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Strategies for Avoiding the Pitfalls of Cross-border Selling

New research from BlueSnap reveals the challenges and benefits of selling internationally, while the company offers opportunities to increase overseas sales and reduce costs.

As digital transformation has made cross-border selling more accessible, especially to midmarket companies, business owners increasingly appreciate the opportunities that lie in international markets. However, while targeting overseas customers has been made easier by e-commerce's evolution – which was further accelerated by the pandemic – companies still face daunting challenges in selling across borders.

The team at BlueSnap, a payment platform specializing in e-commerce, was up to the challenge. "We were hearing about some of the mistakes companies were making, so we decided to do some research into how these companies were approaching international sales, as well as the challenges they were facing. What we found was even worse than we thought," says BlueSnap CEO Ralph Dangelmaier. In particular, the BlueSnap survey, conducted in conjunction with Pulse, revealed some of the key challenges that companies were facing as they embarked on a cross-border strategy.

Lost business

So, what did the survey reveal? Sixty-eight percent of businesses process payments where their business is headquartered rather than where they have a local entity and where their customers are located.

They may use payment processing services popular in their headquarters' country or rely on their banks to process international payments. The reasons for this choice range from convenience to avoiding currency exchange fees to simply not knowing about other options.

However, these providers are less likely to process successful transactions than those specializing in cross-border payments. In fact, 40 percent of companies surveyed reported an international payment authorization rate of 70 percent or less. That translates to a loss of 30 percent or more of their cross-border sales.

"These are customers who want to buy from your business, and they've gone through the entire transaction process only to be told that their payment wasn't authorized. It's hard to imagine a worse experience than that," Dangelmaier says.

Inefficiency and technical debt

The survey also found that more than 30 percent of respondents are using more than 4 payment processors to support their cross-border payments. Doing so usually means duplication of effort in coding various banks and payment methods and increased technical debt. In other words, there is increased cost due to additional labor, including the time it takes to fix coding issues and keep integrations up to date.

"Every time you work with a bank, you've got to code that multiple times. If you have an instance of fraud or refunds, you've got to code those multiple times," Dangelmaier says. "The resources lost to inefficiency and technical debt start to add up." In many cases, these costs can total millions of dollars, he adds.

Compliance issues

Another issue that companies engaged in cross-border selling face is global compliance. From bank and payment card regulations to product restrictions and tax requirements, companies need to ensure they're following the government directives and laws of the customer's home country. Managing compliance in house often requires a dedicated team to monitor the shifting compliance landscape in multiple markets and ensure that your company is doing business lawfully in each. This is both expensive and time-consuming.

A streamlined solution

BlueSnap has studied these challenges and provides solutions to each of them. The global payment platform allows businesses to accept payments internationally with one integration and account that connects to a global network of banks. Because BlueSnap's network allows its customers to sell in roughly 200 geographies using more than 110 different currencies, and transactions can be processed locally in 47 different countries, authorization rates increase dramatically. In addition, the platform accepts more than 100 different types of payments and digital wallets. So, you don't need to worry about whether the customer is using a credit card, Google Wallet, iDEAL (the Netherlands), Boleto (Brazil), or other option to pay for an order. Such flexibility and improved approval rates build better customer relationships and help companies increase sales and reduce costs.

BlueSnap also integrates with a company's back-office systems to make managing refunds and chargebacks easier while allowing companies to get better at spotting fraud. Built-in solutions for regulation and tax compliance alleviate the need to devote resources to ensure your company is complying.

"You can have broad settings at your disposal or customize your system for the countries you need," Dangelmaier says. "Customers love that flexibility. The platform, along with our solution consulting services and unified global reporting, help customers find the answers they need and drive down costs. That's what sets BlueSnap apart." By providing a single source for all online sales data, you can easily use the information for reconciliation and for making future business decisions.

For more information on how BlueSnap can help companies overcome their cross-border selling challenges, visit www.bluesnap.com.