

How Does Brexit Impact E-Commerce Strategy?

By Deborah M. Collier



There are a number of poignant words associated with the UK's decision to leave the EU. One that strikes a chord among many businesses is 'confusion'. How are our businesses and sales going to be affected in both the short and long-term? How should we respond to the new challenge of uncertainty about our relationship with the EU moving forward?

Deborah Collier, President at The Certificate in Online Business, discusses how Brexit will affect E-Commerce businesses and how they should realign their strategy.

E-Business strategy defines both the short and long-term objectives for online business and provides a high-level roadmap of how to reach those objectives. Strategic plans are evolutionary and must respond to both economic and technological change. E-Commerce (the sales of goods and services) is a major element of e-business that takes advantage of an online presence to sell to domestic and international markets. The full effects of the UK's departure from the EU is unconfirmed until leaders have established the terms of the UK's new relationship with the EU. Some of the questions business and e-commerce leaders want answered are:

1) Who are we going to sell to now?

Who UK businesses sell to pre Brexit, depends on the value of the UK British Pound compared to other currencies, as well as foreign buyers perception of UK businesses in varying sectors. Countries wanting to buy from UK businesses, are those who have a currency which is strong against the British Pound, where import fees are zero to low cost, when UK prices are competitive against other nations, and where they perceive brand Britain and its offerings to be desirable. Similarly for territories wishing to sell to the UK, currency, taxation and import/export duty are key. In the long-term post Brexit, businesses will need to assess and react to changes in taxation, imports and trade agreements as well as new market opportunities and the economic climate.

2) What are we going to sell to those audiences?

The choice of products and services offered through e-commerce both in the short and long-term by organisations around the globe, will as always depend on demand, favorable pricing, import and taxation. The UK's ability to establish trade agreements with a wider variety of nations, to reduce taxation and import costs, in theory would increase trade, however, one of the greatest challenges that lie ahead are shipping costs and delivery times, compared to closer EU nations. In addition there are greatly differing levels of quality and legal frameworks for e-commerce impacting on both the seller and the buyer, to consider.

3) What are we going to charge our customers?

Volatile currency fluxuations and value of one currency against another will be a significant issue in the short-term, which will hopefully stabilise once the path ahead is firmly in place and somewhat

journeyed. This will affect pricing and impact on decisions such as, where to set up an e-commerce business and whether localised subsidiaries are needed with differing price rates, for example.

4) What currency should we be using?

The currency charged will greatly depend on a company's audience, payment processing and banking solutions available, and the currency products and services are sold in versus the currency of the business. British companies for example, may consider offering their products in US dollars if their audience is mainly international. This would enable them to benefit from the conversion to British Pounds post sale, if business costs are mostly in British Pounds. Businesses also need to consider the overall perception and confidence of international customers to 'Buy British' in what are turbulent times. Using a currency such as the US Dollar, may make the location of the seller insignificant in the purchase.

5) Where are we going to get our multi-lingual and multi-cultural talent needed to both implement and market e-commerce as well as support our customers?

One of the major benefits of E-Commerce is that it opened up businesses to new and wider markets both domestically and abroad. Indeed many retailers in Europe survived the 2009+ recession through strategically focusing their marketing and sales internationally. One way organisations are successful at reaching international marketplaces is through the international talent pool they can reach. For example, a computer peripherals company which sells to Polish, Italian, French, Russian and German consumers, needs skilled staff who not only speak those languages, but who understand the culture, demographics, needs, tastes and challenges of their target audience in those countries. Who better than skilled marketing, sales and customer service professionals and leaders from those countries? For UK companies, employment and immigration of skilled staff will be key in any new treaty between the UK and the EU. Businesses will need to think strategically about the location of their business, offices and employees.

6) How will taxation, import and export duty be affected?

This has to be one of the biggest areas to consider for all exporters of goods and services. Taxation, import and export tariffs will of course need to be agreed through any new EU-UK treaty. However, E-Commerce leaders should budget for potential changes that may be required to their E-Commerce storefront solutions. Indeed, if recent speculation about the possibility of VAT (Value Added Tax) increases, the rates will need to be updated in all selling, processing and accounting elements of an E-Commerce store and at product/service level.

7) What will be the impact of import duty on our customer's willingness and ability to buy from us?

Economists have suggested that Brexit will cause job losses and salary reductions causing less domestic purchases in both the UK and EU, and potentially elsewhere around the globe. International trade will continue, as it has been over the last 8 years, to be a priority for many online traders. It's absolutely critical that in any new relationship arrangement between the EU and the UK, as well as in agreements between the UK and other international countries, that import duties are kept to a minimum. Import fees will only deter customers from buying unless product pricing added to import costs, equal a lower-cost price than they can get either domestically or from competing nations with the same, similar or stronger brands and products. Companies must ensure they are agile. In order to be successful in the months and years to come, business and E-Commerce leaders should watch closely and be ready to respond quickly to economic changes, agreements, challenges and opportunities.

I hope that my opinion and insights have been helpful to you. These are just a selection of the challenges that face E-Commerce and business leaders. The success of organisations selling products online in both short and long-term depends greatly on their ability to respond and be open to change. Now is the time to invest in what I'd like to call 'Project Agile'. Invest in careful planning to be prepared for both the challenges and opportunities that lie ahead.

If I can be of help with strategic advice to your organisation, please make contact via the Certificate in Online Business web site at COBCertified.com.

Deborah M. Collier

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Deborah is the founder of the Certificate in Online Business™ (COB) series of globally-recognised industry qualifications, which were established in 2008. She developed the reputation of the programs among well-known brands gaining testimonials from Directors and managers at government organisations and leading companies such as Mars, Schneider Electric, House of Fraser and Procter & Gamble. Deborah leads the strategic direction of the training programs and company, and oversees marketing, partnerships and licensing.



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