position. More than any other category, expansion of a consumer electronics business cannot have a one-size-fits-all strategy. Engaging a merchant of record (MOR) as a partner in new market

entry accelerates the process – especially if the MOR is already established in that market.

The future of any product category's growth is younger shoppers whose loyalty future-proofs a brand as their income grows. Younger shoppers are more than twice as likely to say they will buy the electronics they want, regardless of the brand's physical location. Digital natives – consumers under age 40 – from diverse regions and markets utilise international ecommerce channels. Brands that can enter these markets and build loyalty can grow alongside consumer spending power and see increased customer lifetime value.

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## GLOBAL EXPANSION OPPORTUNITIES FOR CONSUMER ELECTRONICS BRANDS

*% of respondents that shop consumer electronics internationally and domestically*



*N=1,000-1,100 per country*

*Source: Global Voices Survey conducted November 2022*

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**MORE THAN ANY OTHER CATEGORY, EXPANSION OF A CONSUMER ELECTRONICS BUSINESS CANNOT HAVE A ONE-SIZE-FITS-ALL STRATEGY**

# UNDERSTANDING THE CONSUMER ELECTRONICS CUSTOMER

Consumer electronics brands that succeed in international ecommerce need to understand their consumer demographics, preferences and behaviour. But demographics alone paint an incomplete picture of the customer. Demographics only reveal the customer's "what" but for the best marketing and sales results, brands need to know the customer's "why." Brands that know their customers' whys can more effectively communicate and market to them. Customer motivation informs how brands target segments and allows brands to offer the right product assortment, messaging and promotions

## Brand Super Fans

Most consumer electronics brands have Super Fans. These loyal customers follow, like, share and comment on social media. They respond to marketing outreach. These customers are not motivated by price but rather are motivated by scarcity and exclusivity. They want to be among the first to have the latest release or model. Brands that can identify and segment their Super Fans can target them with limited-time or limited-quantity events and capture more full-price sales.

## CONSUMER ELECTRONICS SUPER FANS ARE MOTIVATED BY SCARCITY AND EXCLUSIVITY

In general, which of the following factors would make you more willing to pay full price for an item you want?



N=13,646  
Source: Global Voices Survey conducted November 2022

## SCARCITY AND EXCLUSIVITY ARE POWERFUL MOTIVATORS

For Younger Consumer Electronics Power Shoppers

BEING ONE OF THE FIRST PEOPLE TO HAVE IT



BEING ONE OF THE ONLY PEOPLE TO HAVE IT



Gen Z (N=2074), Millennials (N=6207)  
Source: Global Voices Survey conducted November 2022



## Power Shoppers

Power Shoppers are ecommerce enthusiasts. They prefer to buy online from brands in their own countries as well as from brands based abroad. In our survey, Power Shoppers made up 30% of respondents.

Power Shoppers are motivated by the convenience of online shopping and often go directly to a brand or retail site to buy. This direct interaction is invaluable for brands because they can capture first-party data along with revenue and utilise that data to create more personalised experiences that improve loyalty.

### CONSUMER ELECTRONICS POWER SHOPPERS SHOP DIRECT

Consider when you have made online purchases from a website outside of your own country, what type of retailers have these been?



N=1,686  
Source: Global Voices Survey conducted November 2022



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**NEARLY 40% OF CONSUMER ELECTRONICS POWER SHOPPERS ARE BARGAIN SHOPPERS**

# POWER SHOPPERS



N=13,646  
Source: Global Voices Survey conducted November 2022

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While Power Shoppers are more likely to be motivated by convenience, brands should segment this group based on price sensitivity. That is because customers may spend a high dollar amount, but those dollars may be spent almost exclusively on sale or clearance items. Price-sensitive Power Shoppers should have a different customer experience than shoppers who are not motivated by price.

## Bargain Shoppers

No matter the economic climate, there will always be a price-sensitive customer base. Bargain Shoppers are motivated by price over scarcity, exclusivity or convenience. They will put off buying a new item and will opt to wait for prices to come down or will buy an alternate item (like last year's model) at a lower price.

Brands should not avoid marketing to Bargain Shoppers. Instead, brands should target these shoppers with the right offers based on insights from first-party data. With nearly 4 in 10 consumer electronics shoppers being both Power Shoppers and Bargain Shoppers, brands can count on them to generate revenue.



# EXPANDING CONSUMER ELECTRONICS MARKETS

## LOCALISATION AND LOGISTICS ARE KEYS TO SUCCESS

Launching a presence in new markets is not copy/paste. Since consumers in different markets have different expectations and cultural norms, brands must localise the customer experience to realise revenue. In addition to customer experience, business operations vary per market. From determining payment methods to finalising the product catalogue, pricing and logistics, every market is different. Order fulfilment must also be carefully navigated to avoid channel conflict. Brands not only have to secure local distribution facilities that are safe, secure and can accommodate large, heavy and expensive products but brands also have to work with established distributors to enhance and support business channels, not displace them. Some brands may have the

bandwidth, time and resources to go it alone. Brands needing speed-to-market and speed-to-revenue should engage with the right partner to ensure success.

### Create Domestic-Equivalent Experiences

Consumer electronics shoppers will browse global sites, but when it comes to actually completing a purchase, their standards are high. Today's global customers expect a multi-local or domestic-equivalent experience that builds the trust required for customers to buy and become loyal customers.

Language translation is table stakes. Consumer electronics are complex, often include variations in technical specifications, compatibility and features that require local-language customer support and post-purchase technical support.



So if local language is a must-have, what else needs to be localised? In short – nearly everything. Different countries and regions have different cultural norms and preferences that inform every part of the consumer journey from demand generation to catalogue offerings to payments and logistics to retention marketing and communications. Brands that fail to take these norms and expectations into account risk offending customers with something as simple as a photograph or product description copy.

## Payment Methods

Shoppers have more ways to pay than ever before. But even with the abundance of choice, payment method preferences remain highly local. Credit cards are the go-to method for some shoppers while others live in countries where citizens are largely unbanked and conduct business in cash. Buy-now-pay-later (BNPL) is more popular in some countries than others.

Localising payment methods is more convenient for shoppers and builds trust – which is essential for successful market entry and longevity.

Merchants expanding globally should secure partners with existing local business entities and that also have the resources and expertise to optimise payments for the benefit of the consumer and the brand.

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### LOCALISED PAYMENTS SMOOTH THE PATH TO PURCHASE FOR CONSUMER ELECTRONICS SHOPPERS

What would make you more likely to make this purchase from a website outside of your home country?



**IF I COULD USE A PAYMENTS PROVIDER I AM FAMILIAR WITH**

N=11,857

Source: Global Voices Survey conducted November 2022

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## Localise Pricing and Promotions

Just like payment options, pricing and promotions is not one-size-fits-all. For example, brands may want to work out pricing agreements with distributors. Minimum Advertised Pricing (MAP) agreements help preserve distributor relationships and protect brand reputation. However, any pricing arrangements must be localised because while MAPs are common in the US, they are seen as an infringement of competition laws in Europe.

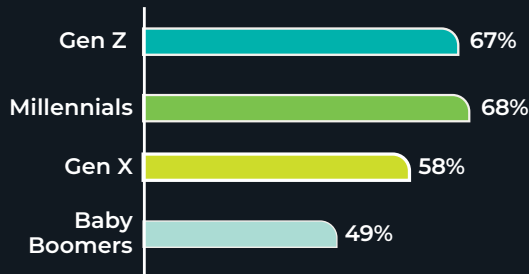
Customer sentiments and expectations vary by country and by age which means consumer electronics brands must have robust first-party data to align pricing strategies with consumer expectations. In general, younger consumer electronics shoppers have not yet

reached their full income potential and have less discretionary income. Therefore, more than 2/3 of Millennials and Gen Z say they are willing to wait for the price to go down on an item they want to buy – even if waiting means that item will be out of stock. The older shoppers get, the more willing they are to buy an item at full price to ensure they get the item before it's gone.

Attitudes towards pricing and promotions also vary by geographic market. Globally, 6 in 10 consumer electronics shoppers will wait for a discount and risk that the item they want will be out of stock. But a closer look at individual countries paints a different picture and further makes the case for localisation. For example, 77% of shoppers in India will wait for a discount while only 42% of shoppers in Japan will risk not getting an item in exchange for a lower price.

## YOUNGER CONSUMER ELECTRONICS SHOPPERS WILL WAIT FOR DISCOUNTS

I am willing to risk that an item I want will be out of stock if I wait to get a lower price (% agree)

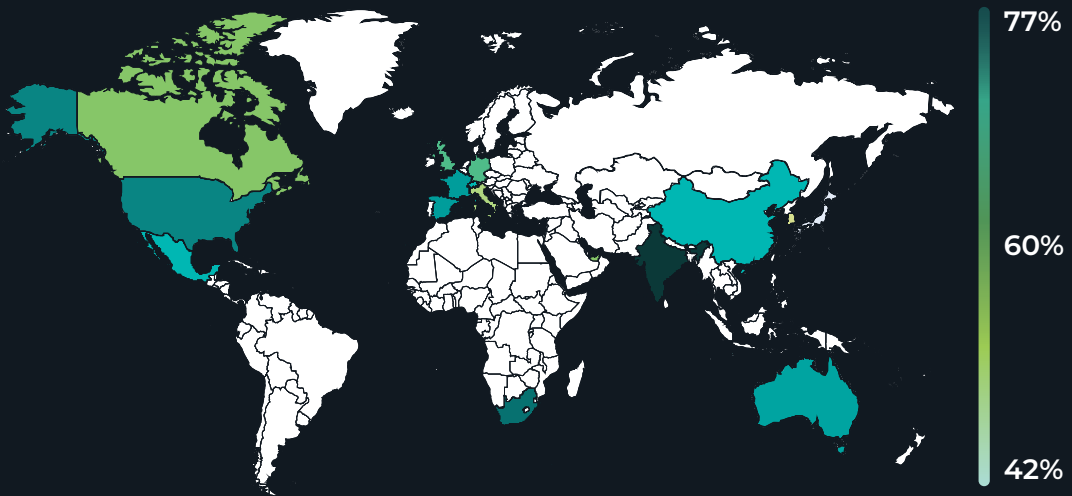


Gen Z (N=2340), Millennials (N=6939), Gen X (N=4312), Baby Boomers+(N=2966)  
Source: Global Voices Survey conducted November 2022

DTC ALLOWS BRANDS TO CAPITALIZE ON FIRST PARTY DATA THAT HELPS ALIGN PRICING AND SERVICE WITH LOCAL CUSTOMER EXPECTATIONS.

## DISCOUNT DEMAND VARIES WIDELY BY MARKET

I am willing to risk that an item I want will be out of stock if I wait to get a lower price (% agree)



For all countries, the sample size is between 667 and 1,000  
Source: Global Voices Survey conducted November 2022



## A MULTI-LOCAL APPROACH

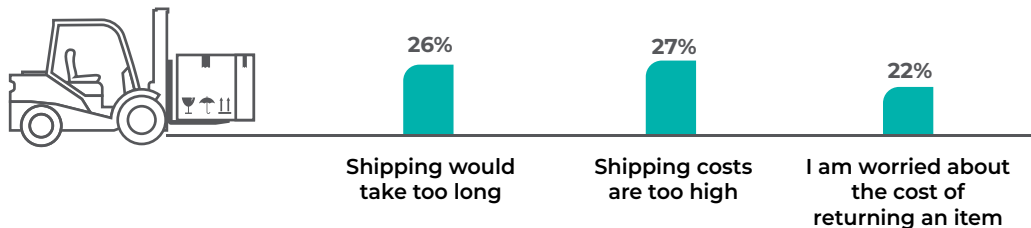
Consumer electronics brands know the importance of reliable logistics. Shortages of labour and components plagued the industry during Covid while clogged ports slowed recovery when manufacturing ramped up to meet higher demand. The struggles of the last few years drive home the fact that supply chains and logistics are only as strong as the weakest link. From warehouse location to last-mile delivery to efficient returns processing, failing to vet a third-party logistics provider leads to a poor customer experience which leads to loss of revenue and brand reputation.

Consumer electronics brands must engage 3PLs that can handle both

outgoing shipping as well as incoming returns. Shoppers – especially new shoppers – must believe that their purchases will arrive safely in a timely manner and at a fair price. In addition, new customers must have faith in a brand’s return policy and in the brand’s ability to abide by the policy.

In fact, nearly 1 in 3 shoppers who did not complete a cross-border purchase cite high shipping costs and long shipping times as reasons they abandoned their carts. And almost 1 in 4 shoppers say they did not complete a purchase due to concerns about the cost of returning an item.

### CONSUMER ELECTRONICS SHOPPERS REQUIRE RELIABLE LOGISTICS



N=11,857

Source: Global Voices Survey conducted November 2022

# KEY TAKEAWAYS FOR CONSUMER ELECTRONICS BRANDS

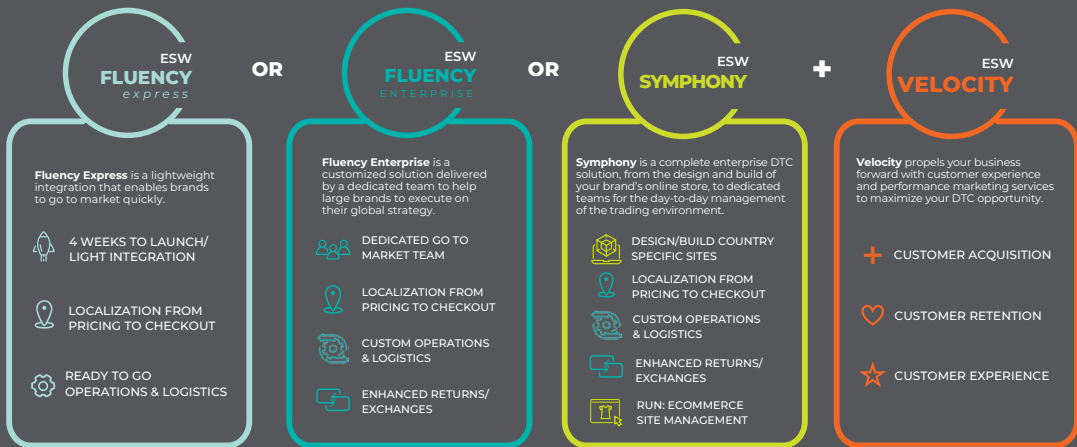
## FOCUS ON LOCALISING AND PERSONALISING THE CUSTOMER EXPERIENCE

Global uncertainty does not need to deter consumer electronics brands from opening DTC ecommerce channels in new markets. In fact, this may be the perfect time to test markets and reach new customers.



# ESW ENABLES GLOBAL GROWTH

ESW helps the world's best-loved brands accelerate DTC growth with a suite of solutions designed to deliver a localised end-to-end customer experience.



Contact us at [growmybrand@esw.com](mailto:growmybrand@esw.com) or visit [esw.com](https://www.esw.com)

**Methodology:** Methodology: ESW's latest Global Voices consumer survey was conducted in November 2022 in 16 countries (Canada, the United States, Mexico, the United Kingdom, Switzerland, Spain, France, Italy, Germany, South Africa, the United Arab Emirates, India, China, South Korea, Japan and Australia) with 16,557 people responding. In this report Gen Z is defined as those between 18 and 24; Millennials as those ages 25-40; Gen X as those ages 41-56; and Baby Boomers defined as those ages 57-75.