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Vision 2010: A roadmap for export growth

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In his 2010 State of the Union address, President Obama identified U.S. exports as a major catalyst to help reignite America's sagging economy, and noted that it would take a ground-swelling of small-business growth to get the economy headed in the right direction.

The reality is that overseas retail markets are growing, and opportunity is ripe for entrepreneurs that want to make their businesses successful.

In order to answer Obama's charge and double exports in five years, I contend that we need open markets, empowered entrepreneurs, and a platform for global growth that eliminates the hassles of overseas product sales.

Over the past 15 years, technology has emerged to enable growing online retailers to source product globally and market to customers around the world. However, for American businesses to compete in an overseas marketplace, inventory must be stored in a local market in bulk so that it can be shipped to online buyers at local shipping rates and resupply small distributors and drop-shippers quickly.

To date, American online retailers that sell to international buyers -- even into a market as close as Canada -- have been challenged to ensure their overseas customer orders arrive in a timely and cost-effective fashion, if at all, after crossing a border. International shipping options don't deliver. Storing merchandise in a foreign market is thus the missing link that eliminates the significant hassles, cost and time constraints associated with shipping internationally.

Yet, because there had not been an easy way to store inventory overseas, small businesses were reluctant to export. In lieu of storing merchandise abroad, product manufacturers and exporters were forced to find distributors willing to buy containers of product at wholesale prices for resale to end users, drop shippers or smaller retail shops overseas. The volatility of the global recession made overseas distributors reluctant to take risks buying large quantities of inventory, especially with unproven products.

And until now, only the largest product suppliers and retailers have been able to master shipping. With scale and established sales channels came the experience and the volume needed to efficiently grow sales in global markets. Today, growing businesses can tap into 15 years of e-commerce know-how and marketplaces to help grow global sales, but only those that master shipping can truly scale their businesses overseas.

Challenges of international shipping

Buyers want products fast and free, and any items that don't meet that criteria are more often abandoned in the shopping cart.

Online retailers selling internationally are realizing that international parcel or express

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shipping is not the right option to reach overseas sellers for five reasons. International shipping is in general:

- Too slow;
- Too extensive;
- Too risky;
- Too confusing; and
- Not a good customer experience.

While international shipping options may be easy for one or two shipments, this breaks down as an option with any real sales volume and cannot support the entrepreneur who wants to build a competitive overseas sales channel.

The proven model: Local storage and local shipping for international sales

As sellers look overseas, they are greeted by a large market with willing buyers; but, delivering the goods encounters roadblocks of cost, customs and time that can quickly turn a good sale into a customer support nightmare. How can a growing online retailer deliver on the demand it created? They must take a page from the enterprise e-commerce playbook.

Today's large global suppliers, online retailers and manufacturers have all "mastered" shipping and globalized their supply chain. Most consumer electronic behemoths, for example, ship to overseas buyers from local inventory stored in an in country warehouse to provide a better experience for the buyer and seller, as the product is delivered faster, at less cost and can be returned locally.

By having inventory in the local market, large companies are able to overcome the challenges of international shipping and take advantage of local market sales and shipping promotions, and conduct a customer-satisfying returns processes.

The RoadMap: Overseas is the new "online"

President Obama clearly understood in his 2010 State of the Union speech that increasing U.S. exports could happen if America's small businesses lead the charge -- that tens of thousands of niche suppliers and manufactures must pursue overseas sales. For that to happen, the process must be simple, flexible, low cost, automated and scalable.

In the mid 1990s, Internet and online marketplaces allowed online retailers to reach into global markets. Hundreds of shopping-cart applications and tools such as eBay.com, Amazon.com, Google Adwords, PayPal and Alibaba offered new Web-delivered services with payment models attractive to growing businesses -- Web-based service with low to no start-up costs and success-based pay-as-you-use pricing. Entrepreneurs were suddenly able to setup new online businesses and start selling to a global audience.

Finding, communicating with and getting money from overseas buyers was suddenly as easy as with domestic buyers. However, the challenge of efficient and cost-effective logistics and product fulfillment remained. International shipping from the United States to overseas destinations has proven to be a temporary option that does not scale well. How could an SMB online retailer, often run on a shoestring budget with only a handful of employees, hope to deliver on the demand it created? Enter outsourced order-fulfillment platforms.

Product fulfillment services arguably represent the e-commerce "missing link" for SMB online retailers that have overseas expansion in their sights. By offering a global warehouse network that is as easy to use as PayPal or Google with the same success-based pricing, small business now have the final tool and a roadmap for export growth.

Damon Schechter is the founder and CEO of Shipwire, a provider of outsourced product fulfillment with warehouses in the United States, Canada and Europe. He can be reached at press@shipwire.com.

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