



PayPal Cross-Border Consumer Research 2018

Hong Kong Media Briefing

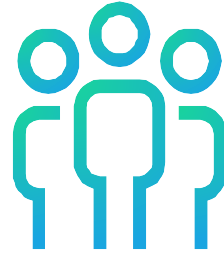
29 November 2018

Leveraging cross-border trade insights to increase sales

Cross-Border Insights Research 2018



Advancement of technology is helping to open up commerce opportunities for everyone - across borders, anywhere, anytime and via any device



Understanding that we are going through a commerce revolution, PayPal in partnership with Ipsos, conducted a global 31 market survey with approximately 34,000 consumers to examine how people shop online and across borders.

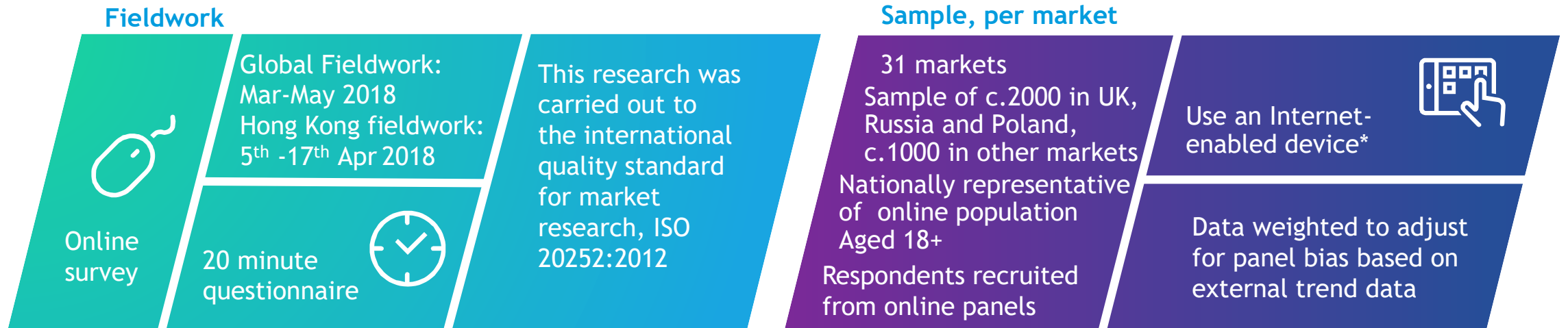


This survey is designed to gain insight into 3 main areas:

- How online commerce, and specifically cross-border commerce is evolving
- How and why consumers shop online domestically & across borders
- How consumers pay for domestic and cross-border transactions

Research methodology

This study was conducted across 31 markets and approx. 34,000 consumers globally.



Questionnaire

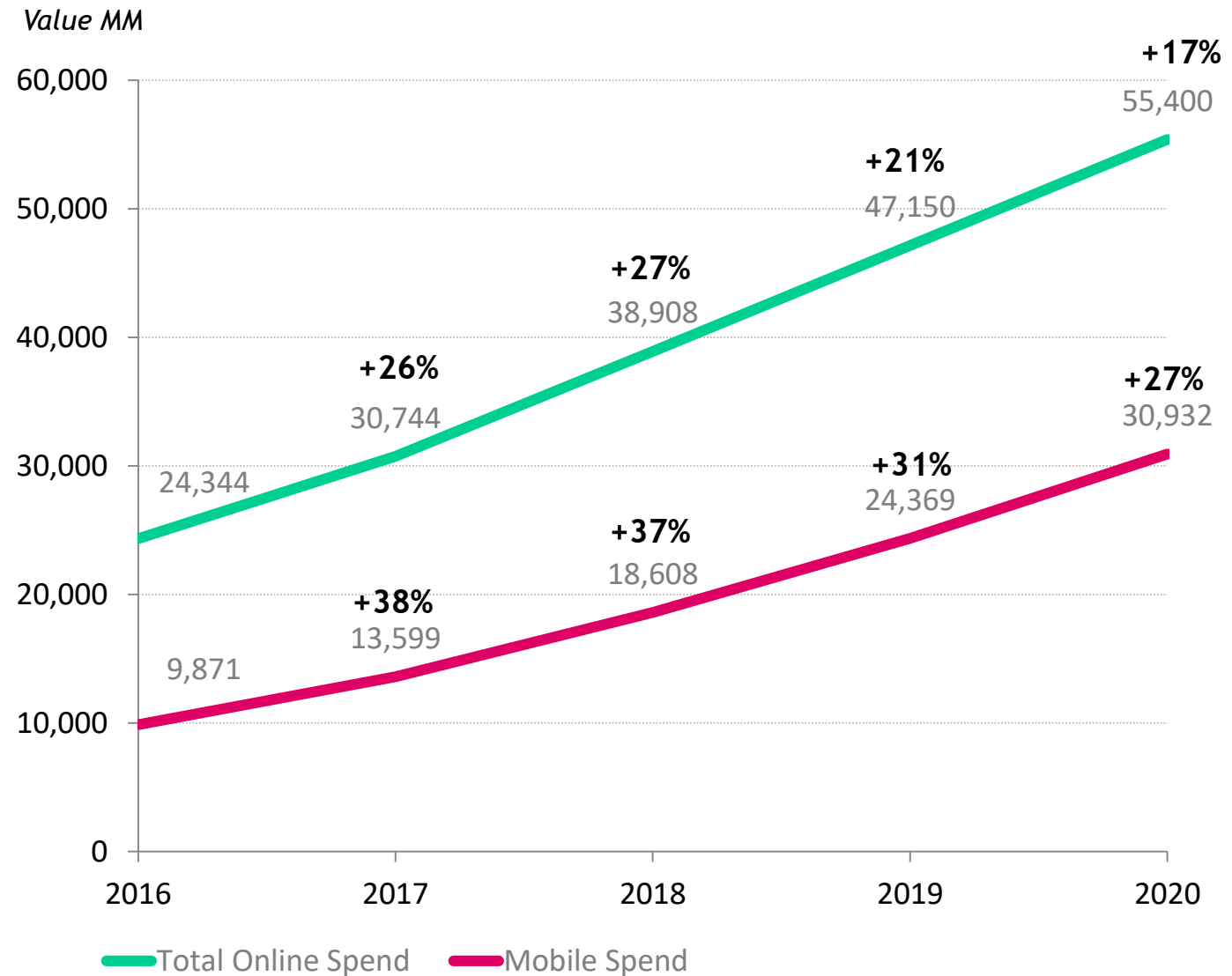


Market sizing and growth in Hong Kong

Online & mobile commerce continue to grow

- It is forecasted that **by 2020**, the total online commerce in Hong Kong will reach **HKD55.4 Billion**
- Mobile commerce grows at a faster rate at **37%** year-on-year
- By 2019 it is estimated, **more than half** of Hong Kong shoppers' online spending will come via the **mobile channel**

Total online spend includes mobile spend
Mobile includes smartphone and tablet spend



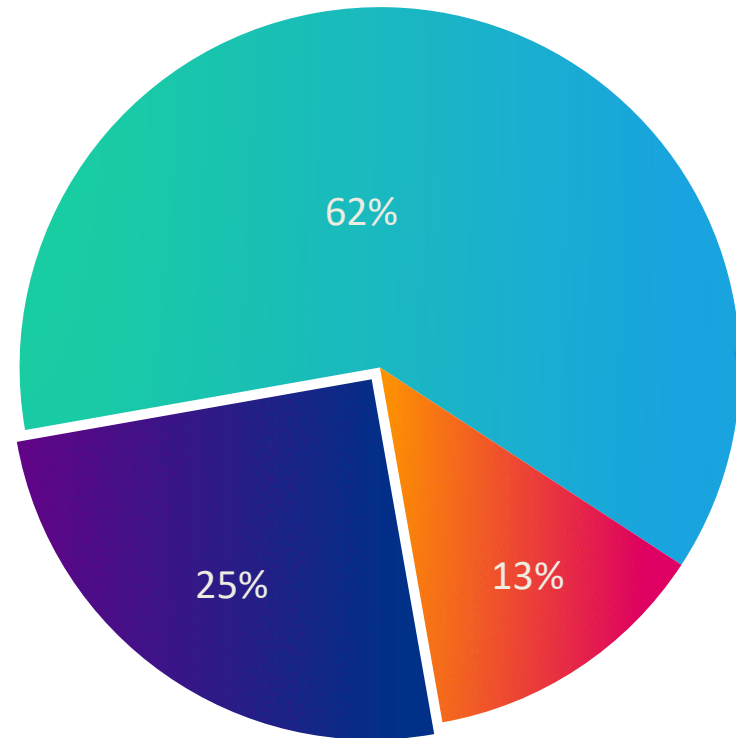
A background image showing a pair of hands holding a smartphone, with the phone's screen and the hands rendered in a semi-transparent, light blue color against a darker blue gradient background.

Incidence of online & cross-border shopping

75% of HK online shoppers shopped cross-border in the last 12 months

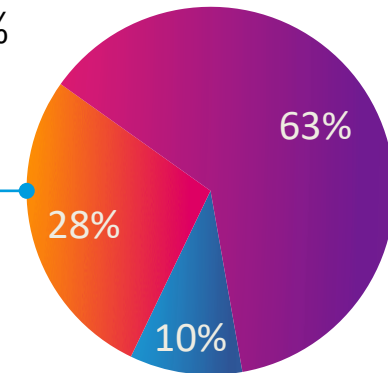
Mix of domestic and cross-border shoppers

- Domestic only shoppers
- Shop domestically and cross-border
- Only shop cross-border

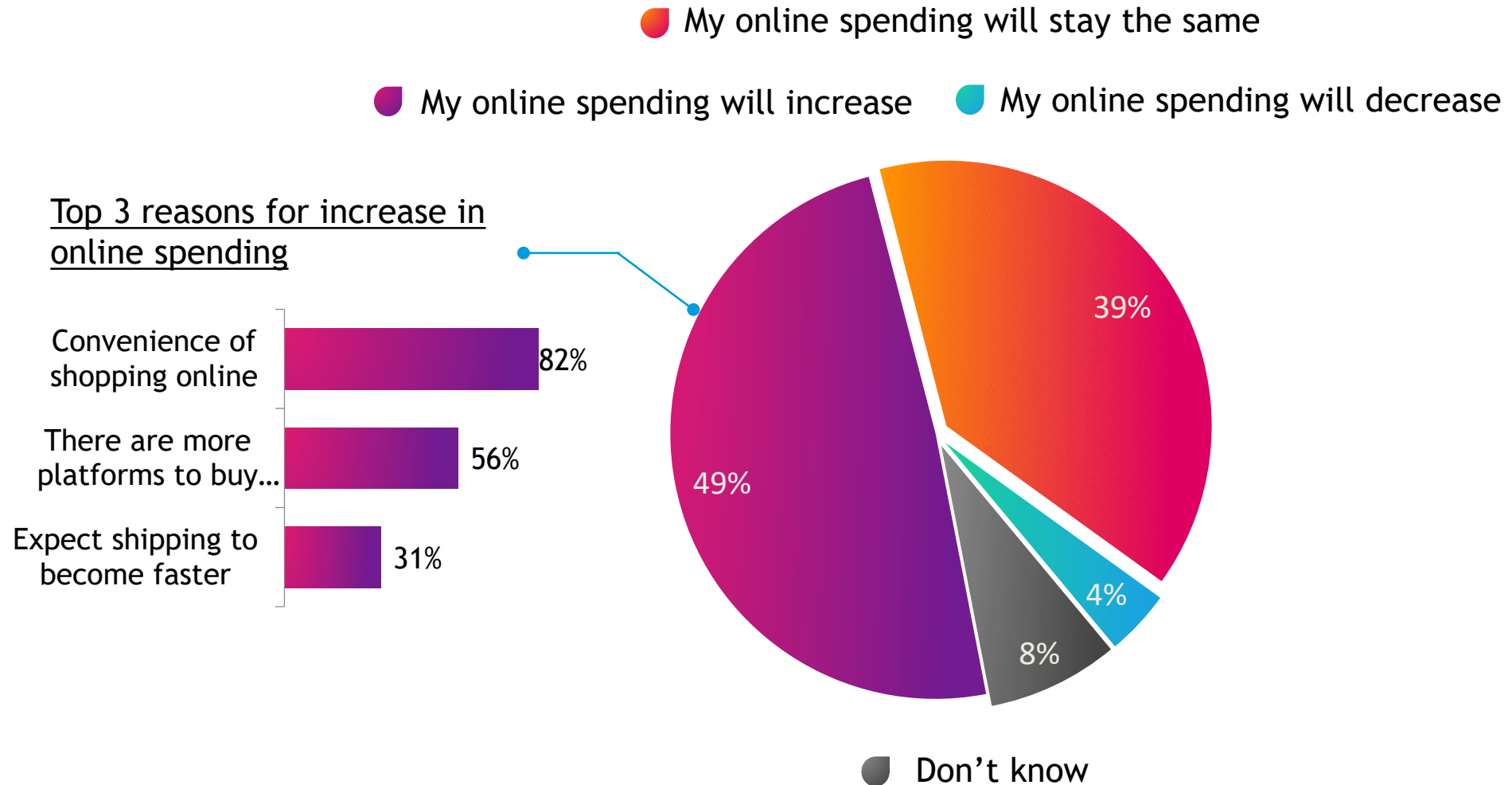


Cross-border shoppers, proportion of online spend cross-border:

- <10%
- 11-50%
- 51-100%



Close to half of online shoppers to increase online spending in the next 12 months

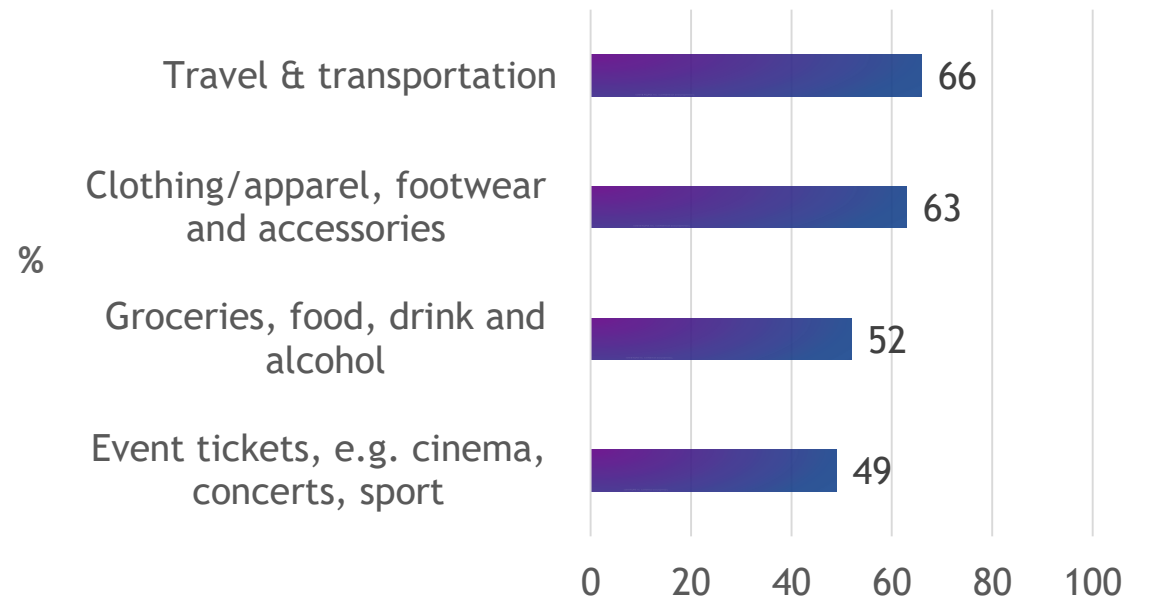


Clothing is popular for both local and overseas online shopping

Most frequently purchased goods
- Cross-border shopping



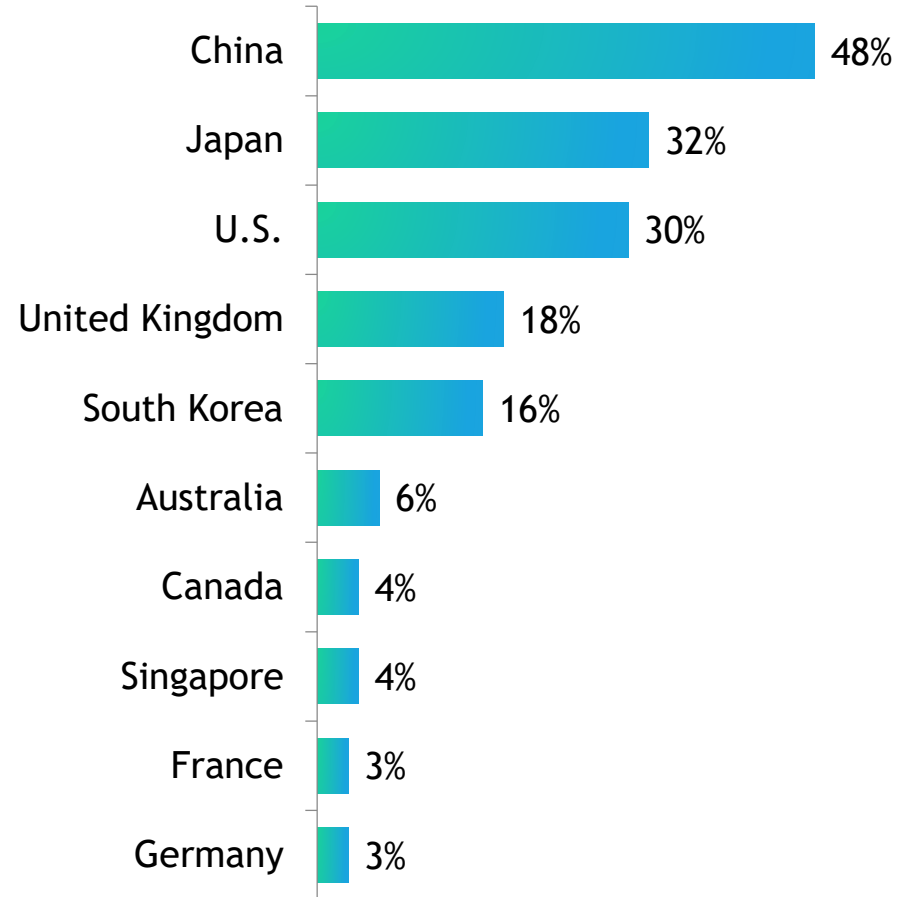
Most frequently purchased goods
- Online shopping in general



China is the most sought-after market for cross-border purchases

- For those who shopped from **China**, the top reason (67%) is **Better Prices**
- While **Higher Product Quality** is online shoppers' main reason to buy from **Japan** (76%) and the **U.S.** (57%)

Top 10 countries for cross-border shopping (%)



Spent per head on goods from Japan is high

- Online shoppers spent an estimated value of HKD5.7 billion on goods from Japan last year
- Followed by HKD3.6 billion from China, and HKD2.1 billion from the U.S.

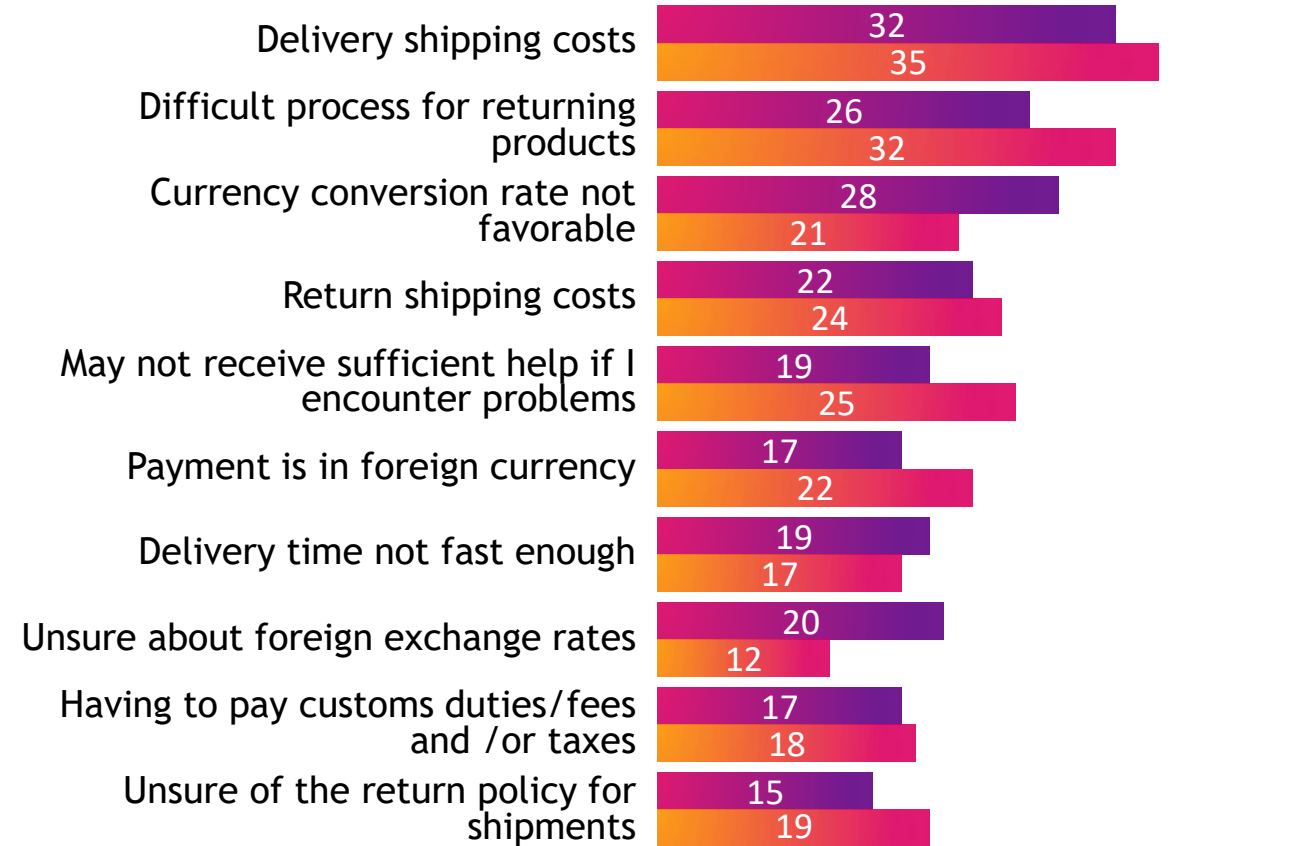



Drivers and barriers: value for money is a priority for shoppers


Top 10 potential drivers for cross-border shopping (%)



Top 10 barriers to cross-border shopping (%)



 % of those who shop cross-border

 % of those who do not shop cross-border

Cross-border payments

Reasons for online shoppers to select their preferred payment method



Using different currencies for cross-border transactions

46%

I would feel
uncomfortable paying
in a foreign currency

77%

I would prefer to have
the option of paying
either in local currency
or my own currency

71%

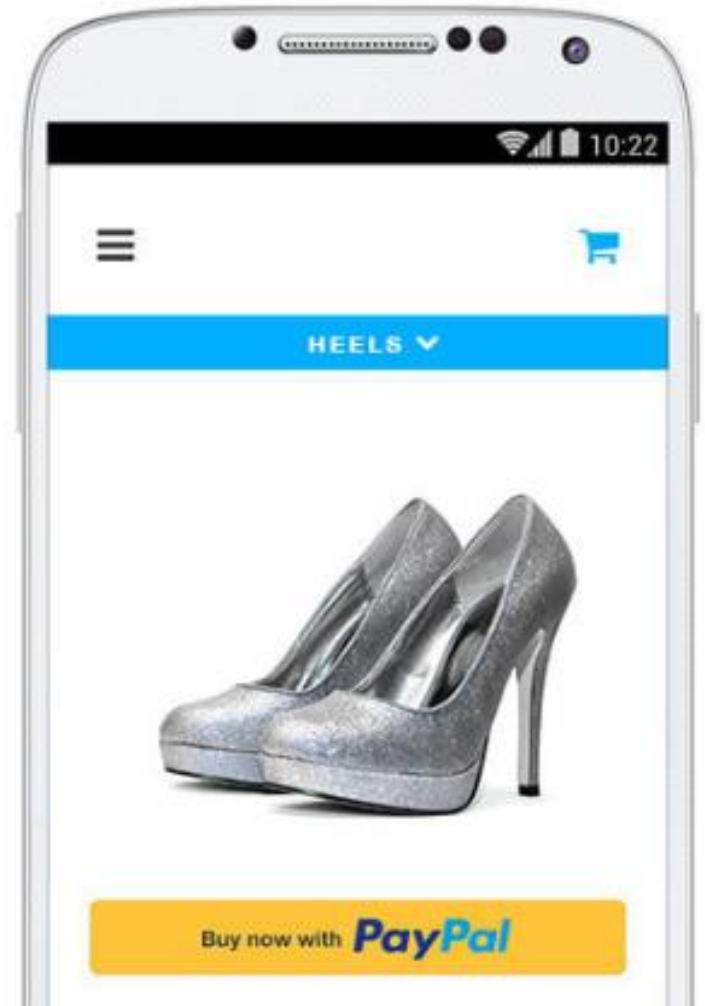
I check currency
conversion rates
before paying in
foreign currencies

PayPal Checkout

- A more simplified checkout experiences to shoppers - check out directly from product page or shopping bag, enhancing customers' shopping experience
- Designed to reduce the number of clicks or taps along the path to purchase - driving conversion rates

PayPal One Touch™

- Allow users to enjoy fast and secure checkout without the need to type in their password, billing, and shipping information
- Users can stay logged in on any browser, on any device, on any operating system



PayPal Buyer Protection

- PayPal Buyer Protection provides a peace of mind to users
- If an item doesn't arrive or is significantly not as described, PayPal will help buyers get a full refund for eligible purchases

PayPal Refunded Returns

- Covers return shipping cost of up to USD 20 per return of an eligible transaction, even if it's just a change of mind
- Overcomes shoppers' pain point and fear, allowing them to be more confident when shopping online

