

Turn shifting values into cross-border opportunities.

Borderless Commerce Report 2022





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Executive Summary

Discover how shopper values affect how they buy, and how global merchants should sell in the growing world of cross-border commerce.

With great change comes great opportunity.

When the COVID-19 pandemic hit, we didn't know what the global markets had in store for us. While public health may have since improved, the economic impact is sticking around. From inflation to supply chain issues, shoppers worldwide are feeling the strain.



Executive Summary

The future of cross-border commerce is still looking strong. With people becoming increasingly comfortable shopping beyond their borders, the time to sell internationally is now².

Our 2022 PayPal Borderless Commerce Report provides a deep dive into 14 different markets, explores how shopper values and behaviours have changed — and how they could spell opportunity for your business.

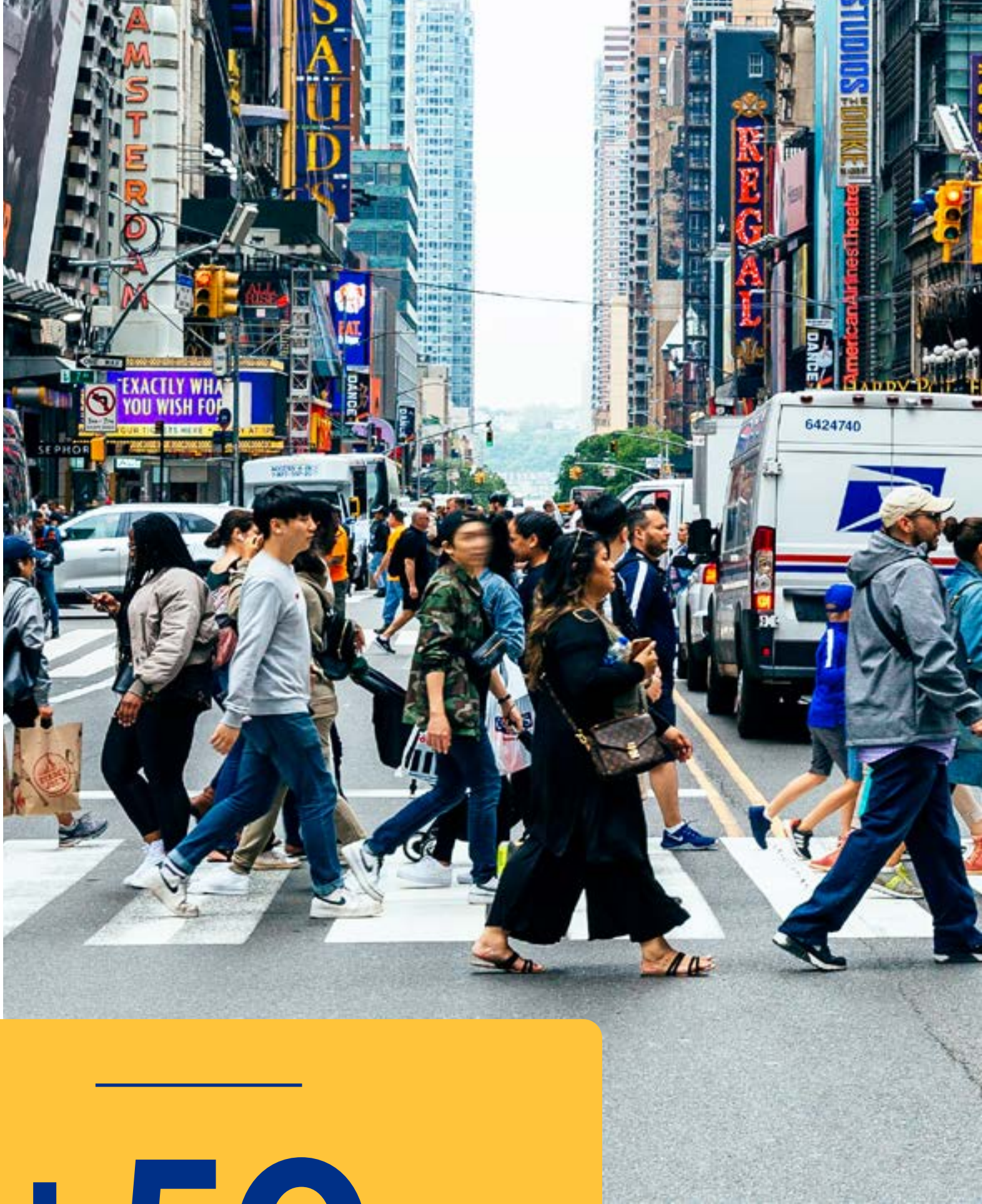
The price of potatoes in Germany rose by 43%³. And that’s just the start of it. The culprit? **A sharp and sudden wave of inflation reaching highs we haven’t seen in over 20 years.** As you can probably guess, this isn’t a problem unique to Germany. Shoppers around the world are feeling the effect of inflation on their wallets, from the grocery store to the gas pump and beyond.

Beyond inflation, we are seeing supply chain issues arise as well. **Shoppers can no longer count on fast and reliable shipping, and not much else takes a toll on consumer confidence like delays⁴.** It dipped so low in March 2022 that it challenged the 97.56 mark set in May 2020, the lowest point during the COVID-19 pandemic⁵.

But this hasn’t put a halt to cross-border shopping. It’s the lifeline many businesses need right now, and an opportunity to minimise their risk in a volatile market. **With the rise of remote working, it’s no surprise that online sales skyrocketed by US\$700B between 2020 and 2021 alone⁶.** And despite some of the global economic challenges we’re facing today, the future of eCommerce remains bright, with sales expected to grow by 50% to reach a staggering US\$7.4T by 2025¹. That’s more than the GDP of the UK, Germany, and Hong Kong SAR, China combined.

So, what does this have to do with the price of potatoes in Germany? Everything.

With the financial pressures for daily life mounting, what shoppers value is more important than ever. And understanding them is the key to unlocking a huge global opportunity for retailers. The events over the last few years have reshaped the perspective, behaviours, and actions of many shoppers. In this report, we’ll outline what these changes are, and what they mean for your business.



+50%

Online retail sales around the world are expected to grow by 50% by 2025¹.





46%

of surveyed online shoppers said they're more likely to buy from retailers that offer virtual or digital experiences¹.

Getting comfortable with cross-border shopping

An enormous 42% of online shoppers surveyed said they were more comfortable with shopping cross-border than they were in 2020¹. So, what's behind such a dramatic change? Beyond the general impact of the pandemic moving more purchases online, **cross-border shoppers point to features like fraud protection, paying in local currency, and having a range of payment methods for easing their nerves when it comes to international shopping¹.**

With shoppers increasingly overcoming their initial hesitation to cross-border shopping, businesses now also need to live up to their expectations. **From faster site load times to localisation and intuitive user experiences, it's time to grow shopper confidence with an experience that goes above and beyond.**

Putting price first

Security, convenience, and overall customer experience will always be on a shopper's mind, but price still takes the cake as the most important metric for cross-border shoppers. **If rising costs in their bills, at the pump, and at the grocery store weren't enough, shoppers are now worried about prices rising across the board.** Price is even taking precedence over instant gratification, with 61% of surveyed shoppers saying they'll endure longer shipping times for a better deal¹. One thing retailers shouldn't wait for is attracting customers with lower prices.

A focus on brand purpose

Your brand's purpose carries more weight than you might think, especially in markets that aren't as cost-effective. In fact, over half of shoppers are willing to pay more for brands they feel are more socially responsible¹. This mindset is massive in Mexico, with most shoppers saying they won't even make a purchase without first considering the company's values¹. **With a bumpy past couple of years, more businesses have adopted this idea of transparency around their values,** as it's an increasingly effective way for brands to differentiate themselves.

Prioritising what's new and now

Trends don't just affect what customers buy; they affect how they buy too. **As eCommerce becomes more ingrained in our daily lives, retailers are using novel shopping experiences** like livestream commerce, voice commerce, or shopping through augmented reality (AR) or virtual reality (VR) apps to stand out—and shoppers are noticing.

For example, voice commerce is an AI-based technology that enables you to use voice commands to shop online with just a smart device. Seeing the appeal of these novel interactions, 46% of surveyed online shoppers said they're more likely to buy from retailers that offer virtual or digital experiences¹. And if that doesn't move the needle, 72% of shoppers in China are more likely to buy when virtual or digital experiences are involved¹.

Executive Summary

Why are these shopping experiences so popular though? Industry giants in social commerce, like Facebook, TikTok, and Pinterest, have taken huge steps to expand their shoppable experiences and make them a normalised way to shop¹. TikTok even announced a partnership with Shopify to boost its eCommerce presence². **AR also helped tackle online shopping pain points that were particularly noticeable during lockdowns, with features like virtual try-on and product visualisations³.** With companies like Meta making huge bets on these virtual experiences, we can expect them to be the future of online interaction.

As shoppers continue to seek out these innovative experiences, it goes to show you don't need 'real' interactions to deliver real sales. **Retailers can seek out partnerships that will help them elevate their eCommerce experience and keep up with the trends.**

Key Shifts

See real examples of how shifting values and shopping trends are affecting shoppers around the world.



46%

of online shoppers prefer retailers that offer flexibility with the option to spread payments¹.

How shoppers are making their purchases

Changes in how consumers live and work influence how they buy.

In the past few years, shoppers have been living more flexible lives than ever before. **23% of global online shoppers started working either entirely from home or embraced a hybrid model¹.** And some decided to opt for more freedom and take their work on the road as digital nomads. In the U.S. alone, 15.5 million people were embracing this lifestyle—that's almost double the population of New York City².

Some cut to the chase and took their work/life balance into their own hands by freelancing, which quickly turned into what's now called 'the great resignation.' **As people traded in job security for flexibility, 71% have contemplated a major career move this year³,** and 4.4 million people in the U.S left their jobs in February 2022 alone⁴. As consumers started enjoying more flexibility in how they live, they have also started to expect more flexibility in how they shop. For instance, shoppers appreciate having a clear return policy that would give them the option to purchase first and decide later. 28% of shoppers surveyed even said it would boost their confidence in cross-border shopping overall¹. With their eyes wandering to what international markets have to offer, having innovative shopping experiences and a variety of payment options is a sure way to attract their wallets too.

What are shoppers buying?

Economic uncertainty is playing a leading role in what shoppers spend on.

The COVID-19 pandemic shook up shoppers' mindsets and their priorities. Some even said they came to a realisation that they need to focus more on others than themselves². But most of all, they're ready to get back to normal after a long period of going in and out of lockdown.

As mindsets shift, new shopping behaviours are not far behind. In China, we saw pent-up demand and years' worth of savings add up to a wave of 'revenge shopping.' Although this isn't expected to be a long-standing shopping trend, China's luxury goods industry benefitted from a major boost. The Hermès boutique flagship in particular sold US\$2.7 million worth of goods on the first day the lockdown restrictions eased in April 2020³.

However, not every market hopped on the heavy consumerism trend. **Shoppers also started spending more on products and experiences they could share with friends and family¹.** In fact, Disney+ hit 100 million subscribers in just 16 months since launching in 2019—a feat its competition needed decades to achieve⁴.



57%

of surveyed online shoppers spent more on products they could enjoy with friends and family¹.



59%

of shoppers are willing to pay more for brands they feel do give back to society¹.

How shoppers are choosing their purchases

As shoppers started to re-evaluate what was important to them, the brands they chose and why began to change as well.

Shoppers have never been greener. **Their desire to shop sustainably and socially responsibly has spiked as they are starting to consider economic impact more.** Over half of surveyed shoppers are more eco-conscious and it's starting to impact their purchasing decisions². And it doesn't stop at sustainability—they have also shown more love for their local communities as 48% say they consider whether a retailer supports local communities before buying from them².

Now that shoppers are focusing more on aspects like their communities, sustainability, accessibility, and price, they're switching up their shopping habits as well. For example, when it comes to sustainability, 59% are also willing to pay more for brands that do give back to society¹. Even luxury brands are taking note and investing in sustainable materials to make products like shoe soles from upcycled flip-flops³. **But just because shoppers are willing to compromise on price in some circumstances, that doesn't mean it's not a strong factor in buying decisions.** Inflation and supply chain issues were the big curveballs of 2021 that kept price and availability at the top of shoppers' minds¹.

What's next for global businesses?

We may have started this decade off with economic uncertainty, but the future of cross-border sales is looking promising.

As shoppers look beyond their own borders, retailers have an opportunity to expand their horizons, make up for lost sales, reach new audiences, and boost their business overall. The first step is getting to know your global audience and understanding their values and local nuances.

A nation of local shoppers discovers a
love for foreign markets and products.

AUSTRALIA



Australia - Macro-Economic Snapshot

GROSS DOMESTIC
PRODUCT
\$1.6T¹
USD

ANNUAL ECOMMERCE
REVENUE
36B³
USD

POPULATION
26M²

ANNUAL ECOMMERCE
GROWTH
13.2%⁴

INTERNET
PENETRATION
87.5%⁶

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE
16%⁵

SMARTPHONE
PENETRATION
80%⁷

PURCHASING
POWER INDEX
1.4⁸



Australia - Narrative

Global supply chains have come undone, giving rise to new opportunities for markets around the world.

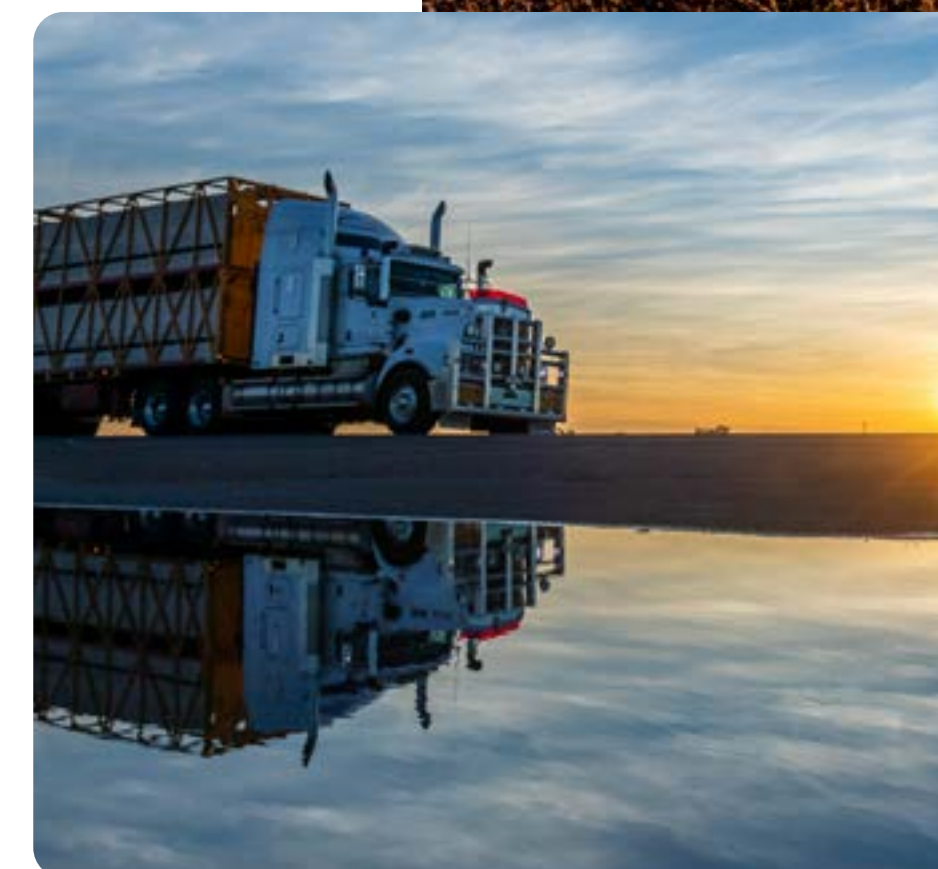
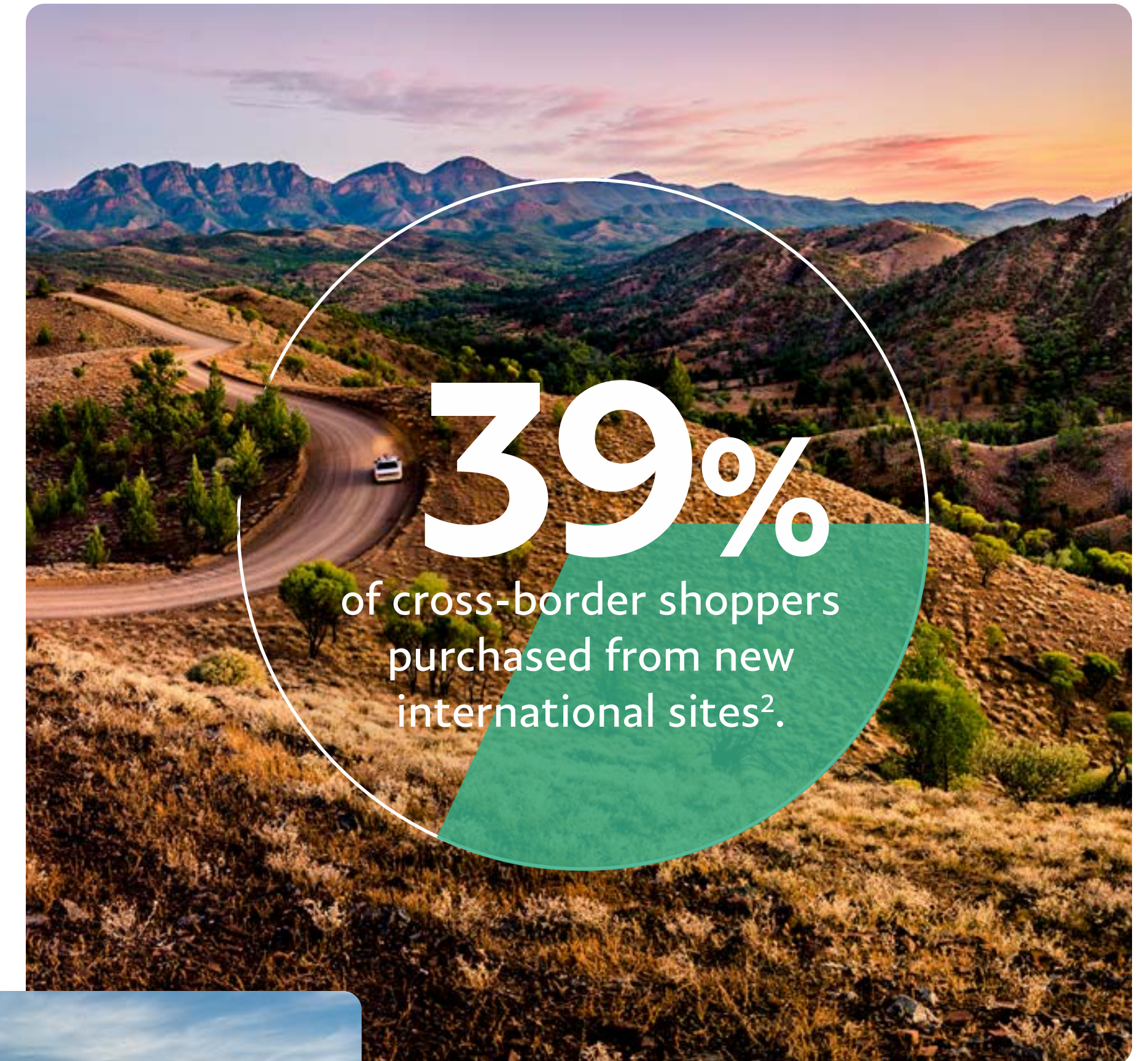
After some hard border closures, Australia has opened up to vaccinated travellers and visa holders¹. However, two years of lockdowns have dramatically changed its commerce landscape. **Consumers as well as retailers have gravitated online, with 49% of Australian shoppers surveyed saying they shop online more than they did before the COVID-19 pandemic².**

Online retailers have benefited from this shift to online shopping, but they have also had their fair share of struggles trying to meet demand. The biggest issues faced so far are related to capacity and delivery service³. Since delivery times were so heavily affected, Australians started to shop locally more. As these delays eventually subside in the future,

global retailers have an opportunity on the horizon to boost cross-border sales.

With this uptick in online shopping Australia's economy is expected to continue on a path to recovery.

Shoppers are now estimated to spend \$1,600 more a year online, adding an extra \$167 billion into the economy⁴, and 41% of shoppers expect these habits to only increase as the year goes on⁵. Although there's more money to be spent, retailers should still expect more competition thanks to the newly diversified commerce landscape.

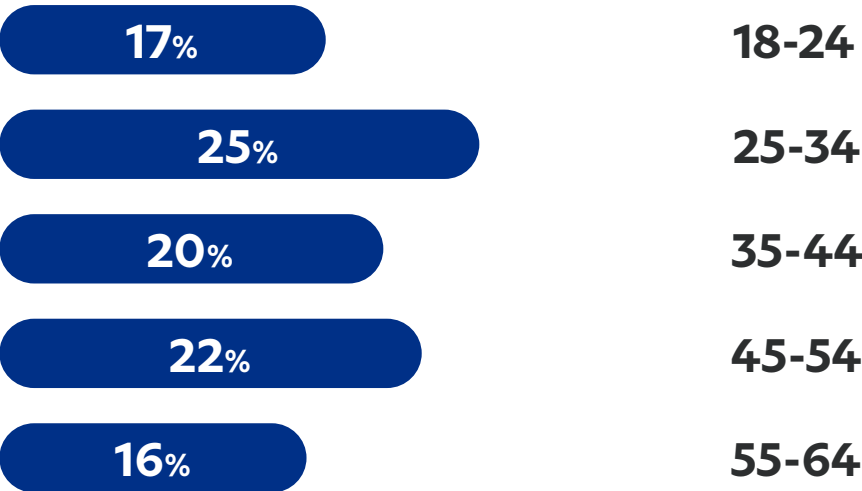


Australia - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

English

HOW THEY SHOP ONLINE

69%
SHOP VIA
SMARTPHONE

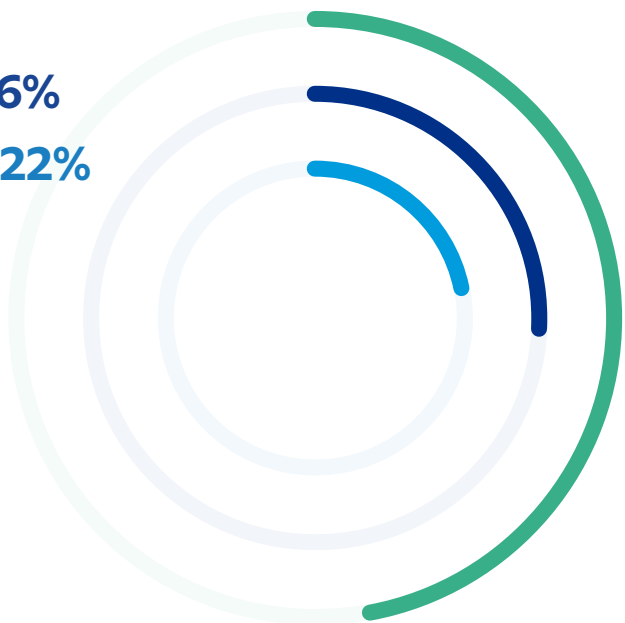
53%
SHOP VIA
LAPTOP

WHY THEY SHOP CROSS-BORDER

- 1/ Access to items not available locally (48%)
- 2/ Better prices (44%)
- 3/ Discovery of new and interesting products (34%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES

PAYPAL 47%
DEBIT CARD 26%
CREDIT CARD 22%



WHY THEY CHOOSE

- 1/ Prefer to support local online businesses (64%)
- 2/ Prefer large global marketplaces when purchasing from another market (56%)
- 3/ Prefer to put up with longer shipping times from global merchants if a product is less expensive (55%)

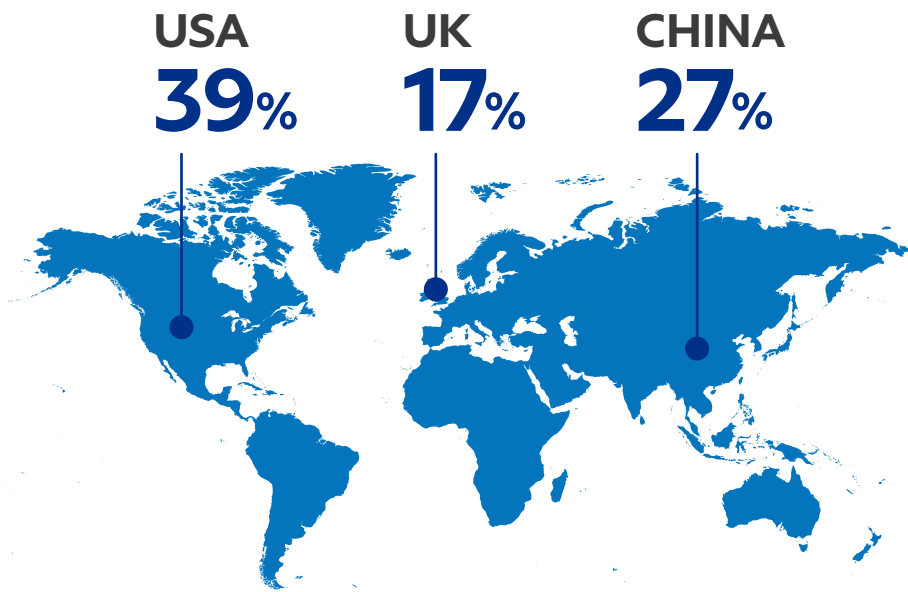
WHAT THEY BUY CROSS-BORDER



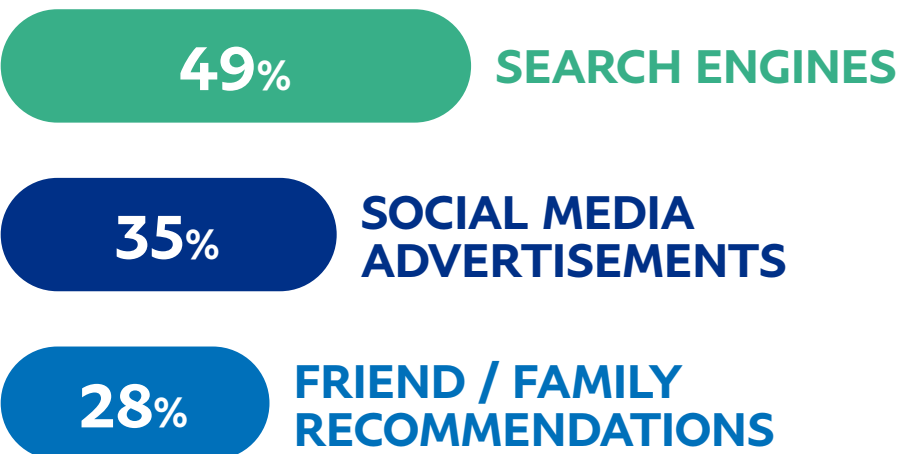
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (65%)
- 2 Store / retailer website (44%)
- 3 Brand website (33%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



Australia - Spotlight

Data privacy and security win the trust of Australian shoppers.

Mobile shopping is at an all-time high in Australia with 69% respondents shopping on their smartphones¹. Shoppers clearly enjoy the convenience, but they still have data privacy concerns.

Over half of Australians have become more protective of their personal data in the last six months² and say they would sacrifice convenience for trust¹.

Retailers can look to trusted partners like PayPal to boost assurance and drive mobile sales. In fact, PayPal is the most popular payment method in Australia due to its ability to deliver security and quick payment processing¹.

Key Drivers

76%

of shoppers aware of livestream shopping are comfortable¹.

51%

care if products are produced in a traceable, transparent manner².

72%

of Australians are actively seeking the best deal³.

Technology

Already comfortable using social media platforms for leisure or for work, Australians are now adopting them for commerce. 76% of shoppers that are aware of social commerce are also comfortable shopping on social channels¹. This presents opportunities for global retailers seeking to market to Australian consumers via social media and emerging shopping channels.

Behavioural / Cultural

Australian shoppers are increasingly eco-friendly, and this is reflected in their purchasing habits. 46% are specifically concerned about whether companies use biodegradable and eco-friendly materials². 39% now frequently purchase products made from these materials². Retailers should see this as an opportunity to shift their focus and marketing efforts toward sustainability to grab the attention of Australian consumers.

Consumer Expectations

Global supply chain issues, coupled with shutdowns of major international ports due to COVID-19, put extreme pressure on retailers to fill orders, keep shelves stocked, and avoid delivery delays. Subsequently, 38% of online shoppers surveyed said they would settle for a lower-quality product if it meant they received it sooner¹. Once these delays start to subside, retailers should expect more opportunity to boost their cross-border sales¹.

1. PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022. 2. PWC, [A time for hope: Consumers' outlook brightens despite headwinds](#), December 2021. 3. PWC, [Where next for retail and consumer?](#), 2020.

Australia - Top 3 Takeaways

1

Product pricing and convenience are key.

Australians shop conscientiously and locally. Yet, product pricing and convenience remain their most important considerations¹. Merchants must acknowledge these preferences as they have been consistent for years. As 31% of surveyed shoppers are more comfortable buying cross-border than before the COVID-19 pandemic, global retailers have an opportunity to break into the Australian market through competitive pricing and a convenient experience¹.

2

Social is a must.

With an increasing number of Australians aware of shopping on livestreams and social channels, the majority of those shoppers are also comfortable with making purchases through them¹. Global merchants can seize this opportunity to tap into a growing market of social shoppers by looking beyond traditional eCommerce channels.

3

Win trust to win customers.

Data privacy is top-of-mind for the Australian shopper. To win consumer trust, international retailers can partner with leading payment brands that consumers trust with their sensitive data at checkout. For example, PayPal's reputation for security and convenience has made it the most popular online payment methods in Australia for both domestic and cross-border purchases¹.

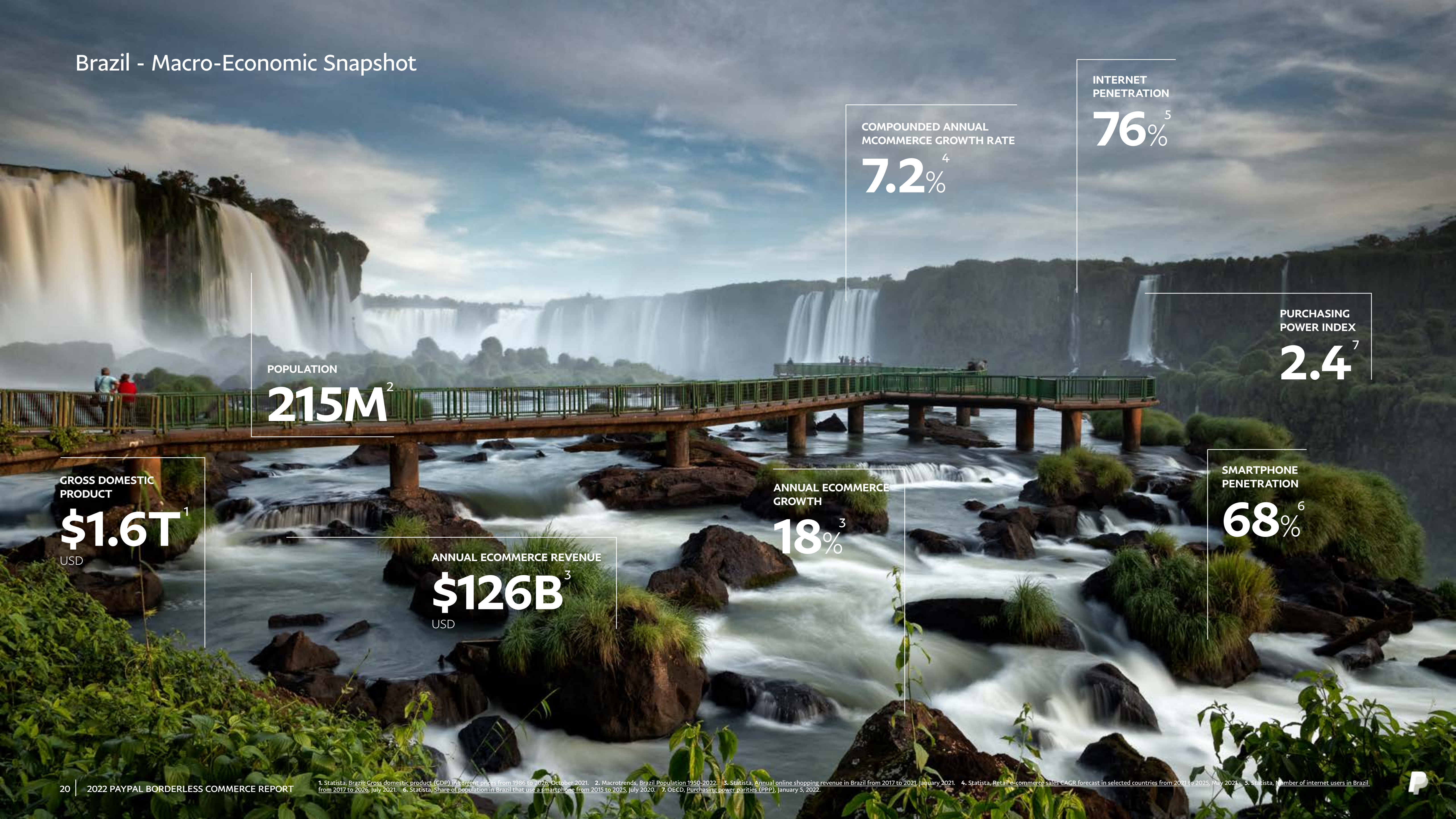


Despite an economic
downturn, Brazilians are
shopping internationally
like never before.

BRAZIL



Brazil - Macro-Economic Snapshot



POPULATION

215M²

GROSS DOMESTIC
PRODUCT

\$1.6T¹

USD

ANNUAL ECOMMERCE REVENUE

\$126B³

USD

ANNUAL ECOMMERCE
GROWTH

18%³

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

7.2%⁴

INTERNET
PENETRATION

76%⁵

PURCHASING
POWER INDEX

2.4⁷

SMARTPHONE
PENETRATION

68%⁶

Shopper confidence is returning to Brazil.

Brazil’s shopper confidence started to turn for the better in December 2021 after hitting a seven-month low in November¹. This may be a sign of a stronger economy to come and could indicate an opportunity for merchants looking to enter the Brazilian market.

This hopeful market comes despite its fair share of economic challenges brought on by the COVID-19 pandemic.

Even with recovery efforts underway, Brazil’s market—like many others around the world—was subject to a rise in inflation. The central bank has

pursued a rate-hiking cycle, which is predicted to create an economic slowdown in 2022². This economic shift has also led to a noticeable gap between high-income and low-income consumers, which as of 2021 was the largest it has been in 17 years¹.

Moreover, Brazil maintains a sizable population of high-income consumers, and those consumers still shopping are doing so internationally in record numbers. **Almost 72% of Brazilians who are shopping online are buying internationally, which is a rise of nearly 14% from 2020³.**

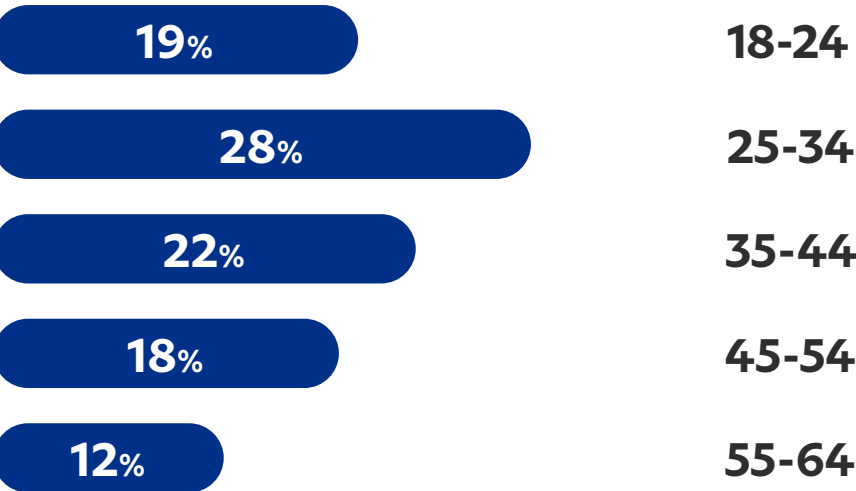


Brazil - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

Portuguese

HOW THEY SHOP ONLINE

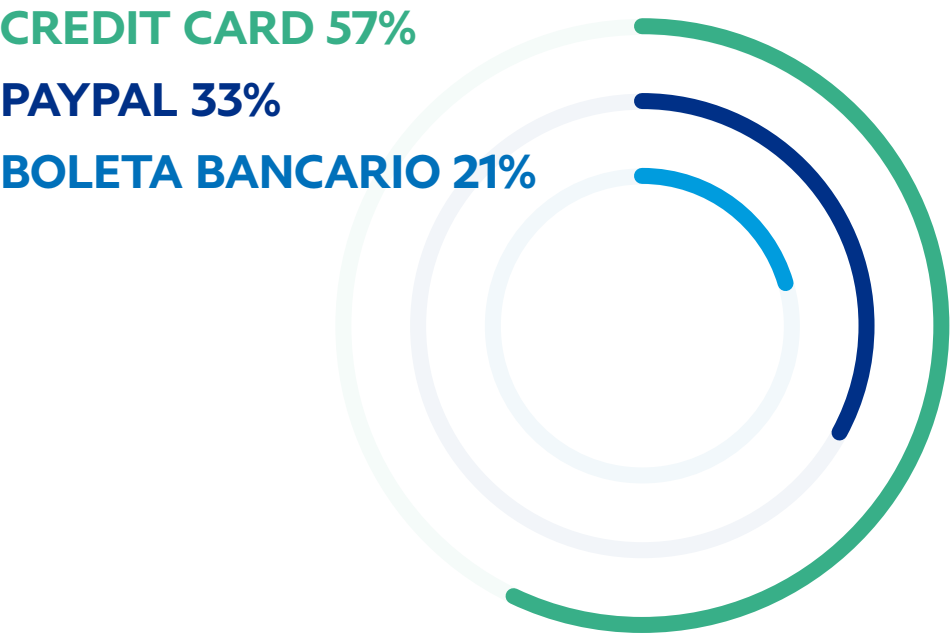
87%
SHOP VIA
SMARTPHONE

47%
SHOP VIA
LAPTOP

WHY THEY SHOP CROSS-BORDER

- 1/ Better prices (62%)
- 2/ Discovery of new and interesting products (47%)
- 3/ Access to items not available locally (43%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES



WHY THEY CHOOSE

- 1/ Prefer to support local online businesses (76%)
- 2/ Prefer large global marketplaces when purchasing from another market (75%)
- 3/ Prefer to put up with longer shipping times from global merchants if a product is less expensive (74%)

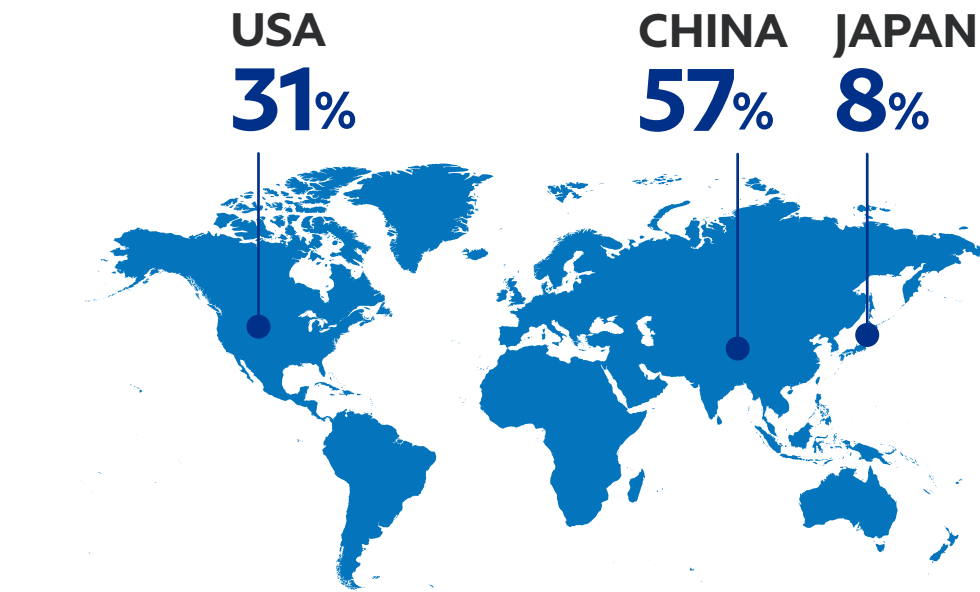
WHAT THEY BUY CROSS-BORDER



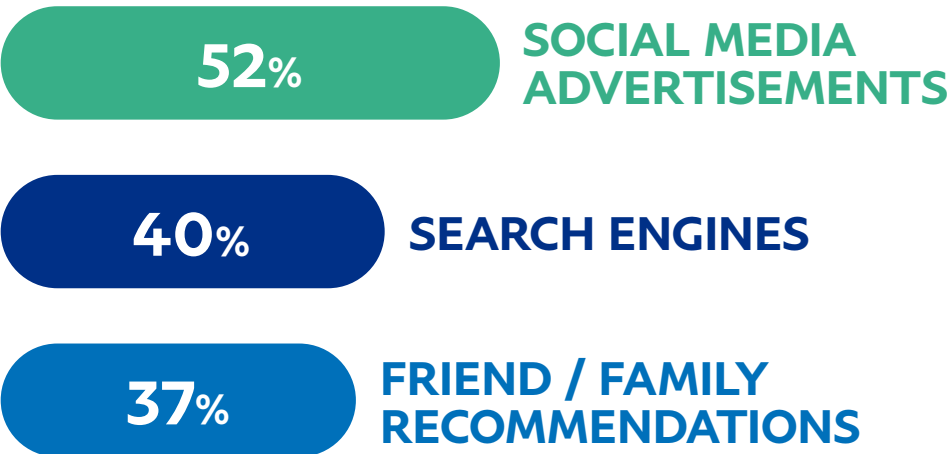
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (80%)
- 2 Store / retailer website (38%)
- 3 Social media marketplace (29%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



Brazil - Spotlight

Brazilians are undeterred by economic conditions, but merchants should consider strategic buying options.

Shopping in Brazil is strong, even in the face of a potential market slowdown in 2022¹.

In fact, two-thirds of consumers are expecting a rise in their online spending through 2022/2023².

Yet the economic challenges mean that merchants looking to succeed in Brazil will need to be open to such options as spread payments, which are enticing to shoppers who aren't comfortable spending large sums at once anymore. **68% of Brazilian online shoppers have said that spread payments are a desirable buying option and can influence their purchasing decisions².**

Key Drivers

36%

of Brazillians are digital natives aged 24 or younger³.

68%

of Brazilians buy based on company values⁴.

58%

of shoppers expect brands to protect their data⁴.

Technology

Brazilian shoppers have embraced mCommerce as a preferred method of shopping².

Two-thirds of mobile shoppers prefer apps to browsers³. Social media marketplaces were up 15% in the last year². Brands can capture the market by focusing on platforms like Facebook, Instagram, WhatsApp, and TikTok³.

Behavioural / Cultural

As the keepers of the largest portion of the Amazon Rainforest, Brazilians are particularly mindful of their environmental impact. Three-quarters of Brazilians are willing to pay more for companies that do more good than harm². Shoppers expect their companies to support the environment, their staff, and their customers⁴. Therefore, merchants entering the Brazilian market should also remain eco-conscious.

Consumer Expectations

Brazilians take their data protection seriously, and three-quarters of the market's shoppers surveyed are growing increasingly protective of their data⁴. The government is cracking down on its General Data Protection Law, which global merchants should review carefully before entering the market⁵. Brands looking to succeed in Brazil should favour payment options that take data encryption, monitoring, and protection seriously.

Brazil - Top 3 Takeaways

1

Paying in instalments will put you ahead.

The market's spending keeps rising despite economic challenges, which means that the need and desire to purchase an item may be affected if shoppers' financial situations change. Paying in instalments may be a wise strategy to find favour with a market of consumers that have faced economic uncertainty, but are still willing to buy.

2

Brazilians care about ethical values, and your company should too.

Brazilians feel a social responsibility for the world around them, and their purchasing decisions reflect those feelings. Brands looking to enter the market should highlight not only their commitment to environmental sustainability, but also the initiatives they're taking to support their customers, their team, and the world. That extra transparency will go a long way with customers.

3

Take data protection and data security seriously.

Data protection is a serious issue in most markets, and Brazil is no exception. Companies looking to attract buyers need to focus on secure payment options, and the additional measures that they are taking to protect their clients' sensitive data. A relaxed or carefree approach to data security might erode the confidence of Brazilian consumers.

62%

of online shoppers prefer buying on smartphones¹.

A market of savvy online shoppers
looks for total cost transparency.



CANADA

Canada - Macro-Economic Snapshot

GROSS DOMESTIC
PRODUCT

\$2T¹
USD

POPULATION

38.2M²

ANNUAL ECOMMERCE
GROWTH

13.9%⁴

INTERNET
PENETRATION

95.6%⁶

PURCHASING
POWER INDEX

1.3⁷

SMARTPHONE
PENETRATION

80%⁵

ANNUAL ECOMMERCE REVENUE

\$29.9B³
USD

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

3.2%⁵

Canada - Narrative

Economic uncertainty and inflation have Canadian shoppers tightening their purse strings.

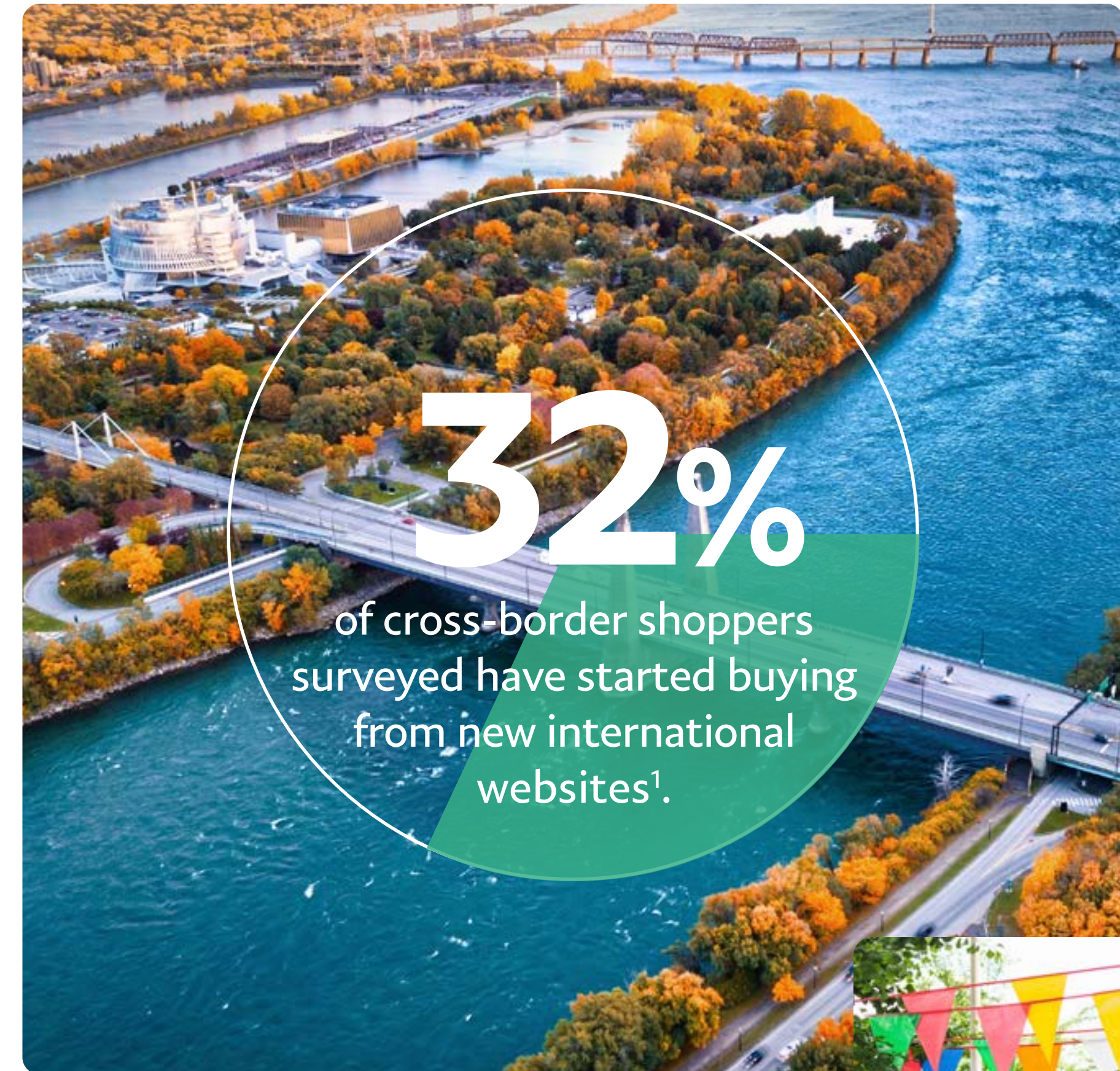
With one of the longest COVID-19 pandemic lockdowns, Canadians are largely sceptical of an economic recovery. Although their economy is still holding strong, an inflation hike could signal a cool-down. This has caused some shoppers to turn away from higher-priced goods and prioritise reasonably priced options.

They're also focusing on quality time with family. In the past year, almost half of online shoppers claim to have spent more on products and experiences that they can enjoy with friends and family¹.

With the U.S. as its primary trading partner, Canadians are habitual cross-border shoppers—

and they're not slowing down. In the past three months, 32% of cross-border shoppers surveyed branched out and made purchases from new international sites¹.

Although many Canadians are comfortable with eCommerce, they have some reservations. Shoppers have to deal with the service issues that come with international shopping—delivery costs and duties and taxes being the main ones. These concerns end up being a major barrier to purchase for Canadian shoppers; **last year 44% of online shoppers surveyed abandoned their carts once they realised the website was based internationally¹**. And if those issues weren't enough to turn them away, 80% who have had bad experiences with returns stopped business with that retailer altogether².

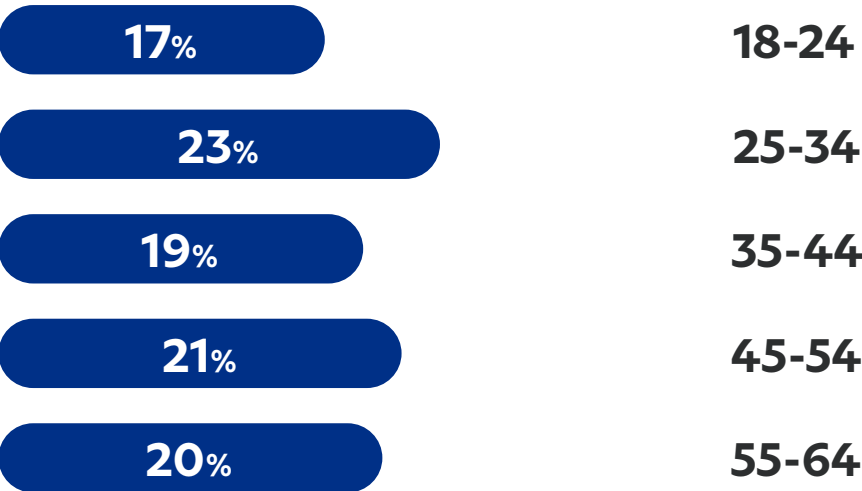


Canada - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



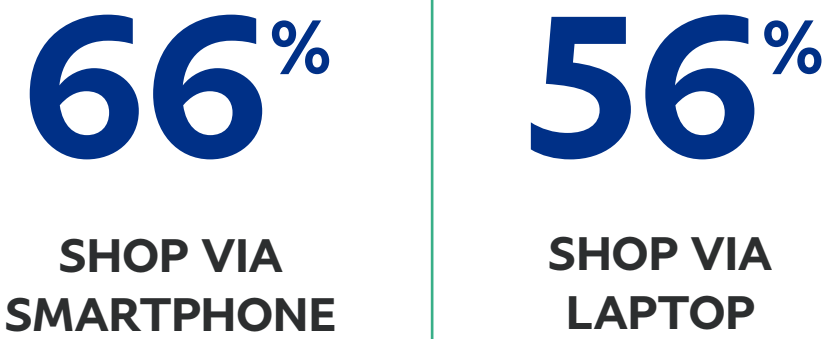
WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

English and French

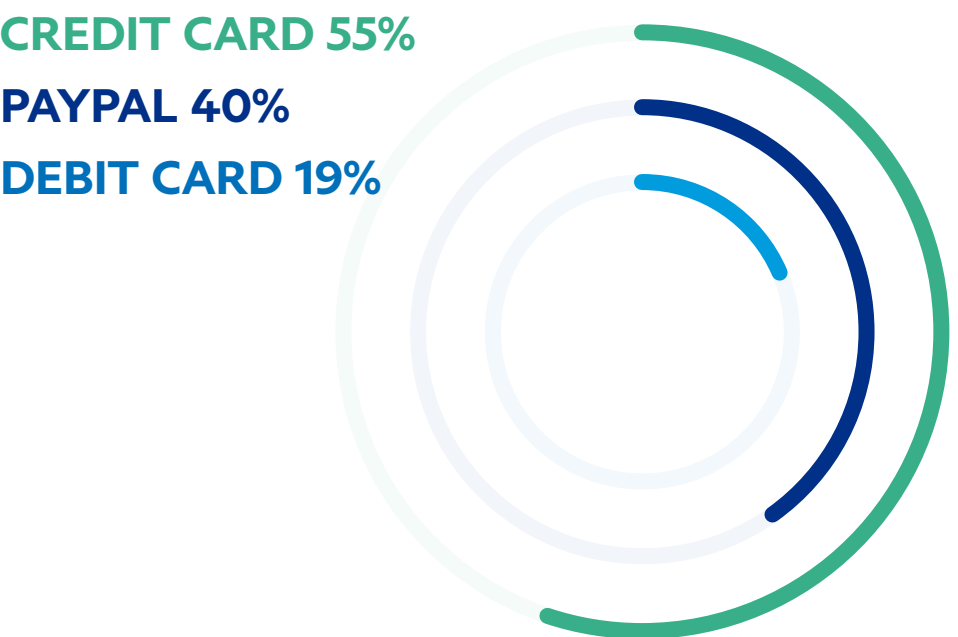
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Better prices (48%)
- 2/ Access to items not available locally (47%)
- 3/ Discovery of new and interesting products (38%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES



WHY THEY CHOOSE

- 1/ Prefer large global marketplaces when purchasing from another market (67%)
- 2/ Prefer to support local online businesses (66%)
- 3/ Prefer to support small businesses when I shop (65%)

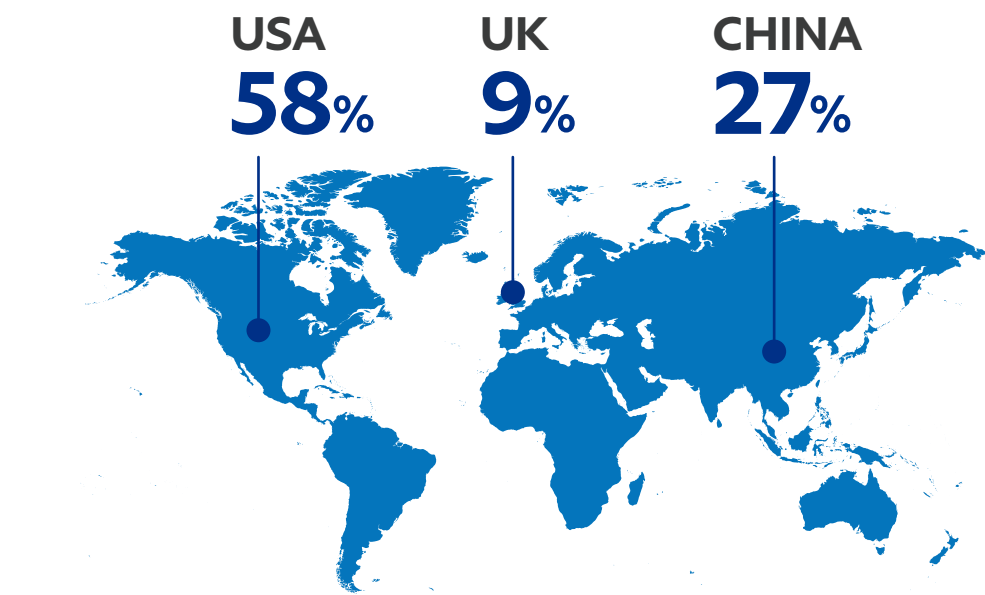
WHAT THEY BUY CROSS-BORDER



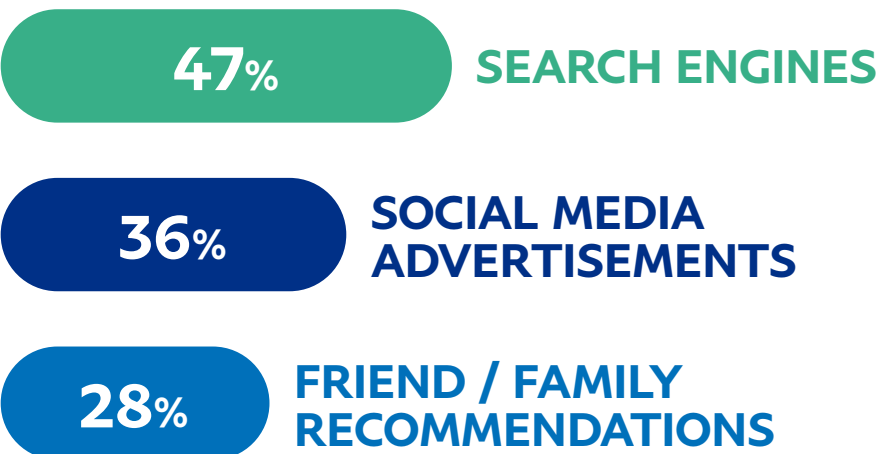
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (67%)
- 2 Store / retailer website (42%)
- 3 Brand website (33%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



Keep pricing crystal clear.

In Canada, large online marketplaces like Amazon are the most common ways to make an international purchase¹. And although it may seem like this behaviour is driven by customers' trust and familiarity with these companies, transparency around taxes and duties plays a major role as well. **Every online transaction through an international retailer will be subject to import duties like the GST and HST.**

For shoppers looking for a deal, these extra costs are a significant caveat to lower initial prices².

Global sellers may need to keep this in mind and provide the purchase cost in CAD and any additional taxes or duties incurred upfront —otherwise they could risk losing conversions.

Key Drivers

36%

who purchased from a new international site discovered it via social media¹.

46%

spent more on products to enjoy with friends and family².

53%

are worried about the availability of products they frequently use¹.

Technology

Although 74% of those aware of social marketplaces are comfortable shopping there, they prefer long-standing platforms¹. 24% shop on Facebook, 17.1% on Instagram, and 16.5% on YouTube³. And although social media is heaviest among younger consumers, only 1.1% of customers shop directly from TikTok—an incredibly popular, but newer platform². Global retailers should look to long-standing social media platforms as a way to win over Canadian shoppers.

Behavioural / Cultural

After nearly two years of lockdowns and restrictions, Canadians missed quality in-person time with family and friends. This drove them to re-evaluate their priorities, and as a result, spending quality time with loved ones is now a top priority⁴. They're no longer focusing on buying things just for themselves. Instead, many purchased items that they could enjoy with others.

Consumer Expectations

As supply chain issues continue, Canadian shoppers are feeling the impact of rising costs and inconvenient shipping delays. Lately, they have been turning to online marketplaces that don't have inventory issues. Sellers should consider being transparent about their product availability or even partnering with marketplaces who can provide efficient stock management—especially since shoppers are more likely to return to websites that were consistently stocked⁵.

1. PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022. 2. Canadian Border Services Agency, [Paying duty and/or taxes on imported goods](#), August 2021. 3. J.P. Morgan, [Global e-commerce trends report](#), 2021. 4. PayBright, [2021 Canadian Consumer Trends Guide: Reimagining Retail and E-tail During and Beyond the Pandemic](#), 2021. 5. Statista, [Most important factors in online shopping experience according to Canadian consumers in 2020, 2021](#).

Canada - Top 3 Takeaways

1

Transparency is the new necessity.

Canadian shoppers have delivery costs, duties, and taxes to consider while shopping cross-border. These extra costs are one of the main barriers to international shopping—especially if they come as a surprise. Businesses need to provide total cost of purchase transparency; otherwise Canadians may back out.

2

Find the perfect partnership.

Online marketplaces remain the most common place of purchase for international purchases across all of the top categories. Global businesses can partner with these marketplaces to easily provide prices in CAD and ensure product availability—two major issues Canadian shoppers face today.

3

Get on board with social.

While some Canadians take time to adopt new shopping experiences, they're excited to explore ones that they trust. Retailers should put their sales efforts into tried-and-true social media marketplaces such as Facebook and Instagram.

44%

abandoned a purchase once they realised the website was international¹.

China has its finger on the pulse of digital commerce, and when it adopts new shopping habits, the world soon follows.

CHINA



China - Macro-Economic Snapshot

GROSS DOMESTIC PRODUCT

\$16.9T¹

USD

ANNUAL ECOMMERCE
REVENUE

\$1.9T³

USD

ANNUAL ECOMMERCE
GROWTH

3.4%⁴

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

12%⁵

SMARTPHONE
PENETRATION

70%⁷

PURCHASING
POWER INDEX

4.2⁸

INTERNET
PENETRATION

70%⁶

POPULATION

1.41B²

1. Statista, Gross domestic product (GDP) at current prices in China from 1985 to 2020 with forecasts until 2027, April 2022. 2. Statista, Total population of China from 1980 to 2021 with forecasts until 2027, April 2022. 3. J.P. Morgan, Global E-Commerce Trends Report, 2021. 4. Statista, eCommerce China, June 2021. 5. J.P. Morgan, 2020 E-commerce Payments Trends Reports: China, 2021. 6. Statista, Number of internet users in China from 2008 to 2021, February 2022. 7. Statista, Devices used to access the internet by users in China in 2018 and 2021, February 2022. 8. OECD, Purchasing power parities (PPP), January 5, 2022.



China - Narrative

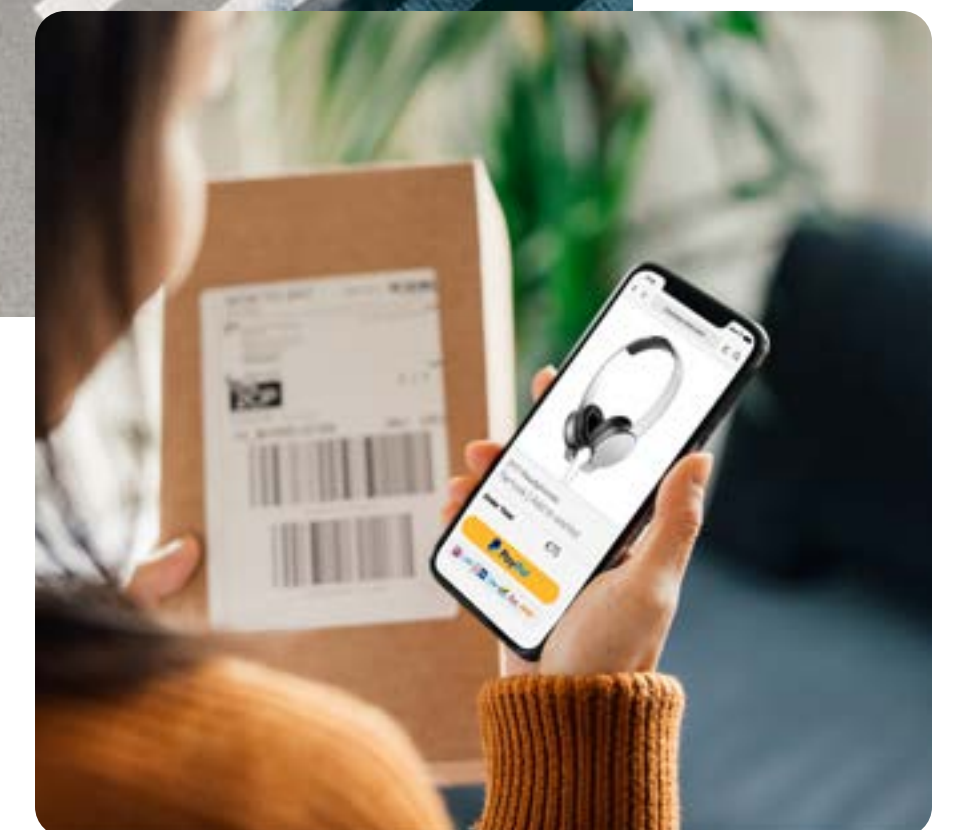
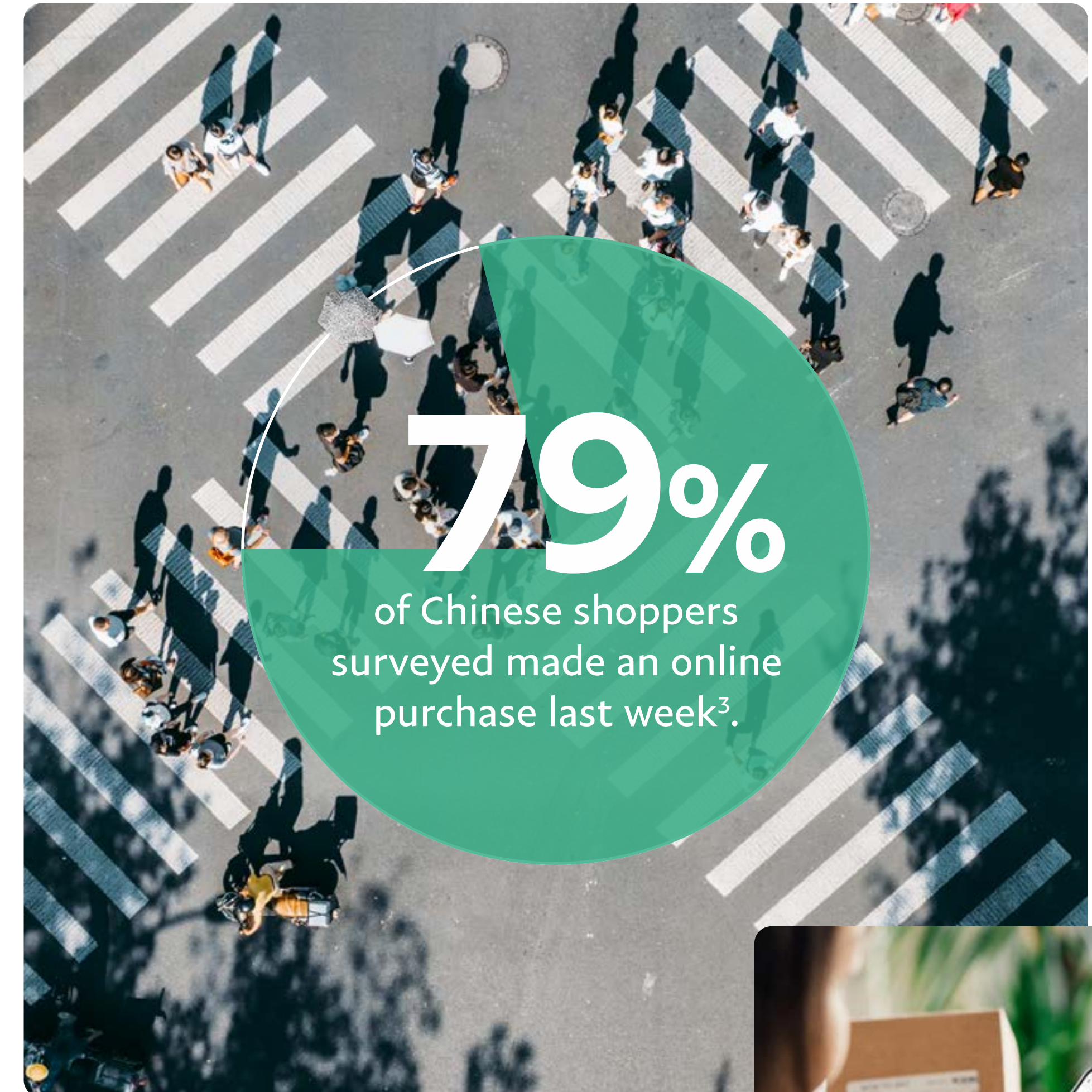
Although consumer confidence is still rebuilding in China, consumers are expected to start shopping in a big way.

China's comeback from the COVID-19 pandemic is gradual compared to other markets, and consumer confidence may still fall below pre-pandemic levels. The consumer confidence index has stabilised at 155.1, which is down from mid-2021¹. However, the Chinese economy is still a global leader in eCommerce, and is only expected to grow throughout the decade.

While sitting at almost \$2T, double-digit growth is projected through 2024². Chinese eCommerce is largely conducted through 'super-apps,' which integrate shopping, social media, banking, and other daily necessities. They also offer fun shopping options, such as livestreaming and augmented reality².

The message to merchants is clear: for those looking to succeed in the Chinese market in the coming years, the mobile experience is paramount.

Businesses do not need to convince consumers of the convenience of online shopping as the patterns are already there. Rather, they need to look at the next stages of online shopping – designing an engaging and entertaining mCommerce experience that drives traffic and, in turn, drives revenue.

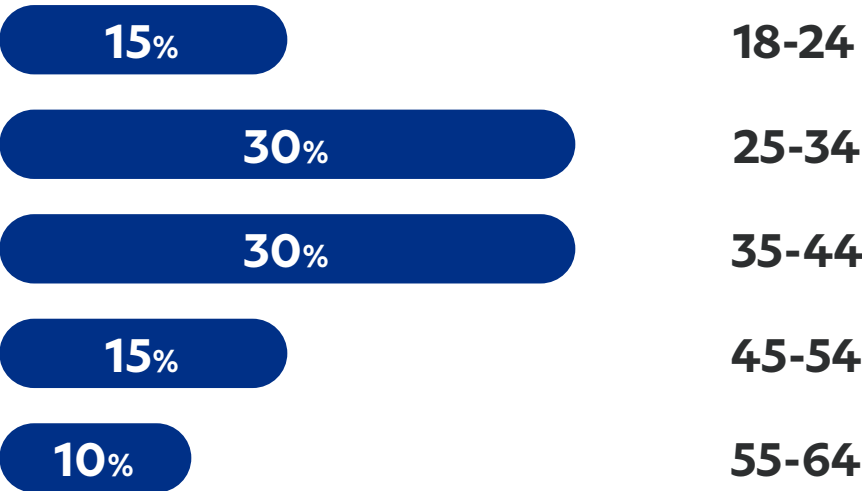


China - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

Simplified Chinese

HOW THEY SHOP ONLINE

96%
SHOP VIA
SMARTPHONE

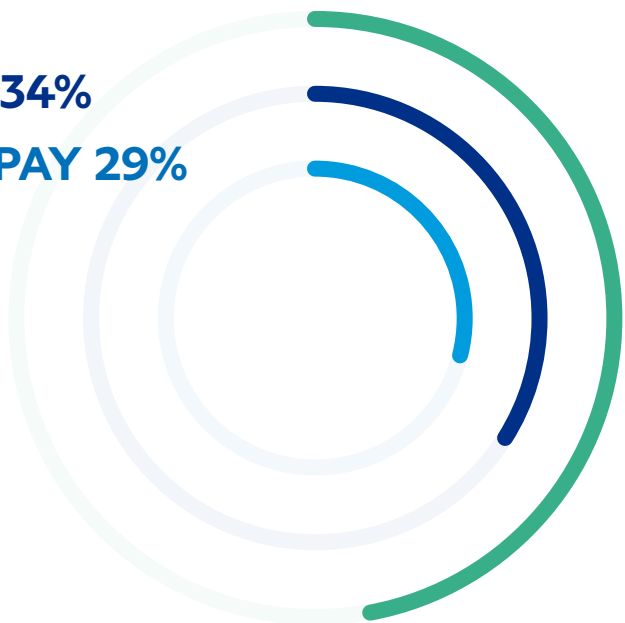
51%
SHOP VIA
LAPTOP

WHY THEY SHOP CROSS-BORDER

- 1/ Access to items not available locally (52%)
- 2/ Trust in product authenticity (e.g., Levi's jeans originating from U.S.) (44%)
- 3/ High product quality (41%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES

ALIPAY 47%
CREDIT CARD 34%
CHINA UNIONPAY 29%



WHY THEY CHOOSE

- 1/ Prefer large global marketplaces when purchasing from another market (73%)
- 2/ Prefer to support online businesses in my own market (72%)
- 3/ Prefer to shop globally from a brand that I trust (59%)

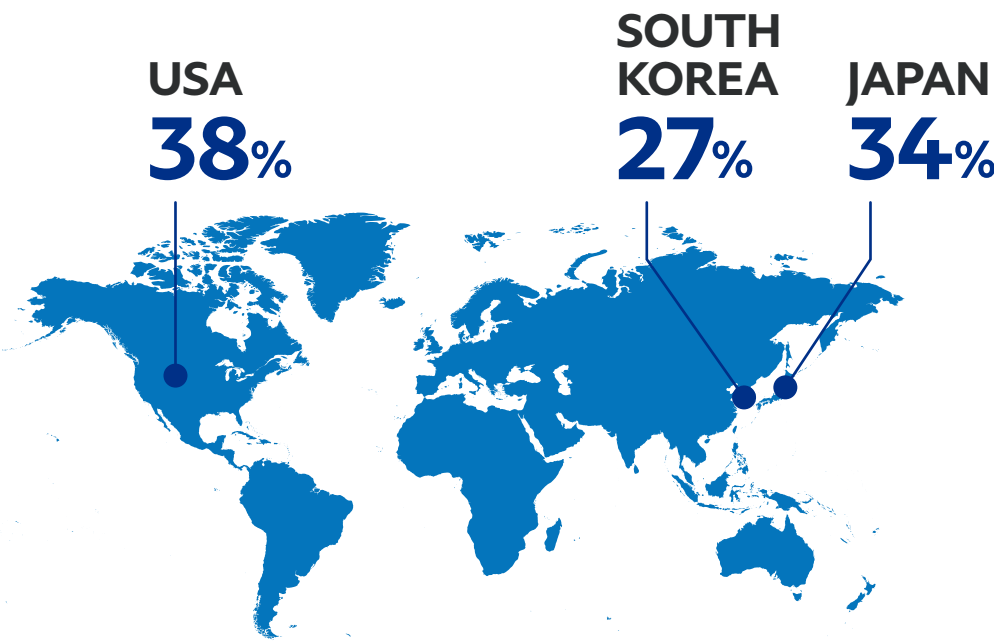
WHAT THEY BUY CROSS-BORDER



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (85%)
- 2 Retailer website (59%)
- 3 Brand website (57%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



China - Spotlight

Offering a lesson in the future of eCommerce and mCommerce.

China is leading the way in mobile commerce, and it could take the rest of the world months or even years to catch up.

If you want to know what's coming next, pay attention to Chinese trends, such as the affinity for shopping in groups for better deals, as well as social-based apps that integrate multiple parts of daily living into one place.

The good news for new merchants is that there is little barrier to entry – Chinese shoppers are always willing to try new things¹.

Key Drivers

65%

of mobile shopping is done on apps¹.

\$77B

resale market expected by 2025².

62%

of shoppers care about their product's origin⁵.

Technology

Chinese shoppers are open to newer methods of commerce. While other markets prefer more traditional methods, 90% of Chinese shoppers reported trying something new to them in the last three months, such as shopping through mobile apps like Taobao, Douyin, JD, Pinduoduo, and others¹. Their open-mindedness leaves limited barriers to new entries in the market, allowing merchants to easily pivot as needed.

Behavioural / Cultural

Ethical purchasing is becoming a high priority in the Chinese market, with 3 out of 5 online shoppers surveyed saying they are willing to pay more for brands that do more good than harm to society³. Part of the move to sustainability includes buying used items. In the fashion market, for example, 're-commerce' is expected to overtake fast fashion by 2028⁴.

Consumer Expectations

While Chinese buyers are open to cross-border shopping, many worry about procuring counterfeit goods³. Building trust in the Chinese market means ensuring that items are traceable and authentic, and Chinese shoppers surveyed who use PayPal do so for the added level of security, purchase protection, and trust³.

1. J.P. Morgan, Global E-Commerce Trends Report, 2021. 2. Alizila, Unpacking Secondhand Shopping in China: We Round Up Recent Updates Across the Digital Ecosystem, September 17, 2021. 3. PayPal commissioned Ipsos PayPal Cross-border Insights 2022, n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022. 4. Alizila, Secondhand Trading Takes Off in China as Apps such as Alibaba's Idle Fish Make Recycling Easier, July 8, 2021. 5. PWC, A time for hope: Consumers' outlook brightens despite headwinds, December 2021.

China - Top 3 Takeaways

1

mCommerce is dominating shopping habits across the board.

Chinese consumers are spending more time on their smartphones, and their shopping habits are changing as a result. With 65% of smartphone transactions carried out through mobile apps, consumers are routinely using smartphones to procure staples, such as groceries, pet care, and home improvement services². Sellers should take this opportunity to optimise their operations for mCommerce to reach the Chinese market.

2

In the world of Chinese eCommerce, everything old is new again.

Sustainability has become a dominant trend in the Chinese shopping consciousness. In the fashion world, online re-commerce is expected to overtake fast fashion purchasing in the next decade³. The country's trend towards buying used items represents a shift in purchasing patterns. Sellers should either find new ways to make buying retail attractive or weave re-commerce alternatives into existing purchasing models.

3

Chinese shoppers are hungry for the real deal.

Counterfeit goods are a sizable concern amongst Chinese consumers, especially when it comes to international cross-border shopping¹. Shopping trends strongly value ethical purchasing as consumers hunt for products with a traceable origin. Vendors should ensure that not only are their eCommerce platforms secure, but that Chinese customers can have confidence in the origins of their purchase and the authenticity of those goods.



Hong Kong is home to tremendous wealth,
with buyers shopping with their values first.

HONG KONG SAR, CHINA

Hong Kong SAR, China - Macro-Economic Snapshot

GROSS DOMESTIC
PRODUCT

\$370B¹
USD

POPULATION

7.6M¹

ANNUAL ECOMMERCE REVENUE

\$2.64B²
USD

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

13.2%⁴

SMARTPHONE
PENETRATION

92%⁶

PURCHASING
POWER INDEX

6.1⁷

ANNUAL ECOMMERCE
GROWTH

17.9%³

INTERNET
PENETRATION

91%⁵

Hong Kong SAR, China - Narrative

In a rapidly growing eCommerce market, personalised shopping experiences may best suit local tastes.

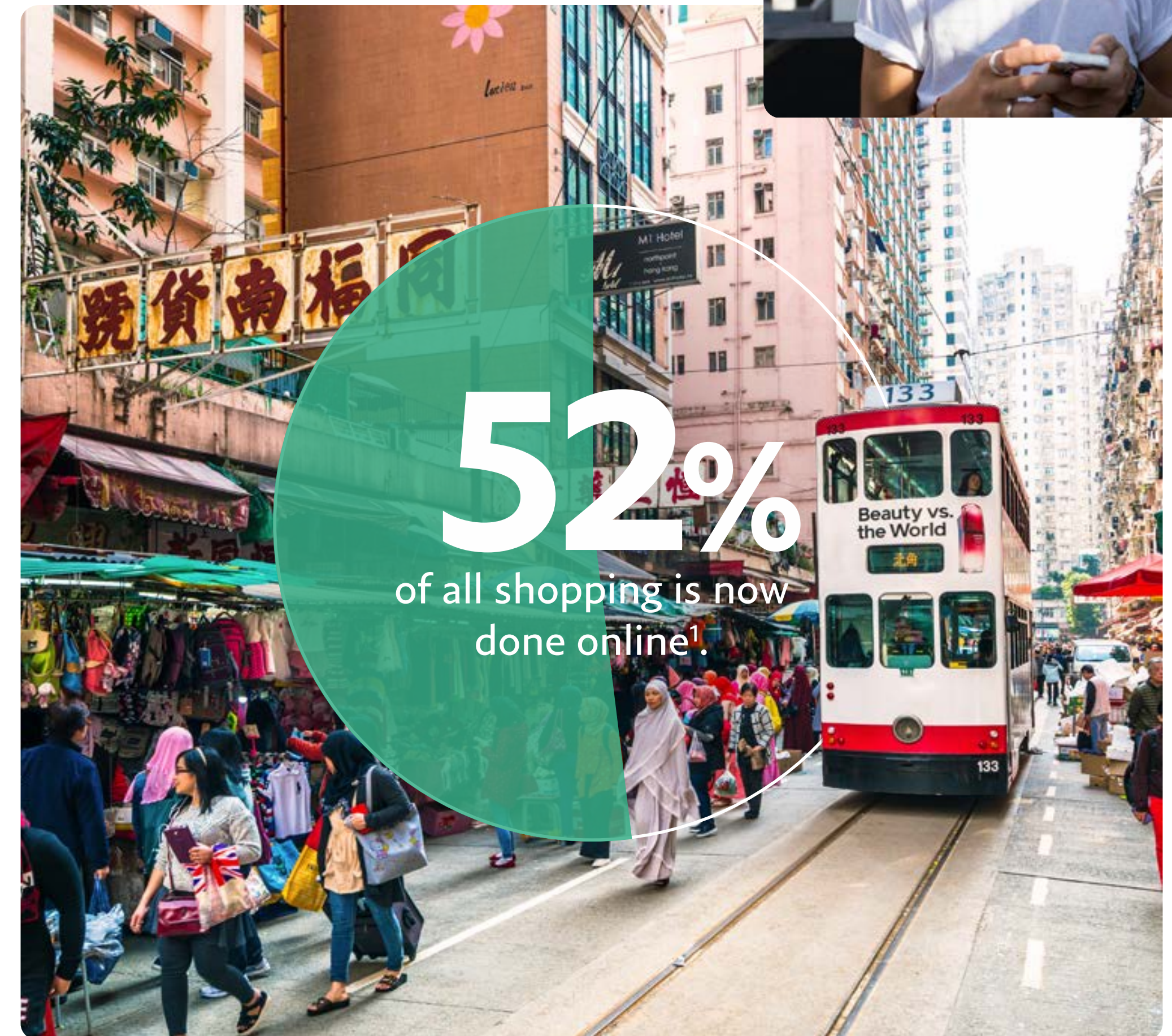
While Hong Kong may have been slower to adapt to the eCommerce trend, it has quickly taken over the consumer market. Adoption of eCommerce was catalysed by the COVID-19 pandemic and now the majority of purchases made in Hong Kong are now done online¹.

Online retail has more than doubled in Hong Kong between January 2020 and October 2021, with eCommerce now making up more than half of all shopping².

The good news for merchants is that such a rapidly growing online market offers plenty of opportunities

for entry. **77% of online shoppers have made purchases from international websites at the end of 2021³**. Merchants looking to enter the Hong Kong market can do so now at a prime time, when most of the population is ready to buy from abroad.

The challenge that international businesses will face in selling to Hong Kongers is standing out in what is quickly becoming a crowded market. Businesses can go the extra mile to leave a positive impression by offering a great shopping experience and personalising to their needs. A well-designed website that's easy to navigate, easy to browse, and offers an intuitive customer the shopping experience they're looking for can help go a long way with buyers¹.

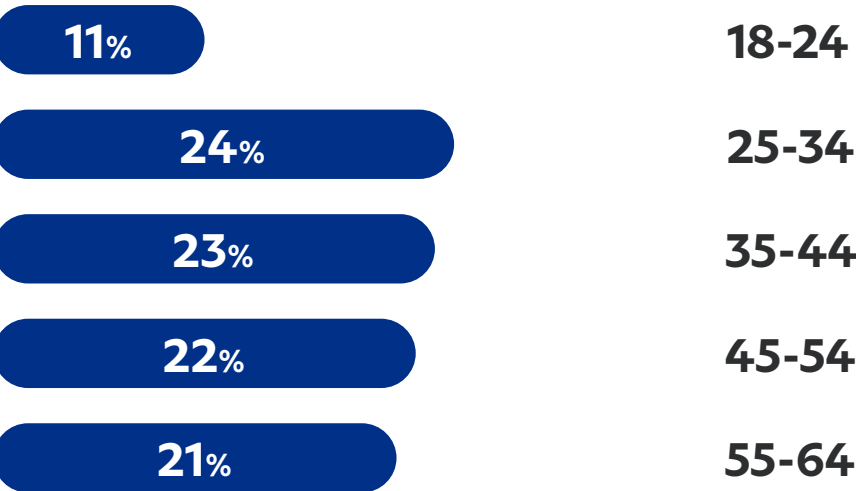


Hong Kong SAR, China - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

English and
Traditional Cantonese

HOW THEY SHOP ONLINE

85%
SHOP VIA
SMARTPHONE

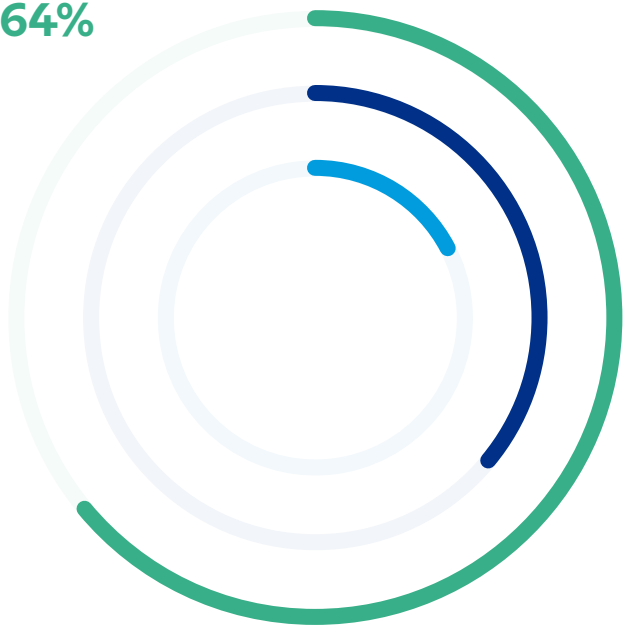
48%
SHOP VIA
LAPTOP

WHY THEY SHOP CROSS-BORDER

- 1/ Better prices (47%)
- 2/ Higher product quality (45%)
- 3/ Access to items not available locally (41%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES

CREDIT CARD 64%
PAYPAL 36%
ALIPAY 18%



WHY THEY CHOOSE

- 1/ Prefer to put up with longer shipping times from global merchants if a product is less expensive (75%)
- 2/ Prefer large global marketplaces when purchasing from another market (73%)
- 3/ Prefer to buy from a website based in another market if I can't get what I want from my market (68%)

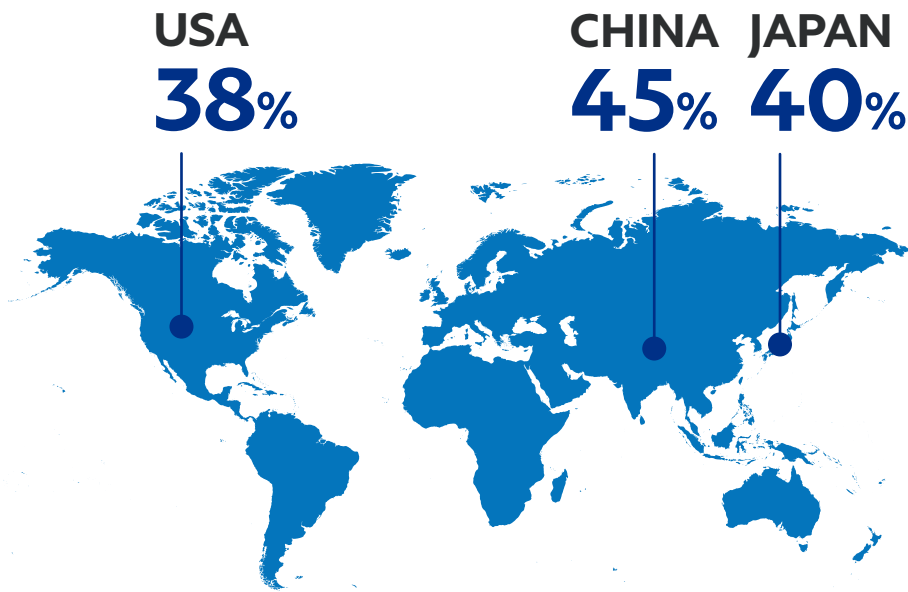
WHAT THEY BUY CROSS-BORDER



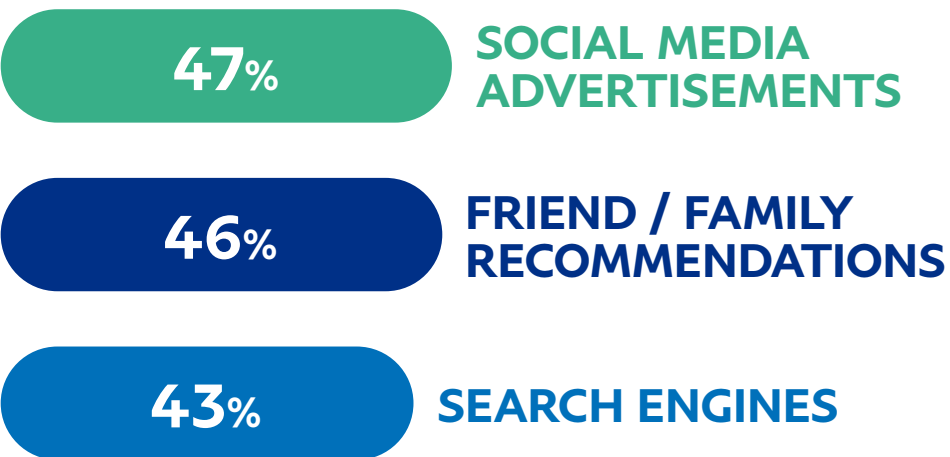
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (71%)
- 2 Brand website (53%)
- 3 Store / retailer website (49%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



Hong Kong SAR, China - Spotlight

Fast internet and a wealthy population create the perfect environment for eCommerce.

With some of the fastest internet speeds in the world, Hong Kong's eCommerce market is well-positioned for growth¹. Hong Kongers have the third-highest median wealth per adult in the world, but they can be conservative in their spending, suggesting opportunities to drive up basket spend¹.

When Hong Kong shoppers look to buy, they're turning towards social media for ideas.

48% of online shoppers discover new international websites for cross-border shopping using social media². Cross-border shoppers use social media marketplaces frequently to acquire cosmetics, consumer electronics, household goods, and even apparel².

Key Drivers

45%

of online transactions will soon use digital wallets¹.

57%

of cross-border purchases in Hong Kong were apparel².

73%

of buyers are looking for brands that give back³.

Technology

While credit card purchases are still the primary payment method for international purchases, digital wallets are quickly edging them out, and expected to dominate the market by 2024¹. Competition may be fierce, however. Hong Kong online shoppers love credit card cashback/rewards, although PayPal's enhanced security features are still an appealing offer².

Behavioural / Cultural

As Hong Kong is a relatively small market, one-quarter of items purchased through eCommerce are from outside the region¹. Online shoppers are searching internationally for everything from clothing and cosmetics to electronics and even groceries². International brands may have an opportunity to court the market by offering items that are simply not available locally.

Consumer Expectations

Hong Kong shoppers are incredibly conscious about a brand's values, and are specifically looking for those that demonstrate integrity in how they do business³. Roughly 66% of online shoppers are willing to pay more for brands that do more good than harm, and 48% will overlook flaws in a brand if they believe in supporting a company's cause².

Hong Kong SAR, China - Top 3 Takeaways

1

Customer data can take a brand to the next level.

Buyers are committed to mobile shopping, and it means that businesses are gaining insights from freely-provided customer data which can be used for **future targeted marketing**. Brands looking to succeed in Hong Kong should utilise this opted-in customer data where possible so that they can offer a more attractive and personalised shopping experience for consumers.

2

Customer loyalty is crucial and should be rewarded.

When Hong Kong buyers are making decisions, they'll often lean towards the **brand that recognises and rewards their loyalty**. Brand loyalty programs can be as simple as accruing points for free rewards, or as complex as partnerships with other leading merchants, but even a simple reward program can be enough to attract buyers' attention and keep them coming back.

3

Shoppers are also buying with their conscience first.

While Hong Kongers are hungry to buy, they want to do so **ethically**, and care about the **impact and values that brands possess**. Merchants should not be shy about promoting their brand's values, such as a commitment to sustainability and their efforts towards environmental sustainability, in order to win the hearts and minds of consumers.

25%

of eCommerce consists of cross-border purchasing¹.

Find success in a market as
regulated as it is lucrative.

FRANCE



France - Macro-Economic Snapshot

GROSS DOMESTIC PRODUCT

\$2.94T¹
USD

POPULATION

67M²

ANNUAL ECOMMERCE
GROWTH

11.2%⁴

INTERNET
PENETRATION

80%⁵

PURCHASING
POWER INDEX

0.7⁷

ANNUAL ECOMMERCE REVENUE

\$126B³
USD

SMARTPHONE
PENETRATION

70%⁶



France - Narrative

French consumers are catching on to eCommerce, but not quite ready to let go of in-store shopping.

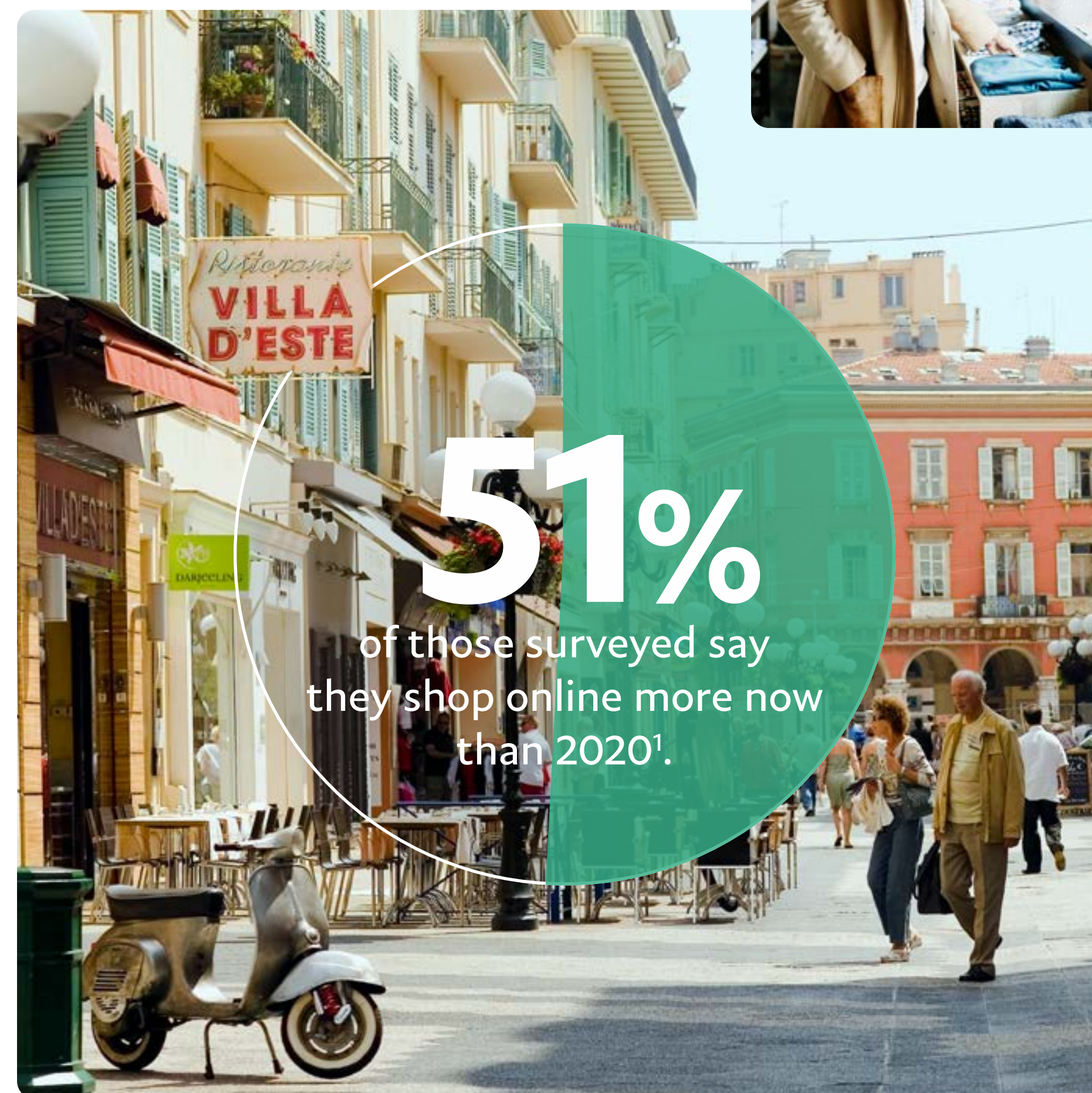
Consumer optimism is returning to France, even if they don't know it yet. While only two-thirds of French consumers are optimistic about the economic recovery, that's still the highest it's been since March 2020². And while many shoppers may be reporting a negative net intent to spend, spending is actually up across most categories compared to February 2021².

Although eCommerce spiked quickly during the COVID-19 pandemic, over half of French consumers went back to in-store shopping after the lockdowns lifted³.

This doesn't necessarily mean France is fully reverting to its pre-pandemic ways. In fact, there

is a unique opportunity for brands to merge their digital and in-person experience so they can interact with shoppers on a broader scale and with more touchpoints.

Although France's eCommerce market is highly regulated, multiple lockdowns drove both buyers and sellers online. In fact, there were 17,400 new online merchants last year³. **70% of the population now shops online, spending at one of the highest rates in Europe, with Amazon being the biggest online store by net sales³.** To help ensure a competitive cross-border marketplace, the French government continuously evolves business-to-consumer regulations.

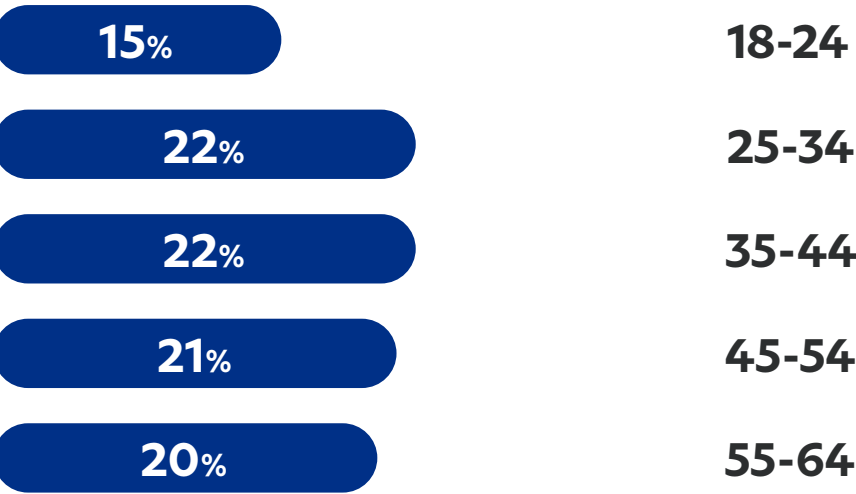


France - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



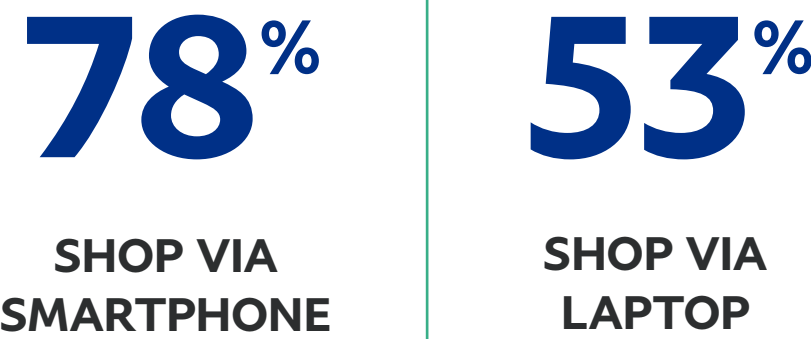
WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

French

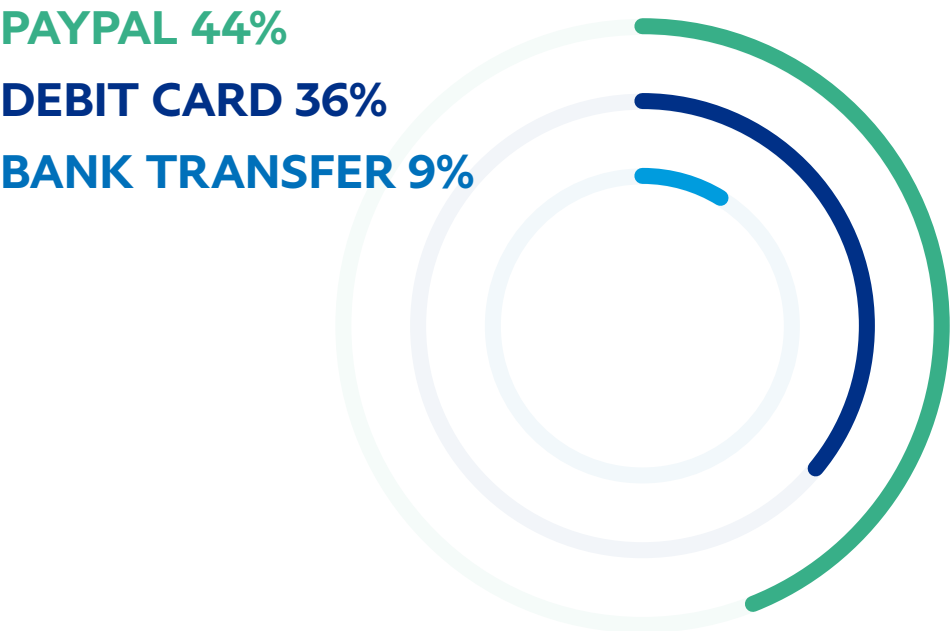
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Better prices (48%)
- 2/ Access to items not available locally (38%)
- 3/ Discovery of new and interesting products (33%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES



WHY THEY CHOOSE

- 1/ Prefer large global marketplaces when purchasing from another market (69%)
- 2/ Prefer to put up with longer shipping times from global merchants if a product is less expensive (77%)
- 3/ Prefer to put up with less convenience when shopping globally if the brand is trusted (50%)

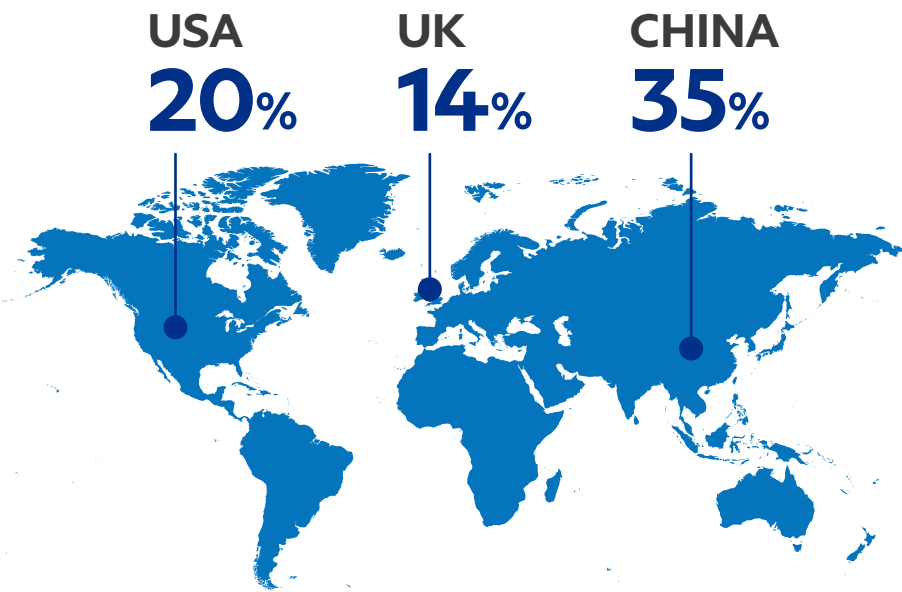
WHAT THEY BUY CROSS-BORDER



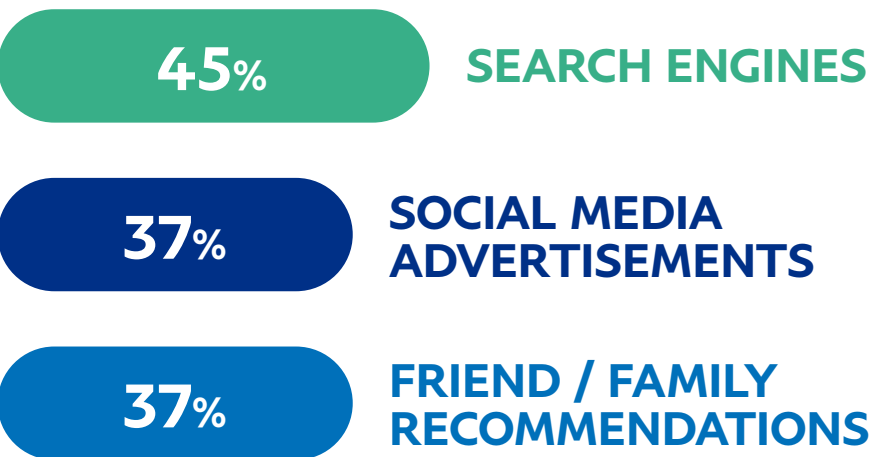
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (74%)
- 2 Store / retailer website (37%)
- 3 Brand website (32%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



Navigating France's regulated market.

Although France is a high-spending market, it's also highly regulated. **When retailers create a local site, French language, sales, tax, and return rules must be followed.** They also must be ready to work around France's strict rules around sales—or 'les soldes'¹.

Retailers can only sell sale items at certain times of the year, and they must advertise them ahead of time.

Get access to specific country resources with up-to-date information on regulations so you can be well equipped to expand into this lucrative market at [The International Trade Administration](#) website.

Key Drivers

76%

used Facebook to make a purchase, followed by Instagram and Snapchat².

60%

are willing to pay more for brands who do less harm to society³.

65%

of French consumers actively seek out the best deal⁵.

Technology

Social marketplaces are some of the newer shopping channels— a shift fueled by Gen Z³. While search engines have typically been the status quo for discovering new retailers, social media advertising has crept up to second place. Retailers should consider investing in their social media channels to entice this new wave of consumers.

Behavioural / Cultural

Price is still a primary purchase driver among French shoppers, but sustainability and transparency are becoming increasingly important. In 2021, the French market had a 42% increase in the purchase of eco-friendly products⁵. France's fashion industry is also seeing an uptick in 'slow fashion' where retailers develop collections made in small quantities, with higher-quality materials⁴.

Consumer Expectations

The convenience of online shopping has become a part of day-to-day life in France— however, price remains their top key driver for online cross-border shopping³. Shoppers will even endure longer shipping times from global merchants if the price is right. 62% of online shoppers surveyed said it's worth it for a cheaper product, and 42% will overlook things they don't like about a brand for a lower price³.

1. Forbes, French authorities decide shoppers still have to wait longer for deep discounts, June 4, 2020. 2. McKinsey & Company, Survey: French consumer sentiment during the coronavirus crisis, November 22, 2021. 3. PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022. 4. Parisian Abroad, Top 14 Sustainable French Clothing Brands, December 2020. 5. PWC, December 2021 Global Consumer Insights Pulse Survey, December 2021.

France - Top 3 Takeaways

1

Merge digital and social experiences.

With such a lucrative and established market, consumers are enjoying new ways to shop, including quick commerce, social media marketplaces, and in-store. Global retailers looking to break into this market should consider a multi-channel approach to sway these shoppers and provide an innovative experience that will hold their attention.

2

Compete with convenience.

French consumers adjusted their behaviour and shifted toward online shopping. As local retailers pivoted to selling online, the quick commerce market also surged. Now that consumers are used to the convenience of delivery in under an hour, global merchants must stay competitive with sustainability, brand purpose, or price to win over new customers in the French market.

3

Play by the rules with local regulations.

When creating a local website, retailers must adhere to French language, sales, tax, and returns rules. And although Amazon is the biggest online store in France, the government is actively trying to introduce new global digital sales taxes on multinational tech giants. Retailers can work with local or online social marketplaces to handle this highly regulated market.

70%

of the French population
now shops online¹.

A nation of shoppers ready to embrace
eCommerce, but in the local language.

GERMANY



Germany - Macro-Economic Snapshot

POPULATION

83.3M²

ANNUAL ECOMMERCE
GROWTH

11.1%⁴

PURCHASING
POWER INDEX

0.7⁷

GROSS DOMESTIC
PRODUCT

\$4.2T¹
USD

INTERNET
PENETRATION

73%⁵

SMARTPHONE
PENETRATION

63%⁶

ANNUAL ECOMMERCE
REVENUE

\$82B³
USD



Germany - Narrative

Despite a dip in consumer confidence, Europe's strongest economy sees a rising interest in cross-border shopping.

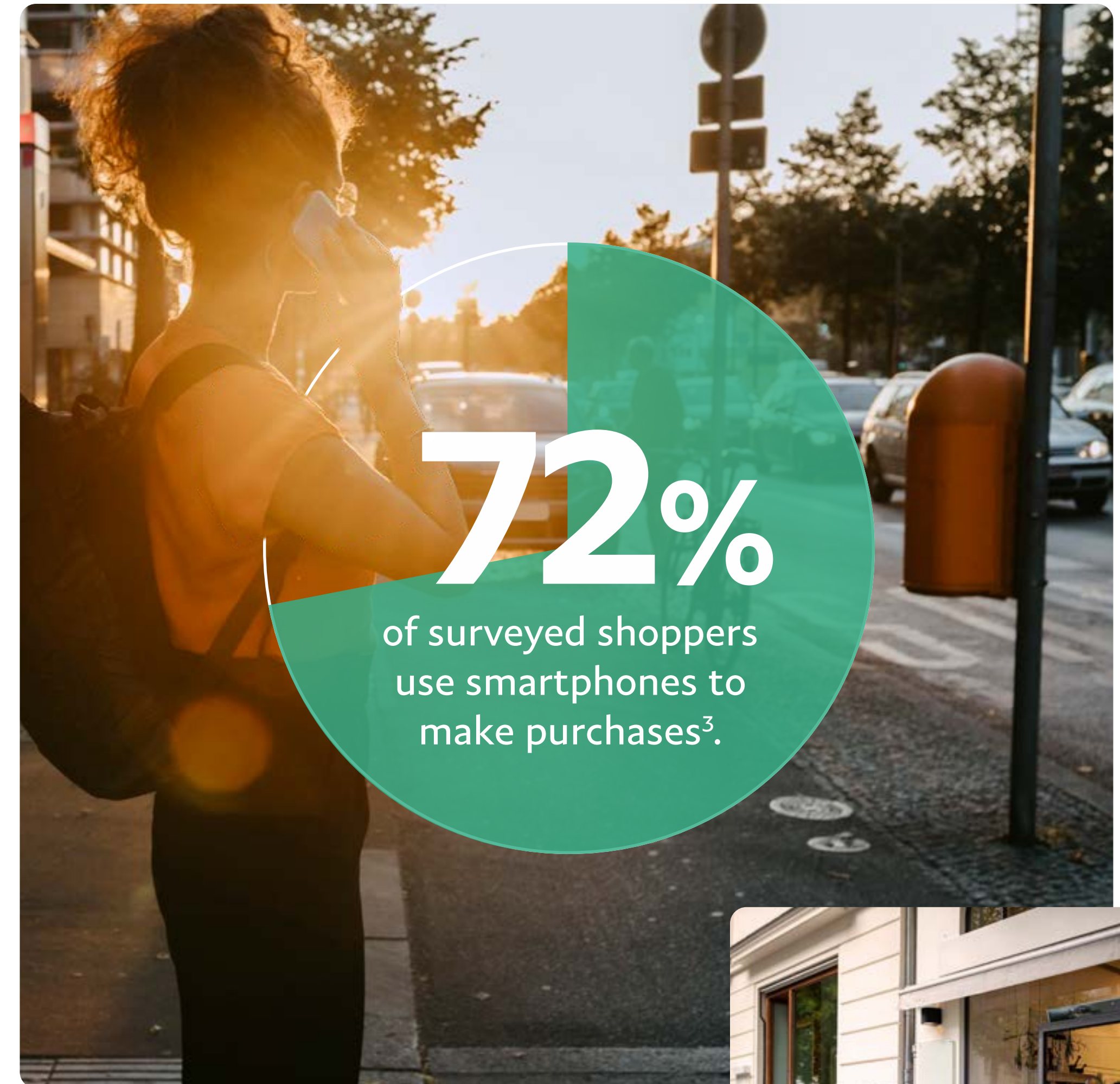
Germany was set to see a rise in consumer confidence this year, but new waves of variants and restrictions slowed that projection. In fact, the Omicron variant was expected to push Germany, Europe's largest economy, to the brink of a recession this winter¹.

Before the COVID-19 pandemic, Germans were hesitant to adopt new ways to shop, particularly with mCommerce.

However, after multiple lockdowns and uncertainty, shoppers started to embrace new methods.

For example, mobile commerce is now expected to expand at a compound annual growth rate of 14.9% by 2024². As of now, 42% of German shoppers surveyed prefer to use their phones to make purchases³. At this rate, mCommerce will outpace overall eCommerce growth².

When making cross-border buying decisions, German shoppers remain characteristically practical about their choices. They have a strong preference for known brand names purchased from global marketplaces, like Amazon. They also gravitate toward global payment providers, as 60% of surveyed shoppers used PayPal to complete cross-border online transactions³.

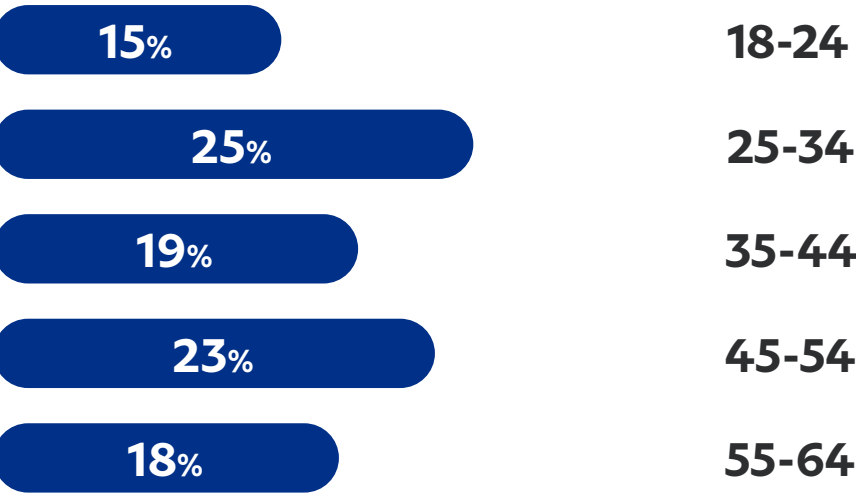


Germany - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

German

HOW THEY SHOP ONLINE

72%
SHOP VIA
SMARTPHONE

53%
SHOP VIA
LAPTOP

WHY THEY SHOP CROSS-BORDER

- 1/ Better prices (50%)
- 2/ Access to items not available locally (46%)
- 3/ Discovery of new and interesting products (38%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES

PAYPAL 60%
CREDIT CARD 22%
KLARNA 17%



WHY THEY CHOOSE

- 1/ Prefer large global marketplaces when purchasing from another market (68%)
- 2/ Prefer to support local online businesses (65%)
- 3/ Prefer to support small businesses (54%)

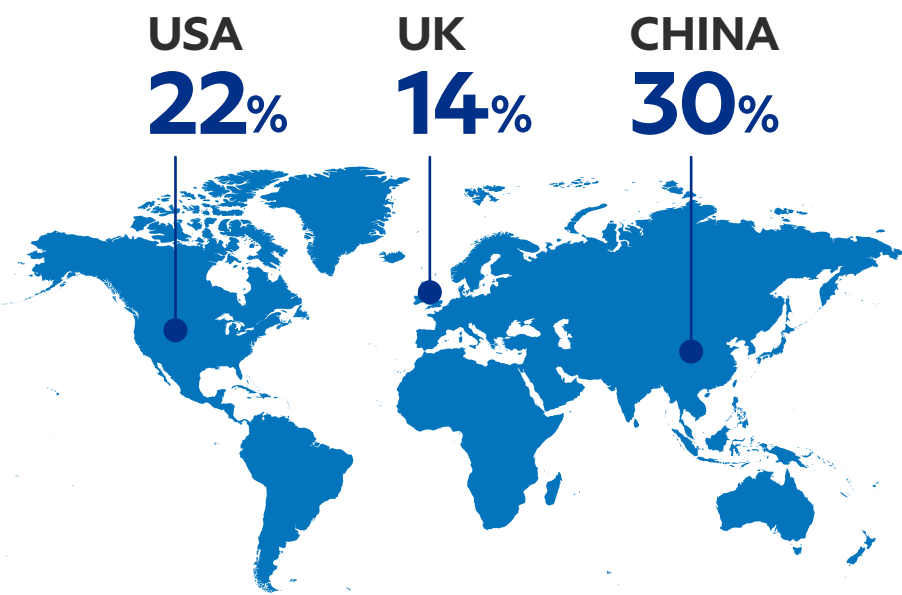
WHAT THEY BUY CROSS-BORDER



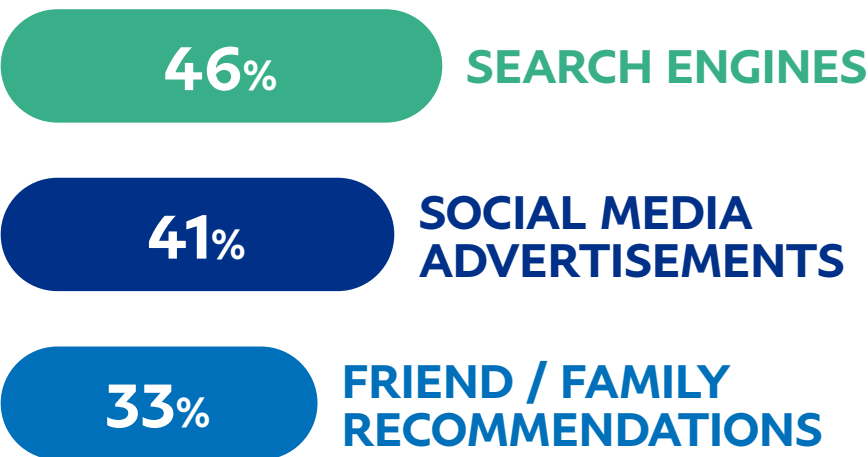
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (73%)
- 2 Store / retailer website (38%)
- 3 Brand website (36%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



Germany - Spotlight

mCommerce quickly becoming the German shopper's second language.

While they are increasingly embracing digital payments, **German shoppers still hold on to traditional payment methods like open invoice payments, which accounted for 30% of all payments in 2021¹.**

As shoppers start to embrace online shopping, they're putting more trust in online payments as well.

In fact, out of the surveyed shoppers, PayPal usage has increased by 60% in the last three months of 2021². Germans are becoming increasingly sophisticated online shoppers, but global merchants must focus on language localisation and partnerships with established local marketplaces to win these customers at checkout.

Key Drivers

42%

of surveyed shoppers prefer mCommerce².

63%

of social sales are apparel³.

75%

of online shoppers in Germany expect prompt delivery times¹.

Technology

As mCommerce connects German shoppers, Millennials and Gen Z are especially influenced by social media. In fact, a quarter of all shoppers now purchase from social media marketplaces, and 37% of those shoppers say social media ads are as powerful as personal recommendations¹. However, shoppers are still hesitant to purchase from newer platforms. Retailers who can provide familiarity will grab the attention of the German market.

Behavioural / Cultural

As Germans return to their social lives, they're showing a revived interest in apparel. Not only is it the top category for online sales, but 38% of apparel purchases are from cross-border transactions⁴. Gen Z, in particular, is a key factor in this trend of shopping of sales apparel. Shoppers gravitate toward platforms they're already used to, like ASOS and Zalando, so global retailers can benefit from providing a familiar user experience³.

Consumer Expectations

Throughout the buying cycle in the German market, reliability has been pushing shoppers toward large global stores¹. And as they expand further into cross-border shopping, their expectation for delivery is also high. Many shoppers say the maximum acceptable delivery time is 3-5 days¹. Retailers trying to break into the German market might consider partnering with a major local marketplace to meet these expectations.

Germany - Top 3 Takeaways

1

Digital advertising is your gateway to new customers.

Younger generations remain increasingly engaged with social media. In addition to having a strong presence on social media, global merchants should consider placing advertisements on social media platforms and investing in search engine marketing.

2

Win the customer's loyalty with fast, reliable fulfillment.

While German shoppers have been quick to adopt mCommerce on online marketplaces, they have higher expectations from global merchants when it comes to delivery speeds and choice. Global merchants should partner with a local service to meet these high expectations.

3

Trust and reliability win the sale.

German shoppers have become increasingly comfortable with digital payments, so offering multiple secure payment options is paramount for global merchants in 2022. Today, the most popular online payment method for German shoppers is PayPal due to its security, quick payment processing, and convenience.

26%

of surveyed shoppers
shop on social media
marketplaces¹.

ITALY

A wide-angle photograph of a Venetian canal during the 'golden hour' of sunset. The sky is a mix of soft pinks, oranges, and purples. The water reflects these colors, creating a shimmering effect. On the left, a row of historic buildings with varied facades and window styles lines the canal. On the right, more buildings are visible, including a prominent church with a large dome. In the center of the canal, a gondola with a gondolier is moving away from the viewer. The overall atmosphere is peaceful and picturesque.

Italian shoppers are leaving lockdown
but keeping home in mind.

Italy - Macro-Economic Snapshot

INTERNET
PENETRATION

83.7⁴%

GROSS DOMESTIC PRODUCT

\$1.92T¹

USD

ANNUAL ECOMMERCE
GROWTH

16³%

ANNUAL ECOMMERCE REVENUE

\$53.5B³

USD

SMARTPHONE
PENETRATION

60⁴%

POPULATION

59M²

PURCHASING
POWER INDEX

0.66⁵

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

17⁴%



Italy - Narrative

Italian shoppers are coming out of lockdown with a newfound love of all things local.

The COVID-19 pandemic hit Italy hard, but in the last quarter of 2021, a new consumer optimism started to emerge. Spending intent rose with more than one-third of consumers ready to treat themselves¹. Although overall optimistic, Italian consumers also came out of lockdown with an increased sense of caution and refined values.

They're now more focused on their homes and neighbourhoods and have a newfound concern about sustainability, proximity, efficiency, and more².

One specific shift was their new approach to apparel after embracing the work-from-home lifestyle. In the past three months, clothing was

the most purchased category both cross-border and domestically³.

Although Italians still prefer to shop locally, they may be motivated to purchase from cross-border sites with Italian language support, faster delivery times, and the option to use their preferred payment methods³. Those who already do shop cross-border say price, access to goods, product variety, and discovery are the key reasons why. They also prefer to make their cross-border purchases through online marketplaces³. When it comes to payment methods, PayPal is the most widely used for both domestic and international purchases and is preferred more than 43% of the time among surveyed cross-border shoppers because of the security and protection it offers³.

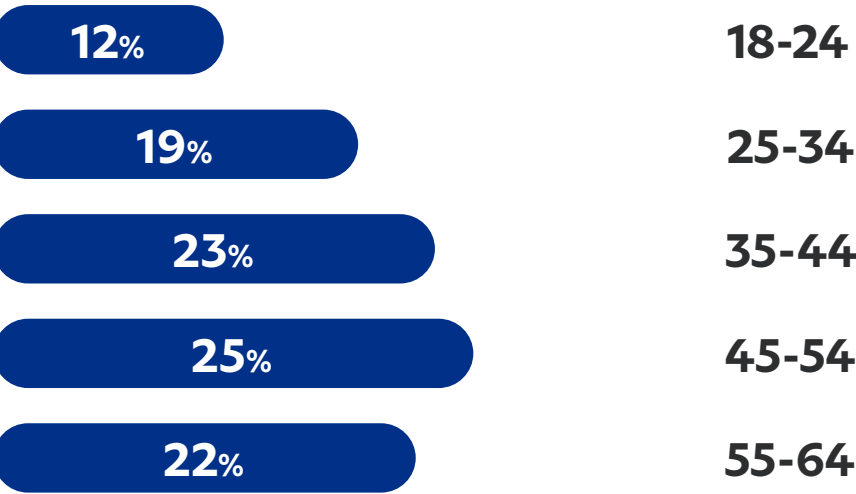


Italy - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



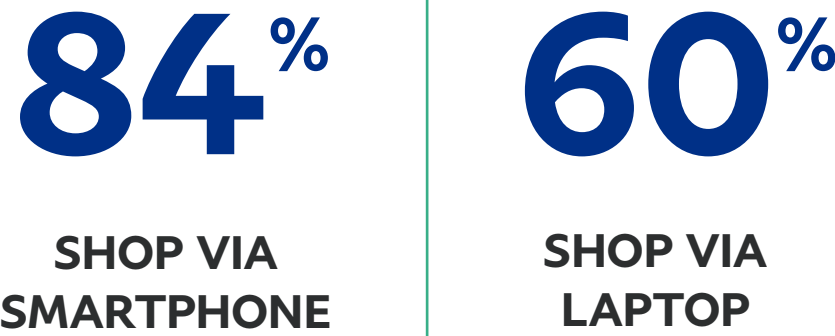
WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

Italian

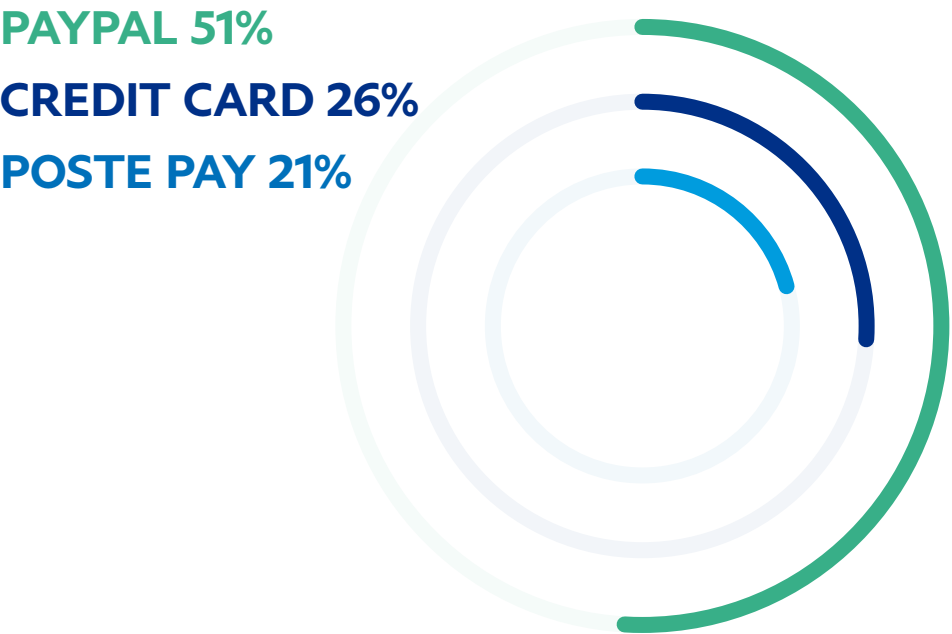
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Better prices (48%)
- 2/ Access to items not available locally (42%)
- 3/ More variety / availability of different products and styles (35%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES



WHY THEY CHOOSE

- 1/ Prefer large global marketplaces when purchasing from another market (76%)
- 2/ Prefer to support local online businesses (68%)
- 3/ Prefer to support small businesses (63%)

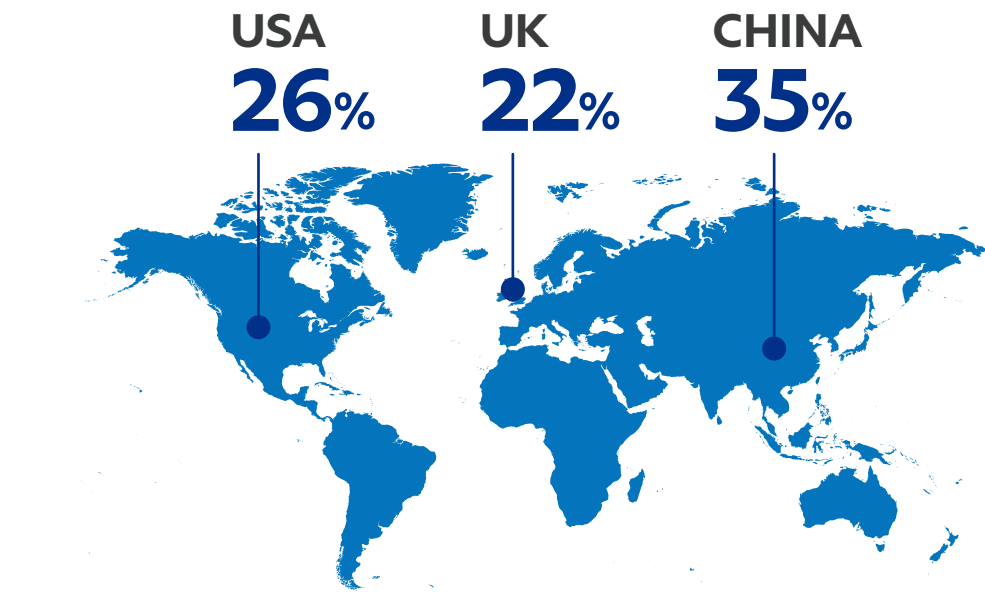
WHAT THEY BUY CROSS-BORDER



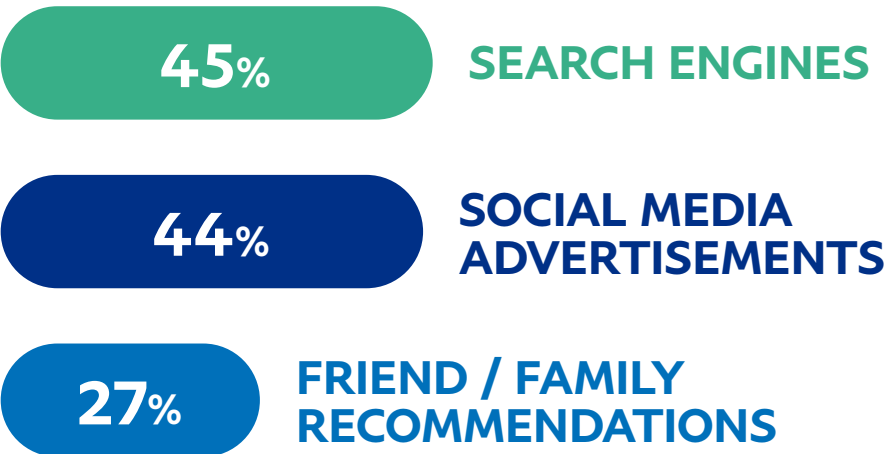
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (72%)
- 2 Brand website (36%)
- 3 Store / retailer website (32%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



Focuses are shifting closer to home.

Lockdowns prompted Italians to re-examine their values regarding family and community. This caused them to refocus on the home—including cooking, quality time, and more¹. For example, surveyed Italians said that they would “continue to devote myself to cooking at home.”

They’re also showing more appreciation for their own arts and culture—and expect retailers to also.

In fact, 42% of shoppers say language support was the top reason that would make them more comfortable in cross-border shopping². Retailers should consider these expectations if they want to boost conversions in Italy.

Key Drivers

44%

surveyed who purchased from an international site found them from social media ads².

37%

of fashion executives expect occasion wear to be a top category post-pandemic⁴.

58%

will pay more for brands that do more good than harm².

Technology

Italy is synonymous with fashion so it’s no surprise that its top selling category is apparel². Italy’s fashion industry also features some of the biggest influencers, whose advice informs 35% of purchases³. This consumer landscape prioritises discovery over price, so retailers should harness the power of social media, from partnering with local micro-influencers to grabbing attention with Italian language posts¹.

Behavioural / Cultural

Italian shoppers are purchasing with home in mind. As they started to work from home, they bought more casual clothing, making apparel a top-selling category². The online and home delivery grocery market also increased, as Italians have replaced out-of-home activities with alternatives⁵. Global sellers can capitalise on this opportunity by aligning their offerings with these new trends.

Consumer Expectations

Younger generations are pushing fashion brands to incorporate more sustainable materials and practices. The grocery market also saw a surge of eco-conscious consumers, pushing Italy to the forerunner in the demand for sustainable brands⁶. If global sellers want to sway Italians away from shopping local, they must appeal to their values—especially sustainability⁷.

1. SpringerLink, *Changes in the post-covid-19 consumers' behaviors and lifestyle in Italy. A disaster management perspective*, December 7, 2021. 2. PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022. 3. Statista, *Influencer marketing in Italy - Statistics & facts*, 2021. 4. McKinsey & Company, *The State of Fashion 2022*, 2022. 5. McKinsey & Company, *Survey: Italian consumer sentiment during the coronavirus crisis*, November 22, 2021. 6. EcommerceDB, *Store Ranking & Overview: Italy*, 2021. 7. KPMG, *Italy: Customer Experience Excellence report 2021*, 2021.

Italy - Top 3 Takeaways

1

Keep it close to home.

From apparel to groceries and hobbies, Italians are shifting their purchasing behaviours to incorporate their home life. They're buying more groceries and going to fewer restaurants in lieu of toys and hobbies that facilitate quality time with friends and family, sellers should see how they can appeal to these trends by finding ways to make their products and services complement buyers' homes and neighbourhoods.

2

Sell with local flair on social media.

Whether you're leveraging micro-influencers to working with local artisans or posting local language content, social media is a useful tool for global retailers to connect with and support the Italian market. Even cross-border sellers can use it to catch the eye of locally focused shoppers.

3

Shine the spotlight on sustainability.

When global brands establish themselves as brands with purpose, with sustainable products and services, they can gain the favour of current and future generations of shoppers. Global sellers should consider ways to meet this demand so they can break into a market of conscious consumers.





JAPAN

Young Japanese consumers are eager to shop cross-border, both throughout Asia and around the world.

Japan - Macro-Economic Snapshot

ANNUAL ECOMMERCE REVENUE

\$166B³

USD

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

13.7%⁵

ANNUAL ECOMMERCE
GROWTH

14.7%⁴

INTERNET
PENETRATION

92%⁶

SMARTPHONE
PENETRATION

79%⁷

POPULATION

126M²

GROSS DOMESTIC
PRODUCT

\$5.1T¹

USD

PURCHASING
POWER INDEX

101.3⁸



Japan - Narrative

Despite having one of the world's oldest populations, Japan's youth are powering an eCommerce giant.

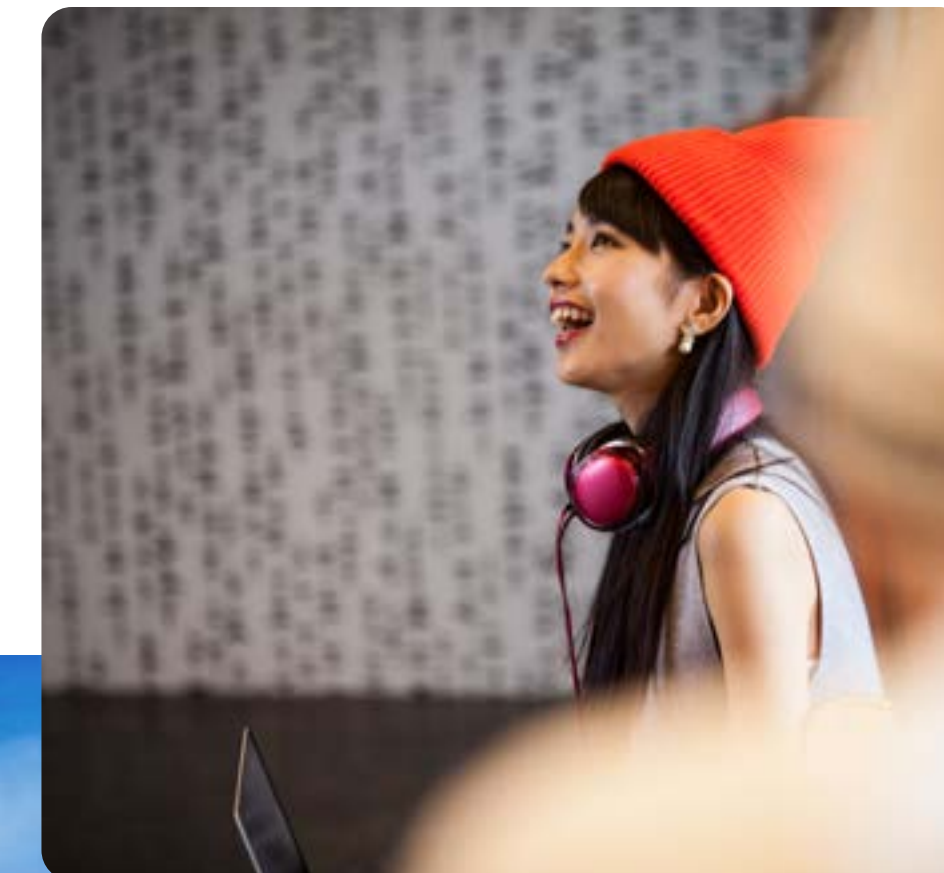
The Japanese economy has long been regarded as a world force. When it comes to eCommerce, Japan is the fourth-largest market in the world¹. **And it's only growing larger, up 14.7% per annum, and expected to generate \$324B USD in revenue by 2025².**

Despite this growth, the nation's economy was placed under strain by the COVID-19 pandemic. A surge of cases resulting from the Omicron variant led to a dip in consumer confidence, with a 2.4 point decline between December 2021 and January 2022³. The drop represented a five-month low, indicating that despite a path to recovery, the market may be vulnerable to any future outbreaks of the virus³. While the pandemic impacted the economy, it also impacted the online habits of the country's youngest consumers.

Japan is also home to one of the world's oldest populations¹. However, the country's younger population is the next driver of eCommerce.

Younger Japanese, and those with higher incomes, have already indicated a desire to spend more time online this year⁴.

The younger generation also seems to be looking past the pandemic. **80% of Japanese consumers are imagining a 'return to normal' in 2022, with Gen Z leading the charge⁴.**

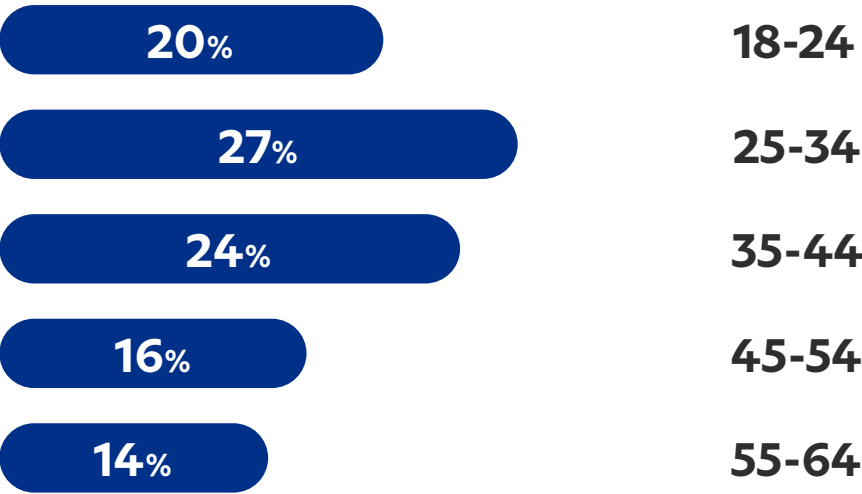


Japan - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

Japanese

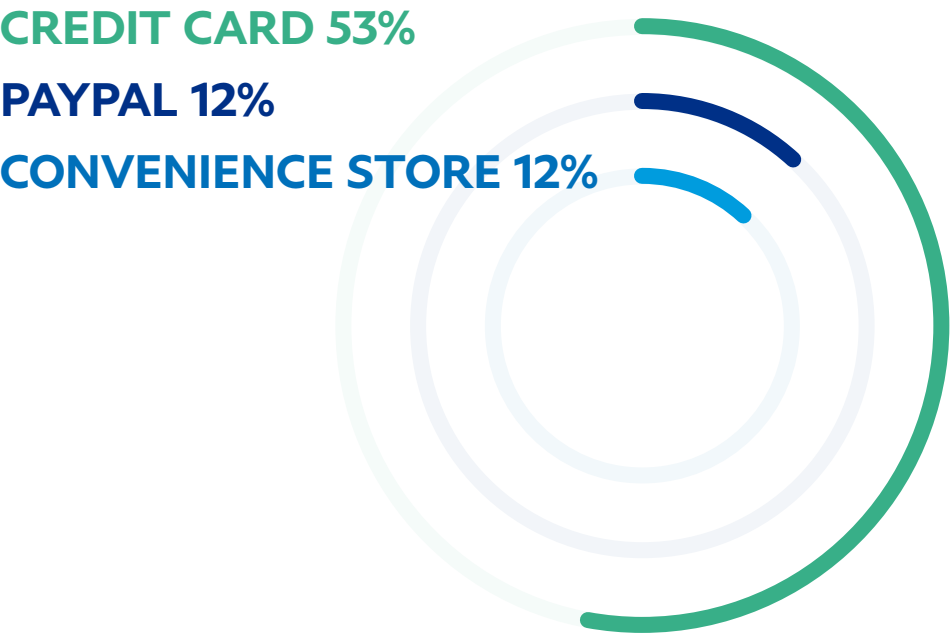
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Access to items not available locally (53%)
- 2/ Better prices (47%)
- 3/ Discovery of new and interesting products (37%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES



WHY THEY CHOOSE

- 1/ Prefer to support local online businesses (68%)
- 2/ Prefer large global marketplaces when purchasing from another market (66%)
- 3/ Prefer to put up with longer shipping times from global merchants if a product is less expensive (54%)

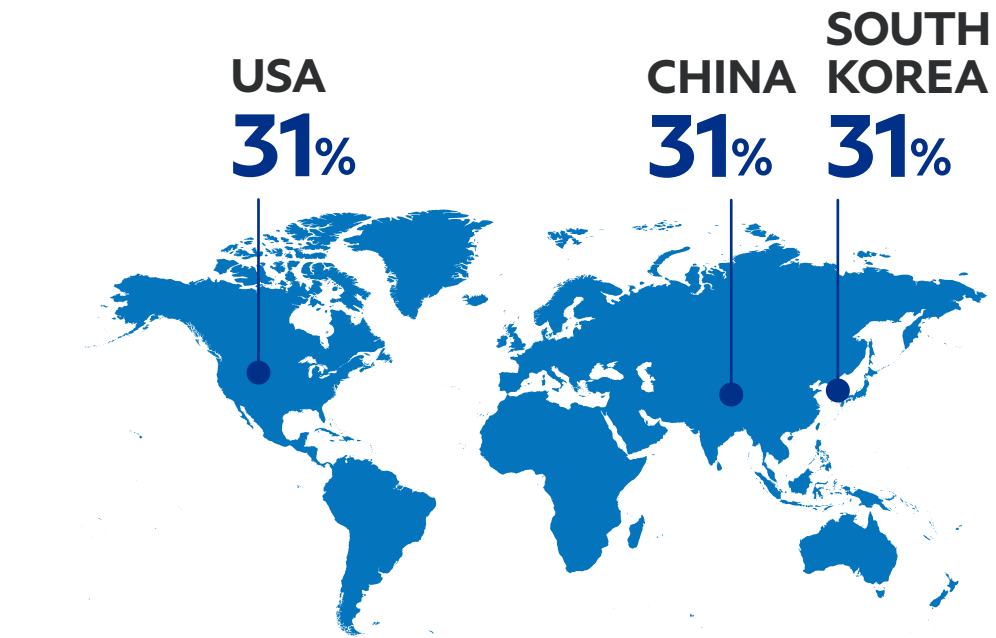
WHAT THEY BUY CROSS-BORDER



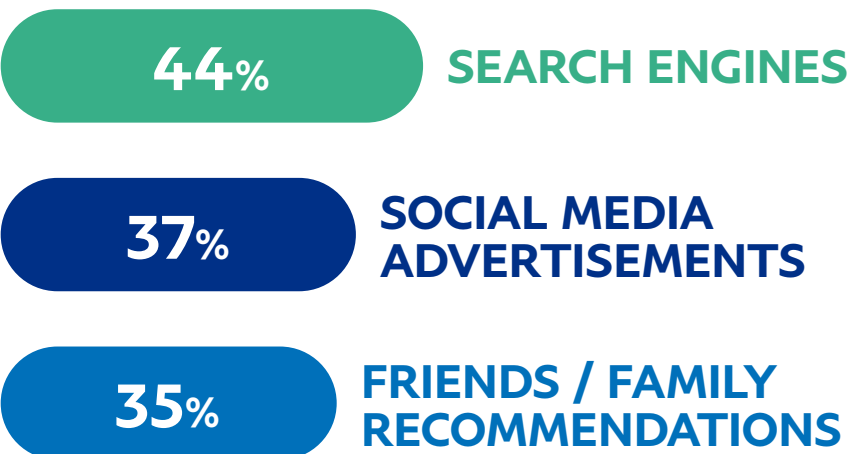
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (76%)
- 2 Store / Retailer website (43%)
- 3 Brand website (34%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



Japan - Spotlight

Japan's youngest consumers are shopping right from the palms of their hands.

The priorities of the younger generations are among the key drivers for Japan's eCommerce future¹. For example, while quality was once the top priority, younger shoppers are hungry for lower cost options².

There is also a growing trend to buy internationally, with the rate of cross-border eCommerce rising 9% percentage points from 2020 levels³.

Additionally, there is an uptake in mCommerce which, while relatively low prior to the COVID-19 pandemic, has doubled since 2020⁴. **Smartphone usage is highest amongst youth, with 93% of those between ages 20 and 29 on devices².**

Key Drivers

43%

of domestic Japanese buyers prefer a website in their language³.

58%

of cross-border purchases in Japan were clothing³.

1/3

of online shoppers would pay more for readily available items³.

Technology

Japanese shoppers prefer to learn before buying, and so Japanese websites are **traditionally heavy in copy²**. Proper translation for foreign brands is key, as word order and structure are not a straightforward translation from other languages². Japanese buyers want a site that speaks to them, and international merchants benefit from taking this request to heart⁴.

Behavioural / Cultural

It is interesting to note where Japanese buyers are sourcing their latest purchases³. Traditionally, the US was the country's dominant international trading partner⁵. Yet recently, closer Asian nations, such as South Korea, are becoming the preferred sources for online cross-border purchases³. Japanese shoppers are also buying cross-border items with 'heirloom' cultural significance, such as French wines and Swiss watches².

Consumer Expectations

While the pandemic may have attracted older shoppers online initially, 46% intend to maintain the habit long term². For shoppers of all ages, accessibility of cross-border goods is top priority³. Merchants entering the market need to ensure that their supply chains can readily handle the demands of the region, or else consider a last-mile delivery partner locally.

Japan - Top 3 Takeaways

1

Proper translation and customer support win the day.

International brands are unlikely to win favour with Japanese buyers without **tailoring their eCommerce offerings to Japanese expectations**. This means providing sufficient detail, in professionally interpreted Japanese, that will provide buyers the informed shopping experience to which they are accustomed. This may mean overhauling navigation or mobile experiences suited to a North American or European audience, but the market demands that extra effort.

2

Younger buyers are the ones setting trends.

Even with an older population, **younger Japanese consumers are the ones dominating the cross-border shopping market**. These buyers have specific expectations from their shopping experience. They are seeking a mobile-friendly experience, discounted prices, and shopping platforms that utilise their growing social media habits. Brands can use this information to build a competitive advantage as they expand in the Japanese market.

3

Buyers want what they want, and they want it now.

Japanese buyers can be eager and are prone to making decisions based on the availability of their desired items. Merchants looking to succeed in Japan need to ensure that their shipping channels are reliable, and ready to meet buyers' demands. Brands may have a potentially lucrative opportunity if their offerings are more readily available than their competitors'.



MEXICO



High-quality and customisable
mCommerce experiences are key to
unlocking Mexico's rising middle class.

Mexico - Macro-Economic Snapshot

GROSS DOMESTIC PRODUCT
\$1.3T¹
USD

ANNUAL ECOMMERCE REVENUE
\$25.6B³
USD

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE
20.1%⁵

SMARTPHONE
PENETRATION
93%⁷

PURCHASING
POWER INDEX
9.4⁸

POPULATION
132M²

ANNUAL ECOMMERCE
GROWTH
15.6%⁴

INTERNET
PENETRATION
65%⁶



Mexico - Narrative

Mexico's economy is still recovering post-COVID-19, but the expectations of middle-income shoppers are dictating future commerce in the market.

The Mexican economy is still in a difficult spot following an increase in COVID-19 cases towards the end of 2021, despite a rise in consumer confidence – up 3% from the end of 2020¹. Regardless of the forward momentum, Mexican shoppers are still being careful with their personal finances².

Yet there is potential on the horizon for those looking to cater to the Mexican market, especially towards the country's burgeoning middle class. **A large number of consumers are making purchases from abroad, and 15% of eCommerce in Mexico involves cross-border shopping³.**

The other major shift post-pandemic is that Mexican consumers seem to be shopping with their principles guiding purchasing decisions.

Weary from the volatility of the COVID-19 pandemic, shoppers have shifted their priorities to focus on brand values.

This has left retailers of all sizes to promote their corporate social responsibility initiatives in order to entice the market⁴. This focus on values is valuable wisdom for international businesses looking to attract Mexican consumers. The country is looking for international purchasing opportunities, but consumers are doing so with their conscience leading their wallets.

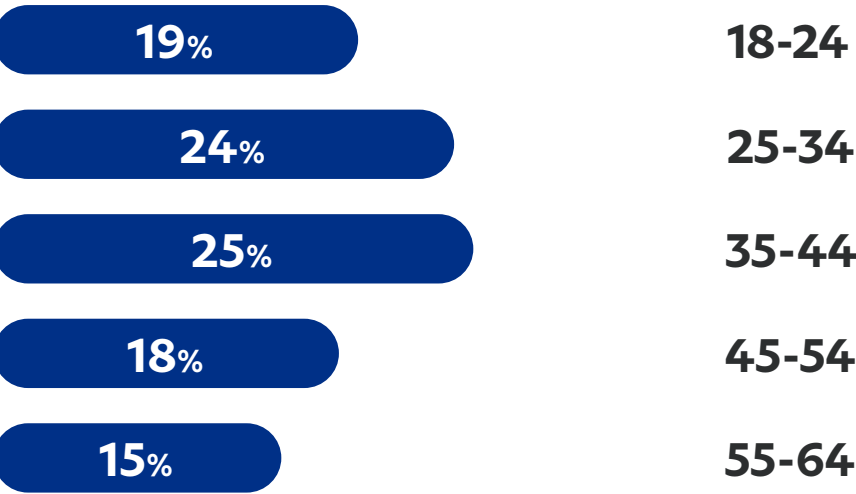


Mexico - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



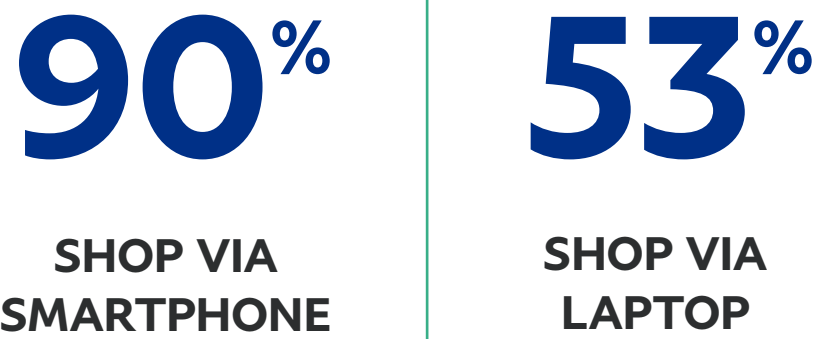
WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

Spanish

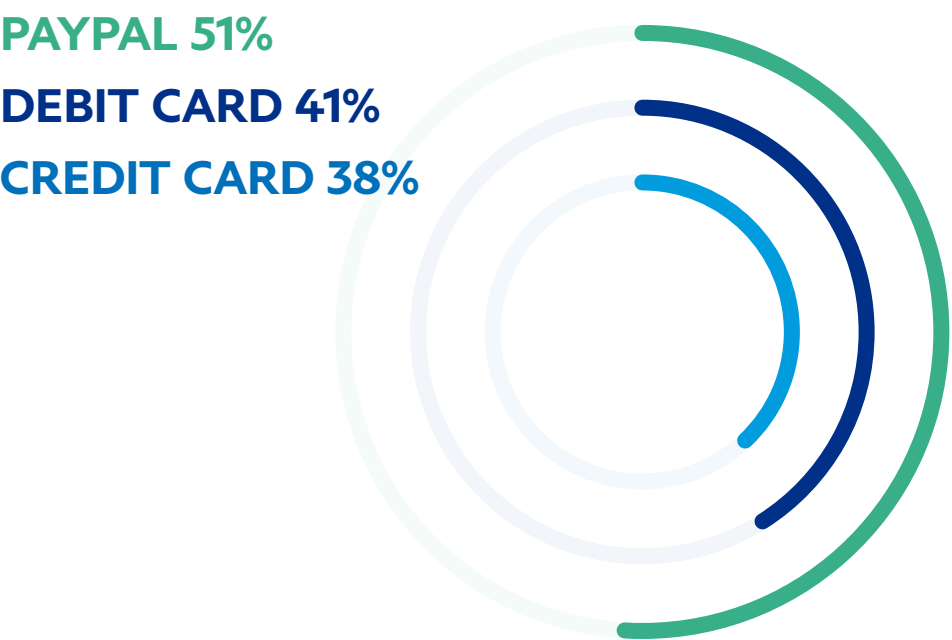
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Discovery of new and interesting products (48%)
- 2/ Better prices (44%)
- 3/ Access to items not available locally (38%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES



WHY THEY CHOOSE

- 1/ Prefer to support local online businesses (83%)
- 2/ Prefer to support small businesses (81%)
- 3/ Prefer large global marketplaces when purchasing from another market (77%)

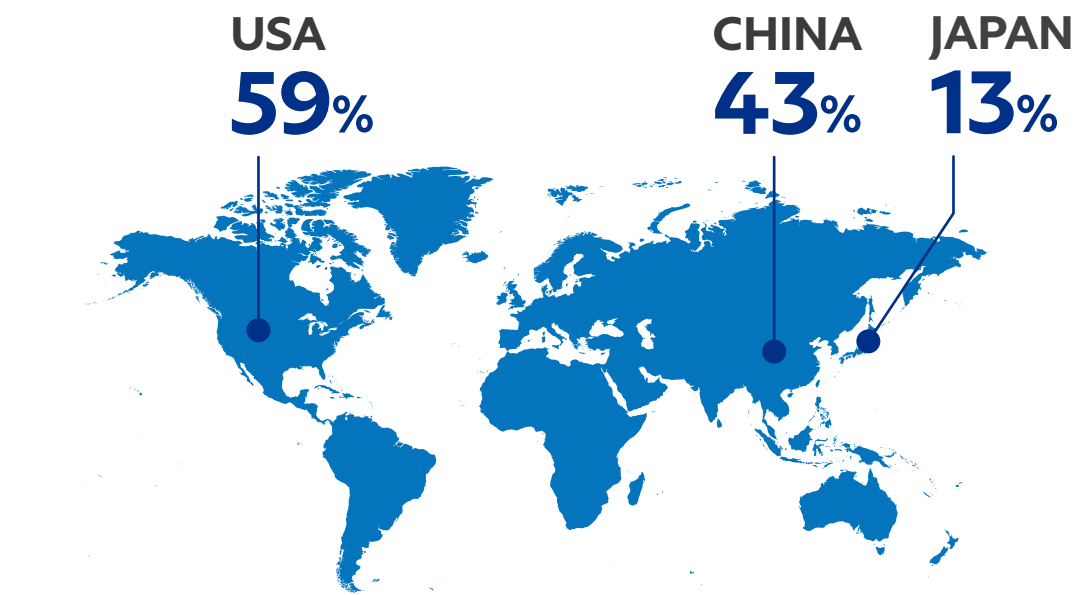
WHAT THEY BUY CROSS-BORDER



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (83%)
- 2 Retailer website (44%)
- 3 Brand website (43%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



Mexico - Spotlight

Shoppers are looking to feel better, shop better, and do it all safely.

The mCommerce economy is on the rise in Mexico, but there are key considerations that brands need to remember if they want to be successful.

The first is data protection - **75% of consumers are more protective of their data than they were towards the end of 2021**, a percentage significantly above the global average¹.

Consumers are also looking for a mobile shopping experience that meets their needs. Mercado Libre and Amazon are the biggest eCommerce businesses in the country, in large part because they offer navigation and product descriptions in Spanish².

Key Drivers

62%

of Mexican shoppers prefer utilising mCommerce³.

Technology

While the country's fixed-line internet infrastructure made online shopping difficult, Mexico's mCommerce experience has come to life through smartphones. Mobile commerce is expected to keep scaling up, with a compounded annual growth rate of 20.3% until 2024⁴. For merchants and vendors to succeed, they need to offer Mexican buyers a high-quality mobile shopping experience that's specifically catered to meet their needs.

69%

want a retailer with strong company values¹.

Behavioural / Cultural

As the country's middle class grows in size, so does its appetite for high-end lifestyle goods⁴. Global brands can appeal to the rising middle class by providing such solutions as secure online transactions for luxury goods. Businesses should also recognise the country's strong event-centred approach towards holiday shopping, such as el Buen Fin and Hot Sale⁵.

64%

of shoppers want to make better lifestyle choices¹.

Consumer Expectations

During pandemic lockdowns, Mexican eCommerce shifted their priorities. For example, they started primarily cooking at home, using online fitness training, and focusing on wellness⁶. Aside from strong brand values, buyers are now interested in the health and wellness industry—a trend retailers can take advantage of for the foreseeable future⁶.

Mexico - Top 3 Takeaways

1

Better mobile UX drives more business.

With the rising rates of mobile shopping, Mexican buyers are looking for an experience that works for them. This means that retailers need to focus on offering good user experience (UX), with Spanish-language features and purpose-driven branding, if they wish to succeed in penetrating the country's growing market.

2

Mexicans take data privacy and security seriously.

With a growing trend in eCommerce, Mexicans care more about their data privacy than most nations, and it's dictating their shopping habits. Brands winning over the country's consumers are highlighting their efforts to keep customer data safe and secure. Brands can build loyalty by highlighting their commitment to privacy and security — a commitment long held by PayPal.

3

Mexicans are focused on health and wellness.

Mexican consumers were amplifying their health and wellness focus during the pandemic, and the trend is likely here to stay¹. Merchants looking to succeed in Mexico should focus on promoting health and wellness through products, services, or apps, and buyers respect merchants that take wellness for their own teams seriously as well².

15%

of Mexican eCommerce is cross-border shopping¹.

SINGAPORE

A wide-angle photograph of the Singapore skyline at dusk. In the foreground, the Esplanade - Theatres on the Bay is illuminated, its lotus-like petals glowing with warm light. The building is situated on a small island in the water, with a walkway and some greenery visible. In the background, the city's financial district is visible, with numerous skyscrapers lit up with yellow and white lights. The sky is a mix of soft orange and blue, and the water in the foreground reflects the lights from the buildings and the sky.

Singaporean eCommerce spending habits are likely to see a boom in the coming months.

Singapore - Macro-Economic Snapshot

GROSS DOMESTIC
PRODUCT

\$378B¹

USD

POPULATION

6M²

ANNUAL ECOMMERCE REVENUE

\$7.15B³

USD

ANNUAL ECOMMERCE
GROWTH

16.4%³

INTERNET
PENETRATION

89%⁵

SMARTPHONE
PENETRATION

88%⁶

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

9.9%⁴

PURCHASING
POWER INDEX

0.9⁷



Singapore - Narrative

Singaporean eCommerce shoppers are making a revival following the COVID-19 pandemic, a trend likely to stay.

Economic concerns brought on by the COVID-19 pandemic had an impact on Singaporean buying habits. Shoppers grew concerned about their economic prospects during the crisis, which ultimately led to a reduction in eCommerce spending during the worst of the pandemic¹. As public health and economic conditions continue to improve, eCommerce spending is expected to grow 18.3% in 2022, and the compound annual growth rate of 16.2% will continue the trend of economic expansion¹.

The pandemic is also responsible for a movement towards eCommerce. The lockdown restrictions temporarily shuttering brick-and-mortar retail and implementing social distancing requirements were a major driver towards the growth in eCommerce, which is expected to continue post-pandemic².

The trend is also well-suited to Singaporeans' desire for convenience, where merchants can easily provide shoppers with a one-stop shopping experience³.

The rise in eCommerce has coincided with more cross-border buying as well. International brands are succeeding in Singapore because shoppers are becoming increasingly comfortable with the idea of sourcing products from outside their own borders². **Over three-quarters of all online shoppers surveyed now say that they are on board with cross-border shopping, nearly double the number who were keen on the idea pre-pandemic².**

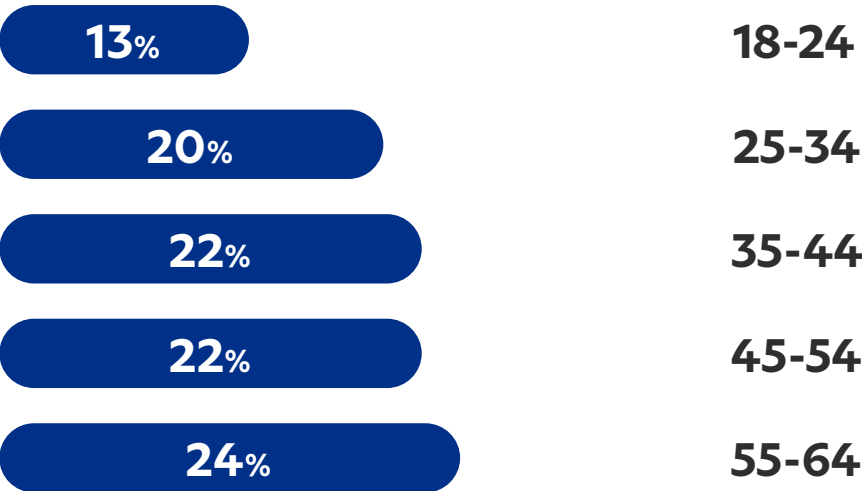


Singapore - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

English

HOW THEY SHOP ONLINE

84%
SHOP VIA
SMARTPHONE

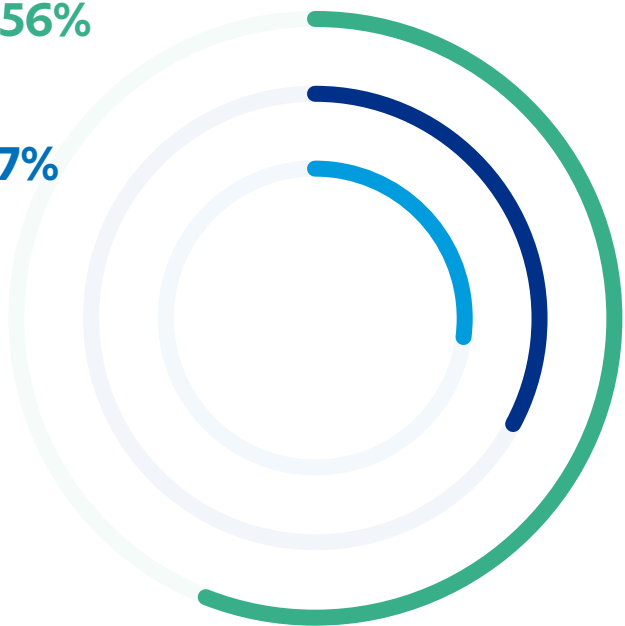
55%
SHOP VIA
LAPTOP

WHY THEY SHOP CROSS-BORDER

- 1/ Better prices (54%)
- 2/ Access to items not available locally (48%)
- 3/ Discovery of new and interesting products (39%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES

CREDIT CARD 56%
PAYPAL 33%
DEBIT CARD 27%



WHY THEY CHOOSE

- 1/ Prefer to support local online businesses (76%)
- 2/ Prefer to put up with longer shipping times from global merchants if a product is less expensive (72%)
- 3/ Prefer to buy from a website based in another market if I can't get what I want from my market (67%)

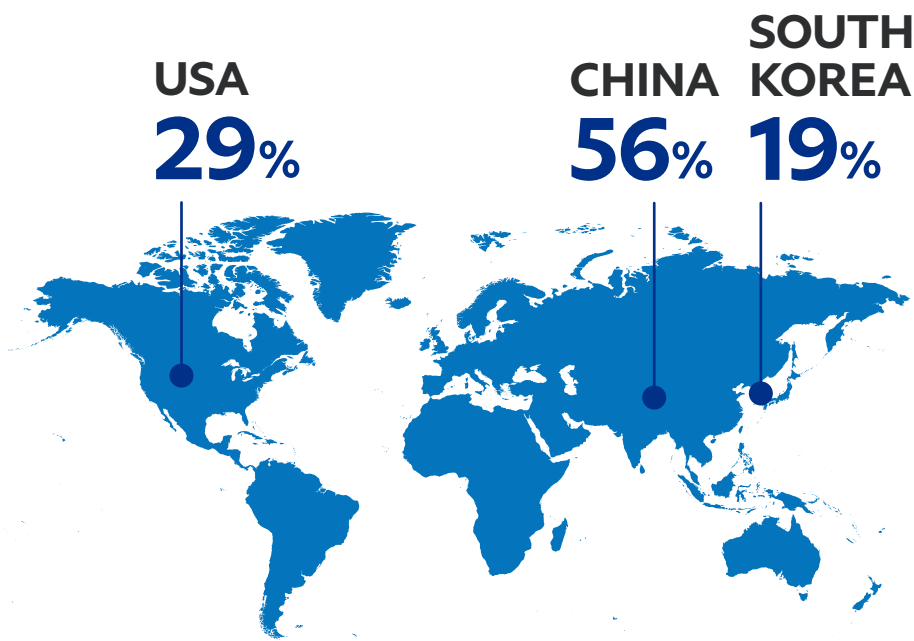
WHAT THEY BUY CROSS-BORDER



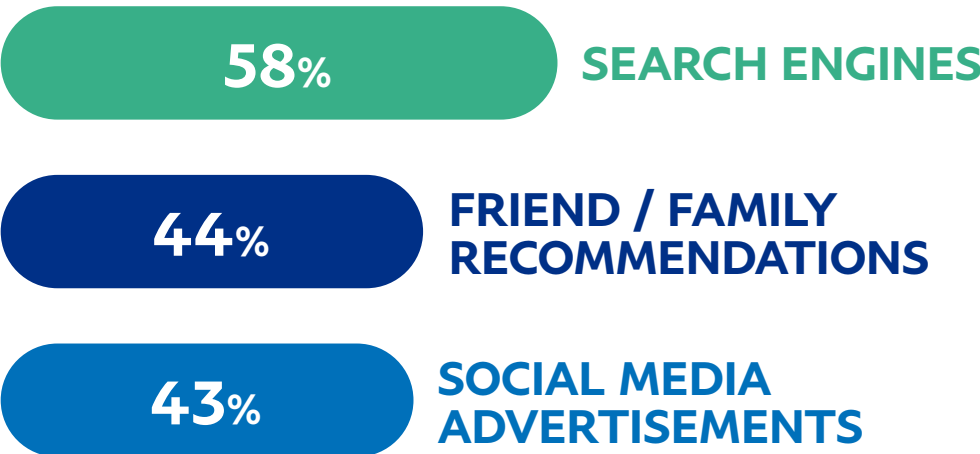
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (84%)
- 2 Brand website (36%)
- 3 Retailer website (34%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



Singapore - Spotlight

Shopping through social media is still in its early stages but is likely to grow.

Even though smartphones are prolific in Singapore, buyers have been slower to take to shopping through social media¹.

58% of Singaporean shoppers who purchased from a new international website are still learning about brands through search engines instead of through social media advertisements².

While usage of social media platforms is up, only 58% of online shoppers surveyed in Singapore are aware they exist, and roughly 81% are comfortable using them². Yet social media has become more integral in the buying process, as more buyers are using social networks for brand research and for product demonstration videos³.

Key Drivers

63%

surveyed and aware of livestream purchasing are comfortable using it².

44%

of online cross-border purchases are apparel related².

44%

struggled with work/life balance during the pandemic⁷.

Technology

Singapore's infrastructure is a perfect fit for mCommerce, as only 8% of residents prefer buying exclusively in person⁴. The market is ripe for new technologies, such as shopping through social media livestreaming. 50% of Singaporeans surveyed were aware of livestreaming, but 45% indicated that they would be fairly comfortable buying items through livestreaming².

Behavioural / Cultural

Shoppers are buying clothing in high numbers – a full 8% above the global average⁵. Residents love following major fashion brands in the region through large outlets, such as Zalora, and favour local labels as well⁶. Merchants in the fashion industry may find success in Singapore's busy market, and can partner with a larger online marketplace for even greater opportunities.

Consumer Expectations

Singapore has a strong work-focused culture, which means that convenience can often win the day. 55% of online shoppers in Singapore are willing to pay more for a convenient buying experience, and prefer easy purchasing methods, such as PayPal, debit cards, or credit cards². Quick delivery is also important, with one-third of buyers using services that promote on-demand domestic delivery.

1. Statista, [Smartphone market in Singapore - Statistics and facts](#), April 7, 2021. 2. PayPal commissioned Ipsos PayPal Cross-border Insights 2022, n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021-January 2022. 3. McKinsey, [Meet your future Asian consumer](#), July 28, 2021. 4. Statista, [Preferred shopping channels post-COVID-19 outbreak among consumers in Singapore as of June 2021, by age group](#), October 2021. 5. MediaOne, [Internet Spending Habits of Singaporeans](#), December 20, 2021. 6. Statista, [Consumer Markets: Apparel in Singapore](#), August 2021. 7. The Diplomat, [Cherian George on Singapore's Political Evolution](#), January 26, 2021.

Singapore - Top 3 Takeaways

1

Mobile friendly experiences are crucial to winning over customers.

The mCommerce market in Singapore dominates the online shopping space, with the highest smartphone penetration in Southeast Asia. If a cross-border merchant is looking to succeed with buyers, they should ensure that every aspect of the mCommerce experience, from browsing to payment options, is optimised to be mobile-friendly. Technology will continue to improve, and brands are going to need to keep up.

2

Make convenience a priority.

Buyers are driven by convenience, so complicated shopping experiences are less likely to win over buyers. Make sure you optimise, enhance, and invest in your mobile user experience and purchasing journey. For example, digital wallet payment options streamline the process and will be recognised in a market that has such a focus on convenience¹.

3

Social media is the key to mCommerce growth.

Given the high penetration of smartphones, Singaporeans are fans of social media and turn to it for mCommerce. Social network user penetration is parked at 74%, growing annually by 1-2%². Brands looking to penetrate the market can make a big impression on consumers by keeping up a strong social media presence, and ramping up their social presence to gain shoppers' attention.

84%

of online shoppers use their smartphones to purchase online¹.

Innovative buying experiences win the hearts of Spain's sophisticated shoppers.

SPAIN



Spain - Macro-Economic Snapshot

POPULATION

46.7M²

GROSS DOMESTIC PRODUCT

\$1.44T¹
USD

ANNUAL
ECOMMERCE
GROWTH

9%⁴

ANNUAL ECOMMERCE REVENUE

\$23.3B³
USD

INTERNET
PENETRATION

84%⁵

PURCHASING
POWER INDEX

0.62⁷

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

17%⁴

SMARTPHONE
PENETRATION

73%⁶

Spain - Narrative

Consumer optimism and retail opportunities come together to create the perfect storm.

Since the days of tight restrictions, Spain's consumer confidence has spiked. In January 2022, it increased 8 points to 89.3 over the previous months, putting it at the highest it's been since the Omicron variant started to slow down¹. **Currently, 92% of online shoppers surveyed think their spending will hold steady or increase in 2022 and 2023².** But as of now, just one in five say they only buy from domestic sites².

Global retailers should take this optimism and steady spending as an opportunity to break into the confident market.

Life in lockdown prompted local retailers to adjust their businesses accordingly, driving change in Spain's consumer landscape. Although the country has opened again, these changes are sticking around and expecting to be a part of Spain's new normal.

One change that presents an opportunity for global retailers is how Spaniards now prefer to shop. Since lockdown, nearly half of online shoppers surveyed are more likely to buy from a merchant that offers innovative virtual or digital experiences². Whether via apps, social commerce, or AR/VR, retailers can grab the attention of Spanish shoppers with what's new now.

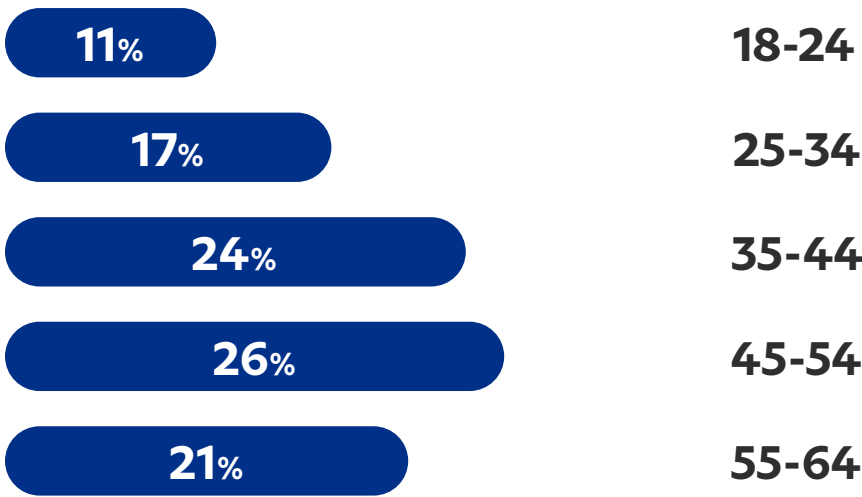


Spain - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

Spanish

HOW THEY SHOP ONLINE

79%
SHOP VIA
SMARTPHONE

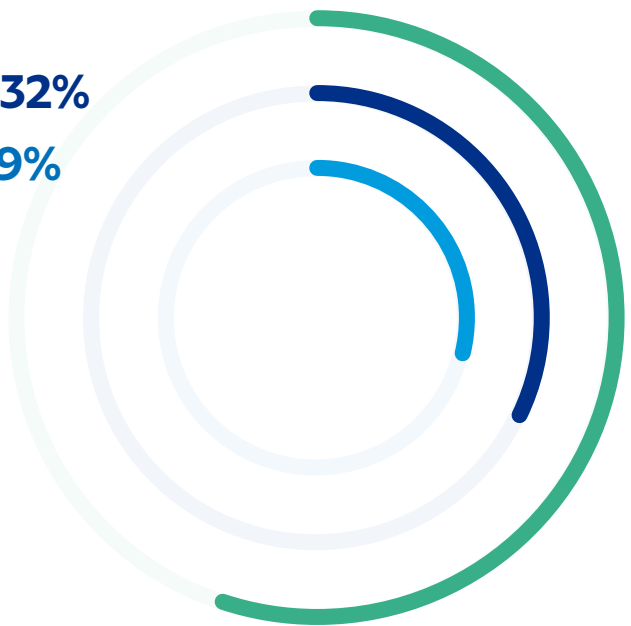
56%
SHOP VIA
LAPTOP

WHY THEY SHOP CROSS-BORDER

- 1/ Better prices (55%)
- 2/ Discovery of new and interesting products (38%)
- 3/ Access to items not available locally (35%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES

PAYPAL 55%
CREDIT CARD 32%
DEBIT CARD 29%



WHY THEY CHOOSE

- 1/ Prefer to support small businesses (73%)
- 2/ Prefer large global marketplaces when purchasing from another market (69%)
- 3/ No preference on whether the online retailer is based abroad (63%)

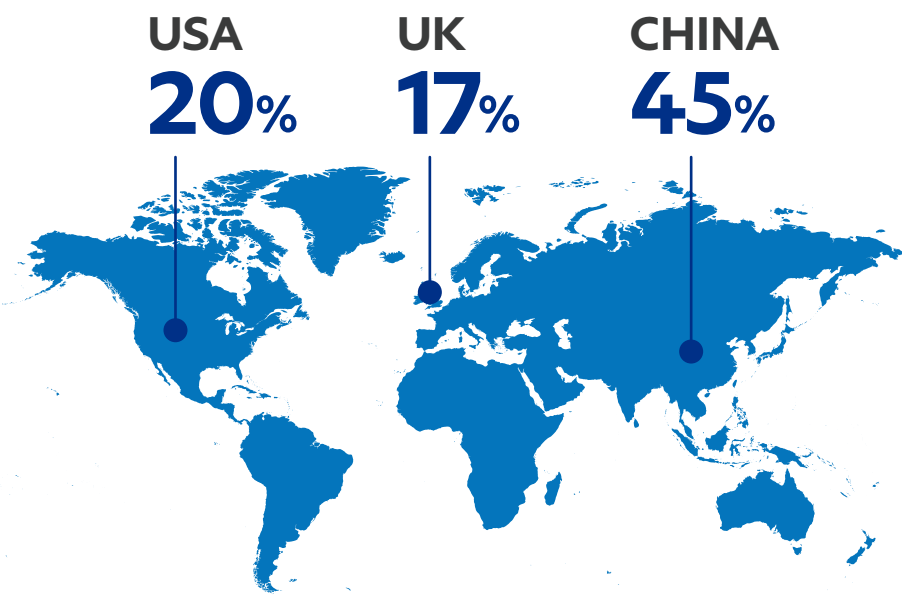
WHAT THEY BUY CROSS-BORDER



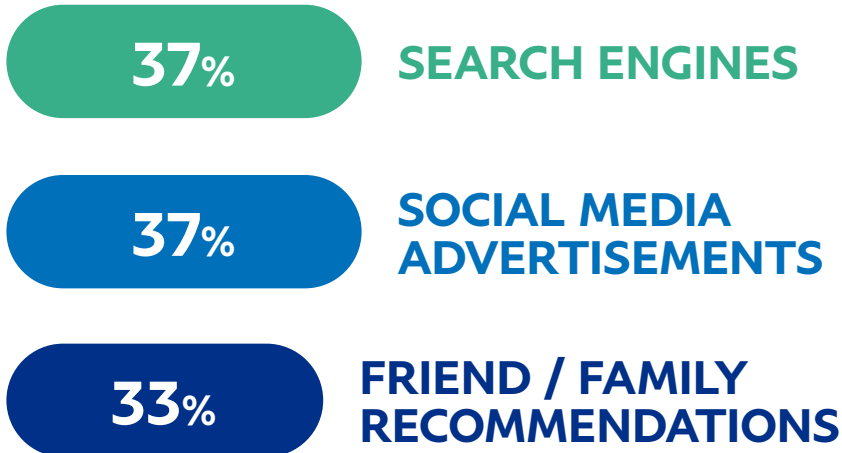
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (82%)
- 2 Store / retailer website (36%)
- 3 Brand website (33%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



Spain - Spotlight

Shoppers seek new experiences from emerging technologies.

Despite being an established online market, innovation in retail was lagging.

After the COVID-19 pandemic took hold and lockdowns started, shoppers started taking interest in new and innovative ways to shop online.

In the past three months, shoppers have reported using a variety of retail innovations. **55% used an app to make a same-day delivery purchase and 44% used deal-finding plug-ins¹.** And when it comes to more emerging technologies, they're showing a promising amount of comfort. 19% of shoppers are aware of livestreaming commerce, and shopping via AR/VR¹.

Key Drivers

88%

used an online marketplace for at least one product category².

46%

of Spaniards plan to treat themselves moving forward¹.

61%

agree to longer shipping times from global merchants for a cheaper price².

Technology

Although Spanish shoppers have typically taken a multi-channel approach across most product categories, online marketplaces are the top choice across all key categories².

Social is also gaining traction with an average of 12% of shoppers using it for the same key categories—and that number is only expected to rise².

Behavioural / Cultural

As shoppers' optimism spikes, there are signs that their spending will follow that lead.

Older generations are looking to treat themselves with travel while younger generations focus more on apparel and sporting goods¹. In fact, for the 61% of people that are shopping more now than they did in 2020, apparel counts for about half of this increase².

Consumer Expectations

Shoppers are coming out of lockdown ready to spend, but not recklessly. They're still cost-conscious and will take the extra time to find the best quality for their money. 32% of shoppers wouldn't compromise on quality if a brand is ethically or socially responsible², but those who do end up switching brands are driven by prices and promotions¹.

Spain - Top 3 Takeaways

1

Make it multi-channel.

Although pandemic restrictions shook up the consumer landscape in Spain, retailers adapted with new ways to shop, including social commerce, livestreams, and AR/VR apps. Spanish customers quickly caught on and haven't missed a beat since. By adopting these new methods, retailers can keep up with the new—and more exciting—normal in this market.

2

Quality and price-conscious shoppers love promotions.

Spanish shoppers are ready to spend again, especially on apparel, consumer electronics, and toys and hobbies. Global retailers can make the most of this opportunity by offering the right combination of promotions, clear pricing, and preferred payment methods.

3

Innovation attracts the shopper's attention.

Win over the Spanish market by delivering a differentiated shopping experience with the help of new technologies. The success of recent innovations, like allowing customers to virtually try before they buy through AR/VR, shows how quickly adoption takes place in this market.

25%

of those aware of
AR/VR are comfortable
shopping with it¹.

UNITED KINGDOM

Online shopping is now the norm for an already digitally savvy market.



United Kingdom - Macro-Economic Snapshot

ANNUAL ECOMMERCE
GROWTH

8.9%⁴

INTERNET
PENETRATION

92.1%⁶

POPULATION

67M²

GROSS DOMESTIC
PRODUCT

\$2.7T¹

USD

SMARTPHONE
PENETRATION

91.4%⁶

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

13%⁵

PURCHASING
POWER INDEX

0.7⁷

ANNUAL ECOMMERCE REVENUE

\$40B³

USD

United Kingdom - Narrative

Brits young and old are all in on online shopping, creating a major shift in the market.

Even though there are still economic issues affecting Brits, such as higher taxes, inflation, and rising interest rates, consumer confidence and pent-up demand are fuelling a return to buying¹.

So far, the budgets for online spending have been relatively moderate, with buyers looking to spend some disposable income without overextending themselves. **One in three Brits are willing to spend over £200 on an online purchase**, which is good news for small and mid-size sellers with higher ticket items to offer². Larger-ticket spending trends in eCommerce may soon lure smaller merchants to improve their online buying options if they are looking to attract a crowd that's ready to buy.

The demographics of online shopping in the UK are changing as well. While the larger shift towards online commerce opened up new buying channels for younger shoppers, older customers also began to see online purchasing as a consumer-friendly option³.

Priorities have also now shifted among buyers, with shoppers now focused on improving their lifestyle choices, increasing their fitness activity, and utilising do-it-yourself home improvement solutions².

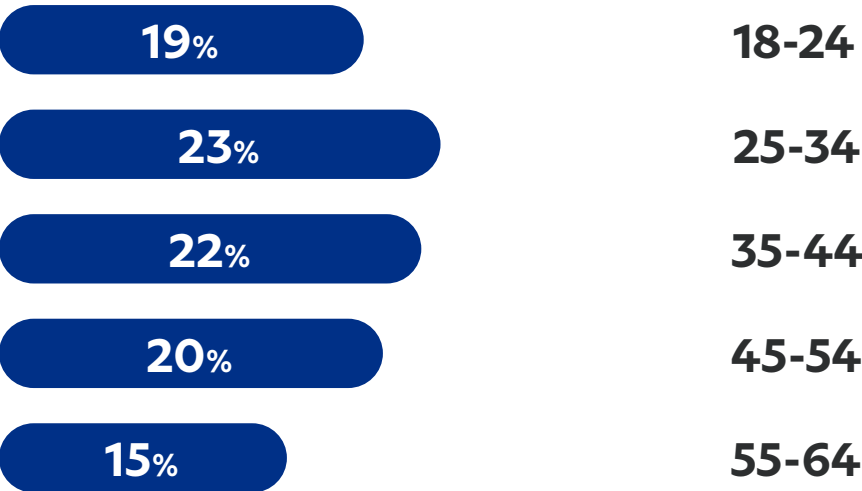


United Kingdom - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



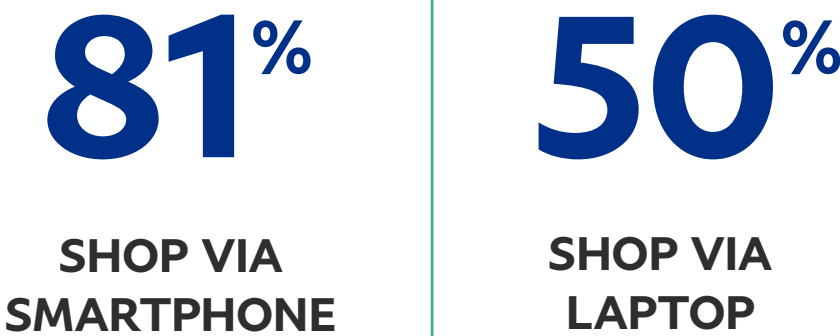
WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

English

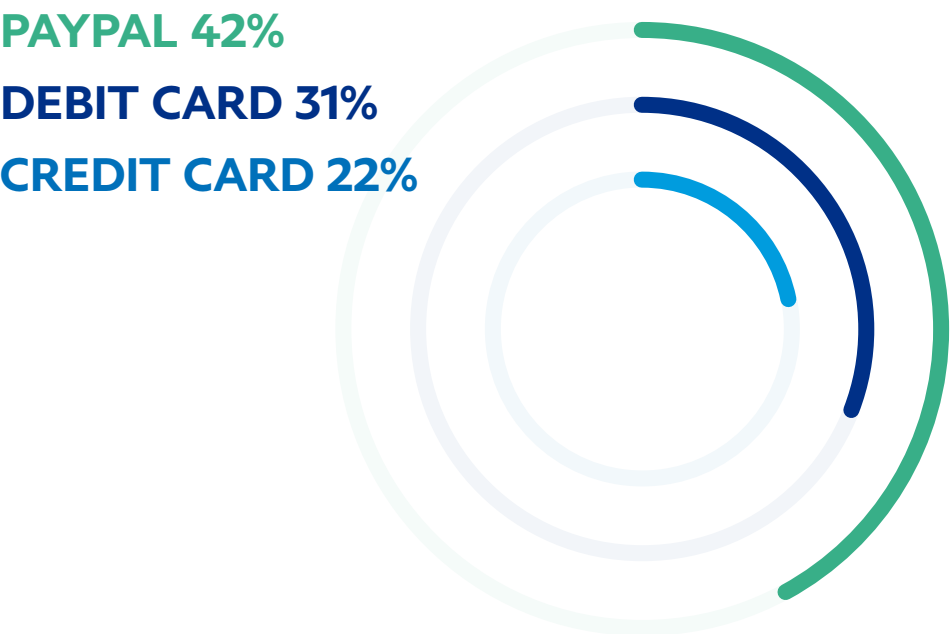
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Access to items not available locally (46%)
- 2/ Better prices (43%)
- 3/ Discovery of new and interesting products (36%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES



WHY THEY CHOOSE

- 1/ Prefer to support local online businesses (69%)
- 2/ Prefer large global marketplaces when purchasing from another market (67%)
- 3/ Prefer to support small business (63%)

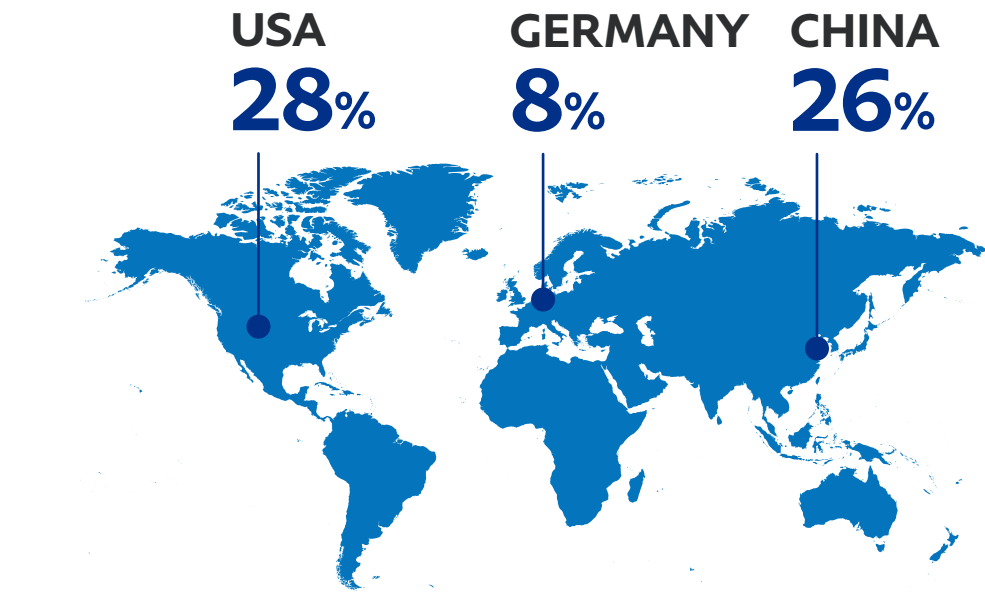
WHAT THEY BUY CROSS-BORDER



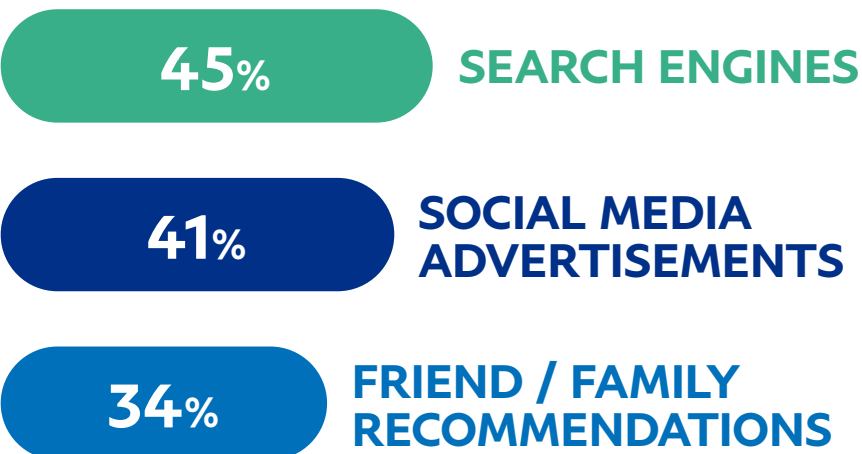
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (59%)
- 2 Store / retailer website (43%)
- 3 Brand website (34%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



United Kingdom - Spotlight

A change in taxation rules can quickly complicate UK sales.

New laws are affecting how the UK sells online and ships. This means new regulations, services, import taxes, and customs declarations. Up until Brexit, shipping was relatively easy and efficient, and shoppers didn't have to worry about additional costs.

Although the UK has a new level of complexity with their eCommerce market, the British value-added (VAT) rate on imports dropped from 20% to 5%, with some exempt goods even at 0%¹

However, 41% worry about shipping costs, and 37% worry about taxes, fees, and duties².

International merchants need to keep prices reasonable and transparent.

Key Drivers

19%

more UK buyers shopped through social media in 2021².

Technology

The COVID-19 pandemic highlighted a shift towards older Brits taking to the ease of online shopping, and brands are recognising that a multi-channel approach can have the best traction³. Merchants of all sizes looking to attract British buyers should focus on multiple channels, such as brand websites and social media, in order to reach different demographics of their desired market.

50%

of online shoppers surveyed spent more on products they can share with others².

Behavioural / Cultural

Among Brits who already shopped online, spending on online marketplaces dropped across all product categories². However, their use of social media marketplaces grew an average of 19% over 2020 across the top categories². They also started showing a significant increase across brand or retailer websites². Merchants should consider building a multi-channel approach if they want to capture each demographic's purchase preferences.

2/3

of UK consumers want a more sustainable lifestyle⁵.

Consumer Expectations

Brits are becoming more environmentally aware⁵. Factors now affecting their purchasing habits include shipping costs, packaging, and unnecessary use of non-sustainable materials⁶. Merchants should note that buyers are shopping with their ethics, and are looking for brands that focus on doing good and making a positive impact².

1. Gov.UK, Annual UK VAT Statistics 2020 to 2021 Commentary, April 29, 2022. 2. PayPal commissioned Ipsos PayPal Cross-border Insights 2022, n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021-January 2022. 3. Trinity McQueen, Shifts in shopping: permanent changes in UK consumer behaviour, March 31, 2021. 4. Statista, Leading factors that would help consumers adopt more sustainable habits and shopping behavior in the United Kingdom (UK) in 2021, March 2021. 5. McKinsey, Opportunities for UK businesses in the net-zero transition, October 21, 2021. 6. Statista, Share of sustainable shopping behaviors among UK shoppers in 2021, March 2021.

United Kingdom - Top 3 Takeaways

1

A multi-channel approach works best.

The UK has been a digitally savvy nation for a while, and different demographics show vastly different shopping behaviours. Brands need to establish a multi-channel approach from websites to social media etc. to reach shoppers at the right touchpoint.

2

Sustainability is front of mind.

UK shoppers are well attuned to the climate crisis and they care about protecting their environment. Unnecessary plastic packaging and non-sustainable shipping practices will do little to attract buyers. Merchants should focus on how they offset the carbon footprint created by packaging and shipping goods to the UK market.

3

Buyers are looking to improve their lifestyle.

Even though lockdowns have lifted and UK shoppers are cleared to return to 'normal,' most have adjusted well to spending more time at home and will likely continue to do so. Merchants should take note that shoppers will continue to look for products that contribute to a healthier lifestyle, assist with DIY home repairs, and promote physical fitness.



UNITED STATES

A person in a purple jacket stands on a rocky cliff edge, looking out over a vast canyon. The sun is setting on the horizon, casting a warm glow over the landscape. The canyon walls are rugged and layered, with a river winding through the bottom. The sky is a mix of orange and blue.

With growing supply chain issues, 'Made In The USA' is a different guarantee than it used to be.

United States - Macro-Economic Snapshot

GROSS DOMESTIC
PRODUCT

\$18.7T¹
USD

ANNUAL ECOMMERCE REVENUE

\$875B³
USD

ANNUAL ECOMMERCE
GROWTH

10.8%⁴

SMARTPHONE
PENETRATION

80%⁵

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

18.8%⁴

INTERNET
PENETRATION

89%⁵

POPULATION

343M²

PURCHASING
POWER INDEX

1.0⁶

1. Deloitte, United States Economic Forecast 4th Quarter 2021, December 2021. 2. Macrotrends, U.S. Population 1950-2022, 2022. 3. Statista, Retail e-commerce revenue in the United States from 2017 to 2025, September 2021. 4. Statista, Retail e-commerce sales in the United States from 1st quarter 2009 to 3rd quarter 2021, November 2021. 5. Statista, Digital Population of the United States of January 2021, February 2021. 6. OECD, Purchasing power parities (PPP), January 5, 2022.



United States - Narrative

As the U.S. economy gradually recovers, shoppers look across borders for the goods that they want¹.

While America's consumer confidence is still slightly rocky in the wake of COVID-19 pandemic recovery and rising inflation, markets are improving. The consumer confidence index was at 110.5 in February 2022, which is above its previous pandemic lows².

As the market changes, Americans continue to spend, but carefully. Lockdowns and reduced gathering limits have meant less spending – a trend likely to reverse as pandemic restrictions continue to lift. **American consumers amassed more than \$2 trillion in savings during the pandemic, and that money might soon support increased spending².**

Challenges with supply chain issues in 2021 have meant that buyers are increasingly worried about the ability to access their preferred products¹.

Additionally, as they return to shopping in large quantities, U.S. consumers are showing that they are open to cross-border shopping in increasing numbers. 41% of consumers now buy internationally, which is a sizable increase from only 33% polled last year¹.

The challenge for American manufacturers and producers may be convincing buyers to purchase and prioritise 'Made in the USA.' Almost half of consumers who shop cross-border believe that global brands make better products than local producers¹.

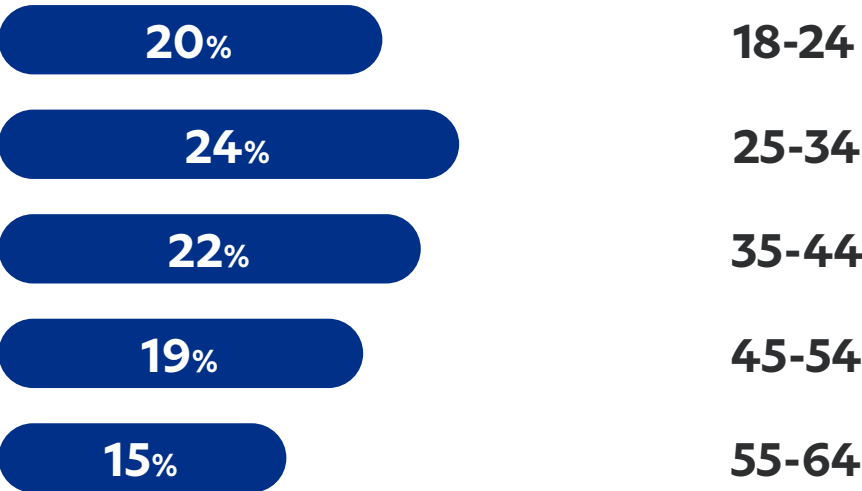


United States - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER



WHO THEY ARE (AGE)



WHAT LANGUAGE THEY PREFER

English

HOW THEY SHOP ONLINE

78%
SHOP VIA
SMARTPHONE

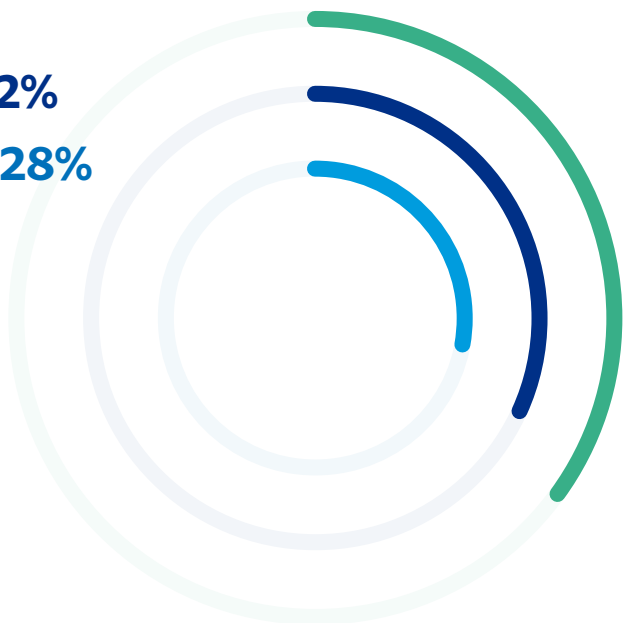
50%
SHOP VIA
LAPTOP

WHY THEY SHOP CROSS-BORDER

- 1/ Better prices (41%)
- 2/ Access to items not available locally (38%)
- 3/ Discovery of new and interesting products (35%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES

PAYPAL 35%
DEBIT CARD 32%
CREDIT CARD 28%



WHY THEY CHOOSE

- 1/ Prefer to support local online businesses (77%)
- 2/ Prefer to support small businesses (73%)
- 3/ Prefer large global marketplaces when purchasing from another market (66%)

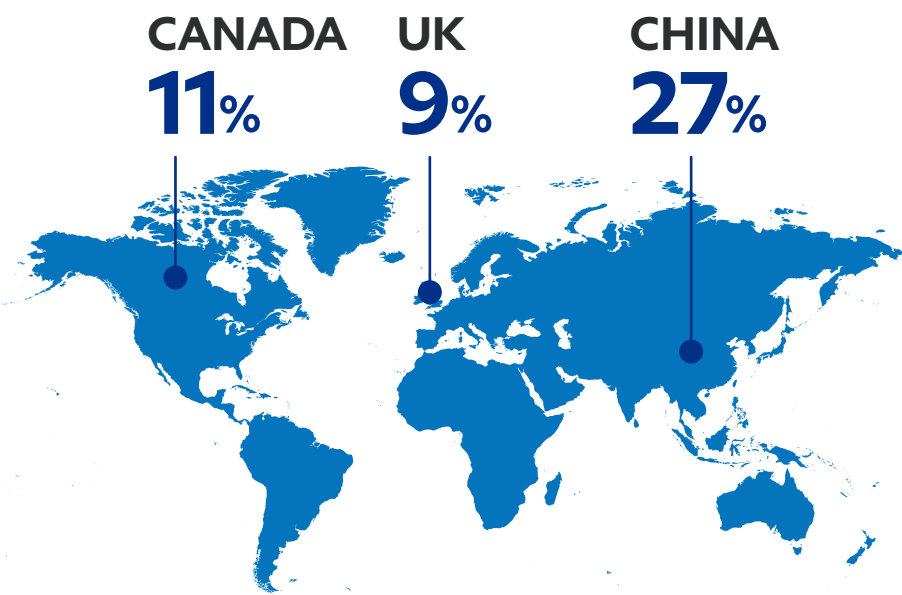
WHAT THEY BUY CROSS-BORDER



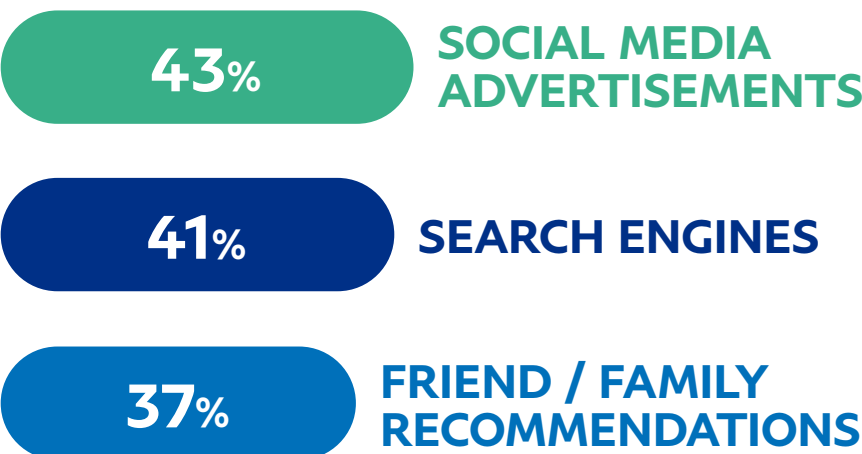
WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace (75%)
- 2 Store / retailer website (45%)
- 3 Social media marketplace (37%)

WHERE THEY BUY CROSS-BORDER



HOW CROSS-BORDER SHOPPERS FIND YOU



United States - Spotlight

Despite inflation, optimism is strong.

While the COVID-19 pandemic is not completely over, and the lingering effects have taken a hit to consumer confidence, **44% of American shoppers still reported feeling optimistic** - a strong showing¹.

That confidence seems to be highest among high-income consumers and Millennials, with both groups excited for the world to re-open¹.

Local brands are also competing with their global counterparts. Americans have become increasingly comfortable with cross-border shopping, especially when those brands are making concentrated efforts to target them. Online and social media marketplaces, along with store websites, have all gained traction².

Key Drivers

37%

of surveyed shoppers purchased through social media marketplaces in 2021².

Technology

More brick-and-mortar retailers are expanding to a multi-channel approach. Brands can take advantage of multi-channel shopping, which is quickly gaining popularity¹. Purchasing through a social media marketplace, for example, doubled in the last year². International brands see this growth as well, with slightly over 40% of Americans finding international brands online – largely through social media and search engines².

60%

of surveyed shoppers experienced out-of-stock items¹.

Behavioural / Cultural

The supply chain shortages of 2021 shone a light on consumer behaviour and showed that buyers are quick to go elsewhere to find what they want. 65% of consumers worried about the availability of their favourite products, and that often led to online shoppers switching brands or retailers². 38% of cross-border shoppers turned to international shopping when their desires weren't available domestically².

3/5

U.S. shoppers prefer retailers with easy returns³.

Consumer Expectations

A history of brick-and-mortar shopping has left Americans comfortable with straightforward return policies, and they're keen to see this behaviour move online. Difficult returns are often a barrier to cross-border shopping³. Moreover, higher-net worth shoppers expect easier returns on their luxury items. Brands should make easy and free returns a priority to win over online shoppers³.

United States - Top 3 Takeaways

1

Meet consumers where they are.

With cross-border shopping on the rise, a multi-channel approach to marketing appears to be the most effective way to target consumers, especially as they remain open to trying new brands. A combined approach of social media advertising, search engine optimisation (SEO), and search engine marketing (SEM) ensures that consumers are seeing your brand in the places that they're already looking.

2

When it comes to demand, supply is key.

While American shoppers are known for their focus on price, supply chain issues highlighted the importance of stock availability. Buyers grow frustrated when products are not available, and their desire to buy can outweigh brand loyalty so long as products are authentic and of at least comparable quality. Retailers can take advantage of this shift by prioritising supply and attracting new U.S. shoppers.

3

Easy to buy, and easy to return.

If American consumers are going to avoid brick-and-mortar shopping, they need to have the return process made just as easy. Hassle-free returns that aren't costly or complicated will maintain brand loyalty. A free return process that's kept simple is advantageous, and allowing customers to interact with the product with AR technology can help avoid returns where possible.



4 ways to turn insights into action

Cross-border opportunities are yours for the taking, so tap into them with insights into the global eCommerce landscape. Now you can turn these insights into action with the **2022 Cross-Border Commerce Playbook**, where we share four key considerations when breaking into new markets abroad, and show how having a global collaboration with PayPal can help.

Run and grow your business with PayPal and our trusted network of solutions by your side:

Trust

Gain peace of mind for you, and your customers, with PayPal, one of the world’s most trusted brands¹.

Integrated partner solutions

When you partner with PayPal, it’s not a one-size-fits-all experience. Get integrated solutions tailored to your business needs.

Conversion and selling online

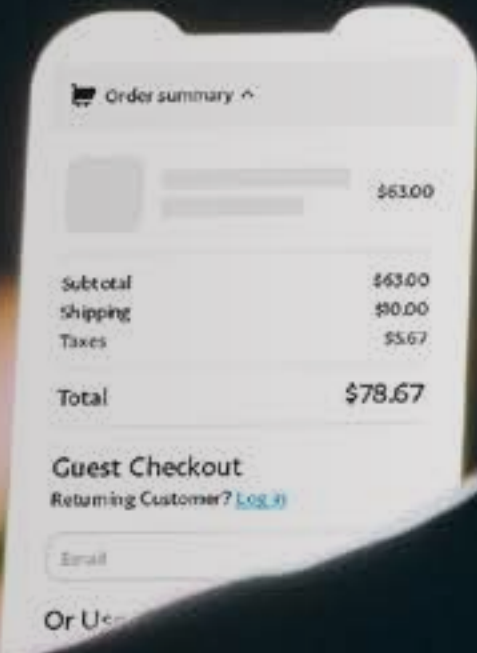
Cast a wider net by accepting multiple forms of payment across 200+ markets to help you not miss a sale.

Multi-channel growth

Get more than just online payment processing and reach out to shoppers in new channels with PayPal.

To learn more, visit PayPal.com/hk/enterprise

Questions? [Email us](#) or fill out [this form](#) to request a call back.



1. Morning Consult, [The 15 Most Trusted Brands Globally, 2021](#).

