

# Internet Retailing



## **BREXIT: AN OPPORTUNITY IN DISRUPTION**

Post-disruption growth opportunities in Europe's  
multichannel retail and brand market



## Contents

- 02** Introduction
- 03** Sponsor's message
- 04** Survey results
- 07** Brexit disruption
- 13** Import/Export
- 15** Cross border – the 'home front'
- 18** Brands versus retailers
- 20** Future disruptions
- 23** Case studies
- 28** How to take advantage of disruption

### INTRODUCTION

To paraphrase the traditional Chinese curse, we live in disruptive times. Financial calamity in 2008, shifting political sands globally and events closer to home such as Brexit all lead to disruption. While change is often as good as a rest, disruptive events and disruption of norms isn't just change, it's more a "not planned transformation" and, as a result it can be a brutal shock to a company, an industry and to society.

While technological disruption – the rise of the smartphone, iTunes, innovations such as Amazon and Uber and the impact of new models such as Netflix – are often trumpeted as a force for good, disruptive events such as Brexit, which are woven into the very fabric of society and so impact everything from business right down to culture and even individuals, is a much more disturbing phenomenon.

The UK vote to leave the EU in June 2016 was a shock – even to many of those campaigning for it to happen. Its ramifications are enormous in the short, medium and long term and the world as many UK businesses know it will change. However, will this change be a plunge into a dark age? Probably not.

All change leads to opportunity. Disruption by its very nature will disrupt, but out of the chaos comes new ways of doing things, new opportunities and new business models. It may appear catastrophic, but businesses still need to do business, wages still need to be paid, goods still need to be used and life goes on.

Brexit is perhaps the biggest such change that we will face for a generation, but it also perhaps offers the chance for a renaissance in how we do business. And while it changes the landscape, many things don't change. Across Europe the rule of law still stands, international trade is still supported, the currency and affluence levels all support purchasing and, as I say, life will go on.

So, taking the view that this disruption is a radical change, but still an opportunity, we've conducted an attitudinal survey to understand the appetite for and readiness to exploit this change amongst both retailers and direct-selling brands.

In this white paper we analyse those results and consider the impacts in the following sections:

- retailers' and brands' attitude to disruption
- the impact expected on import/export
- What Brexit means for Crossborder traders
- the relative opportunities for brands versus retailers
- Future disruption
- What you need to know to be ready for disruption

So let's see what brands and businesses across the UK see as the threat and opportunity if disruption in general and Brexit in particular as we start to get a sense of the brave new world that we are all about to leap into.

### ABOUT THE AUTHOR

*Paul Skeldon is the mobile editor of internet retailing.net and managing editor of eSeller.net*

# Introducing a new concept: The BEIGE

## (Brexit Excuse to Initiate Global Expansion)

So now we know that Brexit means “Brexit”. The question people are asking now is “Will it be a Hard or Soft Brexit?” The truth is, it doesn’t matter. What matters most is that retailer board members are now focussed on what a global expansion strategy might look like.

This is the best opportunity in 60 years to transform UK and European companies into truly global enterprises. The time for action is now! As all retailers and brand leaders are discussing Brexit consequences, you can be the bearer of good news: providing solutions to the chaotic environment that we are facing and become a local hero.

So let’s assume that we don’t know anything about emerging markets, but now we have the BEIGE (Brexit Excuse to Initiate Global Expansion) to embrace the need to expand abroad. From this standpoint, it doesn’t really matter what kind of local markets you are in right now, the future is definitely global.

Never was it so easy to get budget to explore emerging markets. Most boards have it on their agenda to explore new business globally to reduce the risk of specific market dependency. So why not present a project to expand to Brazil, Colombia, México and Russia, for example? You will be providing answers to the board’s questions and that’s exactly what they need right now.

Considering that “British” and “Britishness” are world-famous and highly exportable concepts, why is it that only 12% of the TOP 500 e-commerce companies in UK have a presence in the Latin American market or beyond?

Here are some common pre-Brexit excuses for not exploring emerging markets:

- Our European market is already too big, let’s stay here
  - Emerging markets are too complicated, we don’t understand them
  - An emerging market entrance strategy needs a lot of CAPEX
- But there is no excuse not to present your board members a four month project to establish operations in emerging markets. In summary, you should explore the emerging markets now because now is the best window of opportunity we have ever had to expand globally in a post-Brexit environment.

### REASONS TO SAY YES

- Customer acquisition is on average 65% cheaper in emerging markets. Be warned that this price is rising very fast and will be the same as the UK in 5 years from now.
- The potential size in GMV (Gross Merchandise Volume) is surprisingly high. You can easily increase your sales by 30% if you establish operations in just 5 emerging countries.
- Emerging markets admire and desire UK and European brands. It is normal for consumers to aspire to purchase foreign brands if they are available

### DO IT NOW WITH BEIGE

Use the Brexit Excuse to Initiate Global Expansion (BEIGE) as your lead-in to this Global eCommerce opportunity and transform your company really into a global player.

VTEX is an e-commerce platform provider specialising in emerging markets. Please visit us at [www.vtex.com](http://www.vtex.com) to set-up a personalized live conference and learn how to operate in emerging markets.

*Mariano Gomide de Faria, founder and co-CEO of VTEX.*



This is the first in a 3-part series of Whitepapers around the subject of Post-Brexit International Trading and Global Expansion.

If you would like to receive a free copy of the following two Whitepapers send an email to [info@vtex.com](mailto:info@vtex.com) using the Subject “I Want To Go Global”

1. ECommerce as a Global, Low Capex Expansion Strategy: Learn how to open 5 emerging markets with £200k of investment
2. Step by Step Guide To A Fast and Affordable Global Expansion: A guide to the fundamental steps and alternatives to reaching 400 million new consumers in emerging markets”

# Survey Results

What do retailers really think about disruption in general and about Brexit in particular?

*“The fact that the EU is seen as such a prime and desirable market makes the question of ‘What impact is Brexit as a market disruption likely to have on your business?’ very timely – however the answer is surprising”*



aking a look at how retailers view disruption is a tricky business – it means different things to different people. Looking at Brexit and its likely impact is also a thorny issue as it is almost too early for anyone to say precisely what Brexit will look like, let alone what impact it might have.

However, our team of researchers have carefully worded questions and conducted in depth interviews with more than 200 retailers and a picture is starting to emerge of how disruption is viewed and what Brexit fears – if any – retailers currently have.

## WHO DID WE ASK?

The retailers we quizzed in our study were predominantly UK based (78.8%), with 14.75% based in another EU country and 6.45% based outside the EU. The vast majority (91.71%) sold into the UK market and 77.88% into the EU, the rest sold to the the rest of the world as you can see in the figures on page 06.

Of these, the EU was seen as the most attractive market, with 38.2% wanting to sell there, compared to 20.28% seeing the UK as their tastiest target. North America can close behind at 17.05%. Those that operate cross-border tend to operate their own fulfilment (47%).

This interesting mix of retailers showcases, if nothing else, that most are in fact internationally minded and that they want to sell into a variety of markets, lead by the EU, but with the US, Australia and South America surprisingly high on people’s radar too. This increasingly global view of the world is a by-product of ecommerce – where borders no longer matter.

It points too to a healthy world view and that retailers are thinking internationally today and have a view outside just the confines of Europe.

## THE BREXIT QUESTION

The fact that the EU is seen as such a prime and desirable market makes the question of ‘What impact is Brexit as a market disruption likely to have on your business?’ very timely – however the answer is surprising.

Asked to rate it on a scale of zero meaning that it threatens their business’s very existence, through five where it has no impact to 10, meaning that it will be really positive for business, the 171 retailers that responded scored an average of just under five.

This means that retailers who already operate overseas and those that are purely UK focussed currently don’t see Brexit having any impact whatsoever. Obviously, this indicates that no one yet really knows what Brexit will look like, what it will entail and what the world will look like once it has happened, but it is encouraging that, as a disruptor, Brexit isn’t seen as being a big deal right now overall.

Looking more granularly at the results, no one rated it as zero, very few in the twos and threes and several organisations were emphatic 10s – suggesting that many see it as an opportunity, rather than a threat.

Many worry that Brexit will be treated harshly by Europe with a negative impact on exchange rates, regulations, trade tariffs, taxed and beaucracy.

*“Brexit it would seem is seen as something that is going to have an impact, but no one yet knows what it might be. Largely, however, the retailers we talked to are clear that they are ready for it”*

### HOW READY ARE THEY?

Respondents also appear bullish that they are ready for any disruption or threat that Brexit may or may not bring. 78.95% say they have the people, 76.02% the processes, 80.12% the technology, 75.44% the data and 73.10% the IP to handle whatever Brexit might throw up whenever it might throw it up.

Many comment that they are ready with people and process to do business anywhere in the world as many already are doing so. They also suggest, anecdotally that they don't foresee many issues with trading with Europe post-Brexit as the UK is such an important trading partner that it will be made to work.

There are others, however, who warn that the issue is not with selling into Europe, the problem lies with buying in products, raw materials and other supplies from Europe.

Many are watching and waiting and some also told us that they are investing in people (28%) who can help them understand the impact of what shapes up in the Brexit talks and how it may impact them.

Others are investing in technology (47.95%) – with a particular emphasis on cloud technologies – that will help them become more cost efficient and ready to adapt to what the unknown future may hold.

### THE WIDER VIEW OF DISRUPTION

Outside of Brexit – which we shall delve into in more detail in the coming sections of this report – the other disruptors that are keeping retailers on their toes currently range across a staggering variety of topics.

Looked at anecdotally, rather than statistically, these show that the main areas of concern for retailers are:

- Another financial crash
- The rise of China as a super-power when it comes to export
- China's economy collapsing triggering a recession
- Blockchain and other disruptors to the financial world that will change how payments are made and money moved around
- Skills shortages as European workers leave the UK
- Grexit – where Greece leaves the EU
- The rise of marketplaces
- The death of the High Street.
- Change of president in the US
- A sub-prime automotive bubble in the US

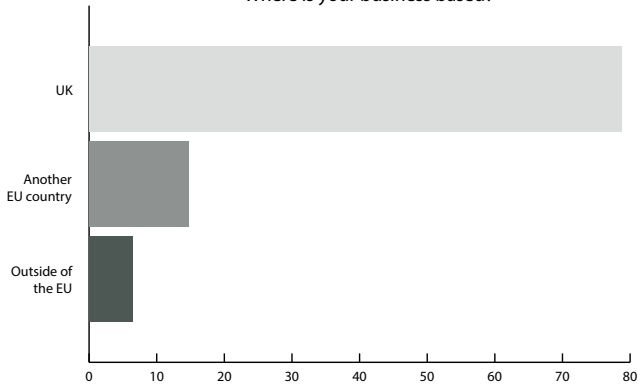
Overall, 41.84% see these 'next generation' disruptions as a boon, and 58.16% see them as a threat.

### IN CONCLUSION

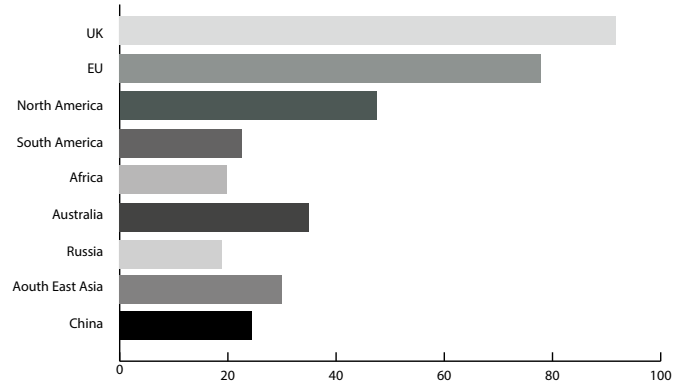
Brexit it would seem is seen as something that is going to have an impact, but no one yet knows what it might be. While the answers to our statistical questions reflect a bullish mood among UK retailers, anecdotal interviews suggest that they are much more concerned about the fall out globally and peripherally from Brexit – currency issues, skills shortages, bureaucratic changes and a harsh EU attitude to the UK post split.

Largely, however, the retailers we talked to are clear that they are ready for it and are starting to put in place the teams, technology and processes to try and mitigate its impact.

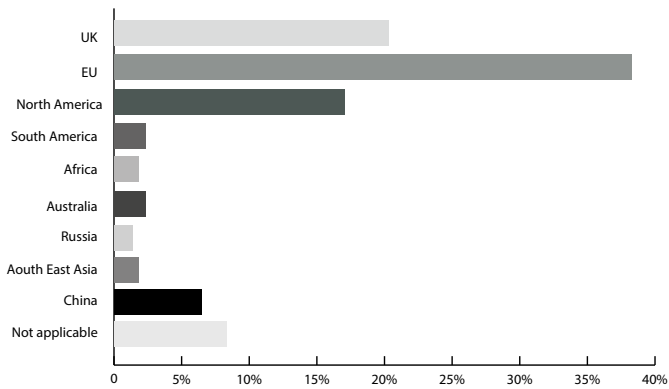
Where is your business based?



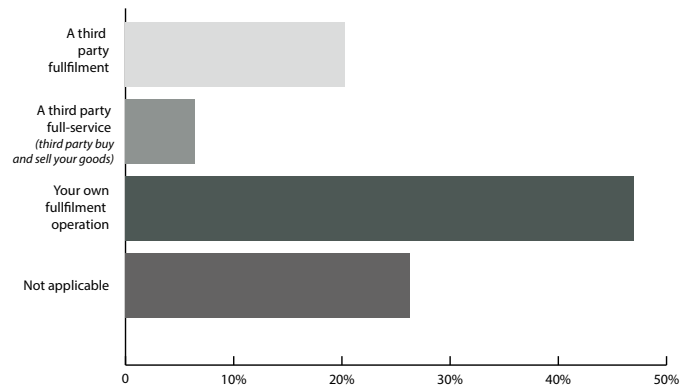
Which of these markets are you already selling to?



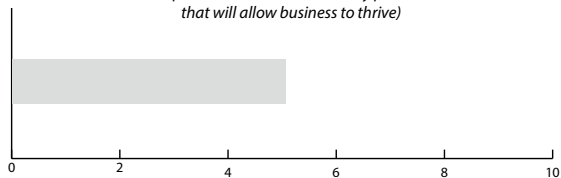
Which of the below seems the MOST ATTRACTIVE market to you to export to?



Do you operate cross-border with:



What impact is Brexit as a market disruption likely to have on your business? (-10 means threatens existence, 0 means no impact and 10 means extremely positive that will allow business to thrive)



# Brexit Disruption



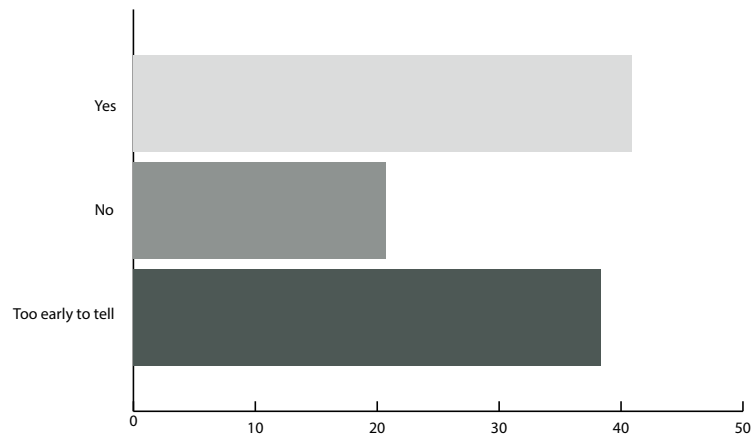
As we have seen, respondents see Brexit as a disruptor – and they see it potentially leading to a host of other disruptions down the line. So what are the main areas of threat that they are anticipating?

## BREXIT THREATS

The main threats that Brexit throws up for the retailers that we questioned are around increased competition among UK retailers in both the UK and EU marketplaces. 40.88% of retailers believe that their business will come under increased competitive threat as a result of Brexit. Of the remaining 59.22%, only 20.75% don't think this will happen. The rest are on the fence until the outcome of what Brexit means is unclear.

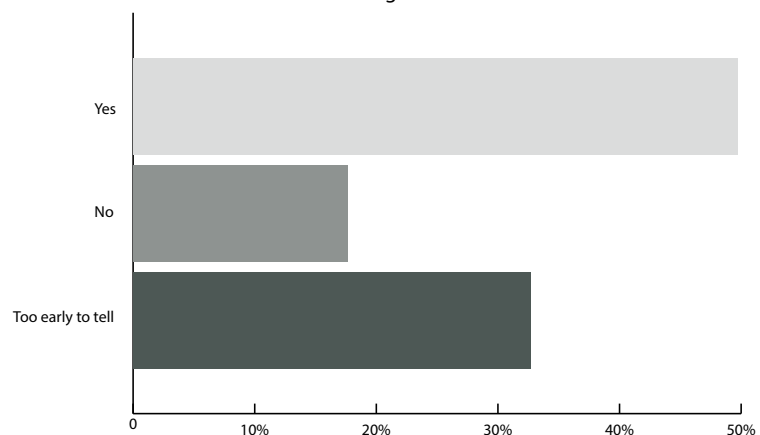
*“The main threats that Brexit throws up for the retailers that we questioned are around increased competition among UK retailers in both the UK and EU marketplaces”*

Do you expect to get more competition from retailers competing in the UK/EU market?



49.69% also expect to see increased competition from Brands selling directly into the UK market post Brexit, with just 17% not seeing this as a threat.

Do you expect to get more competition from brands selling direct into the UK/EU market?



Anecdotally, retailers say that they fear that there will be a backlash from within the EU once the UK leaves, with increased regulation, trade barriers and more being thrown up by disgruntled Eurocrats keen to make the UK's exit look punitive to keep the union together.

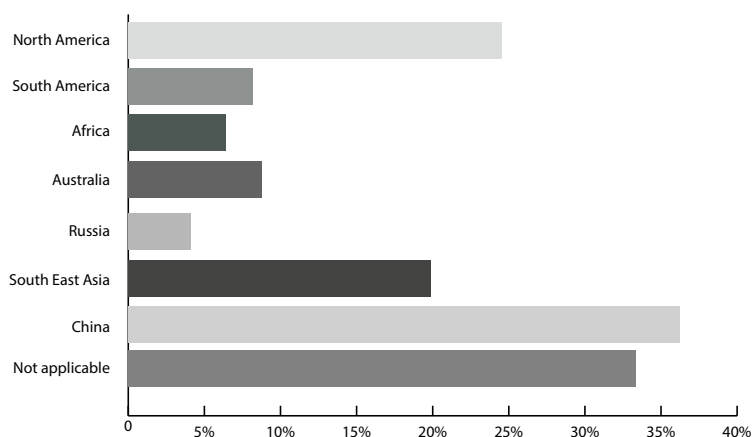
*“The threat here is that trade agreements and currency fluctuations could lead to instability in costs and supply for retailers, who are watching this wearily, according to our interviews”*

Others, meanwhile, see the threat coming from Brexit starting a chain reaction that leads to the collapse of the EU all together over a number of years. This has an two-fold impact. Firstly, it would lead to a collapse in trade agreements that would all need to be rethought – not least whatever out Brexit deal with the EU is having to be redefined – and secondly it would leads to years of uncertainty and financial turmoil.

The changes that will come through Brexit are also likely to change how retailers import from. Many expressed concern that Brexit itself won't damage their export businesses, but it will hurt them on the import side.

A Brexit will lead to a quarter of retailers importing more from the US, 36% more from China and 19% more from South East Asia. There will also be smaller increases in imports from Australia, South America and Africa too.

Which of the following regions to you expect to be importing more from, into the UK and EU?



The threat here is that trade agreements and currency fluctuations could lead to instability in costs and supply for retailers, who are watching this wearily, according to our interviews.

One of the biggest threats, however, that many retailers are worried most about it staff. Many businesses rely on talent from the EU (and beyond) and there has been a striking wealth of complaints that staff overnight on 23 June felt unwelcome and wanted to leave.

Many retailers have worked hard to keep staff on and have had to raise pay and make assurances that they want to keep them. Many staff have received protracted racial abuse outside of work and feel unwelcome.

This issue is one that is worrying many companies as there is a risk of a huge 'brain drain' in the short term regardless of what Brexit actually creates in terms of worker movement across borders.

### MITIGATIONS

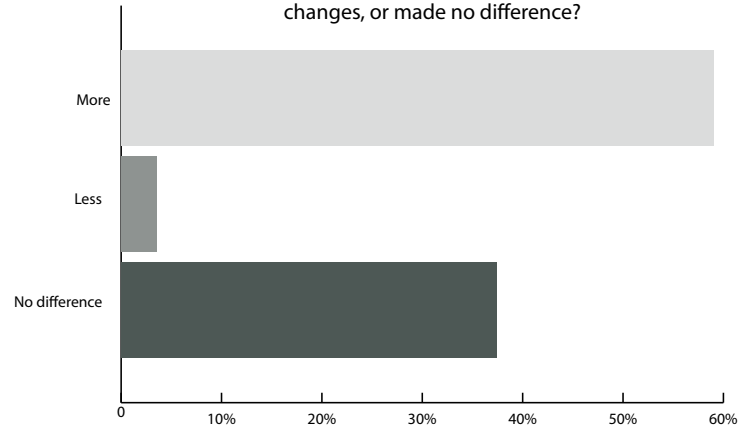
However, it is not all doom and gloom. The majority of retailers questioned are adamant that they are fit to cope with the disruption thrown up by Brexit, having the right people, processes, technology, data and IP in place to make it work.

Our research shows that 59% of retailers believe that the past decades experience of transforming retailing into multichannel has made their business much more able to cope with disruption in general and Brexit in particular. Just 3% claim that they are less prepared for it, while 37% believe it has made no difference.

Anecdotally, many are looking to hire experts to help them assess the impact of the unfolding Brexit negotiations once they start – as well as to look at what the likes to TTIP and other extra-European trade talks bring.



Do you think that the last decade's experiences of transforming retail into multichannel, have made your business more or less able to cope with the Brexit changes, or made no difference?



Another factor is that many online retail businesses are already international – within and without Europe – and so changes brought about by Brexit may be easily absorbed into the existing business set up that many have.

Logistics and logistics third parties are already servicing pretty much all overseas markets and so tweaking services, operating regions and more is already in the DNA of many retailers.

There is also the mitigating factor that nothing has yet happened and it is very much still business as usual for most retailers. While governments and EU officials are no doubt hard at work through the back channels, business continues to grow and succeed in Europe and as our survey shows, the majority of retailers see the EU as still being their most attractive marketplace for now.

#### AREAS OF OPPORTUNITY

As with all disruptors, however, Brexit does throw up opportunities for retailers. The world is a big place and being forced by circumstances to look elsewhere is no bad thing. Many retailers stress that they already do business outside the EU currently and that Brexit is only likely to expand this.

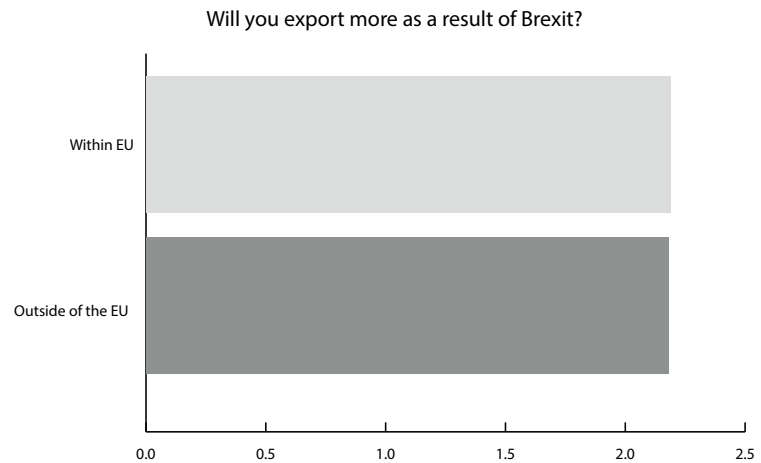
According to the survey, 31.94% of respondents will see Brexit actually increase their European export businesses, while a similar 33.10% will be expanding their exports outside of the EU in the coming years – many stating that this is as a direct result of the Brexit vote.

Currency instability is a major worry for many survey respondents, however, the weaker pound in the immediate aftermath of the Brexit vote announcement has seen overseas sales of UK goods rocket for many businesses as they are relatively cheap. This could well continue for several years if uncertainty remains around the Brexit plan, and is a prime example of how disruption offers opportunity, at least in the medium term.

The other much overlooked opportunity is that Europe is already a mass of different regulations, VAT levels and inter-country trade rules that being outside the EU framework may well have no direct affect on cross border e-commerce at all. A Dutch company selling into Germany already faces different VAT levels, which affects pricing and shipping, as well as other trade rules. Taking the UK outside of this won't make much of a difference potentially for importers or exporters.

Brexit and other disruptions are also likely to lead to opportunities to rethink technology use – a boon to both retailers and retail technology vendors. Process and systems internally will have to be adapted to whatever

“ Many are looking to hire experts to help them assess the impact of the unfolding Brexit negotiations once they start – as well as to look at what the likes to TTIP and other extra-European trade talks bring ”



	Yes	No	Too early to tell	Total	Weighted Average
Within EU	31.94% 46	17.36% 25	59.69% 73	144	2.19
Outside of the EU	33.10% 47	16.20% 23	50.70% 72	142	2.18

circumstances the retailer finds itself facing as Brexit plays out and technology is likely to be what people turn to to help them.

Cloud and Software as a Service (SaaS) technologies can cut capex and can allow for streamlining of processes and procedures. There is likely to be a strong up-tick in technology use to further improve both operations and management of ecommerce businesses in the coming months and years as retailers position themselves.

### APPROACHES TO CAPITALISING UPON THE OPPORTUNITY

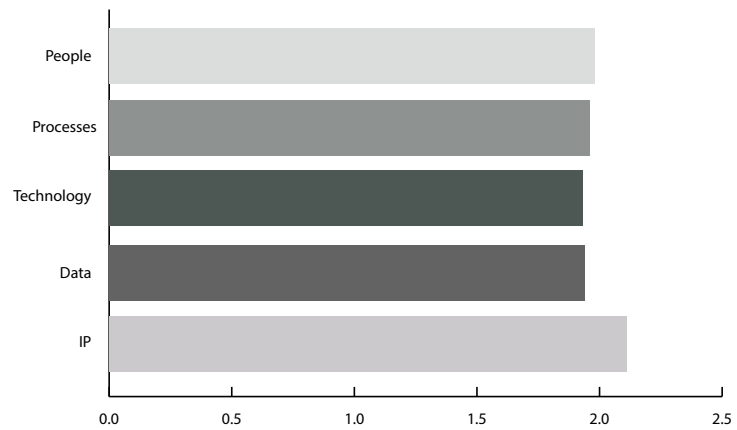
As we have seen, retailers are confident that they have the skills and technology in place to allow them to take advantage of disruptive forces and potentially to thrive. 70+% of all retailers in our survey all stated that they have sufficient people, processes, technology, data and IP to cope and thrive.

Anecdotally, they have expressed a range of views as to what they will be seeking to acquire and bolster within their existing organisations to be disruption ready.

These include:

- Investments in cloud and SaaS technologies to streamline costs and to ensure the agility that they need to adapt to unpredictable trading conditions that lie ahead.
- Investments in international staff with technology and development capabilities – both from within Europe and without.
- Better networks of global partners to ensure that they have the reach and cultural understanding in many more markets outside of the EU to start to cultivate a much wider export market.
- Increasing focus on primary markets within the EU
- Working hard to keep European talent within the UK with financial incentives

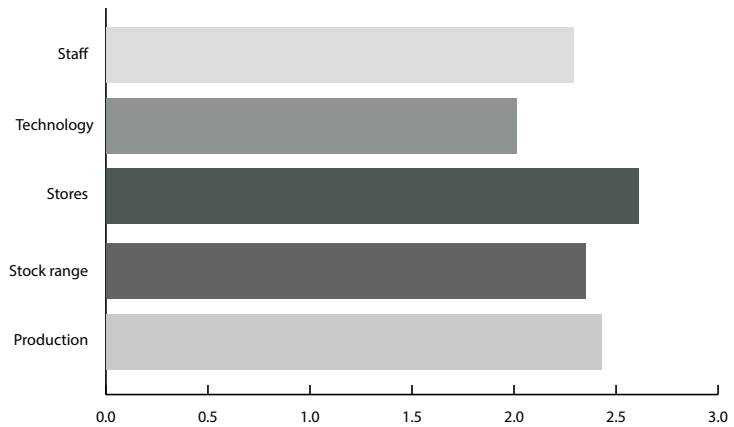
How would you rate the capabilities within your business that will allow you to cope / thrive in the face of this disruption?



	Insufficient	Sufficient	I am not sure	Total	Weighted Average
People	11.70% 20	78.95% 135	9.36% 16	171	1.98
Processes	14.04% 24	76.02% 130	9.94% 17	171	1.96
Technology	13.45% 23	80.12% 137	6.43% 11	171	1.93
Data	15.20% 26	75.44% 129	9.36% 16	171	1.94
IP	8.19% 14	73.10% 125	18.71% 32	171	2.11

“ Cloud and Software as a Service (SaaS) technologies can cut capex and can allow for streamlining of processes and procedures ”

Which of the following will you be investing more/less into, as a result of Brexit?



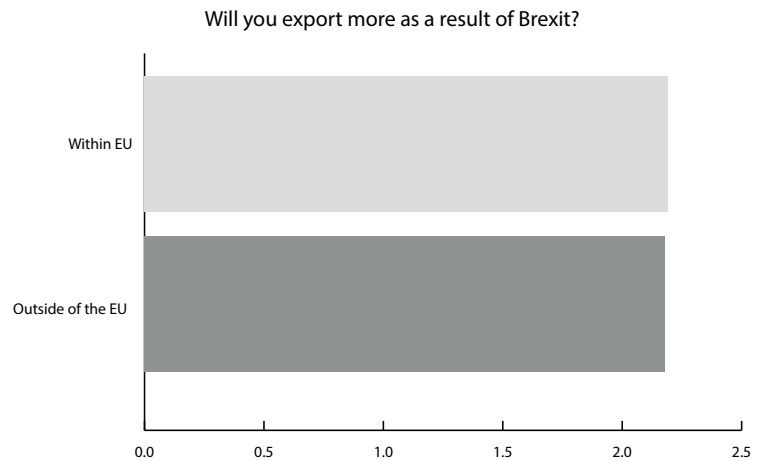
	More	Less	No change	Total	Weighted Average
Staff	29.82% 51	11.11% 19	59.06% 101	171	2.29
Technology	47.95% 82	3.51% 6	48.54% 83	171	2.01
Stores	12.87% 22	12.87% 22	74.27% 127	171	2.61
Stock range	27.49% 47	9.94% 17	62.57% 107	171	2.35
Production	23.98% 41	9.36% 16	66.67% 114	171	2.43

# Import/Export

So what impact does Brexit and subsequent disruption have on import and export for retailers?

## EXPORTS

As we have seen, our research, 30+% of retailers believe that they will export more both to the EU and outside the EU as a result of the Brexit vote.

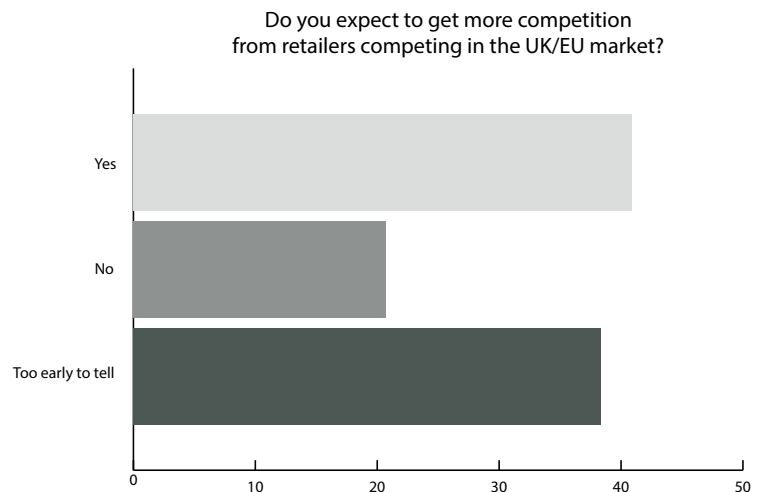


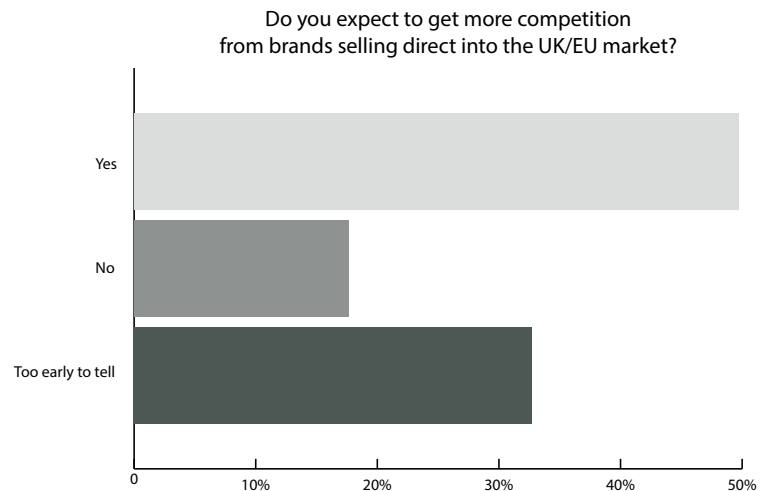
	Yes	No	Too early to tell	Total	Weighted Average
Within EU	31.94% 46	17.36% 25	59.69% 73	144	2.19
Outside of the EU	33.10% 47	16.20% 23	50.70% 72	142	2.18

Interestingly, however, the vast majority feel that it is too early to tell if this will have an impact and what that impact might be.

Anecdotally, many of the retailers questioned are keen to open up wider export markets outside the EU and see the disruptive influence of Brexit being a positive one that is focussing them on international expansion or extra-EU expansion of their businesses, which will in turn help them grow.

Many too believe, however, that they will see more retailers and brands entering their home markets, with many as 40% expecting to see more



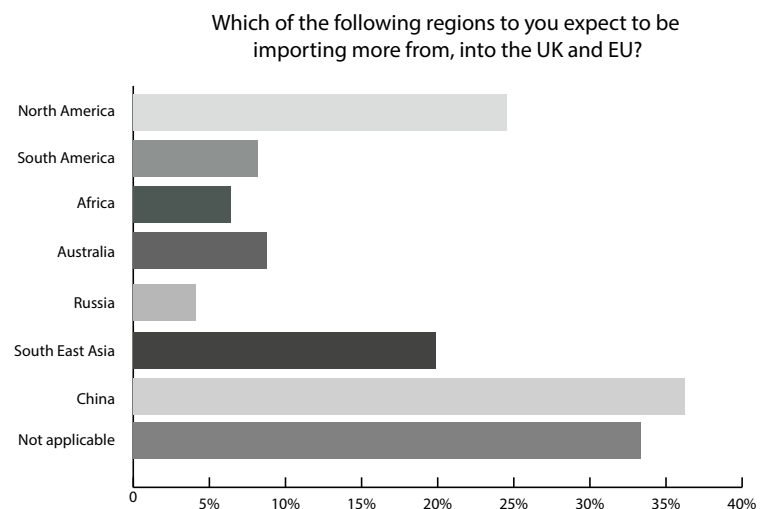


competition from retailers selling into the UK market from outside and almost half seeing increasing competition from brands selling direct into the market.

### IMPORTS

Likewise, imports are likely to also be impacted by the Brexit vote, with growing imports expected to be seen across the board from a rich variety of countries, lead by China and the US.

It is important to note here that these are retailers looking to import goods for sale, rather than competitors offering imports.



### COMPETITION

Anecdotally, the majority of retailers see Brexit as making their internal UK markets more competitive and are also concerned that competition outside the EU for new markets is also going to be tricky. Many suggest that margins will be tight, as rather than one UK company cornering a foreign market, there will be many more businesses looking to those markets to make up for potential lost sales in the EU.

Many retailers are also concerned that Brexit and potential uncertainty around European markets for UK retailers is going to hasten what many see as the inevitable move by Amazon to take over all ecommerce markets.

Many respondents already fear that Amazon is hard to compete with, but they also see that the retail giant has the money, power, scale and reach to corner the European market – especially in the vacuum between the Brexit vote and any actual moves to instigate the process of exiting Europe and what that might mean.

# Cross-border - the 'home front'

Trade across European borders offers huge rewards for the traders that overcome the unique challenges this continent presents.

**C**hallenges such as developing logistics strategies that are relevant in the varied markets of the European Economic Area (plus Switzerland) through to managing differing expectations around payment, currencies and, indeed, shopping behaviours, are, and will continue to be, a huge task for the pan-European retailers that we assess in this ranking of the continent's leading traders.

The challenges are clear from the figures. This is an area of 32 countries, 26 official EEA languages and 13 currencies. The Euro is the leading currency in this region, adopted in 17 countries. Although a digital single market is starting to emerge across the area, the InternetRetailing Europe Top500 (IREU Top500) illustrates that performance is uneven across individual markets.

## SETTING THE CONTEXT

Turnover from eCommerce across Europe grew to €455.3bn (£359.2bn) in 2015, and will reach €510bn (£402.3bn) in 2016, according to the European B2C E-commerce Report from Ecommerce Europe. That's forecast to grow to €660bn by 2018, according to the report. It analysed 48 European countries, including the 28 that are members of the European Union, and estimated that 296m online consumers from these markets spent an average of €1,540 (£1,173) over the internet last year.

Retailers in this area's largest single eCommerce market, the United Kingdom, took an estimated third of all European online sales in 2015, followed by France and Germany. Together, these three accounted for 61.9% of all European online turnover in 2015. Transactions in the UK alone are worth, the report suggests, an estimated €157.1bn (£123.9bn) each year, with consumers spending an average of €3,625 (£2,761) each year.

But while these markets are the largest, the Ecommerce Europe report suggests that they are not where the fastest growth is found. That honour is reserved for less mature markets such as Belgium, which grew by 34.2% in 2015, and, beyond the EEA, Ukraine (35%) and Turkey (34.9%).

IREU Top500 research shows that, as a group, leading European retailers are often starting to foster cross-border trade, but have by no means completed the task. The average IREU Top500 trader sells not in 13 currencies but in two, and in three languages, rather than the 26 that are possible in the region. Indeed, many of those listed do not sell in other markets at all but enjoy a large enough footprint in one territory to win a place in this index.

Some are well ahead on this, selling in many markets and languages. Spanish fashion brand Zara, for example, sells in 28 EEA countries, serving them in 23 languages, while footwear retailer Deichmann sells in 19 countries and in 18 languages. But the average remains, for the moment, at a relatively low level.

## PAN-EUROPEAN RETAIL NOT YET WIDESPREAD

Despite this, IREU500 research indicates that, for traditional UK retailers, having a pan-European footprint is a pipe dream at best. Figures from the IREU footprint research finds that the number of IRUK Top 500 retailers operating in other countries at a significant level – trading at above €1million per annum revenues – is quite low.

Sixty-eight of the UK Top500 trade in France at or above this threshold for significance, with a similar number in each of the major markets and just four

**IREU**  
*Top500 research shows that, as a group, leading European retailers are often starting to foster cross-border trade, but have by no means completed the task*

## The UK Top500 in the Single Market

**The number of UK Top500 retailers with a significant presence (>€1m revenue p.a.) in this country**

France	68
Germany	60
Spain	48
Italy	47
The Netherlands	46
Belgium	41

(4) in Iceland. Pan-European retail is not yet common for traditional retailers. Only manufacturing brands and clothing labels, along with marketplaces, have saturated the common market.

Remembering that the maximum here is 68 out of 500, one might conclude that whatever benefits there are in the common market, few retail companies have successfully taken advantage of them to a significant degree.

This begs the question as to whether Brexit's impact will be as marked as many think it might.

### THE DIGITAL SINGLE MARKET

The European Union is pushing forward the digital single market, with an aim of removing regulatory barriers to cross-border trade and, at a practical level, bringing refund and returns policies into line across markets. It promises that moving from the 28 national markets of the EU to a single market will unlock an annual economic contribution of €415bn a year, creating hundreds of thousands of jobs. Currently, according to European Commission figures, only around 15% of Europeans shop online from another country, and only 7% of SMEs that trade online sell across borders.

New eCommerce rules proposed by the European Commission in May 2016 aim to encourage cross-border eCommerce by tackling geoblocking, making cross-border parcel delivery more affordable and efficient while at the same time encouraging trust among customers through better protection and enforcement.

Launching the proposals, Elżbieta Bieńkowska, commissioner for internal market, industry, entrepreneurship, and SMEs, said: "Discrimination between EU consumers based on the objective to segment markets along national borders has no place in the Single Market. With clearer rules, better enforcement and more affordable cross-border parcel delivery, it will be easier for consumers and companies, especially SMEs, to make the most of the EU Single Market and cross-border eCommerce."

Will these changes lead to a greater take up of cross-border eCommerce? Just as confidence has risen in individual markets, it seems likely that consumers across Europe will become more willing to buy across borders. It also seems likely that IREU Top500 retailers will continue to improve their international offers as they target new markets in search of growth.

### BRANDS

Retailers selling into new markets within the trading bloc face an uphill battle to compete with brands, many of which now sell direct to the customer. It's a peculiarity of eCommerce that traditional retailers, standing between the wholesaler and the customer, must become destinations in their own right in order to survive. The recent example of BHS in the UK highlights the idea that retailers cannot survive by being just an outlet for brands, or their customers

*“Brexit is also going to bring about the rise of Amazon and other brands selling direct to consumers across the region – and the world – with UK suppliers competing on marketplaces with other European and international brands”*

will increasingly leapfrog them to reach the brand itself online.

The likelihood is that pan-European retail will continue to grow and to flourish over the coming years and decades – and it will be those retailers that make their offer more relevant to the shoppers they serve across a variety of markets that will most benefit as a result.

### DISRUPTION POINTS

Obviously the biggest disruption point within the existing cross-border model is Brexit. Within hours of the Brexit vote count being declared, EU shoppers started arriving at UK ecommerce sites in droves as the pound plummeted in value. The continued low level of the pound has seen this trend continue.

Brexit is also going to bring about the rise of Amazon and other brands selling direct to consumers across the region – and the world – with UK suppliers competing on marketplaces with other European and international brands for an ever growing customer base. Again here the currency levels are likely to play in favour of the UK retailers for the time being, as they will be cheaper – or rather they will be able to compete more effectively for the buy box based on price.

Shipping here is also crucial, but most shipping firms are pan-European and part of international organisations and, Brexit aside, cross-border delivery is becoming such a competitive arena that shipping costs are themselves disruption points for cross-border retail.

Cross-border retail is also likely to see disruption benefit the use of technology and new business models, with more businesses opting to manage increasingly complex pan-national operations using SaaS and cloud-based technology.

The key here is that retailers need to look at how to expand internationally, but by offering a ‘local’ service. Cloud based technologies and non-proprietary ecommerce solutions are going to be ramped up across Europe as retailers look to expand overseas and need to offer a more local feel to their websites rather than just opening up what they have to more countries.

### HOW DO OTHER EU COUNTRIES SEE UK POST-BREXIT?

Another disruption point is how the UK market is viewed by the rest of the EU post-Brexit. Aside from many Europeans scratching their heads and wondering why the UK did it (and probably almost as many wondering why they too can’t leave the EU), many will be eyeing the opportunities and threats that Brexit brings about.

While UK retailers are currently making hay thanks to increased online European sales bolstered by a strong pound – and wondering when the axe is going to fall and Brexit is invoked (and what that might mean) – many European retailers are equally in a quandary. To many of them the UK is a healthy market to sell into and for many retail experts a place to seek great retail jobs. But will all of that still be in place in one, two, five and 25 years time?

In the wider economy, the UK is a massive market for EU industry and retailers – both b2c and b2b – and Brexit and its inherent uncertainties are of great concern to European retailers too. It is in no one’s interest for their to be a crash in the UK economy as the contagion will spread to Europe and beyond.

Likewise, many in Europe feel that the political contagion could also spread, with other countries arguing and debating leaving the union.

All this speculation leads to uncertainty – not least with French and German elections coming up – and uncertainty breeds sluggish sales.

As in the UK retail market, this disruptive post-Brexit phase will also yield opportunities to European retailers who, like their UK counterparts, will look to technology to make them leaner and more efficient and help them expand both domestically and overseas. So for technology vendors – not least UK ones – there are added opportunities thanks to disruption in the European market too.



# Brands versus Retailers

Trade across European borders offers huge rewards for the traders that overcome the unique challenges this continent presents.



REU research not only found that the penetration of UK Top 500 retailers doing significant revenues cross border was surprisingly low, but that of those that are, brands such as Amazon and eBay have been more successful in more countries and have taken quicker and greater advantage of the pan-EU market than most retailers.

Looking at the most traffic-ed country by retailer, we can see that brands pop up surprisingly often. Each asterixed retailer in the table below are marketplace brands.

## Most trafficked Ecommerce Website for This Country

Austria	amazon.de*	Hungary	hm.com
Belgium	ebay.be*	Republic of Ireland	ebay.ie*
Bulgaria	remix.bg	Iceland	ikea.is
Switzerland	zalando.ch	Italy	ebay.it*
Cyprus	ikea.com.cy	Lithuania	ikea.com
Czech Republic	alza.cz*	Luxembourg	zara.com
Germany	ebay.de*	Latvia	avon.lv
Denmark	ikea.com	Malta	lidl.com.mt
Estonia	euronics.ee*	Netherlands	bot.com
Spain	amazon.es*	Norway	komplett.no
Finland	hm.com	Poland	allegro.pl*
France	amazon.fr*	Portugal	fnac.pt
United Kingdom	ebay.co.uk*	Romania	emay.ro*
Greece	e-shop.gr*	Sweden	tradera.com*
Croatia	ikea.com	Slovenia	mimovrste.com*
		Slovakia	alza.sk*

Looking at the table, it becomes apparent that ecommerce giants that remain significant in any given country are dominant overall when it comes to the most popular destinations for ecommerce web traffic. In half of the member states we find that an online-only retailer is present.

When researching web traffic across Europe in collaboration with SimilarWeb, IREU500 researchers found that over the entire trading bloc, Amazon and eBay collectively received two-fifths of ecommerce web traffic in 2015.

With ecommerce – and especially mobile commerce – taking larger and larger shares of the market year-by-year, what does this bode for the future of retailers?

There's no reason to suspect that traditional retailers are going to disappear; on the contrary, there's an increasing respect for the combined,

omnichannel commerce approach. Even Amazon only manages to be as popular as it is because it has a quasi-physical presence with many physical and timely touchpoints from hourly delivery to holding parcels at your local corner store.

But there's no doubt that traditional retailers need to be malleable to be as successful in the future as their online-only peers.

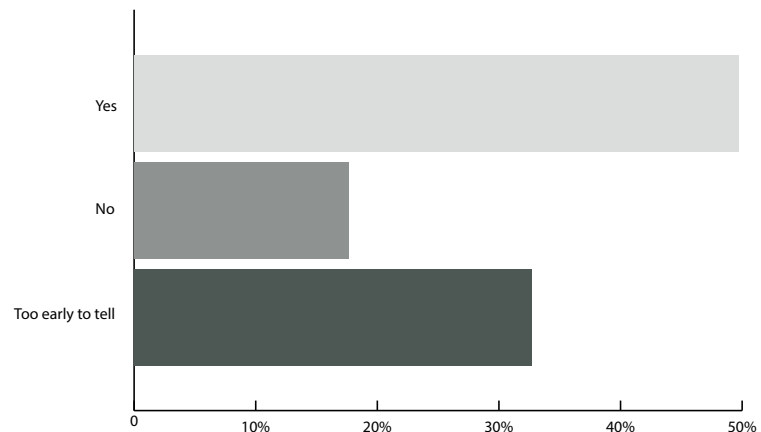
### ARE BRANDS A THREAT?

According to our survey, retailers do see brands as a threat. 50% of them see brands as a threat in their market going forwards, while 40% see brands as a threat selling into their other territories.

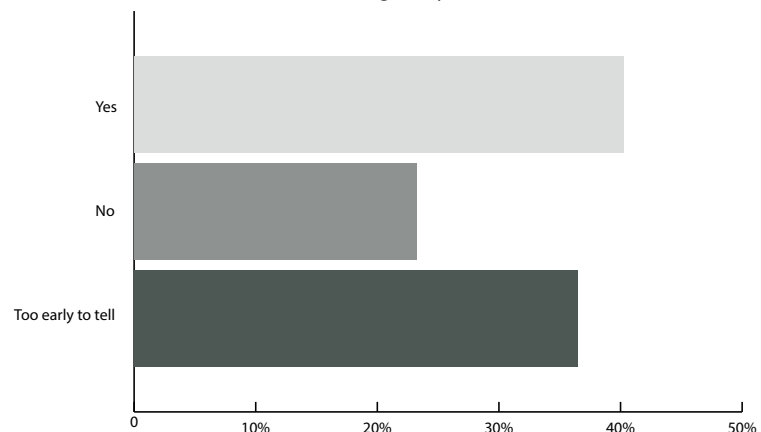
Given that these brands are already soaking up a lot of the ecommerce traffic across border in Europe today, Brexit is likely to push this further.

*With retailers not yet exploiting the European market as strongly as they perhaps might, Brexit has a limited impact and leaves the EU market ripe for exploitation*

Do you expect to get more competition from brands selling direct into the UK/EU market?



Do you expect more competition from brands selling into your main territories?



Retailers may not be in Europe to any large degree, but any plans to do so will be hampered to some degree by Brexit and brands are more likely to get in their first and more effectively while retailers assess what to do as they await Brexit's actual detail to emerge.

However, with retailers not yet exploiting the European market as strongly as they perhaps might, Brexit has a limited impact and leaves the EU market ripe for exploitation either now, before anything changes, or post-Brexit when the economics of doing so become much clearer. Brands here can act as pathfinders for other retailers looking to move in.

# Future disruption

**W**hile we have focussed on Brexit, disruption is all around us – not least the threat of fall-out disruption from Brexit, as we have seen. When asked about future disruption in our survey, almost all retailers offered some views on issues that they think will also disrupt the ecommerce market as we know it in the next five years. Some are directly related to Brexit, some tangentially linked to it and others not connected to it at all. But they are all likely to shake up the world you live in and, for better or worse, will shape how retail develops in the post-Brexit world.

So what are we looking at and how can you prepare?

## ● ANOTHER FINANCIAL CRASH

The prospect of a localised UK crash, a more widespread EU one and even a global one are all very much at the forefront of the minds of retailers quizzed in our survey. Economies are still reeling from the last financial crisis in 2008, with weak growth, fluctuating oil prices, tempered consumer demand and now Brexit see all major European economies on shaky ground.

There is a very real risk in the UK that Brexit uncertainty could well force the economy into reverse. It hasn't happened yet, but the summer intervened. Once the on-going back-channel negotiations start to become more public and the likely stance of both the UK government and the powers that be in Brussels start to become public then we could see this come to fruition.

Remember, so far with Brexit nothing has actually happened – as soon as a picture begins to emerge of what might happen, the wobbling will start.

This could be catastrophic for the UK economy, but the ongoing uncertainty is too. And the uncertainty is also harmful to other Euro economies too, making financial meltdown an ever present reality.

There are also worries that Brexit – among many other factors – will see China rise up to be a superpower of a market and a retailer, squashing all before it. Connected to this is the very real fear that the Chinese economy could rapidly grow to be this retail superpower and then collapse, taking everyone else down with it.



### • SKILLS SHORTAGES

The vast majority of the retailers that were surveyed found that nearly all of them anecdotally spoke of the very real fear of staff quitting as they leave the country. Already, some businesses are reporting that staff have upped and left because they fear that they will be forced out anyway post-Brexit. More sinisterly, many are afraid of how they are treated by the general public in the street.

Many retailers and retail tech companies are seriously concerned that Brexit will see London in particular and England in general ceasing to be a desirable destination for the brightest and best in their fields.

Already Berlin is actively promoting itself as the tech capital in waiting for Europe and many EU workers are moving there. Many companies are also considering moving to other European cities because they anticipate a skills shortage.

This is great news for Europe – and Berlin – but is a disruption that the UK is likely to struggle to make anything positive out of.

### • GREXIT AND BEYOND

The UK voting to leave the EU has inspired many nationalist movements in other EU countries to suggest leaving also. Greece has already dallied with dropping out of the Euro currency union following the collapse of its economy in 2011, but now there are suggestions that it too may hold a referendum to leave the EU.

For another country to leave the union would cause the EU as we know it to disintegrate and this fear has a knock on effect back on the UK. The EU wants it to look hard, unfavourable and difficult for a country to leave to dissuade others from doing so. The threat alone of other countries wanting to leave is making all fears of what the post-Brexit UK would look like all the more real.

### • THE RISE OF MARKETPLACES

As we have suggested earlier on in this report, Brexit and other potential disruption in the fall out thereof, is likely to lead to a rise in the dominance of marketplaces as the central plank of the new look ecommerce.

Amazon in particular is adept at harnessing disruption – it started life disrupting the book selling market the introduced its own e-reader effectively disrupting its own market – and is already mopping up sales from European consumers making the most of low prices in the UK because of the collapse in sterling since the Brexit vote.


Other marketplaces are likely to muscle in on this too and will give retailers and brands and run for their money in cross-border e-commerce in the new UK-free Europe and will play a part in hampering retailer plans to try and expand internationally to off-set the loss of European sales.

### THE US AUTOMOTIVE SUB-PRIME BUBBLE

Some retailers also suggest that there is a sub-prime style bubble brewing in the US automotive market, whereby many people have financed cars with car company loans that they cannot service and that this will burst.

Like the banking sub-prime mortgage crash in 2007 that triggered the financial crash of 2008, this automotive loans issue would also crash the US and probably the world's banking system again.

This is one of the few potential disruptions brewing that is unconnected to Brexit, but it is currently a very real threat to the global economy and, should it happen around the middle of a Brexit-induced downturn, could be calamitous.

 Elections  
*in France and  
 Germany are  
 going to be  
 crucial to how  
 Brexit plays out for  
 the UK and what  
 Europe will look  
 like by the end of  
 2017*


#### • CHANGE OF REGIME

Elections in the US, France and Germany across the next six months or so are also likely to have disruptive effects. The US is being watched with particular interest to see if Donald Trump can beat Hilary Clinton. Trump is considered such a wild card that no one really knows what a Trump White House might mean for US imports and exports. Much of Trump's rhetoric is fairly isolationist, however he salutes the UK for leaving the EU.

This kind of disruption could well be good news for the UK. It could also be a nightmare for Europe if he tears up the TTIP trade agreement that has nearly reached accord across the EU.

Similarly, elections in France and Germany are going to be crucial to how Brexit plays out for the UK and what Europe will look like by the end of 2017. Angela Merkel treads a fine line with wanting to appease right-wing elements in Germany that applaud Brexit and want it to revamp Europe, to those that think that the UK has betrayed the EU and should be punished. Francois Hollande in France faces similar issues.

If either – or both – are voted out, we could potentially be facing very different Brexit negotiations than we do at the moment. What these will be is in the lap of the gods – but disruptive it will be.

#### • BLOCKCHAIN AND THE ECONOMIC RESET

Another non-Brexit disruptor is that the rise of blockchain – a distributed ledger technology that sits behind crypto-currencies such as Bitcoin and which many banks are now looking at as a more efficient way of managing their own capital equity – is likely to shake up the – and other disruptors to the financial world that will change how payments are made and money moved around the financial system.

Unlike the other issues in this list, this disruptor isn't generally feared, but more is likely to form part of a 'new look' economy post Brexit and post-crash (should we have one), when some retailers and consultants believe there will be a reset of how economies and money – and even retail – works.

#### • INVESTMENT DRIES UP

The uncertainty surrounding all of these things is choking investment in start ups, growth and innovation. With no one knowing what is going to happen with Brexit, and with all these other issues around the struggling economies of the world, political change, and more no one is taking the chance on investing in capex projects, R&D, or any other high value functions. This is leading to stagnation, which will have a long lasting effect on the economy beyond perhaps even the impact of Brexit on the world.

This is perhaps the biggest disruptor of all – leaving the world in a stagnating morass when we need to be investing in technology and new business models.

Out of this will come the next great wave of development and innovation – perhaps not just in terms of technology, but also in terms of the very fundamentals of society, work, finance and more. We are about to live in interesting times.

# Case studies

## CANONBURY: BREXIT IS AN OPPORTUNITY, LIKE ALL DISRUPTION

B2B and B2C podiatry supplier Canonbury is positive about Brexit and the impact it will have and sees it as an opportunity worth taking. While the company currently is UK only, its long term plan to move into Europe has not altered with the vote – if anything it will be accelerated, says Adam Parker, the company’s e-commerce director.

“We haven’t really seen much change so far since the vote,” he says, “Other than some of our costs going up from European and US suppliers due to the weak pound. But that also means that we are likely to see better results from selling in Europe – so if anything it makes our planned European expansion more attractive.”

More interestingly, Parker points to the fact that, while he himself voted to remain, the disruption caused by Brexit is an opportunity.

“I didn’t want it to happen from a personal standpoint, but we are where we are and it will throw up new opportunities – disruption always does. I think we should grab the bull by the horns and look for where we can turn this into something good.”

Parker sees the opportunity for UK companies to in the short term take advantage of UK goods being cheap. Longer term he feels that it won’t make much difference to anyone planning to try and enter the EU market. “It is just another market to try,” he says.

Conversely, he doesn’t think that competition from EU companies trying to enter the UK will have much impact either. “We have competitors in the UK, but not really from Europe and I don’t see that changing. Right now, it is costly to sell EU goods in the UK because of currency.”

Most EU podiatry companies don’t target the UK right now and I don’t see this changing just yet.

The screenshot shows the Canonbury Healthcare website. At the top left is the logo 'canonbury HEALTHCARE WITH YOU EVERY STEP'. To the right, it says 'The UK's Podiatry Product Specialist'. There is a search bar with the text 'Search entire store here...' and a 'SEARCH' button. On the far right, it says 'There are items in your basket. £0.00' with a 'BASKET' button. Below the search bar is a navigation menu with categories: Brands, Consumables, Equipment, Orthotics, Creams, powders, sprays, Insoles and supports, Footwear, and Instruments. Below the menu are three buttons: 'LOGIN to your Account', 'Click here to view our Physio stores', and 'Free UK delivery for orders over £50\*'. The main banner features two tubes of 'simplyfeet FOOTCREAM' and 'simplyfeet HEELCALM', and two footcare tools (a callus remover and a foot file). The text on the banner reads 'Special offers on Simply Feet Footcare'.



## METAIL: STAFF ISSUES ARE OUR CENTRAL WORRY

Metail is a fashion technology business based in London that allows shoppers to make 3D models of themselves and try clothes on. It sells its technology to fashion brands all over the world and is growing rapidly, with a tacit focus on international business.

The brainchild of CEO, Tom Adeyoola, the company was formed because he wanted his girlfriend who loved clothes shopping to also love clothes shopping online. Why couldn't you tell a website a few simple measurements and enjoy an experience focused on how you want to look instead of how some model looks? After Adeyoola teamed up with co-founder and

'R&D Guru' Duncan Robertson, the two started to look at the problem using breakthroughs in advanced computer vision technology from Cambridge University. And so Metail was born, back in 2008.

Adeyoola sees the Brexit vote as hugely disruptive – but not in a good way. His particular beef is the impact it will have on staffing.

"A quarter of our staff are non-UK, so from a talent perspective this is a real problem: it has already put people off and we have lost someone we were trying to recruit because they no longer thought England the right place to work, and we have seen one of our senior staff leave to take up a research post abroad as they felt that if they waited to do it in the UK – which was their career plan – Brexit would see funding cut and it just not happen," he says.

Other members of his staff are also starting to question the wisdom of being in the UK, which they say has become a very unfriendly place for foreigners almost overnight, he explains.

"From a business perspective it has also shifted my vision," he says. "From day one we were always thinking internationally, but now that has become a real priority for us from now on. That is where the expansion will come from. We are also starting to have issues with European suppliers as they are no longer wanting to be paid in Sterling because the currency rate is so poor. We have had to swallow that cost as well."

This has also worked in the company's favour, he admits, making what we do a lot cheaper and more attractive to foreign customers, he says. "We have certainly closed some deals much quicker than we might usually have done as the exchange rate is so good from that perspective," he adds.

But overall, he believes that Brexit is a negative. "Not only does it reduce the talent pool, but it diminishes the brand being based in the UK. I also believe that the EU will make it as hard as possible for us once we leave, which will make doing business outside the EU in other territories increasingly difficult. I am also thinking that maybe, longer term I should think about relocating the business to Berlin – as that is likely to be the tech hub of Europe if the UK leaves the EU properly."

But Adeyoola is optimistic that it may not even happen. "But the more there is talk of a hard Brexit, the more I suspect that the extremely well connected and moneyed lobbyists in the City of London will pile on pressure of what that really means. I also think that it's too complex to be put into practice in reality so a political fix will have to be found. The French and German elections will make a real impact on what actually happens," he says. "I think it's only 60% likely to happen and that the odds will diminish."

Metail's Adeyoola sees the Brexit vote as hugely disruptive – but not in a good way. His particular beef is the impact it will have on staffing

## GRAHAM TAYLOR ENGRAVERS: THE SMALL INDEPENDENT WILL SEE NO CHANGES

Small engraver and gifts company Graham Taylor Engravers exemplifies how Brexit to the small business is rather meaningless. “I don’t see it having any real affect on my business,” says its head, Graham Taylor.

GT runs a business which engraves gifts, jewellery, and more and, being online, does get some interest from overseas, though says that the lion’s share of his business comes from the within the UK.

“It has had no affect and is unlikely to,” he says. “Costs have gone down in some areas due to currency fluctuations but is pretty short term. The price of gold and silver – which impacts the jewellery supply business – shot up briefly as many investors took their money out of currency and put it into gold, but that has levelled off.”

However, the impact down the line on his business may be more subtle. The uncertainty around how large corporates view the UK in the coming years could well put less money in the pockets of his customers, which would impact his business.

“The likes of Nissan are already holding fire on investment in the UK and there will be many others who aren’t in the news,” he says. “If they don’t like the look of the UK post-Brexit then it will hit the wider economy.”

This impact could be a long, slow disruption across the UK and may not be felt for many years to come. Businesses, large and small, have to be prepared for this potential change of events too.

**GTengravers** Tel: 01732 363165

To view a selection of our extensive range of products and prices please click on one of

Home Contact Us About Us Product Search Newsletter

**More Info**

Testimonials  
Engraving

**Photo Engraving**

Photo Engraving on Metal  
Photo Engraving inside Glass

**Online Catalogues**

Trophies & Golf Awards 2016  
New 2016 Trophy Range  
Presentation Cups  
Glassware  
Business Gifts  
Kustom Kit Clothing  
Gamegear Performance Teamwear

**Products**

Mens Clothing SALE  
Ladies Clothing SALE

**Graham Taylor Engravers Ltd**

Graham Taylor Engravers Ltd, based in Tonbridge, undertake engraving in Kent, East Sussex, West Sussex, Surrey and South London on Trophies, Cups, Medals, Plaques, Gifts, Jewellery and Glassware. We undertake photo engraving on to small metal gifts, glassware and laser engraving inside solid crystal glass.

2016 Trophy catalogue available [click here](#)  
**50% off all Spalding performance sportswear in stock.**

We are now offering colour printed gifts using various materials for personalised gifts and corporate gifts for example plaques, coasters, Tshirts, mugs, key rings, puzzles and badges.

If you require any form of engraving look no further than Graham Taylor Engravers Ltd based in Tonbridge, Kent. Graham is an experienced engraver and is a specialist in photo engraving and glass engraving.

**NEW: Full Colour Printing on Glass please [click here](#)**

Graham Taylor Engravers Ltd covers Kent, East Sussex, West Sussex, Surrey and London.

**GIFTS:** Please click on to [www.GTgifts.co.uk](http://www.GTgifts.co.uk) for an extensive range of birthday & anniversary gifts. We have just added a link to an extensive range of personalised gifts for any occasion that are delivered direct to you.

Retail showroom: Colinwood House 5 Northwood Rd Tonbridge Kent TN10 3HH.  
Contact Tonbridge 01732 363165





## PARTY ARK: NO IMPACT AT ALL

Party Ark is an online retailer selling party supplies to consumers in the UK, Europe, the US and the Middle East and its MD, Emily Potts, interestingly sees Brexit – now and in the future – having little impact on the business.

“It’s swings and roundabouts at the moment,” she says. “Costs of imports have gone up because of weak pound exchange rates, but also we are more cost effective compared to European and some US

companies in terms of sales, so it evens out.”

Going forward, Potts shares the same concerns as all retailers that if the UK gets a bad deal in terms of trade tariffs, then it could make selling in Europe more costly and less competitive. “But, after the UK, the US is our biggest market and the EU third, it wouldn’t necessarily be the end of the world,” says Potts. “Right now it has no real impact and I can’t see it having any real impact on us going forward.

Some companies in the party supply space are looking at opening offices in Europe to tap directly into the European market, says Potts, but this is largely part of their expansion plans, not because of Brexit. “But if it helped make trading in Europe more competitive for us then I think we would consider that as and when we want to expand the business.”



## FASHIONEKOMMERCE: THE NOT KNOWING IS MOST DAMAGING

Supplying ecommerce platforming and solutions to small independent retailers and boutiques in the UK, FashionEkcommerce co-founder Paul Williams doesn’t yet see or expect much of an impact from Brexit on his business – nor on those of his retail customers.

However, many of his staff are from Spain and Portugal and much of his IT hosting is done

in Europe and so the uncertainty around what Brexit might mean when it happens and thereafter is playing on his mind.

“We have seen some currency fluctuations right now, but nothing too onerous,” he says. “I am more concerned by the uncertainty, as are my retail customers. Will it be harder to get EU staff to work here? Will they want to come? Will there be expensive trade tariffs and taxes on European supplies, or will it be business as usual? I think the not knowing is what is going to be increasingly damaging to confidence, which will impact business.”

Unlike other retailers, FashionEkcommerce hasn’t seen any EU staff leave just yet, but there has been much talk about what Brexit might mean for staff and they are certainly disquieted by what is going on.

“It is also a worry that, should they leave in droves whenever Brexit terms look more clear, are their the right skills here in the UK to fill the gap. Many tech companies rely on foreign expertise in IT especially as the skills aren’t here in the UK with enough abundance to make them affordable.”

# How to take advantage of disruption

As we conclude our white paper, what are the key things you need to take away about Brexit and disruption?

## 1. EMBRACE CHANGE

Even if Brexit doesn't happen, change will come to what you do for one reason or another, so be prepared and embrace the change. It may seem like a big deal, but even the most catastrophic events that disrupt everything are really an opportunity to look at new ways of doing things and creating new opportunities.

## 2. BE PREPARED

Since disruption is inevitable and change is going to happen as a result, make sure you are as prepared as you can be to embrace that change and seize what opportunities arise. That means having flexible processes, staff, and technology in place.

## 3. KEEP YOUR FINGER ON THE PULSE

Disruption can come from any quarter at any time and is often very unpredictable: no one saw Brexit coming, for example. But you can keep abreast of the things that may impact your business by keeping tabs of trends and developments in both your industry and the wider world. Sources such as InternetRetailing.net with its regular newsfeeds, insightful magazine and deep dive research reports are the ideal way to spot trends in your business. The internet is your best bet for geo-political events and their implications.

## 4. TRACK CONSUMERS

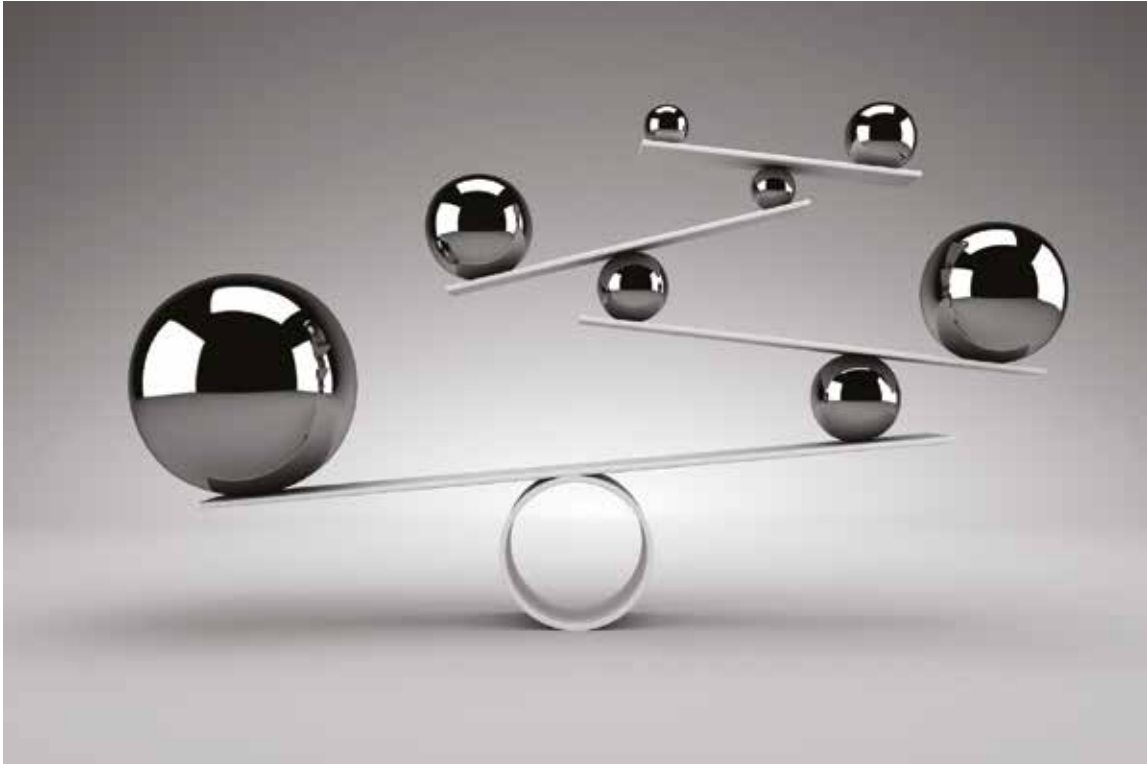
Consumers are probably your biggest disruptors of all as they are the ones who will typically embrace new technologies and business models on a far more rapid adoption cycle than business process typically work on. Things like Smartphones, AI, virtual reality, Uber, Netflix and so on arrive almost with a bang when they achieve critical user mass and the media pick them up. At this point consumers are well and truly on board and will expect you to adapt instantly. Brexit is likely to create all manner of new consumer behaviours that we have not yet thought of: you have to be ready, so keep an eye on what they are doing.

## 5. BE THE DISRUPTOR

With this in mind, it is always best to be the disruptor than to try and play catch up. If consumer behaviour in your sector is being changed by disruption in another sector then you need to be the first of your competitors to work out how to adopt and adapt that disruptive process to your business. For example, Uber has disrupted the taxi market and is likely to also shake up the delivery and logistics market – certainly last mile – what are you doing to 'uberise' your business?

## 6. BE READY FOR THE TIPPING POINT

All disruption has a tipping point when it become the new 'traditional' way of doing something and you have to be ready for that when it hits your business. A tipping point, where customers become more willing to look at new solutions, can be discovered only with the divining rod of customer inquiry. Knowing what the customer really needs is the early-warning system for product and service development and disruption. Being ready for the tipping point also means



making sure that your business process, marketing, sales and staff are all ready to go when you tip into the new way of doing things.

#### **7. HAVE AN ENTERPRISE-WIDE STRATEGY**

Figure out which emerging technologies or new business models from the disruption are most important and have the biggest impact on your business, then identify risks and opportunities as well as how to maximize your investment, including people and technology – and do it right across the business. This has to be something that everybody is on board with as it will effect everyone in the company.

#### **8. GET SENIOR MANAGEMENT BUY-IN**

Since disruption will have a huge impact on your business, you need strong leadership and that means not only getting the whole company geared up for the change, but also getting the management to embrace it and lead with it.

#### **9. INVEST IN TALENT**

As we have seen, staff are key to leveraging disruption so invest in those that can help you with the transformations that you need to achieve, but also invest in having adaptable talent in the company so that your day to day business can run and that you know you can adapt as and when you need.

#### **10. GET YOUR TECH READY**

Transformation is going to require technology so you need to be ready with agile technology that can be adapted and upgraded to suit the new business models that you are trying to adopt following disruption. Keep the fact that you may need to rethink how you do things and what new technologies – such as IoT and AI – you may need to plug into what you already have. Make sure your IT plans are ready.

# Meet The True Cloud Commerce™ Platform

# VTEX

Trusted by the world's leading brands and retailers



Take the first step towards localized global expansion with an e-commerce solution that surges ahead of customer expectations.

While you focus on the bottom line, customers get tailored shopping experiences thanks to endless extensibility, seamless API integration, SmartCheckout and a diversity of powerful tools that manage products, content, and user experience.

With VTEX, your brand will reap the benefits of lower total cost of ownership, auto-scaling elastic cloud infrastructure, and continuous innovations to customer experience.

Watch or request a personalized live demo of VTEX Commerce Platform at

[www.vtex.com](http://www.vtex.com) | [info@vtex.com](mailto:info@vtex.com)