

Takeaways from the GELF NYC '17 Conference



- 1) The Fung Global Retail & Technology team attended the fourth Global eCommerce Leaders Forum (GELF) in New York City on February 9. The focus of the conference is global e-commerce and attendees include online retailers and global brands that sell directly to consumers.
- 2) Consumer expectations have moved beyond omnichannel to an “anywhere to everywhere” environment. They are now comfortable ordering products in any country, and they expect them to be shipped or held anywhere in the world they want for pickup.
- 3) The two leading online marketplaces—Alibaba and Amazon—provide retailers a quick path to selling internationally. However, the marketplaces themselves retain valuable customer data, reducing retailers’ ability to use it in order to make better business decisions.
- 4) China still offers a tremendous retail opportunity, with a growing percentage of the population embracing e-commerce and a growing middle class that has an appetite for foreign brands, as well as the disposable income to purchase them.

About GELF

The fourth GELF NYC conference was held on February 9 in Midtown Manhattan, following GELF LA '17. The conference brings together leaders from online retailers and global brands that sell directly to consumers. During each conference, international e-commerce experts share insights and best practices.

Consumers Are Already Shopping Globally

One key topic covered at GELF NYC was how consumer expectations have moved beyond omnichannel: consumers now demand an “anywhere to everywhere” shopping environment. That is, they expect to be able to order products in any country, and then have them shipped or held for pickup anywhere in the world they want. An executive from Pitney Bowes cited a statistic saying that 66% of consumers already shop cross-



border today and noted that the number of cross-border shoppers is expected to double by 2020. The presenter said that Under Armour, for example, could fulfill an order with items shipped from multiple locations globally. Clearly, cross-border shipping and returns present additional issues and complications for retailers. Pitney Bowes calls the ability to ship from anywhere to everywhere “unified commerce,” and the presenter said that 85% of retailers consider it a priority. However, 91% of CEOs said they were paralyzed by the cost, according to the executive.

In a separate presentation, an executive from an e-commerce platform provider showed a video demonstrating the company’s ability to turn the numerous stores in the Frankfurt Airport into a shopping experience. Travelers transiting through the airport can order items online, then pick up all their goods together at the airport or have them shipped to another location.

Marketplaces Offer Huge Advantages

There was much discussion of how the two leading online marketplaces—Alibaba and Amazon—enable retailers to access foreign markets. Alibaba’s platform enables foreign companies to approach China, and the company was quoted as handling 88% of Chinese e-commerce (this likely means consumer-to-consumer). A speaker said that 85% of Chinese consumers shop through marketplaces. Surprisingly, some of the most attractive international markets cited did not include China; rather, the Nordic countries were named, along with countries such as Italy and Spain, which lack the much more fully developed e-commerce infrastructure found in some other countries, particularly the UK. (The UK is a frequent international launch point for US companies because the two countries share a common, although not identical, language and culture.)

Another interesting point of discussion was that an ecosystem of companies that specialize in supporting commerce on Amazon’s Marketplace has emerged. These range from companies handling common and rare foreign currencies to companies that help police pricing and the merchandising of gray market goods. One major drawback to the marketplaces is that they retain valuable customer data, reducing the ability of retailers to use the data to make business decisions. Generally, companies need to have a “.cn” website for marketing purposes, however consumers in China generally effect transactions through the marketplaces.

China Is Still a Huge, Attractive Retail Opportunity

Despite all the big numbers that are traditionally quoted about China—large population, rising incomes and growing middle class—only a little more than a third of the population has engaged in e-commerce, which means the country represents a huge potential market. Chinese shoppers are increasingly comfortable with cross-border e-commerce, too. Presenters at the conference quoted figures showing that the percentage of the Chinese population engaging in cross-border e-commerce is estimated to rise to 25% by 2020 from 16% today. Members of the Chinese middle class have significant disposable income and are interested in purchasing foreign products from foreign providers, which gives them a feeling of comfort about the goods’ authenticity. Moreover, having foreign brands serves as a badge for consumers, indicating that they have joined the middle class and have the requisite disposable income to purchase such brands.



FLASH REPORT

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