



GLOBAL RESEARCH REPORT

Cross-Border E-Commerce Trends

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Overview

The state of e-commerce is rapidly evolving, and it has become increasingly challenging for retailers to keep pace with technological innovation and consumer expectations. To that end, Flow commissioned a multi-market research report in order to:

- Understand the current landscape of e-commerce websites from a supply-side and demand-side perspective for the top 11 markets: Australia, Brazil, China, Canada, France, Germany, India, Japan, South Korea, UK, USA.*
- Evaluate all aspects of the e-commerce experience to establish “best practices” in each market.
- Unearth opportunities in high-demand areas that are not currently fulfilled by those e-commerce sites in respective markets.

*Top websites by traffic based on Similar Web data within the clothing category for 2017

Research Methodology

The research methodology for this project included two phases:

1. **SUPPLY-SIDE:** The first phase of the project included crowd-sourced data collection across 122 variables for 137 websites in 11 markets (10-15 websites per market). Retail websites included brand.coms, department stores, and marketplace sites. The researched variables ranged from Homepage features and Product Description Page to the Shopping Cart and Checkout.
2. **DEMAND-SIDE:** This phase included an in-depth survey of 44 questions related to consumer attitudes and behaviors on e-commerce sites. The sample was defined as ages 18-54 who had shopped for apparel online in the past year. Each market had a total of 385 respondents. The data was analyzed and reported a 95% confidence level. Survey questions covered 4 major areas:
 - Cross-border shopping behaviors (e.g., categories, barriers, expectations, etc.)
 - General shopping behaviors (e.g., apparel shopping, promotions used, etc.)
 - Customer service and shipping (e.g., delivery windows, free shipping, out-of-stock handling, etc.)
 - Retail website user experience and checkout preferences (e.g., product description page, currency display, payment, navigation, etc.)

This report will explore the demand-side of the research and examine online cross-border shopping across the top 11 markets. By "cross-border," we are referring to an online retailer that is located outside of the shopper's home country.

Cross-Border Shopping

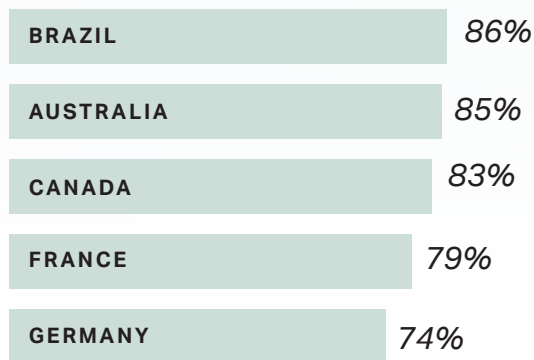


67% of shoppers have made a cross-border purchase.

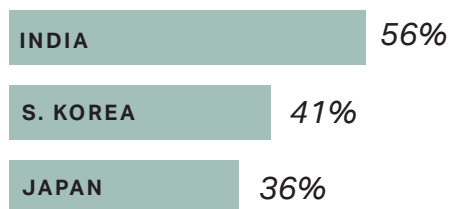
Who Are Cross-Border Shoppers?

Overall, cross-border shopping was quite common among online shoppers ages 18-54. In fact, looking across all markets, two-thirds of shoppers (67%) said they purchased from retailers outside their home country.

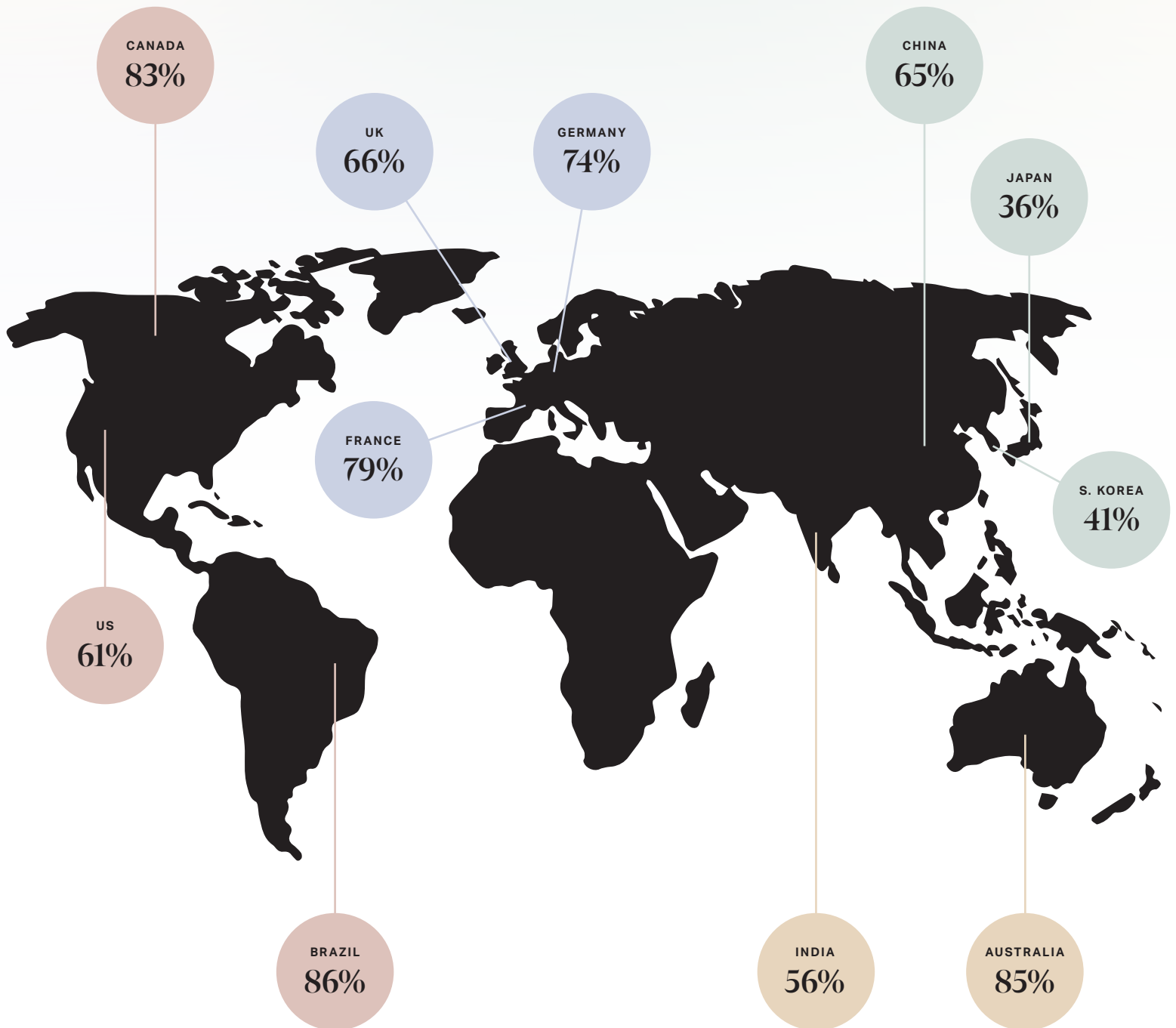
The highest incidence of cross-border shoppers came from:



India, South Korea, and Japan were the least likely to shop outside their home country.

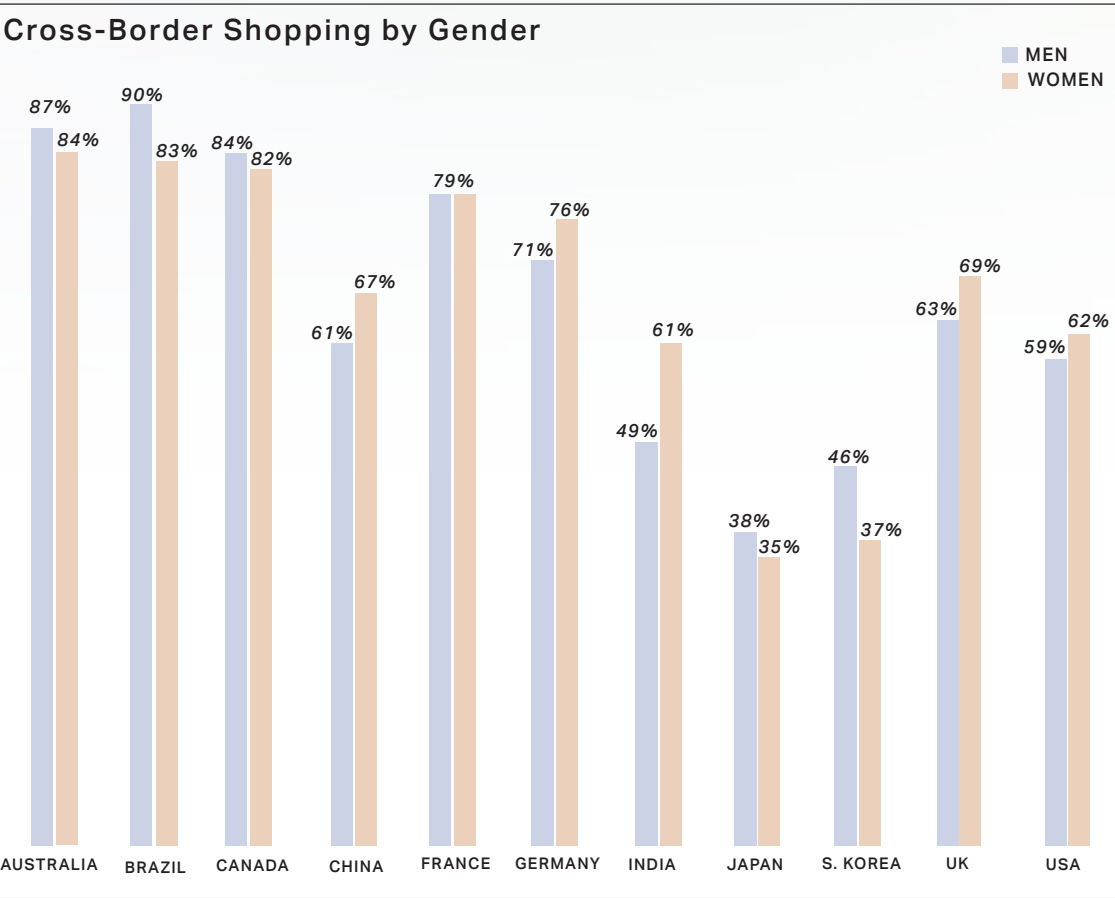


PERCENT OF CROSS-BORDER SHOPPERS BY COUNTRY



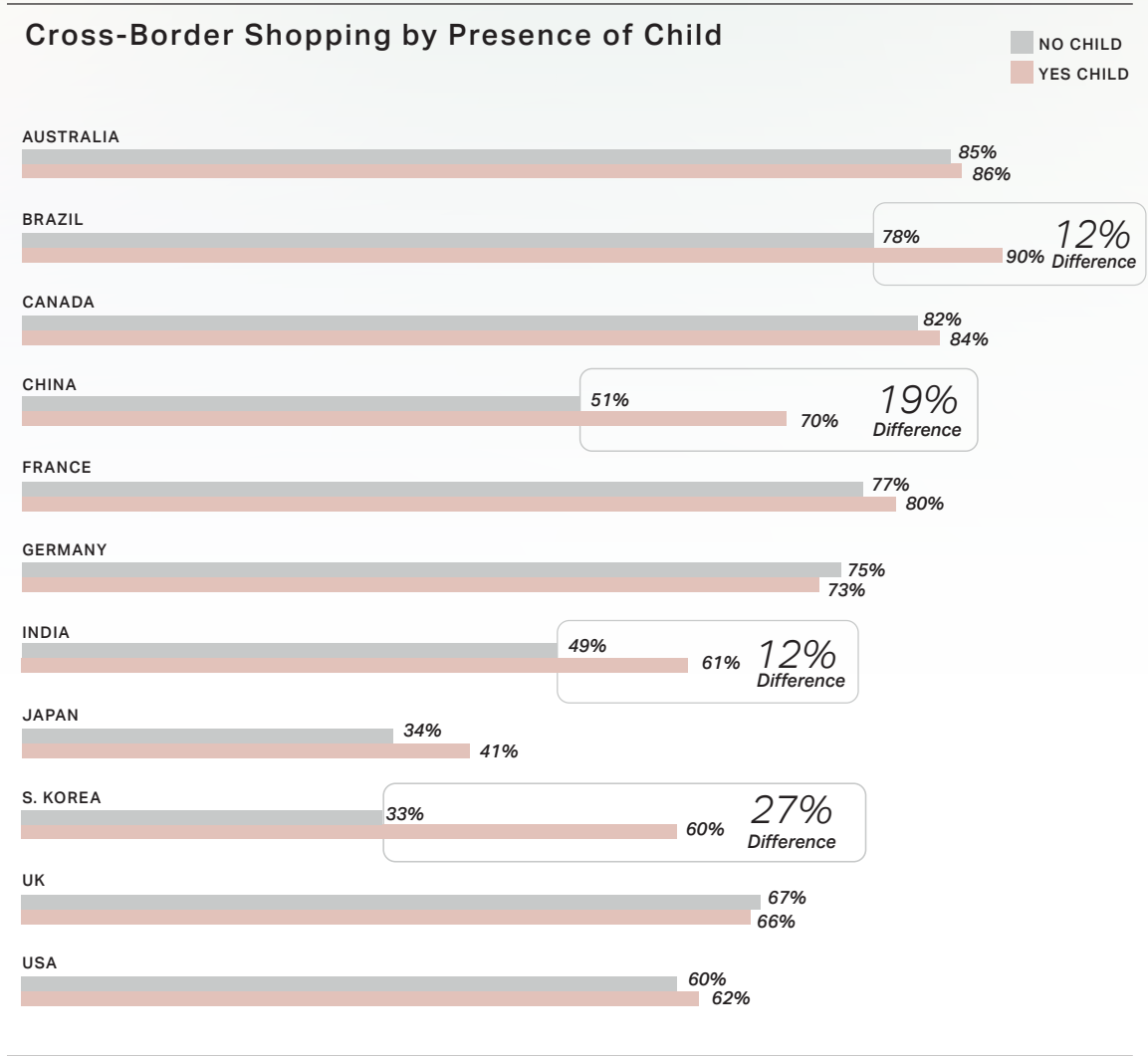
Surprisingly, with the exception of age, there were minor differences by demographics in each market.

Women in India and the UK were more likely to cross-border shop than men. In contrast, men in Brazil and South Korea were more likely to cross-border shop than women. However, negligible differences across gender were observed in other markets.

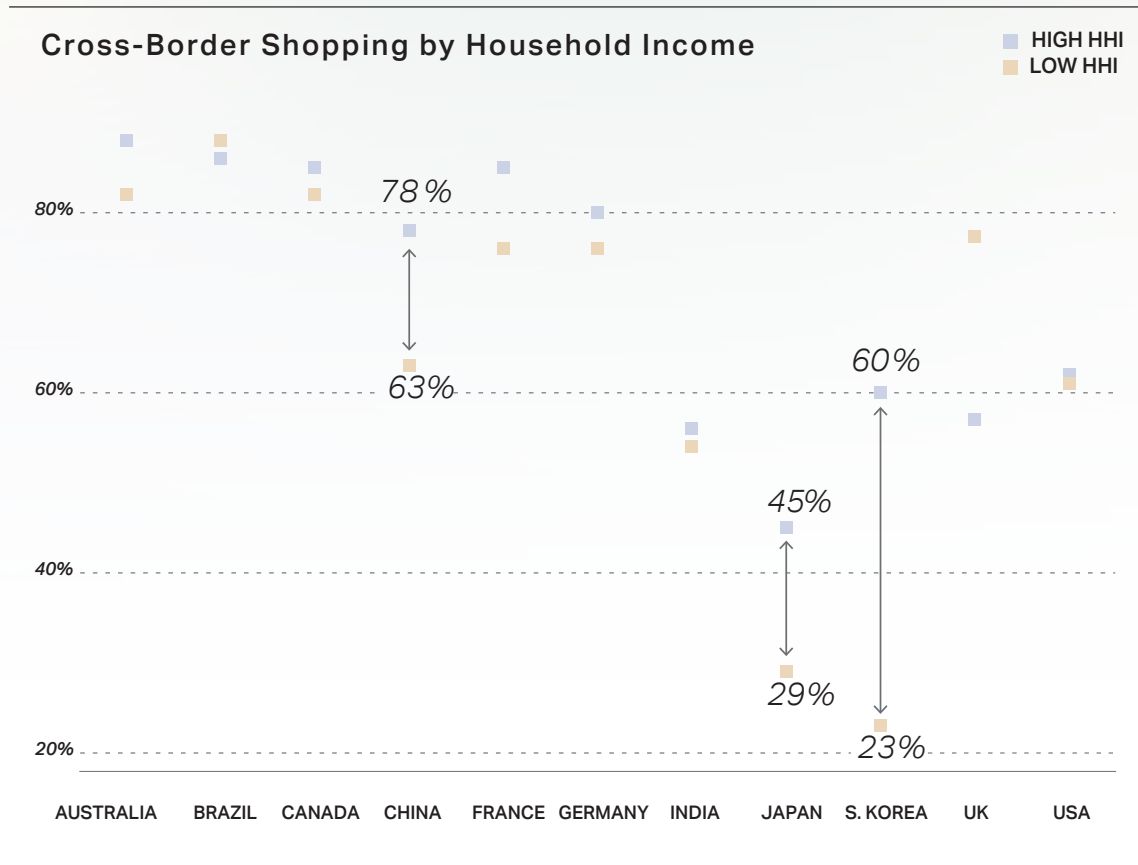


Women in India and the UK were more likely to cross-border shop than men.

Presence of children in the household influenced shopping behaviors in China, South Korea, India, and Brazil.



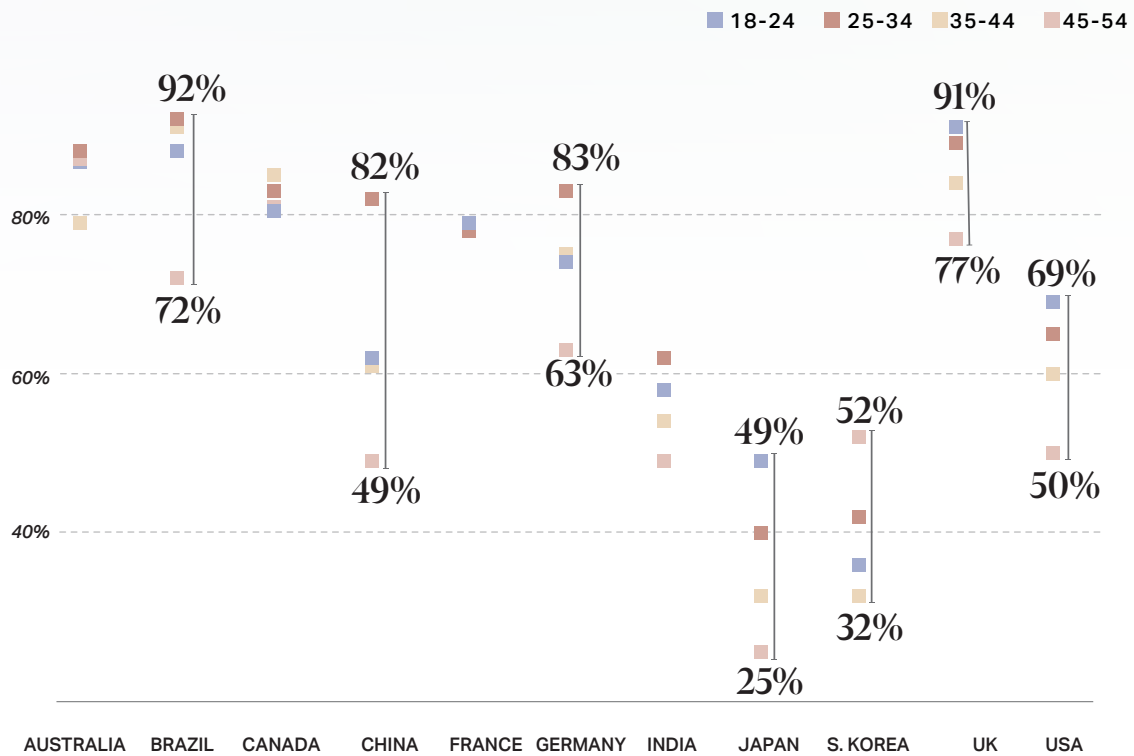
Higher household income was a factor in China, Japan, and South Korea.



Age, however, showed significant differences for 7 out of the 11 markets.

- Specifically, ages 45-54 were less likely to shop cross-border than younger age groups in Brazil, China, Germany, Japan, the UK, and the USA.
- South Korea was the exception where ages 45-54 had a higher penetration of cross-border shoppers than millennials in that country.

Cross-Border Shopping by Age Group





Cross-border shopping showed significant differences by **age** for 7 out of the 11 markets.

Most Popular Countries For Cross-Border Purchases

The USA, China, and the UK consistently ranked among the top 3 countries purchased from in most markets. Additionally, some ranking variations were observed based on geographic proximity.

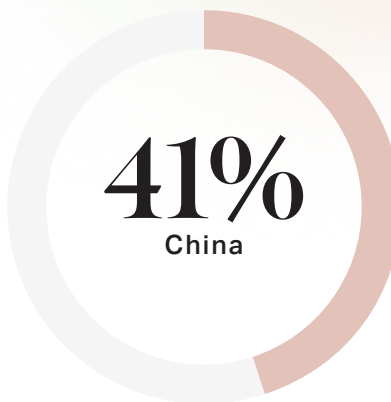
- For example, New Zealand appeared in the top 5 for Australia (13%), Singapore for India (17%), Austria for Germany (10%), and Canada for the USA (22%).
- Among EU partners, French shoppers were much more likely to buy from Germany (23%) than vice versa (9%). However, both countries purchased from the UK at similar rates (France: 33%, Germany: 35%).

Most Popular Countries for Cross-Border Purchases

	#1	#2	#3	#4	#5
AUSTRALIA	USA	CHINA	UK	HONG KONG	NEW ZEALAND
BRAZIL	CHINA	USA	JAPAN	HONG KONG	UK
CANADA	USA	CHINA	UK	JAPAN	HONG KONG
CHINA	JAPAN	USA	HONG KONG	S. KOREA	FRANCE
FRANCE	CHINA	UK	GERMANY	USA	HONG KONG
GERMANY	CHINA	UK	USA	AUSTRIA	FRANCE
INDIA	USA	CHINA	UK	SINGAPORE	AUSTRALIA
JAPAN	USA	CHINA	S. KOREA	UK	HONG KONG
S. KOREA	USA	JAPAN	CHINA	UK	HONG KONG
UK	USA	CHINA	HONG KONG	GERMANY	FRANCE
USA	CHINA	UK	CANADA	JAPAN	MEXICO



Looking across the markets surveyed, which countries do cross-border shoppers purchase the most products from?



What Categories Do Cross-Border Shoppers Buy?

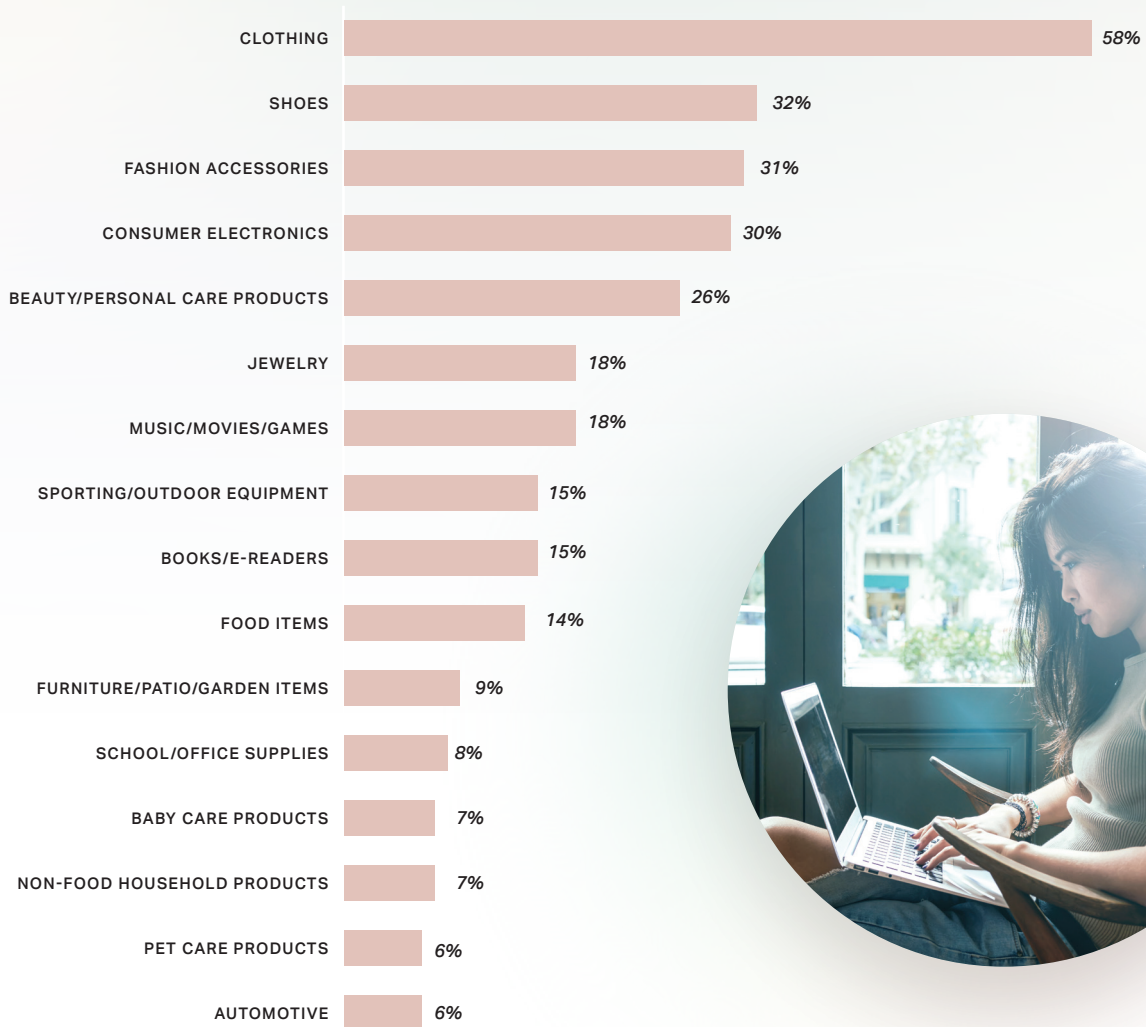
In looking at apparel shoppers, this group was interested in a wide variety of categories when buying cross-border.

The most popular product categories include shoes (32%), fashion accessories (31%), consumer electronics (31%), and beauty/personal care (26%). Several cross-border shoppers also mentioned jewelry (18%), music/games (18%), sporting goods (15%), and books/e-readers (15%).

Country specific highlights include:

- Across the 11 markets, Brazilian shoppers over-indexed for almost all categories, including niche items such as automotive, pet care, and baby care.
- Chinese shoppers were more likely to shop beauty/personal care, sporting goods, food items, and baby care.
- Indian shoppers were more interested in fashion accessories, consumer electronics, jewelry, and sporting goods.
- USA over-indexed on jewelry, but they did not over-index on other categories.
- Apparel shopping was most popular among Brazilian and Canadian shoppers.

Cross-Border Shopping by Category*



* Responses of apparel shoppers surveyed across 11 markets

What Are the Barriers to Cross-Border Shopping?

When asked about barriers to cross-border shopping, respondents who had not shopped cross-border cited similar concerns.

Looking at these non-cross-border shoppers, high shipping costs were the overall biggest concern noted by 46% of total respondents, followed by slow product delivery (38%). The next three most important factors cited include: preference for local retailers (28%), high taxes & duties (28%), and concerns over site security (28%).

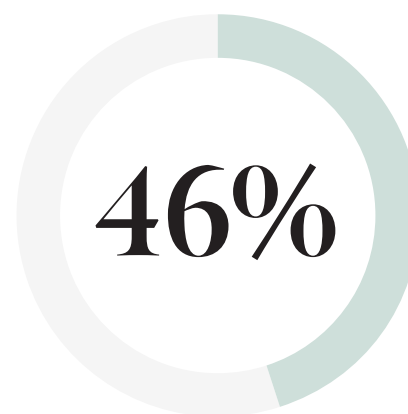
Almost 1-in-5 respondents were also concerned with the lack of language translation on the site (21%), lack of trust for cross-border retailers (21%), and unclear final tax & duty amounts (20%).

Country specific highlights include:

- In Canada, Brazil, and Australia, where cross-border shopping was highest, taxes and duties ranked in the top three most common barriers to cross-border shopping (61%, 33%, and 30%) among those who never shopped outside their home country.
- Chinese non-cross-border shoppers also cited distinct concerns, such as inability to find products/brands they are interested in (23%), the acceptance of preferred payment methods (22%), and ability to talk to customer service (19%).
- In Japan and South Korea where cross-border shopping was lowest, respondents noted that a website not in their home language is a key reason for not shopping cross-border (41% and 36% respectively).



46% of total respondents across all markets that have not made a cross-border purchase noted that **high shipping cost** is the greatest barrier to cross-border shopping.



Similar to non-cross-border shoppers, the high cost of shipping and slow delivery were noted by over half of respondents who did purchase outside their home country (54% and 50% respectively). Cross-border shoppers also said that high taxes and duties (36%) and currency exchange rates (28%) made it costly to buy more from other countries.

Meanwhile, “preference for local retailers” and “lack of trust for cross-border retailers” were significantly less important among cross-border shoppers versus non-cross-border shoppers (14% versus 28%; 11% versus 21% respectively).

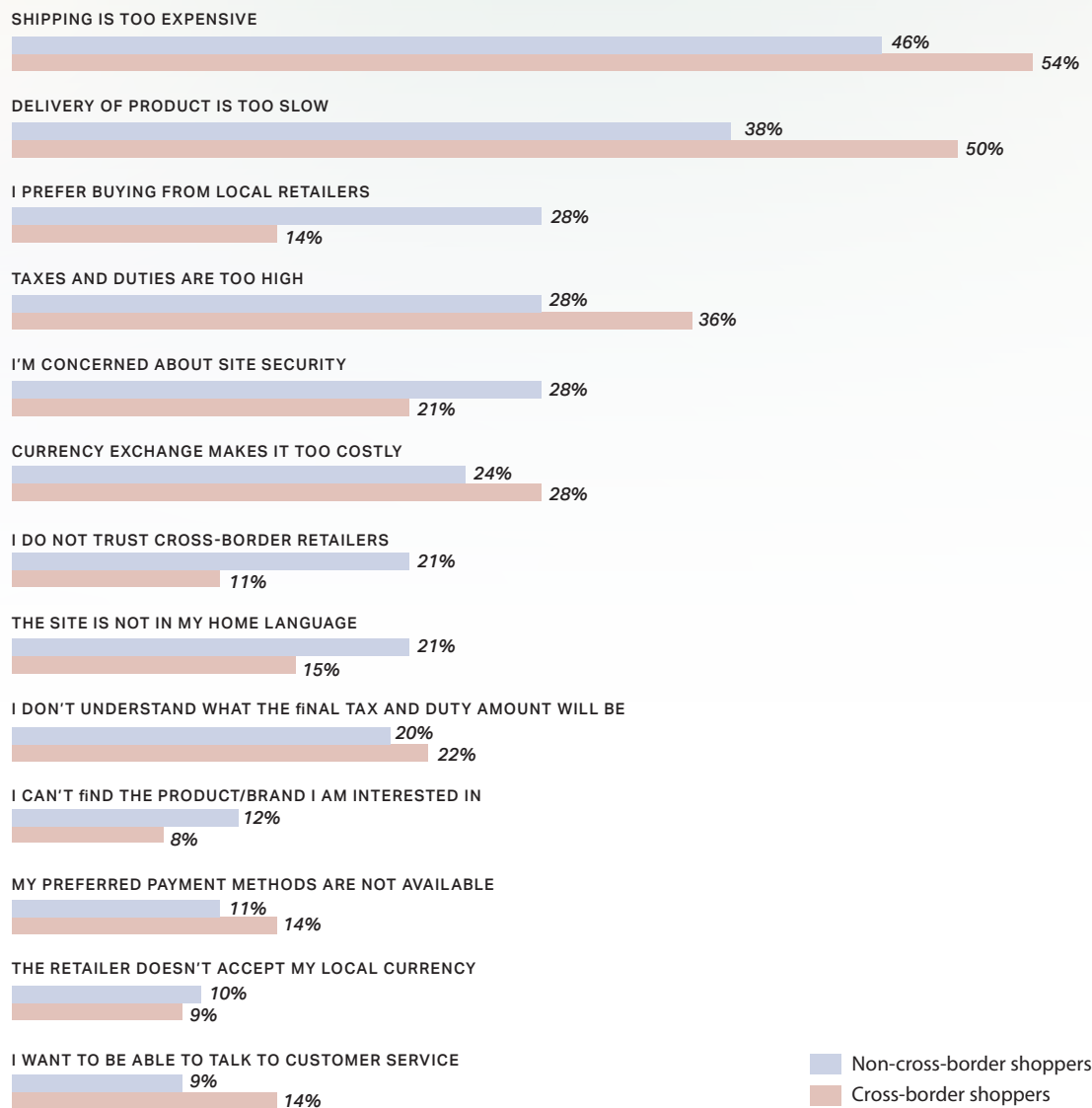
Cross-border shoppers highlighted different factors as barriers to buying more from other countries:

- When looking across markets, the currency exchange rate was a significant factor for Canadian (49%) and Australian (45%) shoppers.
- Site security remained an issue for shoppers in France, Japan, and the USA (32% each).
- More than 1-in-5 shoppers in India were concerned with local payment options not being offered (21%).



Site security remained an issue for shoppers in France, Japan, and the USA (32% each).

Primary Barriers to Cross-Border Shopping



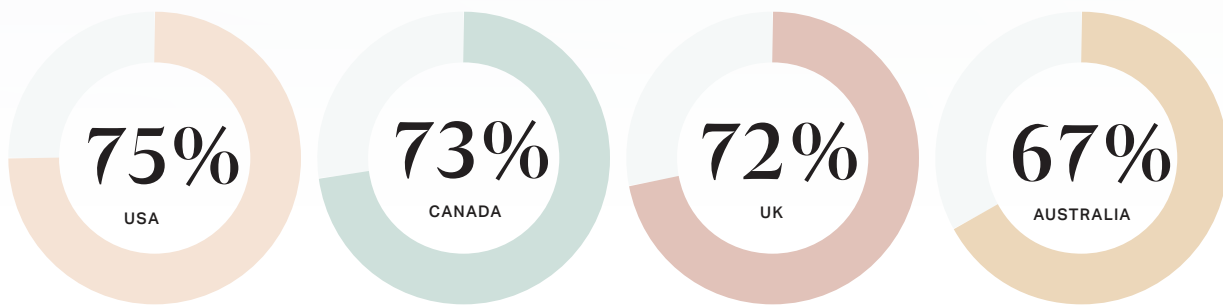
Customer service availability was most important to shoppers in the USA (23%) and India (22%).

Do Cross-Border Shoppers Care about Localized Language?

There were significant differences with respect to local language needs when shopping online.

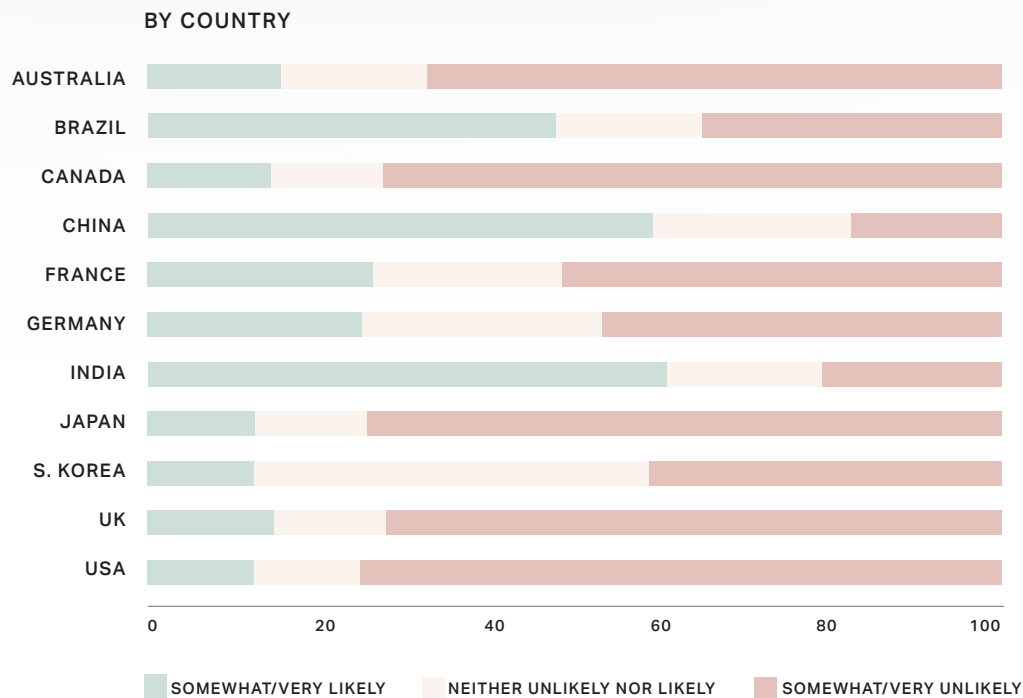
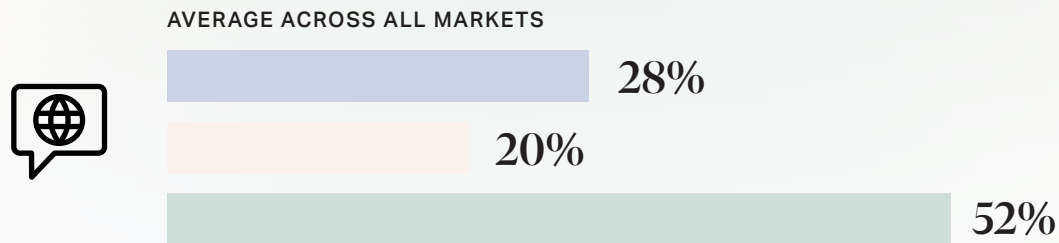
- Among English-speaking shoppers, over two-thirds said they would not purchase if the site was not in English.

Percent of Shoppers Who Would Not Purchase from a Non-English Site:



-
- 74% of Japanese shoppers said they were not likely to purchase if a website was not in their own language.
 - The opposite was true for India and China, where the majority said they would purchase anyway (61% and 59% respectively).
 - Interestingly, about half of South Korean shoppers remained neutral on this question (46%).

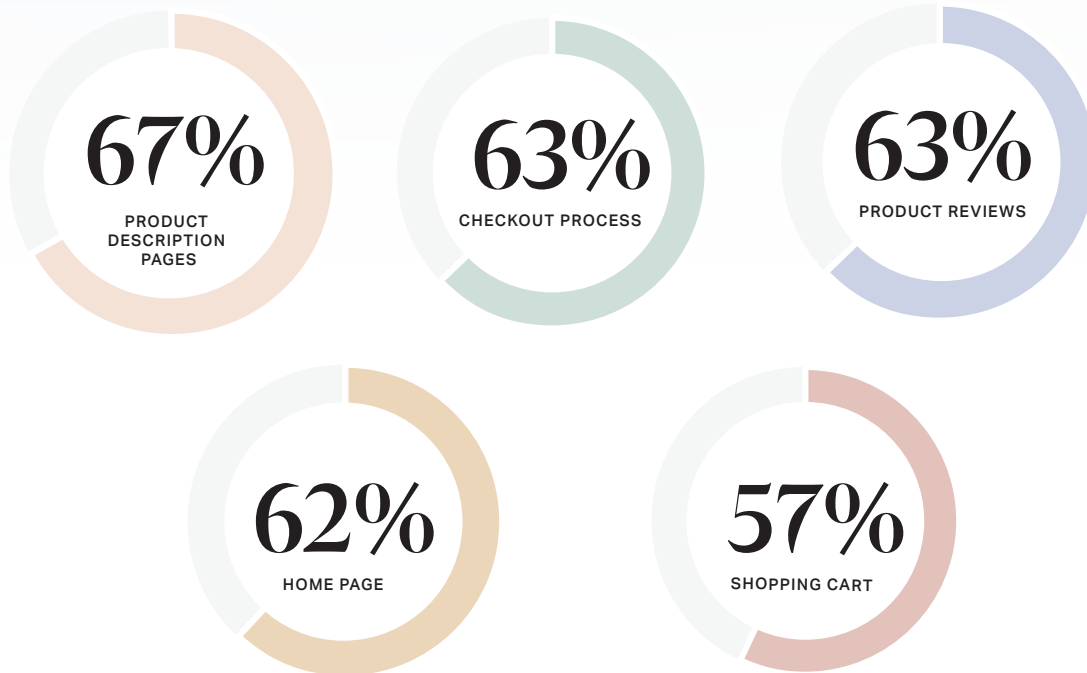
Likelihood to Purchase if Website Was Not in Local Language:



In terms of the website content, the majority of shoppers agreed that product description pages (67%), product reviews (63%), and the checkout process (63%) were the most important areas needed in their own language.

- Not surprisingly, around three-fourths of respondents in English-speaking countries said they needed all areas of the website in English.
- South Korean shoppers had lower expectations compared to other markets, with only half stating they wanted to see product description pages (55%) and product reviews (52%) in Korean.

Expectation for Local Language Across Retailer Site

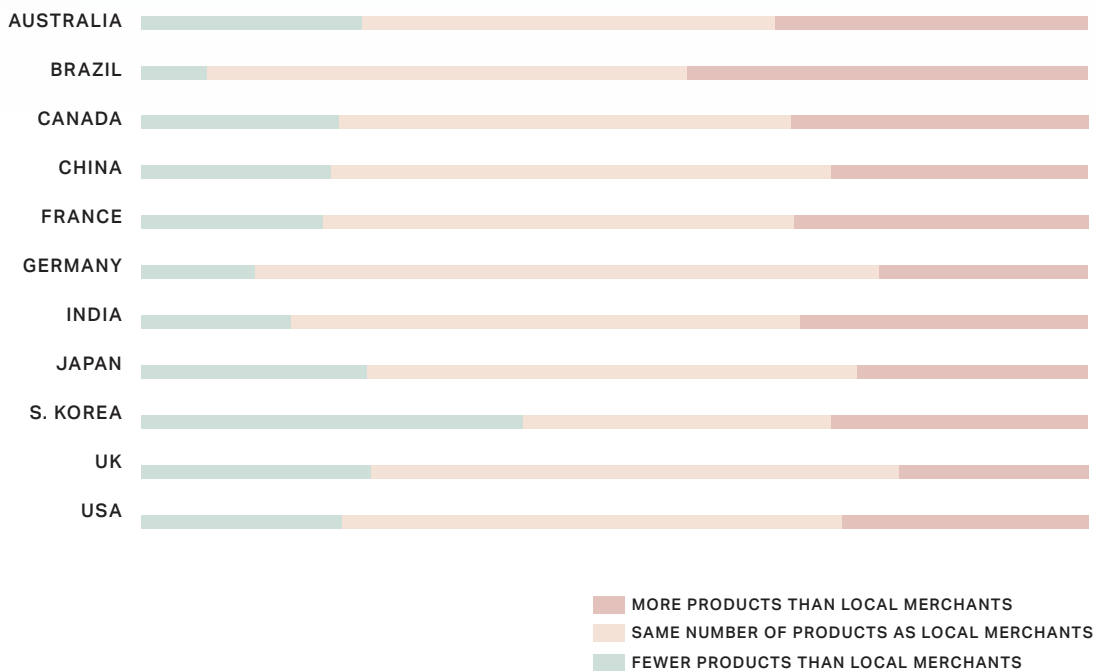



Do Cross-Border Shoppers Expect the Same Retail Catalog?

The expectation for seeing a cross-border retailer's full product catalog was quite high across the board.

- The majority of shoppers expected the product catalog for cross-border retailers to be the same (50%) as or offer more products (29%) than local counterparts.
- South Korea was the only exception where 40% said they expected to see fewer products on a cross-border e-commerce site.

Product Catalog Expectation for Cross-Border Retailers vs. Local Retailers



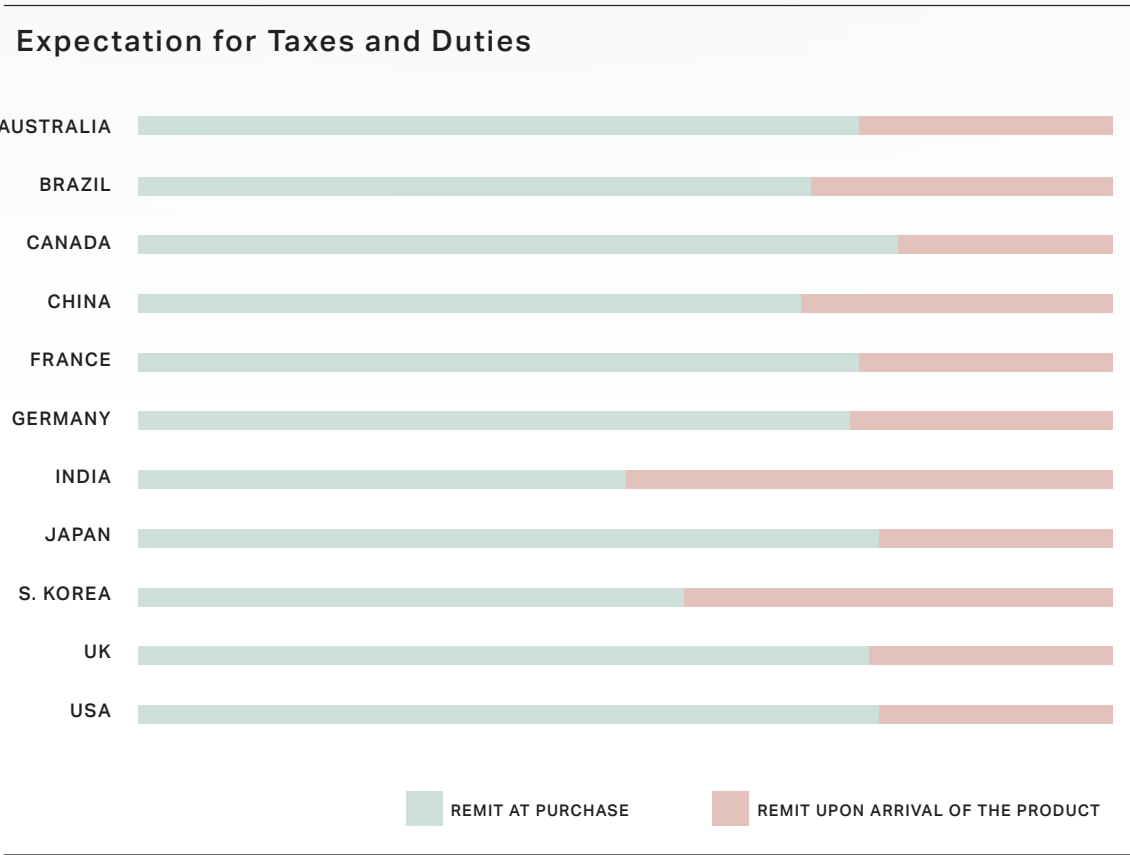


Cross-border shoppers expect
as many or more products
than local merchants.

How Do Cross-Border Shoppers Prefer to Remit Taxes and Duties?

Lastly, online shoppers consistently preferred to remit taxes at the point of purchase (70%) rather than upon product arrival (30%).

However, this was not the case in India, where half of the shoppers actually preferred to remit taxes upon product arrival.



In India, half of the shoppers preferred to remit taxes upon product arrival.

What's Next?

The results of this study reveal important implications for cross-border retailers. Overall, each market has distinct shopper profiles and concerns that need to be addressed in a localized fashion.

As illustrated in this report, when it comes to selling internationally, there are various factors retailers and brands need to consider including:

- Demographic differences across markets for cross-border shopping
- Most popular countries for cross-border purchases
- Product categories most commonly purchased cross-border
- The barriers preventing customers from cross-border shopping
- Impact of localized language across different markets
- Other specific needs and expectations of customers across different locales

To learn how you can maximize revenue and grow your cross-border e-commerce business, contact us today at hello@flow.io and speak with a Flow expert.



FLOW

SIMPLY GO GLOBAL

Most e-commerce businesses struggle with the complexities of selling their products internationally. The problem is they don't have the tools nor the flexibility they need to sell cross-border, and existing solutions are missing the mark. At Flow, we believe there's a better way and that global e-commerce should simply work. We have first-hand experience with cross-border challenges from our days working at well-known global brands, which is why we built a next-generation engine to power global growth for ambitious e-commerce businesses. Our solution automates and simplifies every aspect of the international e-commerce process for our customers. We remove the barriers of cross-border commerce by offering benefits such as multi-currency pricing, cost-efficient and rapid shipping, international payment options, well-defined taxes and duties, and simple returns. Now global brands like MVMT Watches, MZ Wallace, Outerknown, Charles & Colvard, and others can increase their customer conversion and grow international revenue starting today. Let it Flow.

For more information, visit www.flow.io.

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