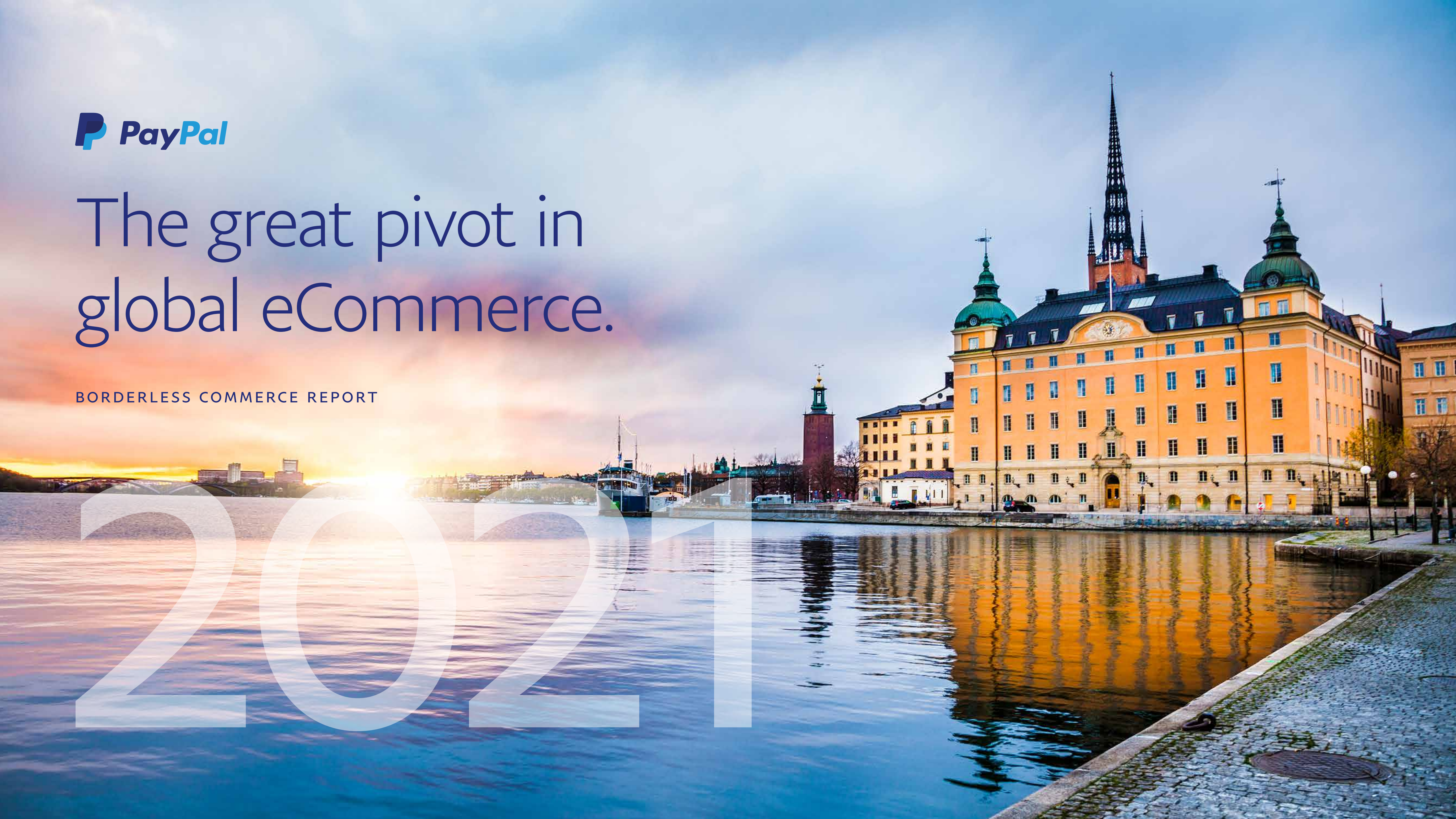




The great pivot in global eCommerce.

BORDERLESS COMMERCE REPORT

2021



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| Executive Summary

FOREWORD

Last year, the pandemic brought the world to a grinding halt, creating mass uncertainty across almost every facet of business operations. As the uneven pandemic recovery continues, it's clear shopping behaviours have changed for good, with wide-reaching impacts on the world of eCommerce.

The 2021 Borderless Commerce Report captures and highlights the current and upcoming global shifts that will shape the future of cross-border commerce. It will help you identify potential areas of growth for your business, while exploring 13 key markets in depth. Whether your cross-border journey is just beginning or you're expanding your global reach, understanding your customers abroad is key to successful market entry.

With great change comes great opportunity

COVID-19 spurred virtually every person, institution, and country on the planet to adapt to a new reality. Despite uneven global recovery, the seeds of consumer confidence are beginning to grow again.

E-commerce is the fastest growing segment of the retail market in Europe and North America. Combined ecommerce sales in Western Europe (UK, Germany, France, Netherlands, Italy and Spain) were £152.20bn in 2015 and reached £224.425bn in 2019 (+47.5% growth). Worldwide eCommerce will grow another 14.3% this year³ led by China and its more than 710M online shoppers⁴.

China's economy actually beat forecasts to finish the year 2.3% ahead⁵ amid strong consumer optimism. The U.S. Consumer Confidence Index, a leading

economic indicator, continued a rise that started in May 2020⁶. Signs of recovery were evident across the world, as business cycle indicators were mostly on the uptick⁷.

CHANGING BEHAVIOUR OF ONLINE SHOPPERS

A notable outcome of this shared change is that markets now have more in common than what sets them apart. A groundswell of new shoppers came online around the world, surging adoption by nearly 28% in 2020¹. In the U.S., 10 years of projected growth happened in just 90 days⁸. Countries with the lowest pre-COVID eCommerce penetration saw some of the largest migrations to online shopping, led by Mexico⁹.

As more shoppers appeared, new behaviours emerged, with large, developing nations leading the way. Facing product shortages, budget constraints

and concerns about in-person shopping, consumers showed a far greater willingness to try new brands and new ways of shopping, flocking to digital and omnichannel options⁹.

Shopping cart totals grew as shoppers looked for products not available during lockdown. These new habits have become ingrained. Across all 13 markets surveyed, average online shopper intent to further increase their online spend is at least twice as high as any intent to pull back⁹. In India, more than two-thirds of online shoppers surveyed reported spending more than before COVID-19, and 76% said they planned to further increase their online spending in 2021/2022. That's the highest number reported in the survey, followed by China (68%) and Mexico (61%)⁹. Only 4% of Indians said they planned to decrease their online spending⁹.



Home workouts heat up

2020 saw a sustained boom in home fitness equipment. Peloton membership doubled and revenue shot up 172% over 2019 from sales of its workout equipment and popular live remote group classes¹⁰.



All research links and references cited in this report were accessed between 10 February and 10 March 2021 unless otherwise stated. ¹ Insider Intelligence/eMarketer, *Retail Ecommerce Sales Worldwide, 2019-2024*, 12 Dec 2020, estimates based on analysis of data from other research firms and government agencies, historical trends, reported and estimated revenues from major online retailers, consumer online buying trends, and macro-level economic conditions. ² Digital Commerce 360, *U.S. eCommerce grows 44.0% in 2020*, 29 Jan 2021. ³ Insider Intelligence/eMarketer, *Global Ecommerce Update 2021*, 13 Jan 2021, forecast based on analysis of 19,840 data points from 764 sources, including third-party research, retail industry, and government research; eCommerce sales data, and relevant consumer trends. ⁴ Statista/iiMedia Research, *E-commerce in China*, Sept 2020. ⁵ Fortune, *China's 2020 GDP means it will overtake U.S. as world's No. 1 economy sooner than expected*, 18 Jan 2021. ⁶ OECD (2021), *Consumer confidence index (CCI)*. ⁷ The Conference Board, *Consumer Measures*, 2021, indexes are based on responses to five questions in the survey using a probability sample design provided by Nielsen. ⁸ McKinsey Quarterly: Five Fifty, *Q2 2020: The Quickening*, data provided by Bank of America; Forrester Analytics; ShawSpring Research; US Department of Commerce; McKinsey analysis. ⁹ PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020–February 2021. ¹⁰ BBC News, *Peloton sales surge as virus boosts home workouts*, 10 Sept 2020.

INCREASING COMFORT WITH CROSS-BORDER

In another significant shift, many of our surveyed markets reported greater comfort level with cross-border shopping, led by India, Brazil, and Mexico¹. Online shoppers who purchased cross-border spent more overall than domestic only shoppers¹, despite national campaigns and broad sentiment in many countries to support local retailers and shop domestically.

At the same time, new shopping choices are everywhere, and online shoppers have high expectations for value, convenience, security and overall experience. Western countries are more likely to cite delivery speed, shipping and return costs as cross-border purchase barriers¹. They also prefer to use PayPal just as much as credit cards (31%) for international purchases¹.

Cross-border merchants can level the playing field by providing a shopping experience that compares to that of domestic sellers but competes on product selection and/or price. Clear shipping and delivery information and support for preferred payment methods can provide additional shopper confidence.



Soothing raw nerves

Last year's challenges led to monster growth in meditation apps.

The well-known Calm app saw 100 million downloads globally in 2020 – 250% more than in 2019⁶.

WITH MORE ONLINE SHOPPERS COME NEW CONCERNS ABOUT FRAUD

Despite a higher receptiveness to new payment types, we also saw growing vigilance around data privacy and online fraud, particularly in more cash-oriented markets like Japan and Mexico¹. In the U.S., concern about identity theft when shopping abroad was particularly high¹.

Cross-border shoppers say security is the number-one driver in choosing a payment method, followed by convenience speed of processing and acceptance¹. These shoppers also value purchase protection and financial anonymity in higher numbers in Australia, the UK, Mexico, Germany, and the U.S.¹ More broadly, the top three cross-border concerns were shipping costs, concern that an item may not arrive, and long delivery times¹.



Laptops for everything

Consumers sought a range of new home office equipment for working and schooling. **Global laptop sales rose in 2020 by 13%, while broader PC sales remained on fire in 4Q 2020 at 26% over the previous year².**

EXECUTIVE SUMMARY

MOBILE REACHES A TIPPING POINT

Smartphones are becoming the primary access point for global shopping, as it becomes easier to shop on a small screen and options continue to expand. Globally, mobile devices are forecast to be used for an estimated 67% of all online purchases in 2021². Markets where adoption previously lagged were able to gain significant traction¹, helping to create the new eCommerce reality: mobile as the global hand-held shopping mall.

In mature Western markets, 36% of consumers still prefer shopping online by laptop vs. the 26% global average¹. However, use of mobile devices in 2020 was nearly the same as laptops¹. In the U.S., tablet usage

helped to drive mobile commerce rates to an estimated 45% of all eCommerce sales by the end of 2020³.

Infrastructure investments accelerated eCommerce, with the rollout of 5G across China as perhaps the most prominent example. As connectivity improves, gains will further level the playing field, with the most innovative shopping experiences developed for mobile first.

Social media as a shopping channel also increased, especially in Asia⁴, contributing to more mobile transactions. Shop streaming has exploded in China⁵, where digital now infuses the physical shopping experience. China’s eCommerce market is larger

than the next 10 markets combined⁶, so its shopping innovations make an enormous impact and often become global eCommerce trends.

THIS IS A UNIQUE MOMENT IN TIME

Sellers who want to diversify their business model and tap into cross-border growth may remember the old adage that out of great change comes great opportunity. The historic events of the last year accelerated eCommerce from every angle: general adoption, mobile usage, spend and future intent to spend, cross-border sales, omnichannel, social shopping, and infrastructure. As the world catches its breath, your business can seize the moment.



Sweatpants forever

Work-from-home attire pushed athleisure sales to new heights in 2020. [Sweatpant sales rose 17%⁷ in the U.S.](#), and the global athleisure category is forecast to grow steadily at 3.7% CAGR through 2026⁸.



1. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+) who have purchased online in the past 3 months) between December 2020–February 2021. 2. Insider Intelligence/eMarketer, Retail mCommerce Sales Worldwide, by Region, 2021, Dec 2020, estimates based on analysis of data from other research firms and government agencies, historical trends, reported and estimated revenues from major online retailers, consumer online buying trends, and macro-level economic conditions. 3. Insider Intelligence/eMarketer, Rise of mCommerce: mobile eCommerce shopping sales & trends in 2021, 30 Dec 2020. 4. Smart Brief, The future of e-commerce is social media, 3 Aug 2020. 5. Forbes, Live Streaming E-Commerce Is The Rage In China, Is The U.S. Next?, 10 Dec 2020. 6. McKinsey, China's digital consumer, 15 Sept 2019, data provided by iResearch and MOFCOM for China's eMarketplace, McKinsey China Digital Consumer Trends 2019. 7. The NPD Group, 'U.S. Consumers Find Comfort in Apparel and Footwear in 2020, as "Wear to Work" Fashion is Redefined, According to NPD,' 8 Feb 2021 data provided by The NPD Group/ Consumer Tracking Service, January–December 2020. 8. Comprar Acciones, 'Global Activewear Market To Reach \$353.5 Billion in 2020,' 11 Dec 2020.

| Key Findings

KEY FINDINGS

Behavioural Drivers

Last year's seismic shifts in global shopping behaviour are not only here to stay, but set to accelerate further.

For cross-border sellers, the most promising developments lie in the number of new online shoppers and the higher totals per shopper, as consumers turned to online channels for more of their everyday needs during lockdown.

As shoppers became more comfortable in the online environment, they became more comfortable shopping globally. Across our surveyed markets, 22% said they became more comfortable cross-border shopping since the pandemic¹.

Higher spending happened across categories. Unsurprisingly, groceries, apparel and beauty supplies saw the biggest increases, but even categories like automotive saw a small lift. At the same time, many markets experienced significant economic contraction, creating price-driven shoppers. As Black Friday in the US and Brazil, and Singles Day in China all enjoyed record-breaking online bonanzas in 2020. Price sensitivity also helped to break down cross-border barriers as shoppers sought better

deals (48%) and access to products they couldn't get at home (39%)¹. On the other hand, as shoppers became more familiar with cross-border shopping, they also became more aware of the potential pitfalls. By order of concern, deal-breakers included shipping costs, delivery speed, difficulty of returns and security worries¹. Overall, however, cross-border online shopping became an embedded habit with more than half of respondents reporting they had purchased at both domestic and international sites in 2020¹.

ONLINE PAYMENT PREFERENCES

Domestic shoppers still preferred to use credit cards, followed by PayPal and debit cards. But when it came to cross-border shopping, PayPal was the preferred method of payment in the majority of 13 markets surveyed¹.

Regardless of payment method, shoppers expect convenience, security, acceptance and processing

speed. For international sites, shoppers also prefer a payment method that lets them shop securely from anywhere (31%) and offers purchase protection (29%)¹.

56%
of respondents said their online shopping increased during the pandemic¹.



Seasonal Drivers

Buoyed by the universal appeal of discounts and a strong gift-giving impulse, seasonal sales soared in 2020.

Black Friday continues to be a major global retail event and the number-two occasion for seasonal online shopping among all markets surveyed.

In Brazil in particular, it's the biggest retail event of the year¹, with deep discounts on big ticket items and eager shoppers who plan their purchases in advance.

The global eCommerce phenomenon known as Singles Day, or 11.11 in China, ran 11 consecutive days last year for an eye-popping \$115B USD² in sales, easily dwarfing the 2019 record haul of \$38B USD³. In Mexico, El Buen Fin, the country's answer to Black Friday, stretched 12 consecutive days instead of its

normal four-day holiday weekend run. Boosted by easy credit and payment terms⁴, sales spiked 230% over 2019⁵.

Regular seasonal events like Diwali (Deepawali) in India saw very strong online participation (71%)¹ and robust sales, helped along by the country's 20.1% mCommerce growth rate (CAGR)⁶. International Women's Day saw significant online sales in Russia, where 20% of shoppers reported buying a gift for the women in their lives, making the occasion the third-largest shopping event in the country¹.

CROSS-BORDER DRIVERS

Regardless of seasonal drivers, cross-border shoppers remain motivated by price and product availability. When selling cross-border to seasonal shoppers, businesses can compete on price and selection, offering unique gift items and compelling alternatives to domestic options. Additionally, shipping speed is always a consideration. When it comes to time-sensitive holiday events, clear communication and responsive customer service can make all the difference.

Technology Drivers

Last year's surge in eCommerce activity put heavy demands on technology, and where technology could support it, online shopping innovations gained traction fast.

After years of increasing adoption, smartphones became the preferred devices for online shopping with an average 43% preference across all 13 markets, versus an average 26% preference for laptops. More than half of online shoppers surveyed in large, developing markets showed a mobile preference, led by China at 84%¹.

China's nationwide 5G rollout initiative helped bandwidth-intensive livestream shopping find its moment with buyers, while physical stores struggled with access to the buyer. Once the 5G rollout is finished, shopping innovations are forecast to generate up to 20% of China's total eCommerce sales in 2022, up from 10% in 2020. That's potentially a 100% increase in just two years².

On average, Smartphones became the preferred devices for online shopping across all 13 markets¹.

THE SHIFT TO DIGITAL PAYMENTS

Digital wallet adoption tends to grow hand in hand with mobile commerce, as the payment method reduces data entry on small handheld devices. The shift to digital wallets was more pronounced in markets that have long preferred other options. Likewise online shoppers traditionally prefer credit cards, followed by cash (via electronic bank transfers)³. Digital wallet adoption there is predicted to double between 2019 and 2023⁴. Likewise in Germany, where cash transactions have historically dominated, last year's realities spurred adoption of contactless, cashless payments. Invoice payments, direct debits and digital wallets were used by 25% of respondents in

On average, Smartphones became the preferred devices for online shopping across all

13 markets¹.

March 2020. Just three months later, that number had increased to 43%, fuelled by younger consumers⁵.

Global technology trends play out differently from market to market, and an essential approach in one market may not yet be supported in another. One trend is clear everywhere: mobile is fast becoming the preferred platform, making optimisation a necessity. When planning your cross-border strategy, learn more about specific markets to determine which mCommerce options, payment preferences and shopping innovations make sense.

KEY FINDINGS

The View Ahead

As global economic engines begin turning again, the outlook for cross-border sales growth is strong. Across surveyed markets, 85% of online shoppers said their spending would stay the same or increase¹.

Accordingly, 26% of online shoppers in the same survey intend to start shopping or do more shopping at international websites in 2021/2022¹.

Luck happens when preparation meets opportunity. And that moment is now. We invite you to explore individual opportunities in 13 of the most vibrant eCommerce markets around the globe and find inspiration for your own cross-border journey.



¹. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020–February 2021

| Market Profiles



An eCommerce boom is underway, but tighter disposable incomes and a strong drive to shop local mean Australians need to be encouraged to buy internationally in 2021.

AUSTRALIA



AUSTRALIA – MACRO-ECONOMIC SNAPSHOT

GROSS DOMESTIC
PRODUCT

\$1.33T¹

USD

ANNUAL ECOMMERCE
REVENUE

\$29.7B³

USD

POPULATION

25.7M²

ANNUAL ECOMMERCE
GROWTH

8.9%³

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

16.5%⁴

INTERNET
PENETRATION

89%⁵

SMARTPHONE
PENETRATION

79.8%⁶

PURCHASING
POWER INDEX

1.44⁷

Australia experienced its first recession in 29 years in the wake of the pandemic but fared better than most other nations due to its geographic isolation, strict lockdowns and state border closures. However, COVID-19 was just one of several crises Australians experienced in 2020.

After a long period of drought, the country faced its worst bushfire season on record¹. While GDP took a 7% hit², overall the economy is recovering more rapidly than predicted³ supported by a big surge in online shopping.

The pandemic delivered an unusual 22% year-on-year bump in growth⁴ in eCommerce spending and the shift to mCommerce is predicted to move fast with 16.5% growth⁵.

Recent events have made Aussies more frugal with 43% of those online shoppers surveyed planning to save more⁶, and be more mindful about how they spend.

The residents of the world's smallest continent have a natural affinity for cross-border shopping, with 63% buying internationally. The trend for sustainable and ethically-sourced products⁴ is shaping up as a major opportunity for merchants.

More than half Australian cross-border online shoppers surveyed choose PayPal to transact on international sites, listing their top reasons as security, buyer protection* and convenience⁶.



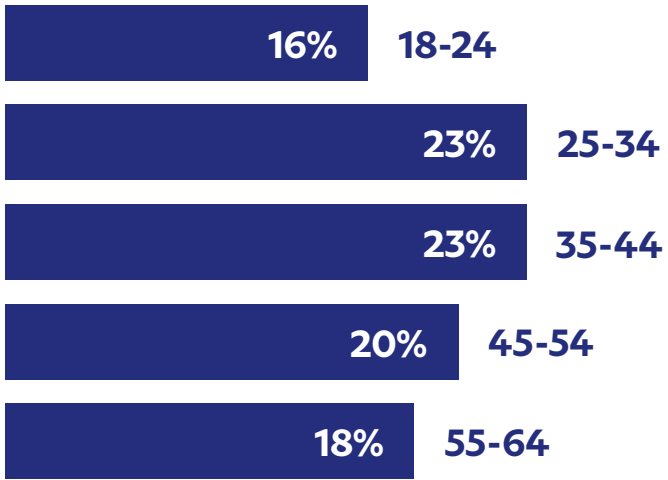
*Available for eligible purchases. Limitations apply. 1. Asia Pacific Fire, 2019/2020 Australia's worst fire season on record, 25 March 2020 2. The Guardian, Global report: Australia suffers record GDP fall as US deals 'real blow' to global vaccine effort, 2 Sept 2020 3. Reuters, Australian recovery storms ahead as COVID recovery turns V-shaped, 2 March 2021 4. McKinsey & Company, Survey: Australian consumer sentiment during the coronavirus crisis September 2020, data based off of McKinsey & Company COVID-19 Australia Consumer Pulse Survey, 9/4-9/7/2020, n=814, sampled and weighted to match Australia's general population 18+ years 5. J.P. Morgan, 2020 E-commerce payments trends Australia, 2020, data has been provided to J.P. Morgan by Edgar, Dunn, & Company and WPL (2020) 6. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 — February 2021

Identify your future customer

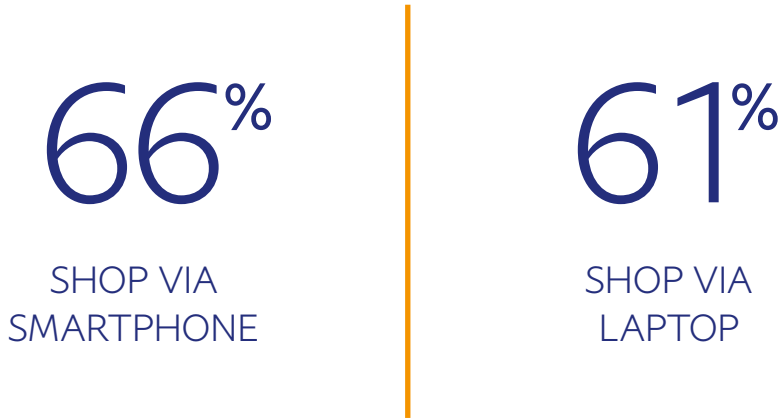
HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



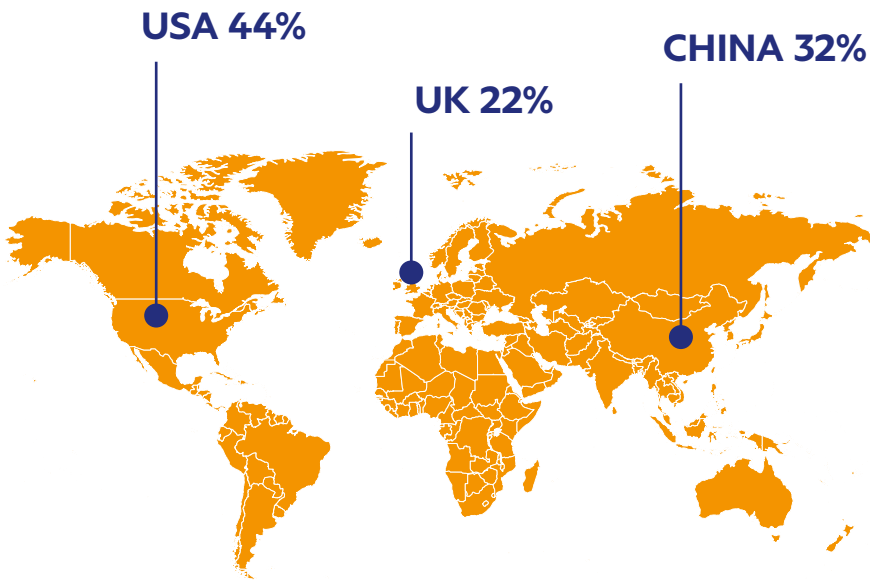
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ **Access** to items not available in my own market (47%)
- 2/ Better **prices** (47%)
- 3/ **Discovery** of new and interesting products (26%)

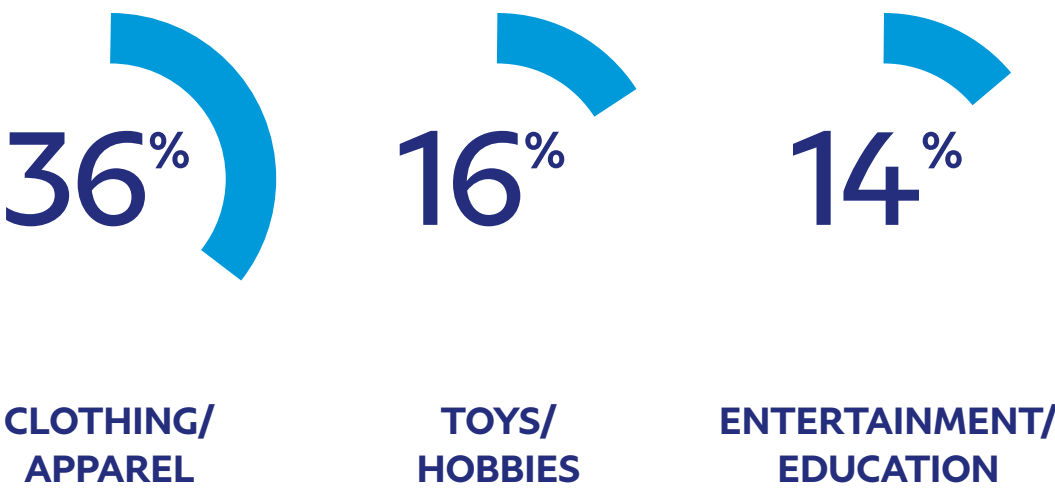
WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. eBay¹)
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

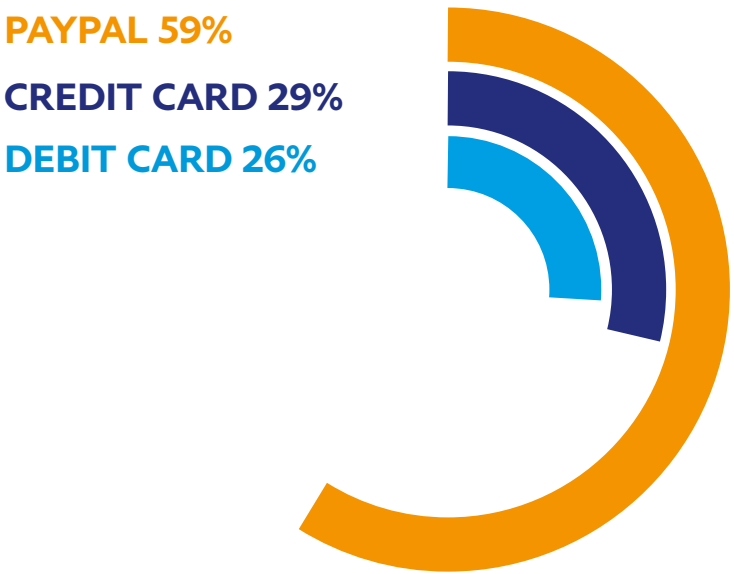


HOW TO REACH THEM

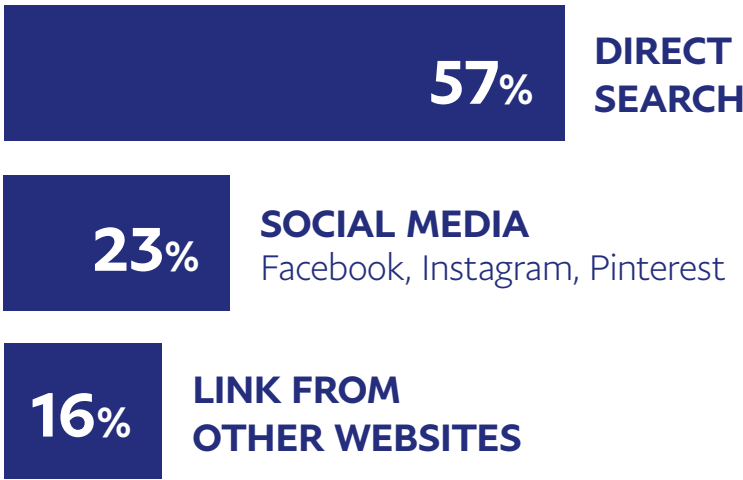
Preferred language: English

19% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



The rise of the conscious consumer

Multiple crises have driven a new social consciousness in Australian consumers. There's a strong push to buy local as Australians seek to support local people and businesses and, more broadly for cross-border opportunities, a rising demand for sustainable and ethically sourced goods¹.

Australians are now on the lookout for merchants offering eco-friendly products and retailers promoting sustainable solutions and values. In this era of the conscious consumer, many are boycotting businesses that don't measure up. Shoppers do their research with the help of sites like Australia's own Good on You².

International merchants can gain a competitive edge by offering better prices on sustainable goods or socially responsible brands unavailable locally.

KEY DRIVERS

45%

of Australian consumers are looking for ways to save and be more mindful of where they spend their money¹.

BEHAVIOURAL/CULTURAL

Australians became more frugal (38%)¹ and more conscious of how they spend in 2020. Cues for merchants are their increased awareness of sustainably produced and ethically sourced goods. Cross-border online shoppers in particular look for items they can't find locally⁵, so sellers should look to call out the unique or planet-friendly qualities of their goods.

9.1%

Australia's Buy Now, Pay Later market is predicted to grow 9.1% in 2021².

TECHNOLOGY

The strong growth in the use of BNPL in recent years suggests that an increasing number of people view these services as a convenient and cost-effective way of making purchases, and is an example of how the consumer payments landscape is changing, facilitated by mobile technology and innovative businesses³.

30%

boost in seasonal selling is expected for Australia's big shopping events⁴.

SEASONAL

Final figures are not yet in for 2020, but the massive shift by Australian consumers to buying online in the pandemic year means popular sales events like Black Friday, Cyber Monday and Christmas⁵ are expected to deliver record figures. Further growth is anticipated in 2021. Many Aussies have moved at least part of their regular purchasing online, making their favourite shopping occasions ideal opportunities for cross-border sellers.



BNPL users
grew to 7.5% of
the population, up

25%

from the year
before.

AUSTRALIA – TOP THREE TAKEAWAYS

1

TARGET THE GROWING NUMBER OF SUSTAINABILITY-MINDED SHOPPERS.

This past year has disrupted “mindless” spending among Australian consumers. Being careful with budgets and socially responsible buying are now on their minds. This shift in values has been happening for some time. Australia is renowned internationally for its clean, green products. To sell into this market, cross-border merchants need to call out ethical and environmental credentials to compete more successfully.

2

THE RISE AND RISE OF BNPL.

Buy Now, Pay Later services, such as Afterpay and ZipPay, are phenomenally popular in Australia. The total number of BNPL users grew to 7.5% of the population by June 2020, up 25% on the year before¹. Transactions ballooned by a whopping 43%¹, meaning BNPL is a habit-forming payment method of payment. So there’s a standout opportunity for merchants to ensure there’s choice and flexibility in their payments mix, including BNPL options.

3

PRICE SENSITIVITY GOES WAY BEYOND THE PRICE TAG.

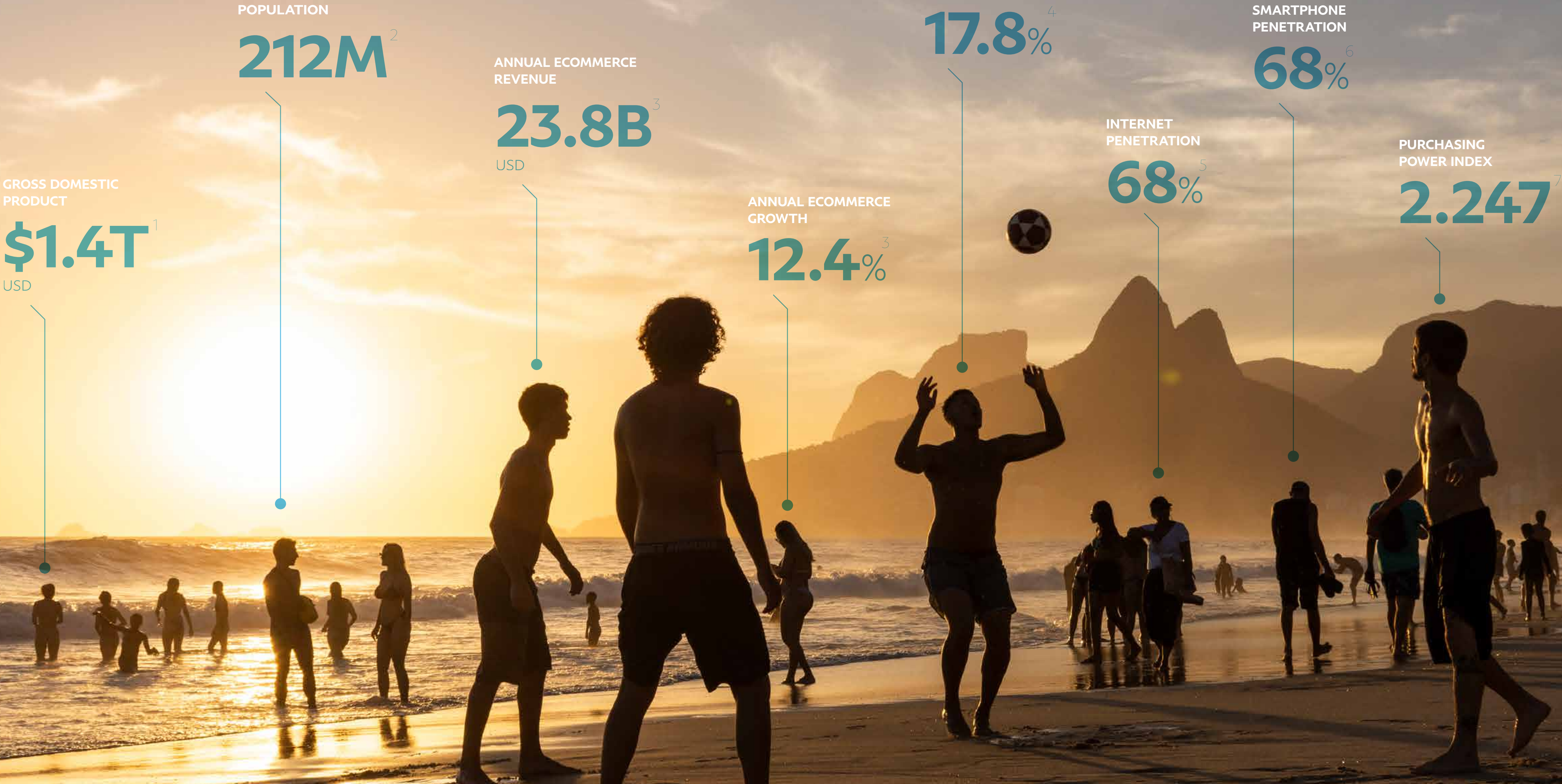
Australia’s price-conscious cross-border shoppers look internationally for products they are unable to source domestically at the right price. They also keep their sights on delivery costs and timeframes, and the ease of the returns process². It’s all due to the tyranny of distance. Globally sourced goods can take a long time to land in the island nation, and the cost of returns can run very high. Prioritising speedy deliveries and building the cost of possible returns into sales strategies are compelling tactics in the Aussie market.

¹. ASIC, [Buy now pay later an industry update](#), Nov 2020 ². PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 — February 2021

The largest online market in Latin America¹ shows new promise for international sellers, as economic pressures spur Brazilians to look beyond their borders for value.

BRAZIL

BRAZIL – MACRO-ECONOMIC SNAPSHOT



In a year of economic challenge, Brazil saw a 4.1% drop in GDP in 2020¹ and currency instability that led to higher costs and significant unemployment². More than half of consumers reported becoming more mindful of their spending³.

The vast majority of Brazilians also tried new brands and ways of shopping in 2020, primarily due to budget realities³.

Brazil online shoppers became more receptive to cross-border shopping than ever last year⁴, leaving the door open for global sellers who can meet the needs of consumers who may be price-conscious now, but ready to spend more later. One-third of consumers feel optimistic about 2021, and most expect routines and finances to return to normal by mid-year³.

The smartphone reigns in Brazil, with online shoppers reporting that 78% of their online payments are completed on a mobile⁴. In rural areas, smartphones are often the sole device for accessing the internet⁵.

Card payments, instalments, cash-based bank transfers like Boleto Bancario, and PayPal are the most commonly used eCommerce payment methods. Cross-border shopper awareness of PayPal is high at 74%⁴ and it's the most popular digital wallet⁵. For international purchases, 29% of cross-border online shoppers describe it as a “well-known, trusted brand” versus credit cards (12%)⁴.

Cross-border
shopper awareness
of PayPal is high at

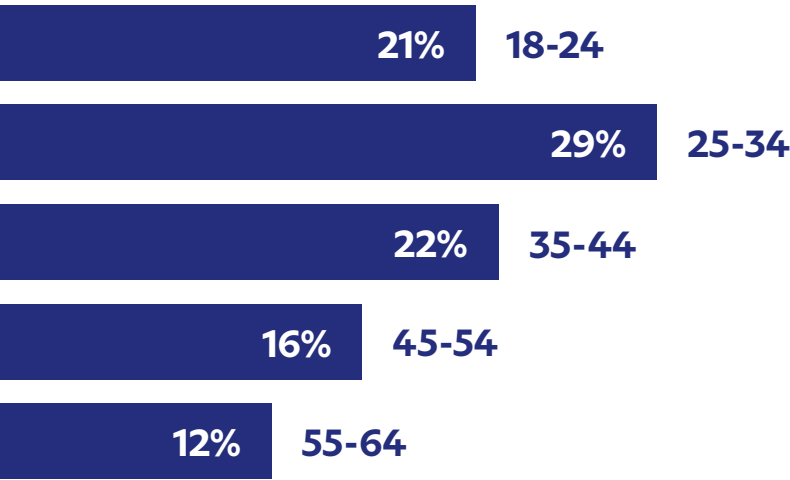
74%

Identify your future customer

HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



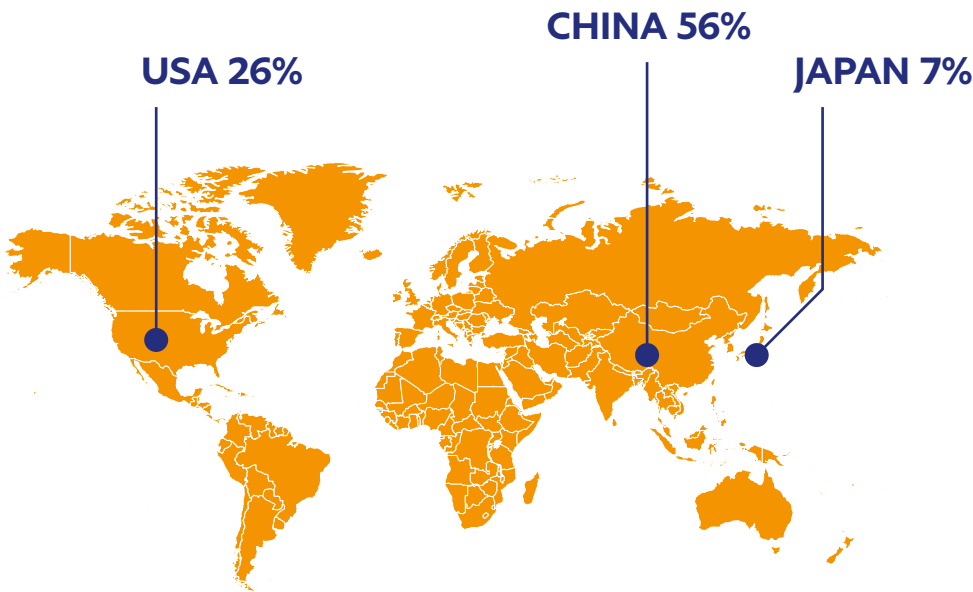
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Better **prices** (62%)
- 2/ **Discovery** of new and interesting products (32%)
- 3/ **Access** to items not available in my own market (29%)

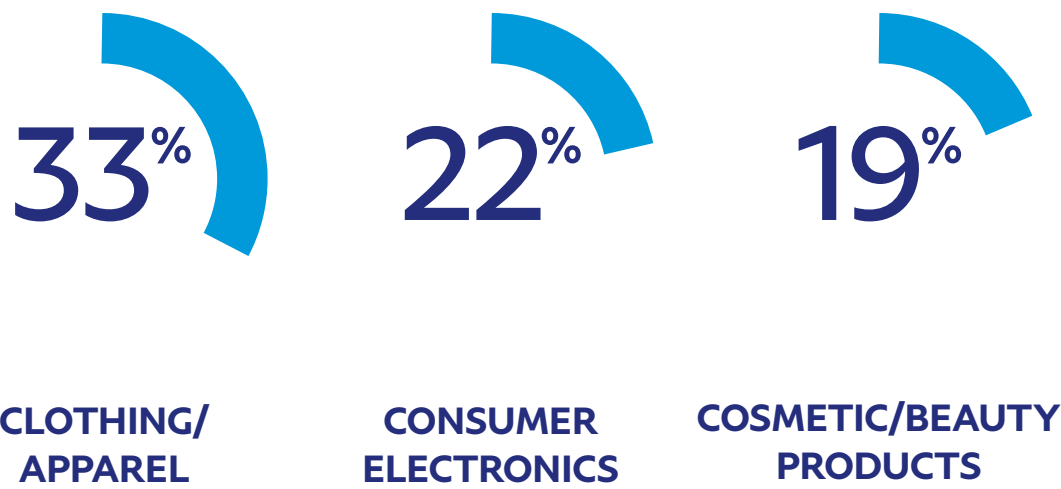
WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. Mercado Livre)
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

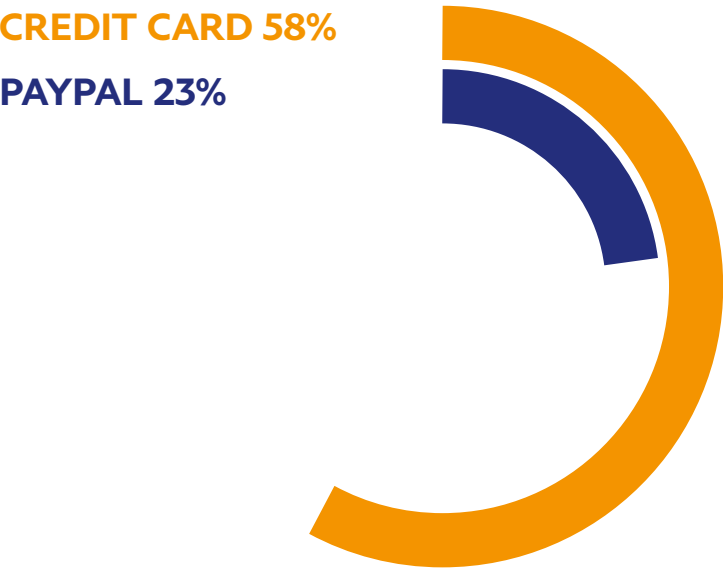


HOW TO REACH THEM

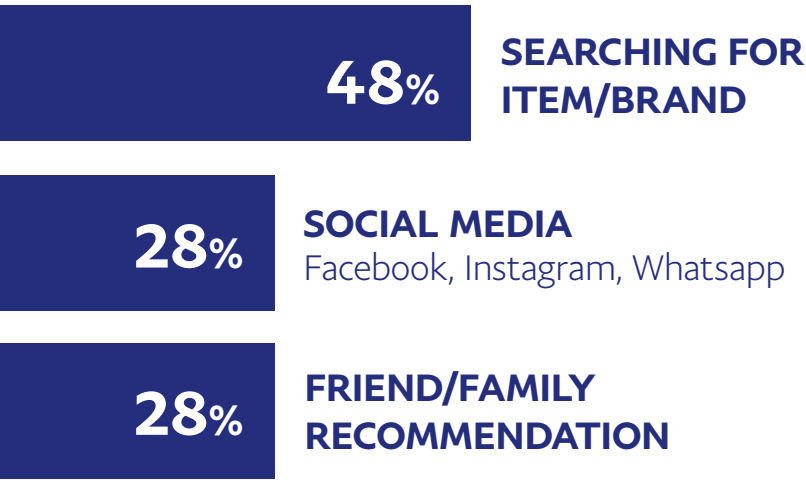
Preferred language: Portuguese

18% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



Brazil shopping behaviour enters a new era

Last year, Brazilians faced the double impact of a pandemic amidst a lingering recession. Up to half of shoppers tightened their belts, focusing on food and home/household products in 2020¹. But they also expanded their horizons.

The vast majority of consumers tried new brands and new ways of shopping, with an emphasis on online and omnichannel¹. In the search for value, 38% of Brazilian online shoppers also said they had become more comfortable cross-border shopping online than before the pandemic – the second-highest increase among 13 markets surveyed².

The end of 2020 saw discretionary spending slowly on the rise¹, painting a picture of fresh opportunity for cross-border sellers as new online shopping behaviours become habits.

KEY DRIVERS

80%

An astonishing 80% of shoppers tried new brands and shopping habits in 2020¹.

BEHAVIOURAL/CULTURAL

Economic and pandemic realities drove new behaviours last year, upending brand loyalty in Brazil. This year, 57% of Brazilian online shoppers changed to less expensive products to save money and increased the time spent to research brand choices before buying¹. As Brazilians regain their economic footing, look for a lasting shift to online channels¹, and a shopper base open to new products like never before.

17.8%

Mobile commerce is up 17.8% CAGR to 2023, outpacing general eCommerce growth of 9.3% CAGR².

TECHNOLOGY

Look for mCommerce to increase as more Brazilians buy smartphones and connectivity improves in rural areas, where 77% access the internet solely from a mobile device². More transactions are completed via apps than browsers². When planning your go-to-market strategy, keep in mind 69% of eCommerce sellers in Brazil have a social media presence, especially on Facebook³.

R\$4B

2020 Black Friday sales in Brazil totalled 4 billion real – nearly \$680M USD⁴.

SEASONAL

Despite lingering economic pressures, Black Friday sales powered ahead by more than 25% over 2019. It remains the nation's #1 shopping occasion for steep discounts, particularly on higher-ticket items. It's followed by Christmas and Mother's Day. Cross-border online shoppers buy more online for all three of these events than domestic online shoppers.

¹. McKinsey & Company, *Survey: Brazilian consumer sentiment during the coronavirus crisis*, 5 Jan 2021, COVID-19 Brazil Consumer Pulse Survey 11/09-11/15/2020, n=1,005; sampled and weighted to match Brazil's general population 18+ years ². PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021

¹. McKinsey & Company, *Survey: Brazilian consumer sentiment during the coronavirus crisis*, 5 Jan 2021, COVID-19 Brazil Consumer Pulse Survey 11/09-11/15/2020, n=1,005; sampled and weighted to match Brazil's general population 18+ years ². J.P. Morgan 2020. *E-commerce Payment Trends Report: Brazil*, data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL ³. Statista, *Percentage of e-commerce enterprises on social media in Brazil from 2016 to 2020*, Aug 2020, data collected from PayPal survey in Brazil (2016 and 2020) ⁴. Statista, *Sales revenue generated from online shopping on Black Friday in Brazil from 2013 to 2020*, November 2020, data collected between 2013 and 2020 based off Ebit survey in Brazil



BRAZIL – TOP THREE TAKEAWAYS

1

REMOVE BARRIERS TO CROSS-BORDER SUCCESS.

More than 40% of online shoppers say unreliable internet has prevented them from purchasing, and delivery times can be an additional roadblock to cross-border sales. Focus on fast load times and keep an eye on new infrastructure investments by online marketplaces that aim to make eCommerce in Brazil more convenient and reliable. Finally, offer preferred payment methods, including card payments and PayPal, the most popular digital wallet¹.

2

FOCUS ON DELIVERING VALUE NOW AND UPSELLING LATER.

Brazilian online shoppers are still seeking value above all else, while normal activities and discretionary spending have yet to fully resume. Now's the time to tap into the country's underlying optimism for better times ahead. Provide value now and form connections that may allow you to upsell later.

3

MAKE THE MOST OF BLACK FRIDAY.

If you're selling in Brazil, Black Friday/Black Week needs to be on your promotions calendar. Growing by double-digits every year², the event can help new online sellers gain a foothold in the vast and growing Brazilian market. Leading categories include beauty and health, fashion and accessories, home décor and appliances, consumer electronics, and entertainment³.

¹ JP Morgan 2020 Ecommerce Payment Trends Report: Brazil, 2020 data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL. ² Statista, Sales revenue generated from online shopping on Black Friday in Brazil from 2013 to 2020, 2020. ³ Statista, Leading e-commerce categories based on share of sales revenue on Black Friday in Brazil in 2020 and Leading e-commerce categories based on share of online orders processed on Black Friday in Brazil in 2020, Dec 2020, data is based off NeoTrust, Compré & Confie and ClearSale survey in Brazil (27 Nov 2020)

CHINA



The world's most sophisticated online shopping market presents vast untapped potential, with more than half the population still yet to shop online¹.

CHINA – MACRO-ECONOMIC SNAPSHOT



All research links and references cited in this report were accessed between 10 February and 10 March 2021 unless otherwise stated. ¹. Statista, [Gross domestic product \(GDP\) at current prices in China from 1985 to 2020 with forecasts until 2026](#), April 2021, IMF survey (1985-2020) ². Worldometer, [China Population](#), 2020 ³. Statista, [E-commerce in China](#), Sept 2020, eCommerce data is based on Statista's primary research, bottom-up modeling, market data, analysis of various macroeconomic indicators and key market factors, and market expert interviews ⁴. J.P. Morgan, [2020 E-commerce Payments Trends Report: China](#), 2020, data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL ⁵. J.P. Morgan, [E-commerce Payment Trends: China](#), 2019, J.P. Morgan Global Payment Trends ⁶. Statista, [Digital Market Outlook, Smartphone User Penetration in China](#), Feb 2019, survey time period 2015-2018, excludes Hong Kong SAR, China ⁷. OECD, [Purchasing power parities \(PPP\)](#) (Indicator), 2021

China's fast-paced economic growth story continues. This massive nation of almost 1.4 billion people, the first to feel the impact of the pandemic and lockdowns, looks to be rebounding on strong consumer optimism.

Despite a "K"-shaped recovery that mirrored the nation's economic divide between rural and higher-tiered cities¹, year-on-year growth increased as early as Q2 2020 while other countries were beginning their COVID-19 battle.

China is one of the world's most technologically advanced online markets, and an unrivalled eCommerce machine. In 2021, online sales will account for more than half of all retail sales for the first time². That's far ahead of any other country; South Korea is in second place with 28.9% of projected sales². Mobile dominates, with 96% of online shoppers stating they've used a smartphone for purchases³.

When it comes to cross-border shopping, Chinese online shoppers seek unique products they can't source domestically, and products for which authenticity, better prices and quality are the primary drivers³. China's online shopping malls offer international selling platforms that showcase a wide range of imported products across categories. These platforms offer sellers easy logistics and tax processes. Significant cross-border sales potential remains for merchants with the right approach.



96%

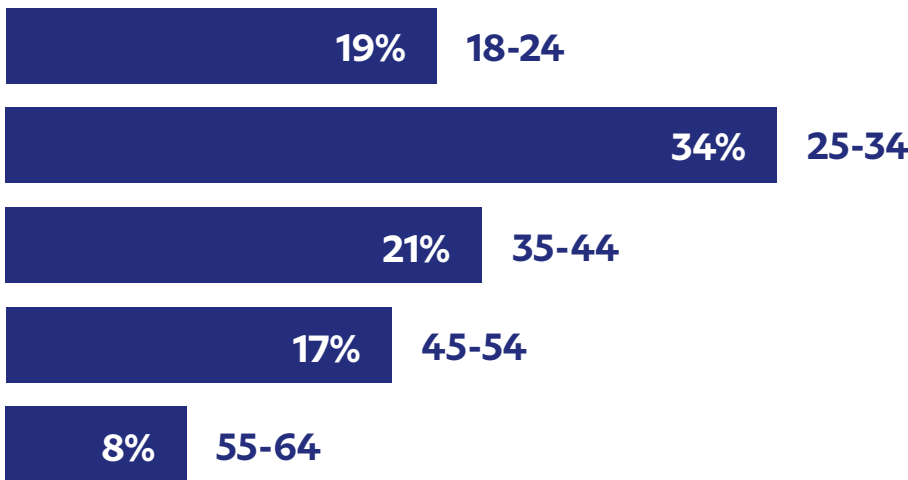
of online shoppers have
used a smartphone
for purchases³.

Identify your future customer

HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



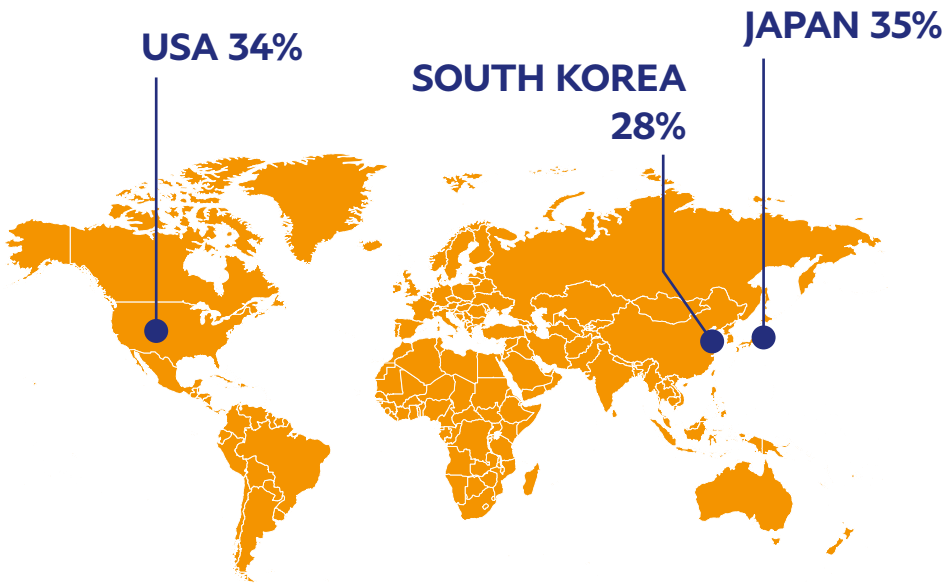
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ **Access** to items not available in my own market (49%)
- 2/ Higher **product quality** (44%)
- 3/ Trust in **product authenticity & better prices** (37%)

WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. Tmall)
- 2 Store / retailer's website
- 3 Social media marketplace

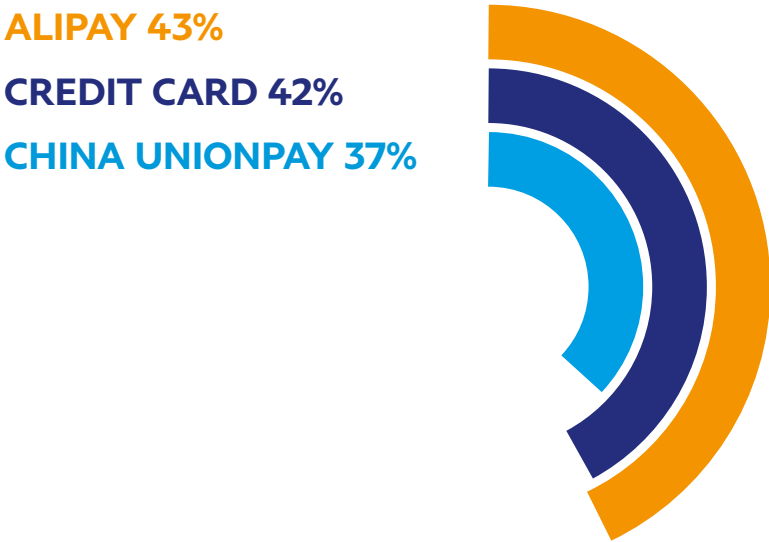
WHAT THEY BUY CROSS-BORDER



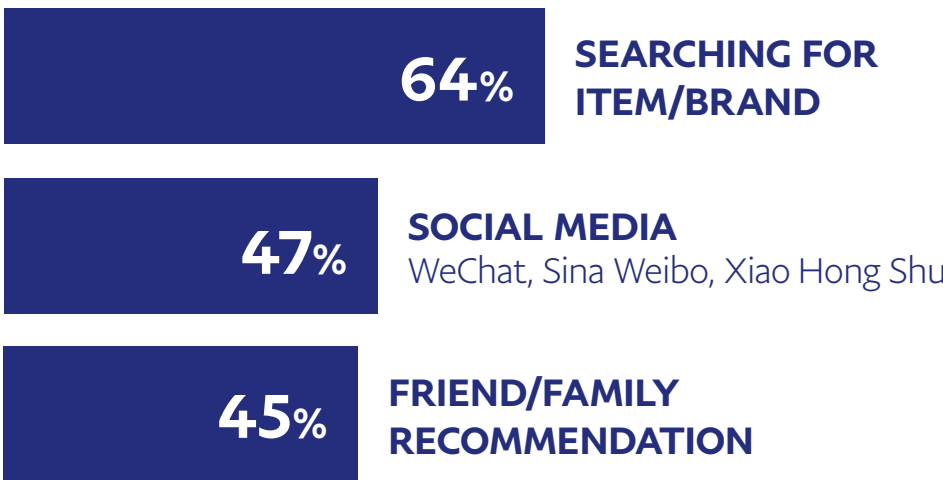
HOW TO REACH THEM

Preferred language: Mandarin¹
16% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



5G and livestream shopping point the way to China's eCommerce future

As part of the government's Digital Silk Road initiative, China's 5G rollout is expected to be complete by the end of 2021¹.

It's already starting to deliver exponentially faster internet speeds¹. It's helped usher in the age of livestream shopping, a dynamic way of discovering and buying products.

Livestream shopping exploded across categories during 2020's lockdown². Hosted by key opinion leaders on shopping malls and social commerce platforms, these events will generate up to 20% of China's total eCommerce sales by 2022, up from 10% in 2020³. In this new shopping landscape, smaller video apps like Douyin, known in the West as TikTok, are able to compete with eCommerce giants like Alibaba's Taobao. Watch out for eCommerce platform Pinduoduo's livestreaming warehouse sales of imported goods, which are designed for international sellers⁴.

KEY DRIVERS

49%

of Chinese online consumers surveyed shop cross-border for products they can't source locally¹.

56%

of the Chinese population has yet to make an online purchase³.

93%

of Chinese shoppers surveyed were intent on spending big during peak holiday periods in later 2020⁴.

BEHAVIOURAL/CULTURAL

When we look at the biggest categories for cross-border shopping in China, cosmetics and beauty products at 53% and clothing, footwear and accessories at 35% lead¹. This past Singles Day marked a singularly strong sales result for cosmetics and beauty, with over \$14.9 million in sales². Leadership at the top Chinese marketplaces cite younger, more internationally focused and tech-savvy shoppers as the main driver for expanding their selection. Whether it's through online marketplaces or through direct sales channels, for the Chinese cross-border online shopper, more selection is better.

TECHNOLOGY

In Tier 1 cities like Beijing, consumer tech adoption is among the most sophisticated in the world. In Tier 3 cities and rural China, infrastructure lags significantly and eCommerce adoption rates are generally lower, but surged in early 2020⁴. More than half of Chinese people have yet to shop online. However, eCommerce growth nationally is booming at 29% annually⁵, and China's massive population leaves plenty of room for opportunity.

SEASONAL

Chinese are strong holiday shoppers, but some events are better suited to cross-border sellers. While domestic holidays may focus on culturally-specific items, consumers look abroad for Black Friday and Christmas. China's online marketplace sales are safe bets, most especially Singles Day. Last year, the event stretched from 1-11 Nov with an eye-popping \$115 billion USD in sales — far exceeding the 2019 total of \$38 billion USD⁶.



A good understanding of Chinese

POLICY, CULTURE & LOGISTICS

are must-haves to succeed in this market.

CHINA – TOP THREE TAKEAWAYS

1

PREPARE FOR A UNIQUE AND IMMENSE MARKET.

China is a world unto its own, and a good understanding of Chinese policy, culture and logistics are must-haves to succeed in this market.

Make sure you're able to source and replenish sufficient stock quantities, and that you've secured reliable shipping and fulfillment methods. Meet the expectations of the nation's tech-smart shoppers with secure and seamless payment methods.

2

GET READY FOR MARKETING AND SHOPPING INNOVATIONS.

Entering the world's most sophisticated online shopping market means being open to new ways to introduce customers to your products. Even if augmented reality (AR) and virtual reality (VR) aren't in the budget, explore your options for using marketing and shopping innovations to differentiate your brand. Things like social influencer outreach and livestream shopping can be done more affordably.

3

SUPPORT THEIR PREFERRED WAYS TO PAY.

On sites where shoppers spend the most time, many international credit cards aren't accepted and payment options are closely tied to major marketplaces and social media. Alipay, offered by online behemoth Alibaba, is the #1 online payment method for domestic purchases by our surveyed shoppers, and China UnionPay the dominant cashless payment card¹. Meanwhile, WeChat Pay digital wallet is a service of social media platform WeChat, used by 78% of Chinese².

1. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021
2. We Are Social / Hootsuite, Digital 2020 China

Online shopping surges through lockdowns in one of the strongest cross-border markets in the world.

HONG KONG SAR, CHINA

HONG KONG SAR, CHINA – MACRO-ECONOMIC SNAPSHOT

GROSS DOMESTIC
PRODUCT

\$341.4B¹
USD

POPULATION

7.5M²

ANNUAL ECOMMERCE
REVENUE

\$7.5B³
USD

ANNUAL ECOMMERCE
GROWTH

18.6%³

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

13.2%⁴

INTERNET
PENETRATION

89.4%⁵

SMARTPHONE
PENETRATION

75%⁵

PURCHASING
POWER INDEX

7.1⁶



All research links and references cited in this report were accessed between 10 February and 10 March 2021 unless otherwise stated. ¹ World Bank, [Hong Kong](#), 2019. ² Worldometer, [Hong Kong Population](#), 2021. ³ Statista, [eCommerce Hong Kong](#), 2021, eCommerce data is based on Statista's primary research, bottom-up modeling, market data, analysis of various macroeconomic indicators and key market factors, and market expert interviews. ⁴ J.P. Morgan, [2020 E-commerce Payments Trends Report: Hong Kong](#), 2020, data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL. ⁵ J.P. Morgan, [E-commerce Payments Trends: Hong Kong](#), 2019. ⁶ OECD, [Purchasing power parities \(PPP\) \(Indicator\)](#), 2021.

It's a unique point in history for the 7.5 million¹ inhabitants of Hong Kong SAR, China. They are contending with the financial impact of the pandemic on the region, where some of the world's strictest lockdown conditions were experienced.

October 2020 retail sales dropped by 8.8% compared to the same month in 2019². The pandemic spurred people to save their dollars, but the technologically sophisticated market still abounds with opportunities for cross-border sellers.

In line with the global trend, the pandemic drove Hongkongers online, powering healthy lifts in eCommerce (10.2%), and mCommerce (14%)³. Almost half of Hong Kong online shoppers say they have spent more time online shopping lately⁴. More time spent at home during lockdowns has resulted in more money being spent online on home-based activities like e-learning courses⁴. However, there's still plenty of room for growth in this mobile-first region with 89.4% internet penetration⁵.

A significant 73% of Hong Kong online shoppers surveyed are already in the habit of shopping internationally⁶. But, as they go searching for better priced goods these days, 37% say they are feeling even more comfortable about shopping cross-border⁶. Topping their shopping lists are clothing and groceries⁶, and Hongkongers have a growing appetite for the convenience of digital wallets, with PayPal leading the way.

Those keen to tap into this busy online shopping market should stay alert to the shifting social climate.

37%

say they are feeling even more comfortable about shopping cross-border⁶.

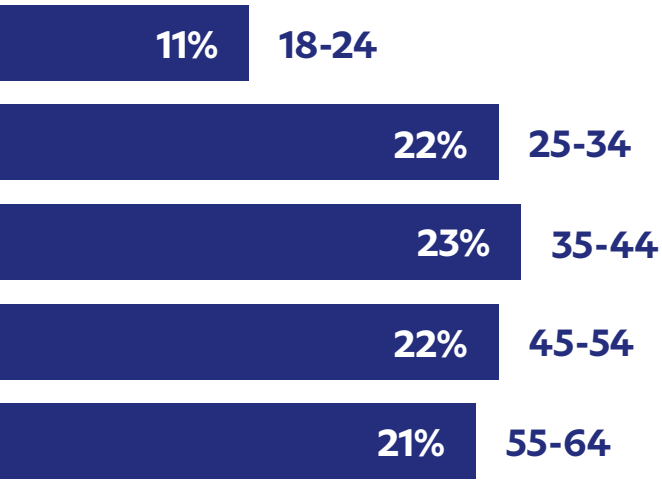
1. Worldometer, [Hong Kong Population](#), 2021 2. Hong Kong Economic and Trade offices in the United States, [Provisional statistics of retail sales for October 2020](#), 1 Dec 2020 3. Statista, [eCommerce Hong Kong](#), 2021, eCommerce data is based on Statista's primary research, bottom-up modeling, market data, analysis of various macroeconomic indicators and key market factors, and market expert interviews 4. Ipsos, [Hong Kong Consumer & COVID-19 Study](#), 2020, Survey of 1,000 general population adults conducted online between 16-20 March 2020 5. J.P. Morgan, [E-commerce Payments Trends: Hong Kong](#), 2019 6. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 — February 2021

Identify your future customer

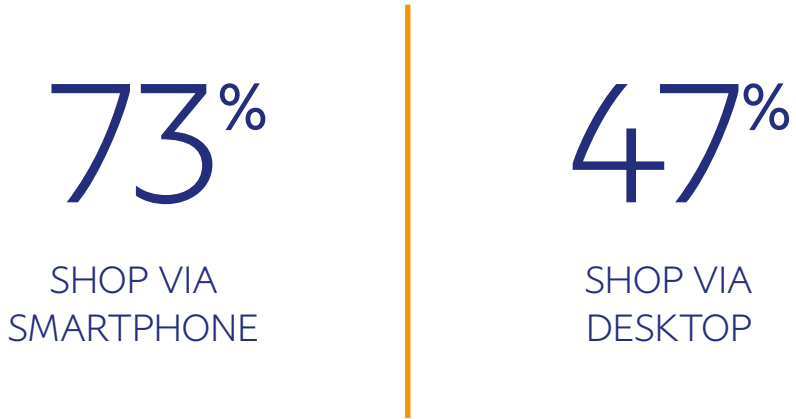
HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



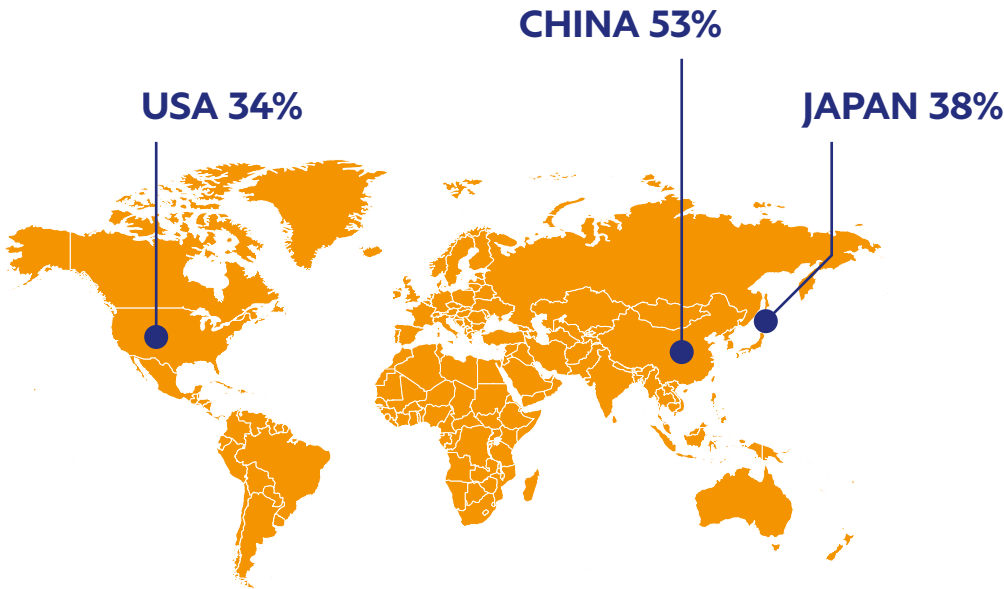
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Better **prices** (46%)
- 2/ **Access** to items not available in my own market (35%)
- 3/ Higher **product quality** (33%)

WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. Amazon)
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

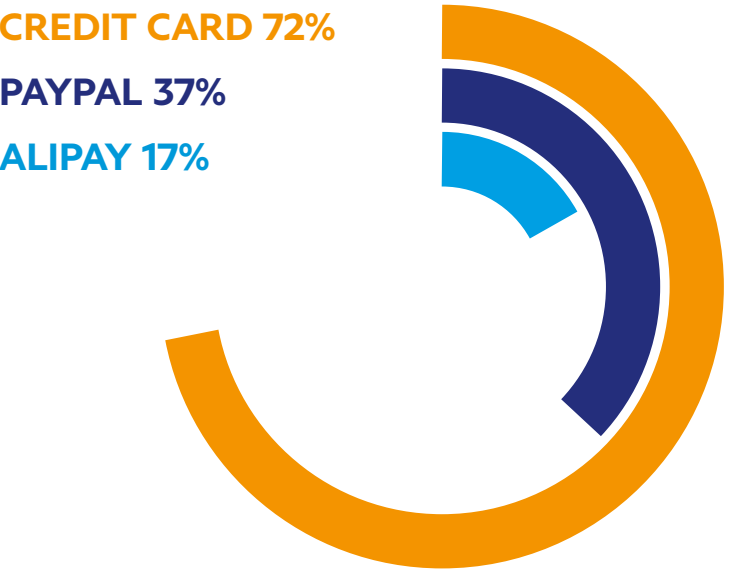


HOW TO REACH THEM

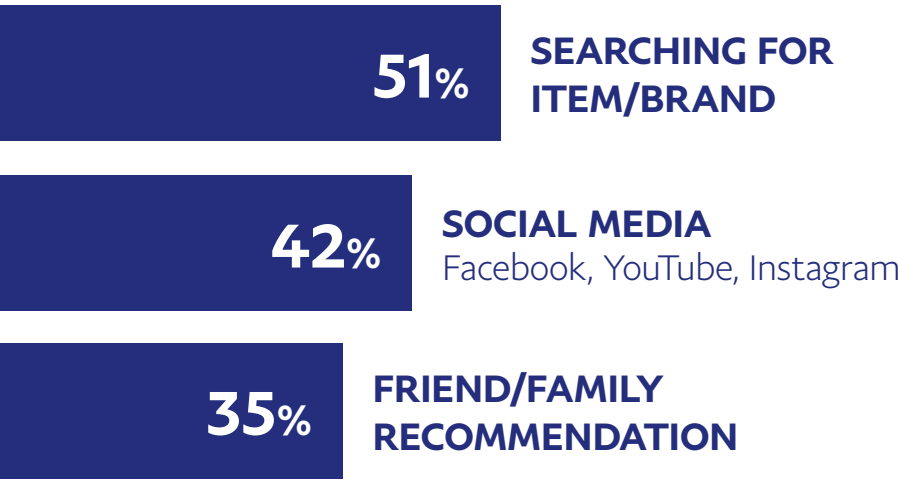
Preferred languages:
Cantonese, English¹

12% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



Popularity makes social media a space to watch

Hongkongers love social media, not least for the access it provides for shopping cross-border. In fact, 42% of online shoppers surveyed who shop cross-border find an international site via social media, predominantly through Facebook or Instagram¹.

Social media is becoming an increasingly attractive way to break into the cosmopolitan Hong Kong online shopping market. Almost three quarters of Hong Kong online shoppers surveyed purchase from international sites¹.

Like many markets, Hong Kong's social media landscape is facing increasing scrutiny for privacy, brand safety and advertising regulations, affecting both global players like Facebook, Instagram and YouTube as well as regional titans like WeChat. Merchants with the Hong Kong market in their sights should be ready with a flexible marketing plan.

KEY DRIVERS

46%

of Hong Kong's cross-border online shoppers surveyed prioritise better prices¹.

BEHAVIOURAL/CULTURAL

Hongkongers are sophisticated online shoppers with very different expectations of the cross-border eCommerce experience. Almost half of those surveyed shop around internationally for better prices¹. They enjoy transacting cross-border and have confidence about return policies and processes. Hong Kong online shoppers are less likely to be concerned about the products they buy matching up to the seller's promise¹. Boosting their trust is purchase protection*, which is called out by 35% of online shoppers aware of PayPal as a key reason why PayPal is their preferred way to pay¹.

32%

With 32% annual growth rate², digital wallets are becoming cross-border online shoppers' preferred payment method.

TECHNOLOGY

Digital wallets are the second most popular way to pay in Hong Kong after credit cards, and this trend is moving fast. Offering a globally recognised digital wallet like PayPal in the payment mix is a no brainer for merchants with their sights set on the dynamic Hong Kong market. Cross-border online shoppers list security and convenience as the top two reasons they choose PayPal for payments¹.

53%

of Hong Kong's cross-border online shoppers surveyed shop seasonal sales¹.

SEASONAL

Even during the pandemic, these price-conscious shoppers have not held back when it comes to seasonal sales³. Hongkongers search cross-border for higher quality goods and products they can't find close to home, and Christmas, Black Friday and Lunar New Year are by far the most popular shopping occasions¹. Sales events around traditional holidays like Chinese New Year and Christmas also have strong appeal. During mega-shopping occasions make sure your products stand out from the crowd.



HONG KONG SAR, CHINA – TOP THREE TAKEAWAYS

1

THE HONG KONG MARKET IS PREDISPOSED TO INTERNATIONAL SHOPPING.

A long pandemic lockdown boosted online shopping in Hong Kong, and it's a market typically enthusiastic to buy from international sites. However, it's also a fast-changing market. Shoppers were tentatively curtailing spending due to the impact of COVID in 2020. Successful selling into this market requires well-targeted marketing and staying informed.

2

BE READY FOR DIGITAL WALLET GROWTH.

Digital wallets are growing in popularity as the sophisticated online shoppers of Hong Kong embrace easy payment options and security. Like other markets where digital wallets are on the rise, this convenient and secure mode of payment is on the rise domestically with adoption for international shopping also growing. PayPal is the preferred digital wallet in Hong Kong for cross-border online shoppers surveyed¹.

3

HONGKONGERS GO SEARCHING FOR PRODUCTS THAT ARE HARD TO FIND LOCALLY.

The allure of discounts and sales is strong for Hong Kong's international shoppers, but many are also on a quest for goods that are hard to source domestically. This includes higher quality products and new and interesting items. Cosmetics, beauty products, food, clothing and apparel top Hongkongers shopping lists for cross-border buying¹.

1. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 — February 2021

FRANCE

Massive mCommerce opportunities are gaining momentum in France, but international merchants need to be sure they know the rules.



FRANCE – MACRO-ECONOMIC SNAPSHOT

GROSS DOMESTIC
PRODUCT

\$2.6T¹

USD

POPULATION

65M²

ANNUAL ECOMMERCE
REVENUE

\$58.9B³

USD

ANNUAL ECOMMERCE
GROWTH

8.4%³

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

16.8%⁴

INTERNET
PENETRATION

90%⁵

SMARTPHONE
PENETRATION

77%⁶

PURCHASING
POWER INDEX

0.71⁷

France was one of the worst hit by COVID-19 in Europe but is rebounding faster than expected¹ after two of the strictest lockdowns plunged the Eurozone's second biggest economy into deep recession.

With only essential shops permitted to stay open and government rules preventing French people venturing far from home, 42% of French online shoppers state they shop more online than pre-pandemic².

The outlook for online shopping growth in France is particularly upbeat, with growth at 10.4%³. mCommerce is flying even faster at 16.8%³, driven by under-35 consumers and the over-65s. With this trend, mobiles are tipped to soon overtake the current preference for laptops for shopping.

France is a mature market, and French people are accustomed to shopping cross-border. Two-thirds of

online shoppers buy from other European countries, while 30% look to China, with clothing and apparel topping their shopping lists followed by toys and hobbies².

The French have a practical approach to online shopping. They want efficiency, convenience and security but, above all, they want a good deal. Merchants should be aware of seasonal regulations around discounting and price claims. When it comes to international purchases, most French cross-border online shoppers prefer PayPal².



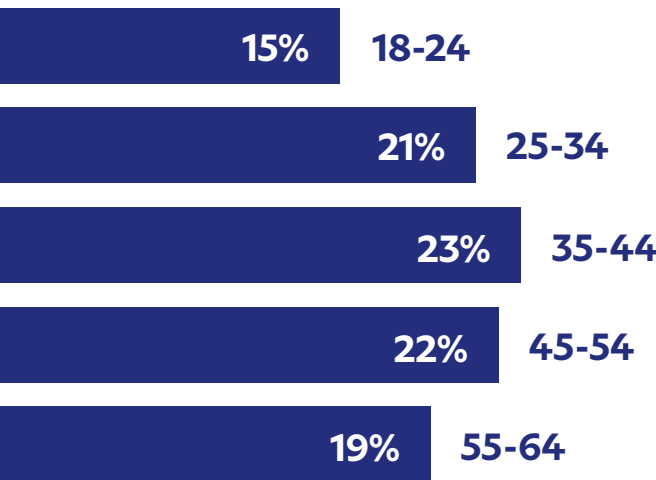
42%
of French online shoppers state they
shop more online than pre-pandemic².

Identify your future customer

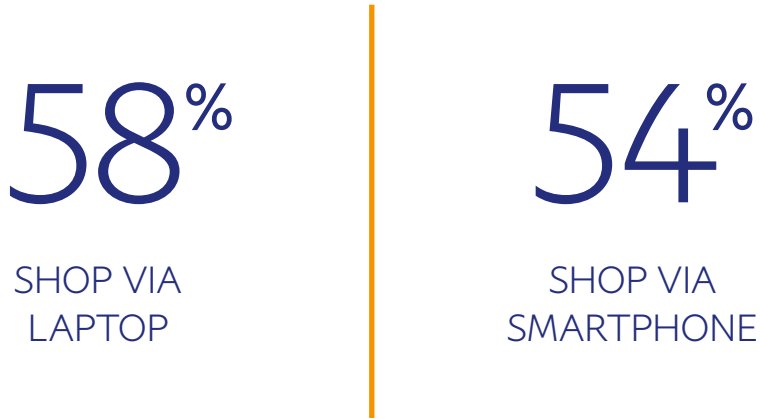
HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



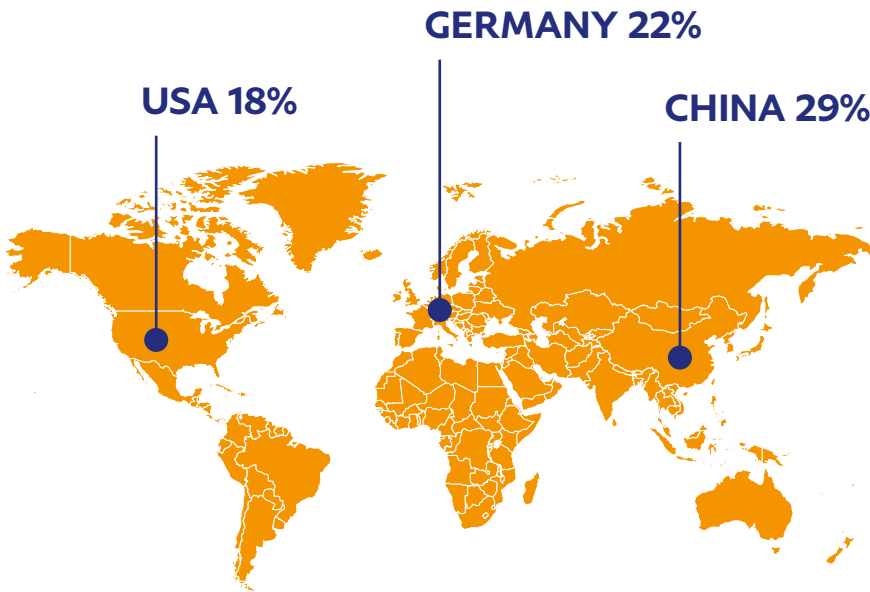
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Better **prices** (50%)
- 2/ **Access** to items not available in my own market (36%)
- 3/ **Discovery** of new and interesting products (21%)

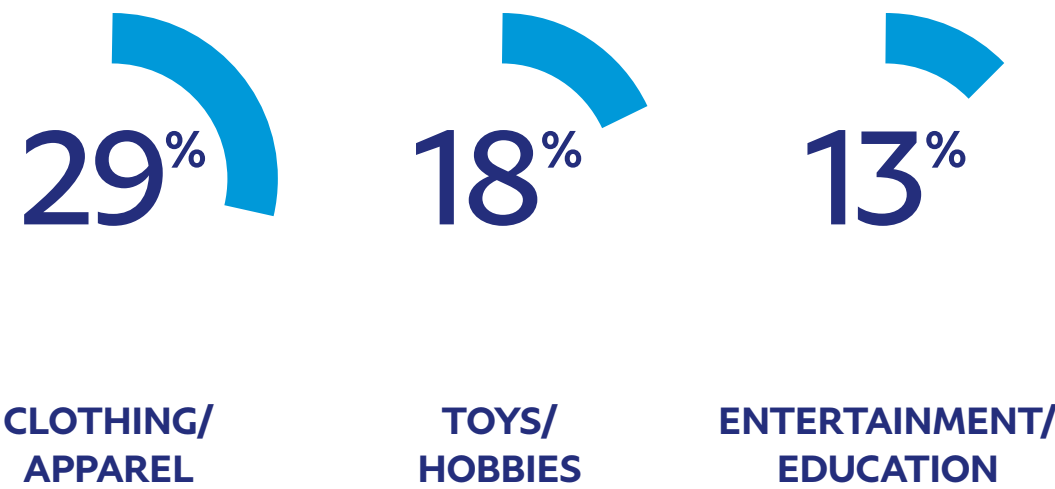
WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. PriceMinister)
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

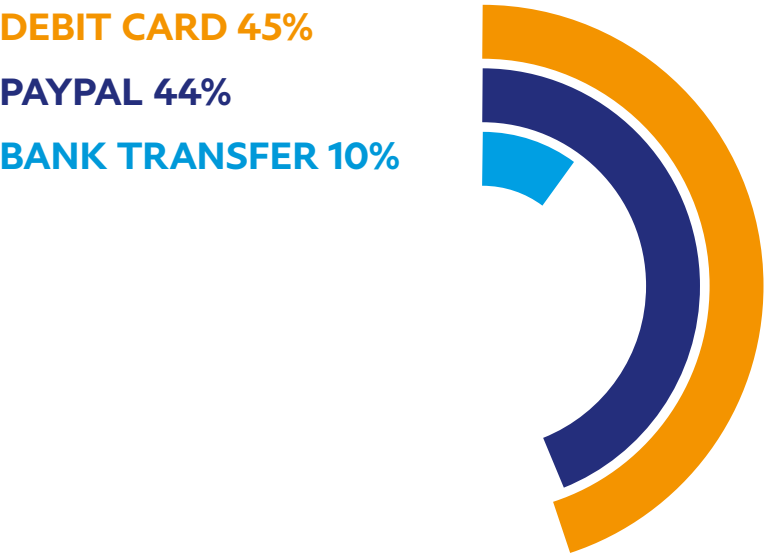


HOW TO REACH THEM

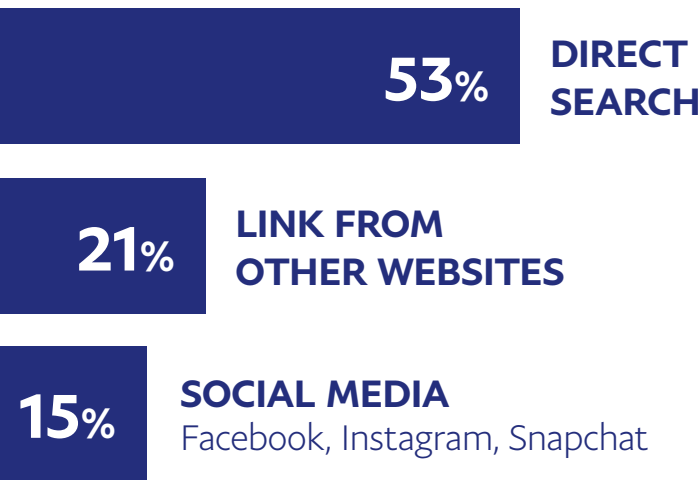
Preferred language: French

15% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



Know the rules for ‘les soldes’

To promote fairness for consumers and businesses, the French government has strict rules around sales times, or ‘les soldes’¹.

Discounted items may only be sold at certain times of year and sales must be advertised ahead of time. By law, merchants are precluded from selling at a loss during Black Friday sales.

Consumer protection also runs strong, with rules allowing shoppers to return defective items, including sales goods, for up to two years after purchasing². The rules apply to local eCommerce, but also impact international sellers, not least because they drive customer expectations.

It’s worth remembering that price and shipping costs do play an important role in shopping internationally. French online shoppers scrutinise both shipping prices and the cost of returning goods³ – hallmarks of a mature cross-border market.

KEY DRIVERS

50%
of French cross-border online shoppers are looking for better prices¹.

20.9%
of French consumers now pay with a digital wallet⁴.

2
annual sales periods are the rule in France.

BEHAVIOURAL/CULTURAL

Value for money is the top motivator for French cross-border online shoppers. As disposable income fell during France’s two national lockdowns, consumers have been increasingly seeking ways to save money, with many opting for cheaper alternatives². Discretionary spending is also down, with second-hand online marketplaces like “Le Bon Coin” and “Vinted” the beneficiaries as the frugal French switch their sights to pre-loved goods.

TECHNOLOGY

Credit card use is in decline in France, as contactless payments and digital wallets are steadily growing in popularity, and PayPal is a wallet of choice for international shoppers. PayPal’s buyer protection* and security features have strong appeal for the French online shopper who also cites convenience as a key reason for choosing PayPal³. With mobile use rapidly growing and preferred ways to pay also changing, smart merchants are providing options when selling into this discerning nation and ensuring PayPal is in the mix.

SEASONAL

Under the strict regulations for sales, the French government allows only two sales periods annually, one during summer and one after Christmas⁵. But timeframes and dates for sales have been shifting recently as part of efforts to revitalise the economy. Rules apply to online sellers as well as physical stores. Special rules may apply, for example, so that merchants can sell below cost during ‘les soldes’ generally but not for the Black Friday sales. With the cross-border market growing rapidly in France, knowing the rules is half the game.

¹ Forbes, *French authorities decide shoppers still have to wait longer for deep discounts*, 4 June 2020 ² Ministry of Finance and Economic Development, *Balances: consumers, what are your rights?* 24 Jan 2021 ³ PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 — February 2021

*Available on eligible purchases. Limitations apply. ¹ Forbes, *French authorities decide shoppers still have to wait longer for deep discounts*, 4 June 2020 ² Ministry of Finance and Economic Development, *Balances: consumers, what are your rights?* 24 Jan 2021 ³ PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 — February 2021 ⁴ J.P. Morgan, *E-Commerce Payments Trends: France*, 2019, J.P. Morgan Global Payment Trends ⁵ The Local, *What you need to know about France’s Winter Sales*, 3 Jan 2020



70%

of French buyers prefer sites that demonstrate a sustainable approach².

FRANCE – TOP THREE TAKEAWAYS

1

FAST MCOMMERCE GROWTH IS OUTSTRIPPING ECOMMERCE IN FRANCE.

It may be one of Europe's biggest eCommerce markets, but France is still catching up when it comes to mCommerce. Some 50% of French online shoppers use a laptop¹, but all that's about to change with predicted mCommerce growth rates to 2023 at 16.8%². Since 67% of French businesses already have optimized their sites to make way for the rapid rise of mobile payments², French shoppers will expect cross-border sellers to match that experience.

2

BARRIERS HAVE COME DOWN FOR EU CROSS-BORDER TRADE.

The European Commission's Digital Single Market Strategy is improving access to all goods and services sold online across the region³. The new rules stop geo-blocking of sites, make cross-border shipping potentially cheaper for consumers, and shopping safe with the removal of sites where scams have been identified. A clear understanding of these rules is essential for merchants targeting French cross-border shoppers to take full advantage of market conditions.

3

MAKE IT CLEAN, GREEN AND SOCIALLY RESPONSIBLE.

French consumers increasingly value sustainable businesses. There are multiple ways to get an uptick for this: from environmentally friendly products and packaging to safe manufacturing processes and socially responsible supply chains. As 70% of French buyers prefer sites that demonstrate a sustainable approach⁴, cross-border companies that call out their brand purpose and sustainability credentials will attract greater success in this fast-moving market.

¹. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 — February 2021

². J.P. Morgan, 2020 E-commerce Payments Trends Report: France, 2020, data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL ³. European Commission, [New rules on e-commerce](#), 15 Dec 2020

⁴. Fevad, [Key Figures for E-Commerce in 2020](#), June 2020

GERMANY

A nighttime photograph of the Dresden skyline. The central focus is the Semperoper opera house, a large, ornate building with a prominent dome and multiple towers, illuminated with warm lights. To its left, a row of colorful, multi-story historic buildings with many lit windows stretches across the frame. In the foreground, a cobblestone square is visible with some outdoor seating and a statue. The sky is a deep blue, and the overall scene is a vibrant representation of German architecture.

Germany's explosive eCommerce growth presents strong prospects for cross-border retailers who provide peace of mind through purchase protection.

GERMANY – MACRO-ECONOMIC SNAPSHOT

GROSS DOMESTIC
PRODUCT

\$3.8T¹

USD

POPULATION

83M²

ANNUAL ECOMMERCE
REVENUE

94.9B³

USD

ANNUAL ECOMMERCE
GROWTH

8.4%⁴

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

15.1%⁴

INTERNET
PENETRATION

93%⁵

SMARTPHONE
PENETRATION

84%⁵

PURCHASING
POWER INDEX

0.72⁶

In the face of economic uncertainty, German consumers transformed their spending habits in 2020. Of the 56% who changed the way they shop, 25% tried a different retailer, store or website and the vast majority (81%) plan to continue using them¹.

Card payments grew 28%² as Germans became more comfortable with digital commerce. eCommerce growth continues in Germany at a solid 8.4% year over year, making it the third-largest eCommerce market in Europe³.

While some behaviours changed, others remain hard to shift. Cross-border shopping is still lower in Germany (35%) than the European average (46.3%)³ and it fell 7%² in the wake of the pandemic. The drive to support local stores was a key reason for the decline, along with concerns about longer delivery times and an overall tightening of budgets⁴.

International merchants can appeal to German shoppers with clear communications about delivery times and alliances with trusted local delivery partners. Eco-friendly certifications will also resonate

as 16% of Germans buy more from companies with sustainable products¹.

While the laptop remains the preferred shopping device⁵, mCommerce is on the rise in Germany, so a frictionless mobile experience will be highly valued. German shoppers are also avid researchers before they buy, and the most popular sites for reviews tend to be online marketplaces, such as Amazon, Otto, Mediamarkt.

Concerns about online security remain a key barrier to cross-border shopping in Germany, so a trusted payment partner is essential. Of those surveyed, 62% of online shoppers prefer PayPal for cross-border shopping⁵. Purchase protection* gives them valuable peace of mind – it's the main reason German online shoppers choose PayPal for international purchases⁵.



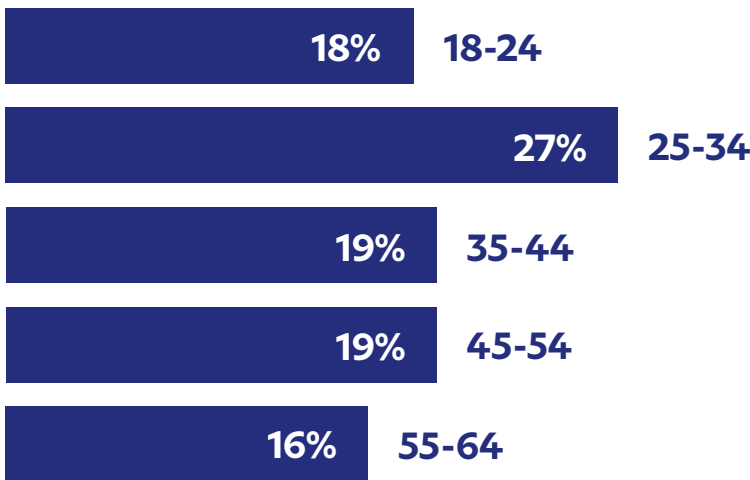
*Available for eligible purchases. Limitations apply. 1. McKinsey & Co, Survey: German consumer sentiment during the Coronavirus Crisis, 29 March 2021, COVID-19 Germany Consumer Pulse Survey 2/23-2/27, n=1,013; sampled and weighted to match Germany's general population 18+ years 2. Euromonitor International, The German Consumer: Rapid Evolution Amidst the Crisis, September 2020, data provided from Euromonitor International's market research database 3. J.P. Morgan, 2020 E-Commerce Payments Trends Report: Germany, 2020, data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL 4. Market finder, Cross-border shopping behaviours in the light of COVID-19, 2020 5. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021

Identify your future customer

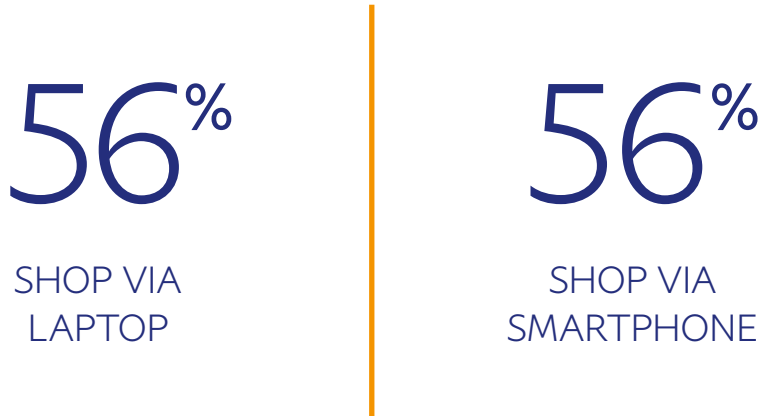
HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



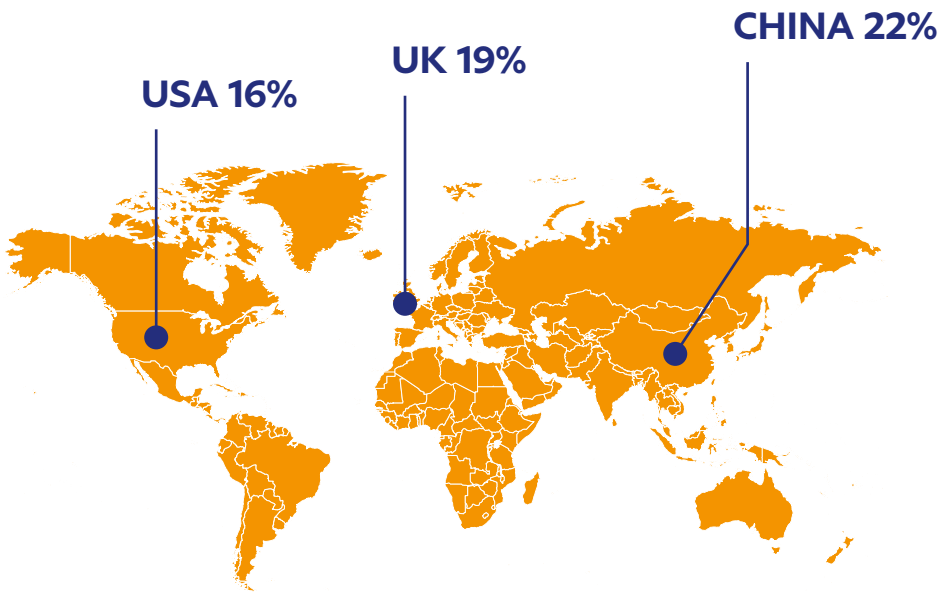
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Better **prices** (42%)
- 2/ **Access** to items not available in my own market (32%)
- 3/ **Discovery** of new and interesting products (28%)

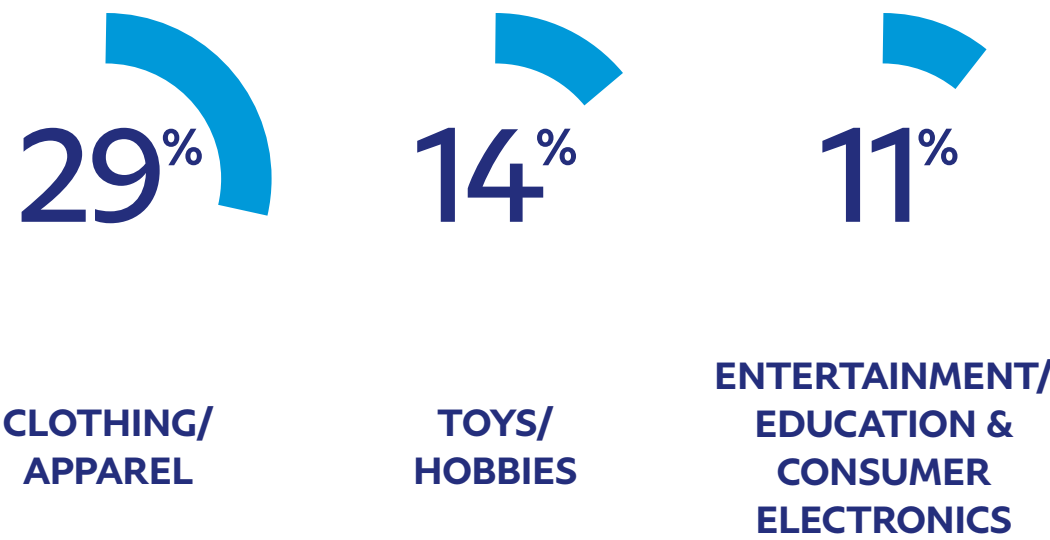
WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. eBay)
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

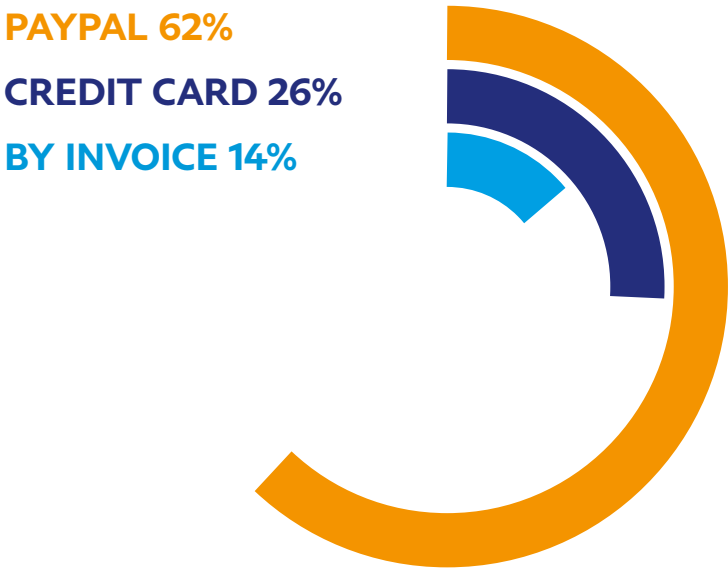


HOW TO REACH THEM

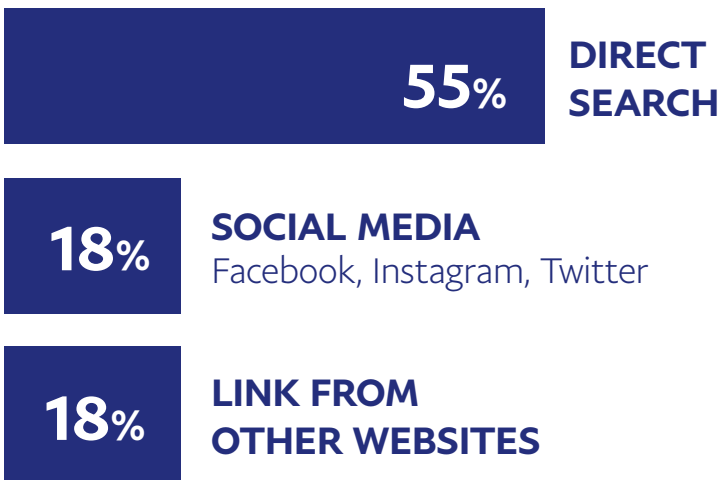
Preferred language: German

24% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



Mobile payments on rise, but security is a concern

mCommerce has been slow to take off in Germany, largely due to concerns about the security of online payment methods.

But it may be time for international merchants to fine-tune the mobile experience. Germany's mobile commerce uptake is now higher than the average across Europe¹. In March 2020, just 25% of German consumers opted to pay via a mobile device. By May, the figure had jumped to 43%².

Mobile payments show huge potential for growth in Germany, but security remains a deterrent. Reassure German consumers with a recognised and trusted payment solution that provides purchase protection.

KEY DRIVERS

93%

of Germans support or buy more from companies with sustainable or eco-friendly products¹.

BEHAVIOURAL/CULTURAL

Environmental sustainability is a high priority for German shoppers and they are even willing to pay extra for eco-delivery options.

Consumer sustainability concerns are in line with broader government environmental policy – a third of Germany's COVID-19 recovery spending focuses on lowering emissions².

43%

of German consumers changed their payment habits in 2020³.

TECHNOLOGY

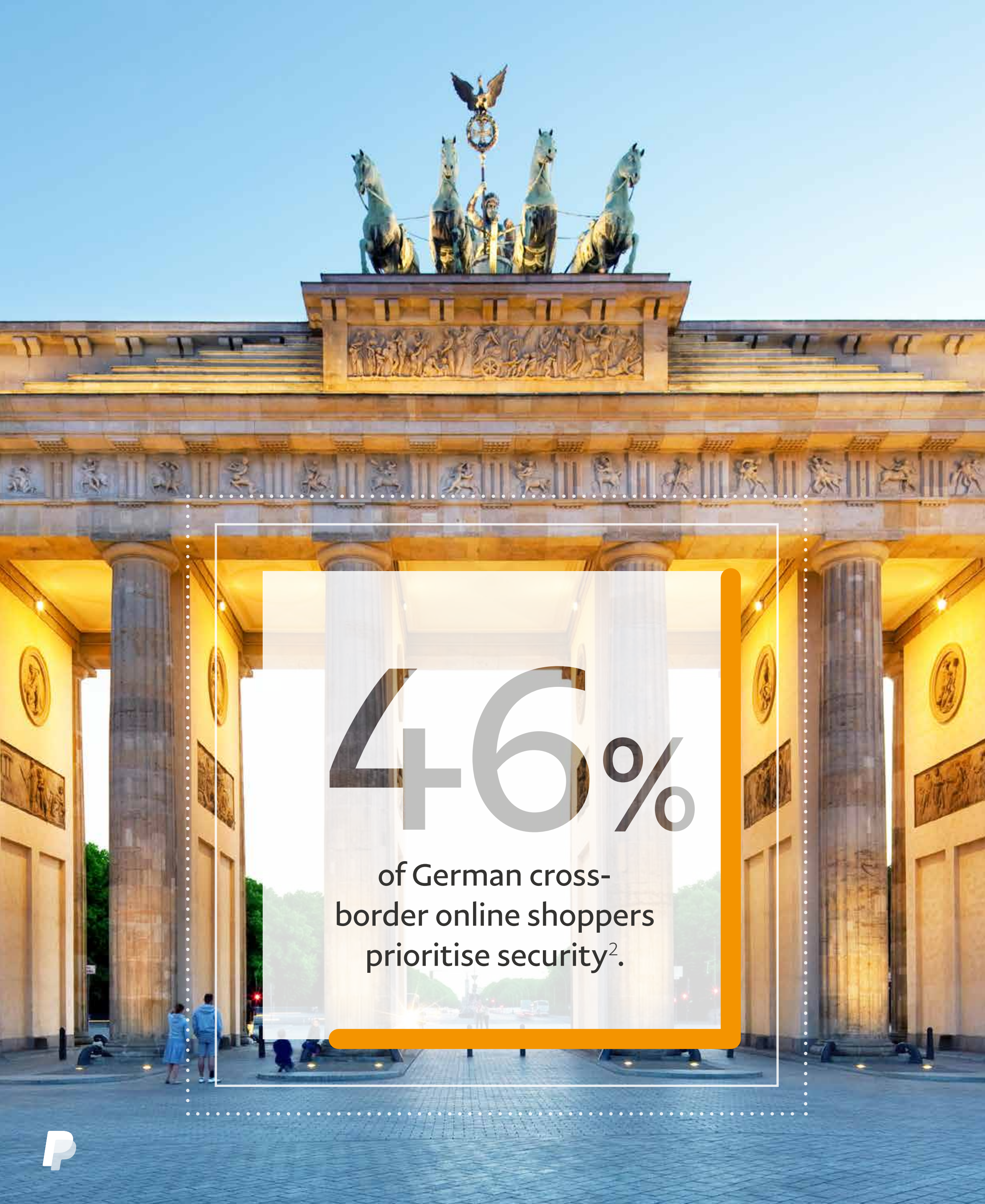
The pandemic put an end to Germany's enduring preference for cash payments. A greater comfort with digital commerce presents new opportunities for cross-border retail, with 89% of German online shoppers intending to match or increase their online shopping habits, 61% planning to continue to buy through social media and 65% planning to keep using deal-finding plug-ins¹.

64%

of online shoppers surveyed shopped for Christmas giving, making it the most popular holiday for eCommerce⁴.

SEASONAL

Despite a contraction in 2020, Black Friday remains the second largest online shopping (35%). Online searches during Cyber Monday were down in 2020⁵ as German consumers showed more support for local business and shifted their focus to traditional and family-focused events. Germany is renowned for its outdoor Christmas markets, and although 2020 marked the first time that many of them have been cancelled in more than 70 years, optimism is high for their return in 2021.



46%

of German cross-border online shoppers prioritise security².

GERMANY – TOP THREE TAKEAWAYS

1

CASH IS NO LONGER KING AS GERMAN CONSUMERS BECOME MORE COMFORTABLE WITH DIGITAL COMMERCE.

Purchases made with cash are expected to decline by 34% between 2019 and 2025¹. The change has driven a shift towards mobile payments and this may lead to greater uptake of digital wallets.

2

GERMANY'S MCOMMERCE UPTAKE NOW EXCEEDS THE EUROPEAN AVERAGE.

Mobile payments show potential for further growth, but security remains a concern among German shoppers. Reassure them with a trusted payment solution that provides purchase protection.

3

GERMAN CONSUMERS SEEK OUT SECURE WAYS TO PAY.

When choosing an online payment method, 46% of German cross-border online shoppers prioritise security and 37% say purchase protection is their number-one driver of choice². Ensure you can provide a secure path to purchase with a trusted payment solution. PayPal stands out as a trusted and secure payment method – it's the first choice for 54% of cross-border online shoppers².

¹. Euromonitor International, *The German Consumer: Rapid Evolution Amidst the Crisis*, September 2020, data provided from Euromonitor International's market research database ². PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021

Despite programs to boost domestic consumption, Indian shoppers show growing enthusiasm for cross-border shopping.

INDIA



INDIA – MACRO-ECONOMIC SNAPSHOT

GROSS DOMESTIC
PRODUCT

\$2.592T¹
USD

POPULATION
1.39B¹

ANNUAL ECOMMERCE
REVENUE
\$55B²
USD

ANNUAL ECOMMERCE
GROWTH
19.8%²

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE
20.1%³

INTERNET
PENETRATION
24.6%³

SMARTPHONE
PENETRATION
22%³

PURCHASING
POWER INDEX
9.664⁴

All research links and references cited in this report were accessed between 10 February and 10 March 2021 unless otherwise stated. 1. Statista, India: GDP in current prices from 1985-2025, Oct 2020, IMF survey (1985-2020) 2. Statista, eCommerce India, 2020, eCommerce data is based on Statista's primary research, bottom-up modeling, market data, analysis of various macroeconomic indicators and key market factors, and market expert interviews 3. J.P. Morgan, 2020 E-Commerce Trends Report: India, 2020, data has been provided to J.P. Morgan by Edgar, Dunn, & Company and WP 4. OECD, Purchasing power parities (PPP) (Indicator), 2021

India's eCommerce potential is now being leveraged extensively after last year's strict nationwide lockdown and is being brought on by a surge in the number of online shoppers¹. Mobile commerce has also seen a 20.1% CAGR a year², as the usage of smartphones has increased amongst online shoppers³.

More than three-quarters of Indian online shoppers plan to further increase their online shopping in 2021 vs. 2020, the top percentage across all markets surveyed³.

There is a stated preference from our surveyed online shoppers to support domestic online providers³. That said, demand for international products appears to be strong. About half of online shoppers (49%) have made a cross-border purchase, and 43% say they're now more comfortable shopping cross-border than they were pre-COVID, the highest rate among all 13 markets surveyed³. A majority (60%) find

international goods via online search and 40% through social media, like Facebook and Instagram³.

Indians are security-conscious when shopping internationally. Just under half have abandoned a transaction after realizing the site was in another country. Overcoming their concerns demands transparency about the seller's location and assurance about reliability, privacy and secure payment methods. For cross-border purchases, PayPal is India's most used (36%) and preferred (29%) way to pay, with respondents citing trust, security and convenience as reasons for their preference³.

43%

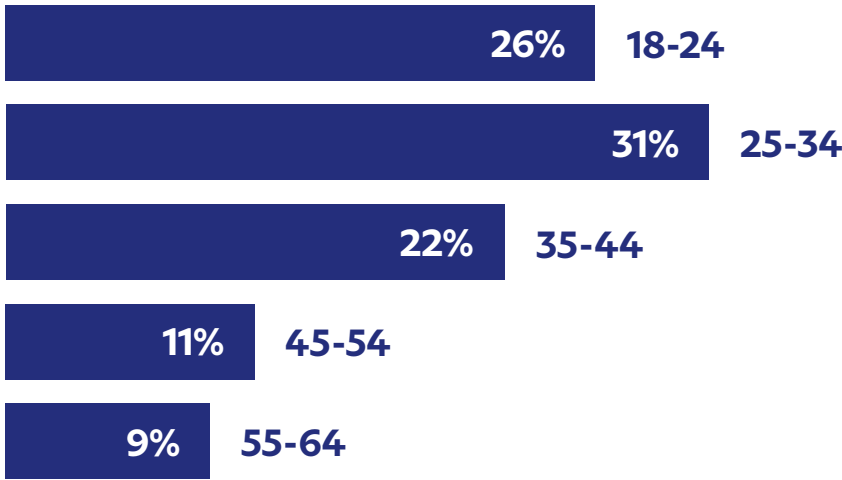
say they're now more comfortable shopping cross-border than they were pre-COVID³.

Identify your future customer

HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



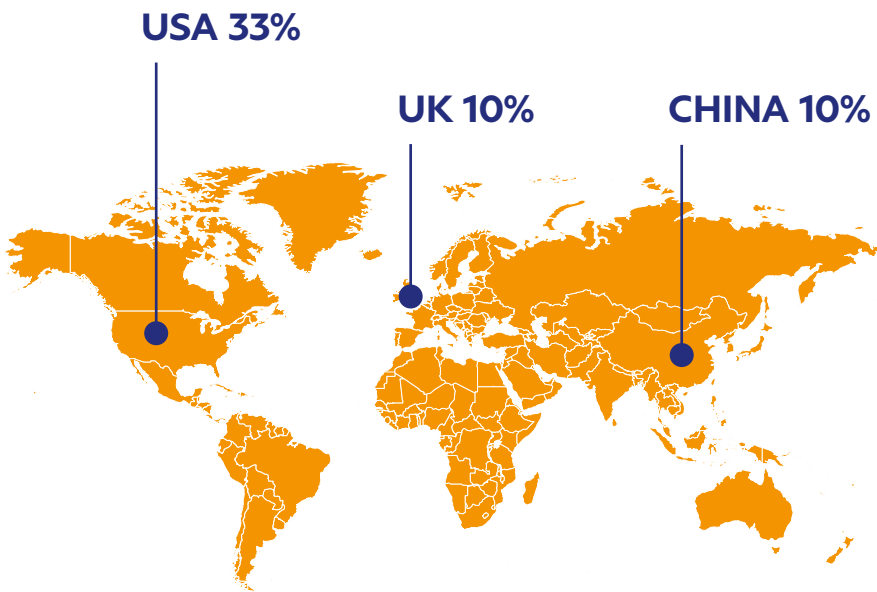
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Higher **product quality** (40%)
- 2/ **Access** to items not available in my own market (33%)
- 3/ **Discovery** of new and interesting products (31%)

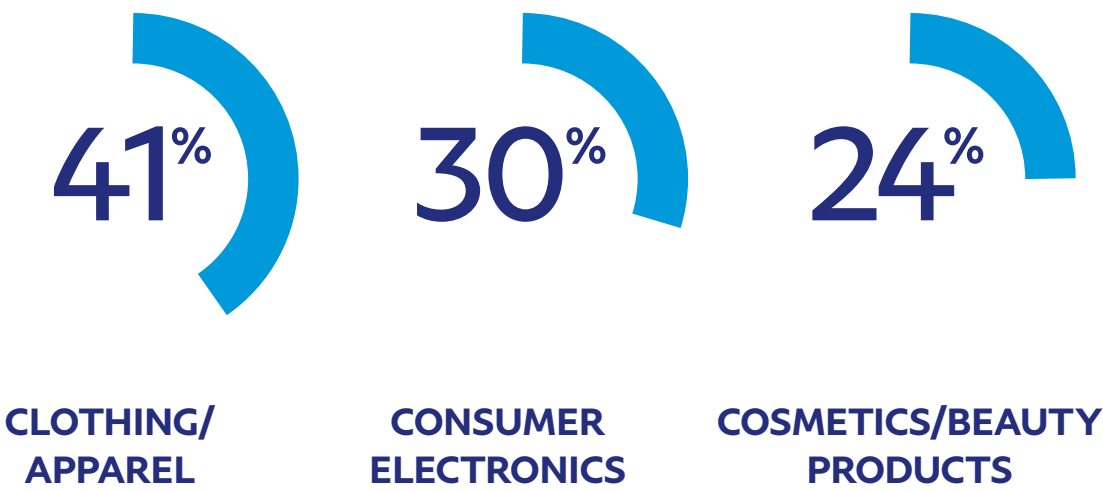
WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. Flipkart)
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

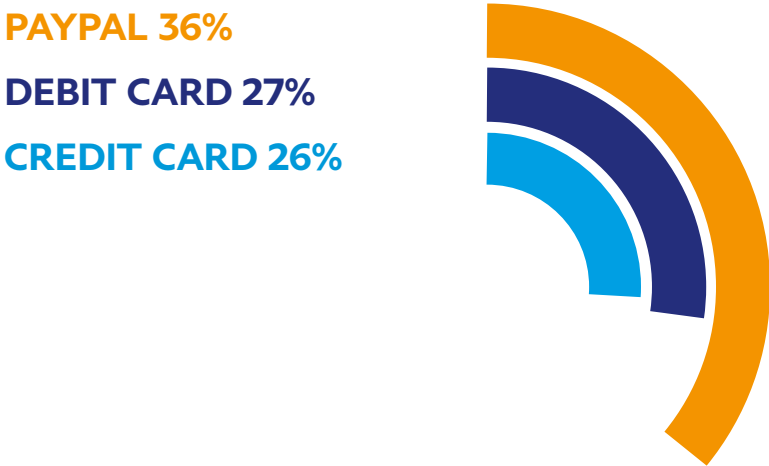


HOW TO REACH THEM

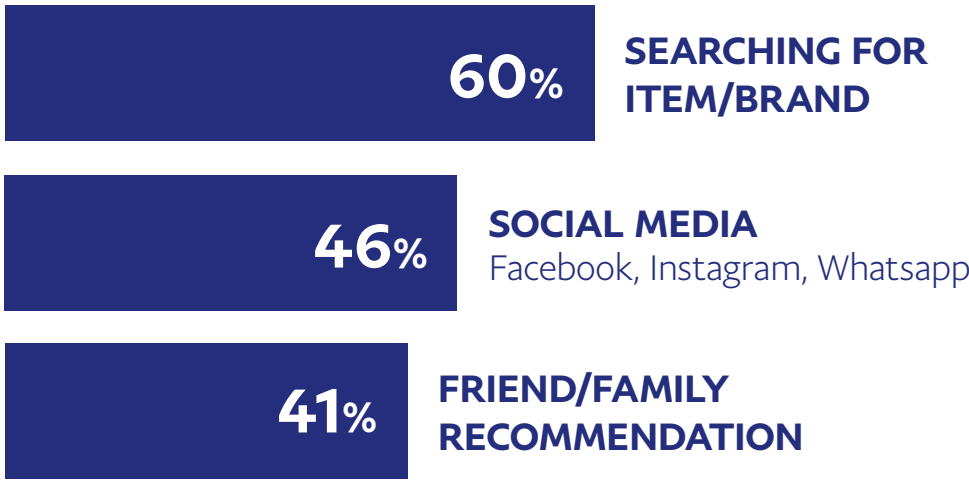
Preferred languages: **Hindi, Bengali, Marathi, Telugu, Tamil** (5 most spoken)¹.

23% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



Love local, want global

The country's "Be Indian, Buy Indian" campaign was launched just prior to the pandemic with the aim of lowering dependence on imports and stimulating the local economy¹.

Currently, four in five online shoppers say they prefer to support Indian online businesses².

But the temptation to shop globally is strong. With half of online shoppers (49%)² having made a cross-border purchase, intent is also growing. In fact, 18%² of online shoppers say they will start shopping on international sites in 2021/2022. When they shop at international sites, Indian shoppers are looking for higher product quality (40%)², access to items not available in their own country (33%)² and discovering new and interesting products (31%)².

KEY DRIVERS

40%

of Indian cross-border online shoppers prioritise high product quality¹.

1/3

of Indian online shoppers will pay with a digital wallet this year².

77%

of Indian cross-border shoppers buy online for Diwali¹.

BEHAVIOURAL/CULTURAL

The search for quality products goes global for many of India's shoppers. Consumer electronics and clothing/apparel purchases are top cross-border purchase categories, following closely by beauty and grocery products¹. Be sure to promote your premium brands, showcasing superior materials, manufacturing or artisanal processes, both on-site and in marketing campaigns.

TECHNOLOGY

Cards and digital wallets are replacing cash as the dominant eCommerce payments methods in India². While cards represent about a third of all transactions and usage is growing, digital wallet adoption is growing even faster at 80% CAGR². Looking ahead, digital wallets are expected to be used in 38% of online sales by 2023³.

SEASONAL

Gift-giving is a part of many Indian religious festivals, especially Diwali (Deepavali)¹, the annual festival of lights celebrated by Hindus, Jains and Sikhs. Indians shop Diwali like Americans shop Black Friday. Cross-border online shoppers spend more than domestic shoppers for every special occasion, and that includes Western shopping events like Black Friday, Cyber Monday and Christmas.



INDIA – TOP THREE TAKEAWAYS

1

BE TRANSPARENT.

Confidence in cross-border transactions may have grown recently, but Indians remain cautious. Nearly half of online shoppers have abandoned a purchase after realizing the website was in another country¹. Be upfront about your location, while emphasizing quality, authenticity, shipping costs, speed of delivery and safe payment methods – all top priorities for India's cross-border online shoppers.

2

INDIA IS MOBILE FIRST, SOMETIMES MOBILE ONLY.

Internet access can be patchy across India, but mobile rules when it comes to shopping, especially apps. More than 90% of online shoppers use smartphones, and for more than half, it's their preferred way to shop¹. Ensure fast load times and a seamless mCommerce experience right through to the final transaction. Support for multiple payment methods, including digital wallets, will be an advantage.

3

STAND OUT IN A VAST MARKET THAT'S READY TO SHOP.

Last year, receptiveness to cross-border shopping grew more in India than in any other surveyed market¹. Make sure these shoppers can find you in online marketplaces, through online search and social media¹. Build promotions around India's many religious festivals, which see increased cross-border shopping¹.

1. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021

JAPAN

Japan's cross-border shopping barriers are breaking down due to growing price sensitivity and a desire for unique products.

JAPAN – MACRO-ECONOMIC SNAPSHOT

GROSS DOMESTIC
PRODUCT

\$4.91T¹

USD

POPULATION

125M²

ANNUAL ECOMMERCE
REVENUE

112.4B³

USD

ANNUAL ECOMMERCE
GROWTH

7.5%³

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

13.7%⁴

INTERNET
PENETRATION

91%⁵

SMARTPHONE
PENETRATION

83%⁶

PURCHASE
POWER INDEX

103.4⁷

All research links and references cited in this report were accessed between 10 February and 10 March 2021 unless otherwise stated. ¹ Statista, Japan, GDP in current prices from 1985 to 2025, Oct 2020, IMF survey (1985-2020). ² Statista, Japan, Total population from 2015 to 2025, 2020. ³ Statista, eCommerce Japan, eCommerce data is based on Statista's primary research, bottom-up modeling, market data, analysis of various macroeconomic indicators and key market factors, and market expert interviews. ⁴ J.P. Morgan, 2020 eCommerce Payments Trends Report: Japan, 2020, data has been provided to J.P. Morgan by Edgar, Dunn, and Company and WPL. ⁵ We Are Social / Hootsuite, Digital 2020 Japan, Jan 2020. ⁶ Statista, Smartphone user penetration rate amongst the population in Japan 2015-2025, July 2020, survey time period 2015 to 2020. ⁷ OECD, Purchasing power parities (PPP) (Indicator), 2021.

A decline in consumer sentiment since 2019 has seen more Japanese consumers tighten their discretionary spending. This has led to a more price-sensitive retail approach and the emergence of value-driven strategies, such as bulk buying and comparison shopping.

While Japan is home to the third-largest eCommerce market¹, online shopping represents a relatively small share of its overall retail landscape. But that looks set to change with a 20% lift in Japanese consumers intending to shop online post-COVID-19².

As a single-language culture with a strong preference for domestic brands, international shopping accounts for just 10%³ of eCommerce transactions in Japan. But there are two key reasons why Japanese online shoppers will choose to shop internationally. The first is the thrill of a unique discovery through an item not available domestically. The second is attractive

product prices, which are carefully weighed against shipping costs, timing and returns⁴.

Japan is a mobile-first nation, but mCommerce accounts for just 25%³ of its overall eCommerce market. Its uptake has been limited by security concerns, so reassuring cross-border consumers with a recognised and secure path to purchase is paramount. While credit card is the top payment method for all eCommerce purchases in Japan, PayPal leads the emerging payment options as the preferred solution for cross-border purchases⁴.

20%

more Japanese consumers
intend to shop online
post-COVID-19².

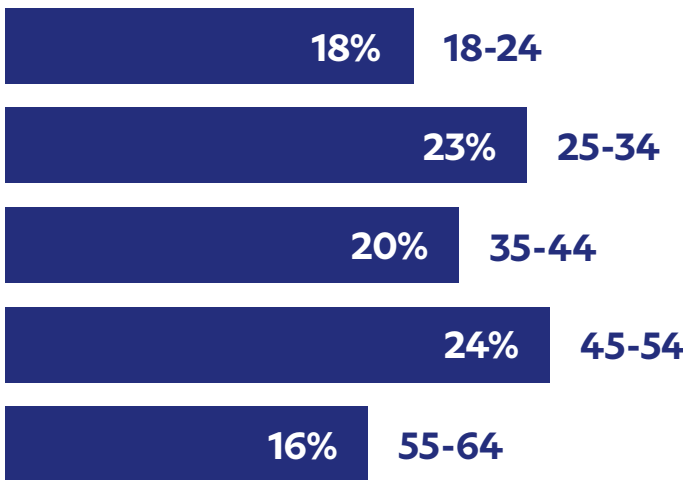
¹ Statista, [eCommerce Japan](#), 2020, eCommerce data is based on Statista's primary research, bottom-up modeling, market data, analysis of various macroeconomic indicators and key market factors, and market expert interviews
² McKinsey & Co, [Survey: Japanese consumer sentiment during the coronavirus crisis](#), research conducted from November 9th – 15th 2020 amongst 1,000 Japanese adults (aged 18+) ³ J.P. Morgan, [2020 E-commerce Payments Trends Report: Japan](#), 2020, data has been provided to J.P. Morgan by Edgar, Dunn, and Company and WPL ⁴ PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 – February 2021

Identify your future customer

HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



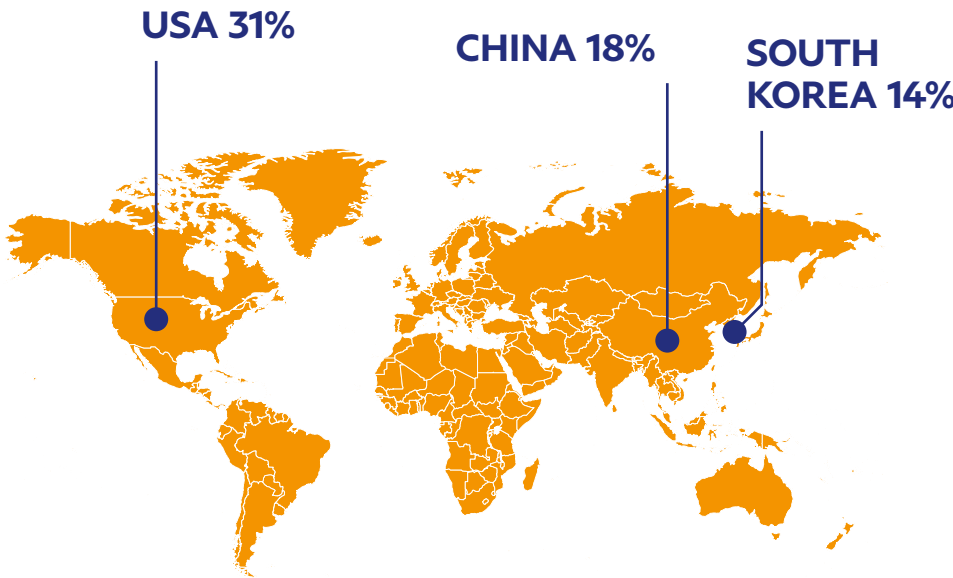
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Access to items not available in my own market (52%)
- 2/ Better prices (44%)
- 3/ Discovery of new and interesting products (25%)

WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. Rakuten)
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

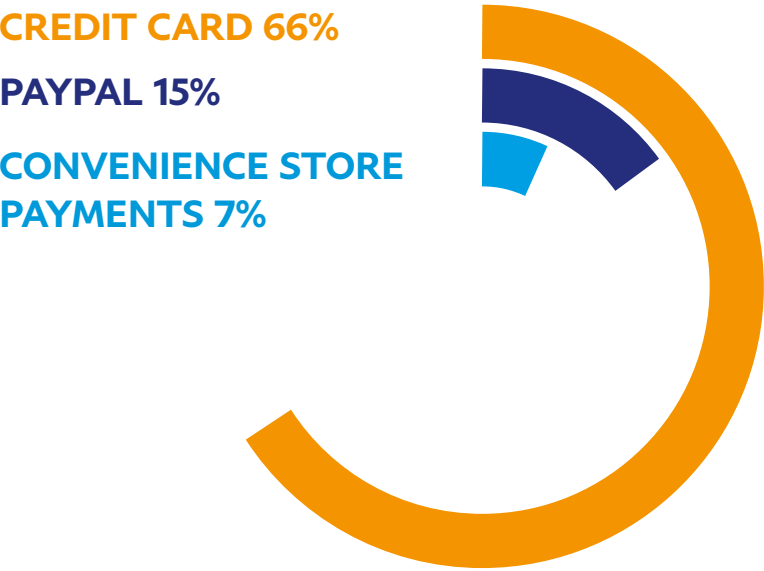


HOW TO REACH THEM

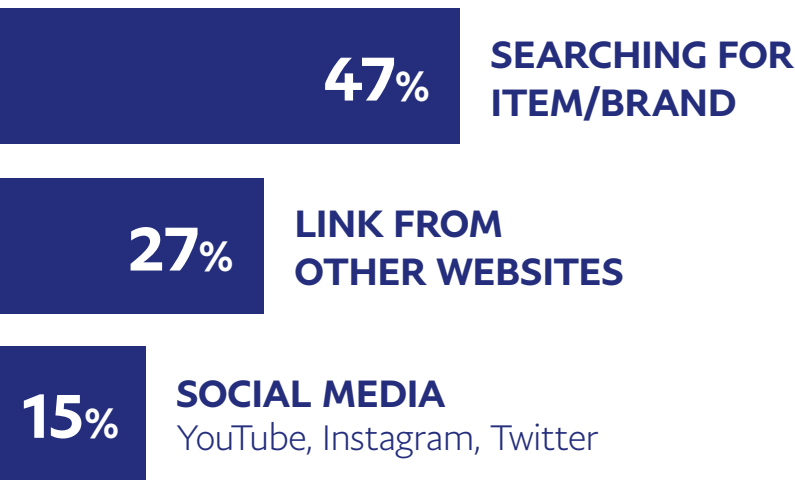
Preferred language: Japanese

17% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



Home is the new shopping heartland

For a country synonymous with technology and innovation, Japan's eCommerce market is surprisingly small. It ranks in the top four eCommerce markets by value in the world but accounts for just 13% of the country's retail landscape¹.

A preference to see products firsthand has been the key barrier to Japan's eCommerce uptake, but lockdowns caused more people to shop from their homes.

Japan saw an estimated 10-20% growth in online retail across most categories and consumers intend to continue shopping online after the pandemic subsides². Digital infrastructure will facilitate growth with internet penetration at 91%³. Government support for a 5G rollout also looks set to enhance the eCommerce experience⁴.

KEY DRIVERS

44%

of Japanese online shoppers look to cross-border for better prices¹.

40%

of payments are set to be cashless by 2025².

10%

growth is expected for Japan's overall gift market⁵.

BEHAVIOURAL/CULTURAL

In the search for better value, Japanese consumers compare prices, delivery time, shipping and return costs, and the option to communicate directly with merchants to help resolve issues. Cross-border merchants may attract Japanese shoppers with lower prices, an assortment of products not available locally, or a “domestic equivalent” shopping experience.

TECHNOLOGY

Japanese consumers preferred traditional payment methods, primarily credit cards, prior to the pandemic, but digital transactions are on the rise. Growth may be boosted by a government target to increase the share of cashless payments over the next five years². Merchants may be wise to consider digital wallet options as they're predicted to be the fastest-growing payment method to 2023³. Uptake may be fuelled by rising 5G penetration⁴, which enhances the speed of service across many online shopping experiences, from speed at checkout to video-driven social shopping.

SEASONAL

Gift-giving remains a strong cultural tradition in Japan. While its year-end gift market declined by 10% as fewer business-based gifts were exchanged, a lift in casual gift-giving for other occasions is expected to result in overall market growth, including a new tradition in 2020, Kiseibo, gifts given to honour the new year when giving cannot be done in person⁶. New Year and Christmas are the main shopping events¹ and the desire to give unique gifts may present opportunities for cross-border merchants.

¹. J.P. Morgan, [2020 E-commerce Payments Trends Report: Japan](#), data has been provided to J.P. Morgan by Edgar, Dunn and Company via Re-think Tokyo (2019) ². McKinsey & Co, [Survey: Japanese consumer sentiment during the coronavirus crisis](#), research conducted from November 9th – 15th 2020 amongst 1,000 Japanese adults (aged 18+) ³. We Are Social / Hootsuite, [Digital 2020 Japan](#), Jan 2020 ⁴. Bloomberg, [Handed a 5G Lifeline by Trump, Japan Races to Catch Up to Huawei](#), 10 Dec 2020

¹. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021 ². Euromonitor International, [Future Watch: Update on consumer trends and lifestyles in Japan and South Korea in light of the COVID-19 pandemic](#), Aug 2020 ³. J.P. Morgan, [2020 E-commerce Payments Trends Report: Japan](#), data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL (2020) ⁴. Japan Times, [Racing full speed ahead toward a digitalized Japan](#), 24 Feb 2021 ⁵. McKinsey & Co, [Survey: Japanese consumer sentiment during the coronavirus crisis](#), research conducted from November 9th – 15th 2020 amongst 1,000 Japanese adults (aged 18+) ⁶. Principle Company, [Marketing for the Unique Japanese New Year's Traditions](#)

A hand is holding a coin, and a circular graphic is overlaid on it. The graphic has a white center with a green border. Inside the white center, the text "Cross-border shopping comprises just" is at the top, "10%" is in the middle in large green font, and "of the eCommerce market in Japan." is at the bottom. A green arc is on the right side of the circle.

Cross-border shopping comprises just

10%

of the eCommerce market in Japan.

JAPAN – TOP THREE TAKEAWAYS

1

COMPARISON SHOPPING IS ON THE RISE AMONG PRICE-SENSITIVE JAPANESE CONSUMERS.

With cross-border shopping comprising just 10% of the eCommerce market, Japan may be a tough market to crack. But as price is one of the main reasons for shopping internationally, aim to give them greater value for money. A “domestic equivalent” shopping experience will also appeal.

2

REACH MORE JAPANESE SHOPPERS WITH PRODUCTS NOT AVAILABLE LOCALLY.

Merchants that can fill niches within the market may have an edge, so it pays to stay attuned to local trends. The most popular categories for cross-border shopping are clothing/apparel (26%), cosmetics and beauty products (13%), consumer electronics (11%) and groceries, food, and drinks/ alcohol (11%)¹. Cross-border businesses can also reassure security conscious shoppers with a trusted payment method. A third of Japan’s online shoppers say they would choose PayPal because they consider it a secure way to pay¹.

3

DIGITAL WALLETS ARE PREPARING FOR TAKE OFF AS CONSUMERS EXPLORE MORE WAYS TO PAY.

Digital transactions have increased since the pandemic, so offer Japanese consumers a choice of payment methods, including digital wallet options. Digital wallets are predicted to be the fastest-growing payment method to 2023 and will be enabled by rising 5G penetration.

¹. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021

MEXICO

Despite a troubled pandemic recovery, Mexico's dynamic, high-growth eCommerce market remains an attractive opportunity for cross-border sellers.



MEXICO – MACRO-ECONOMIC SNAPSHOT

GROSS DOMESTIC
PRODUCT

\$1.04T¹

USD

POPULATION

130.1M²

ANNUAL ECOMMERCE
REVENUE

\$21.2B⁴

USD

ANNUAL ECOMMERCE
GROWTH

12.8%⁴

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

20.1%³

INTERNET
PENETRATION

63%⁵

PURCHASING
POWER INDEX

9.5⁶

SMARTPHONE
PENETRATION

47%³

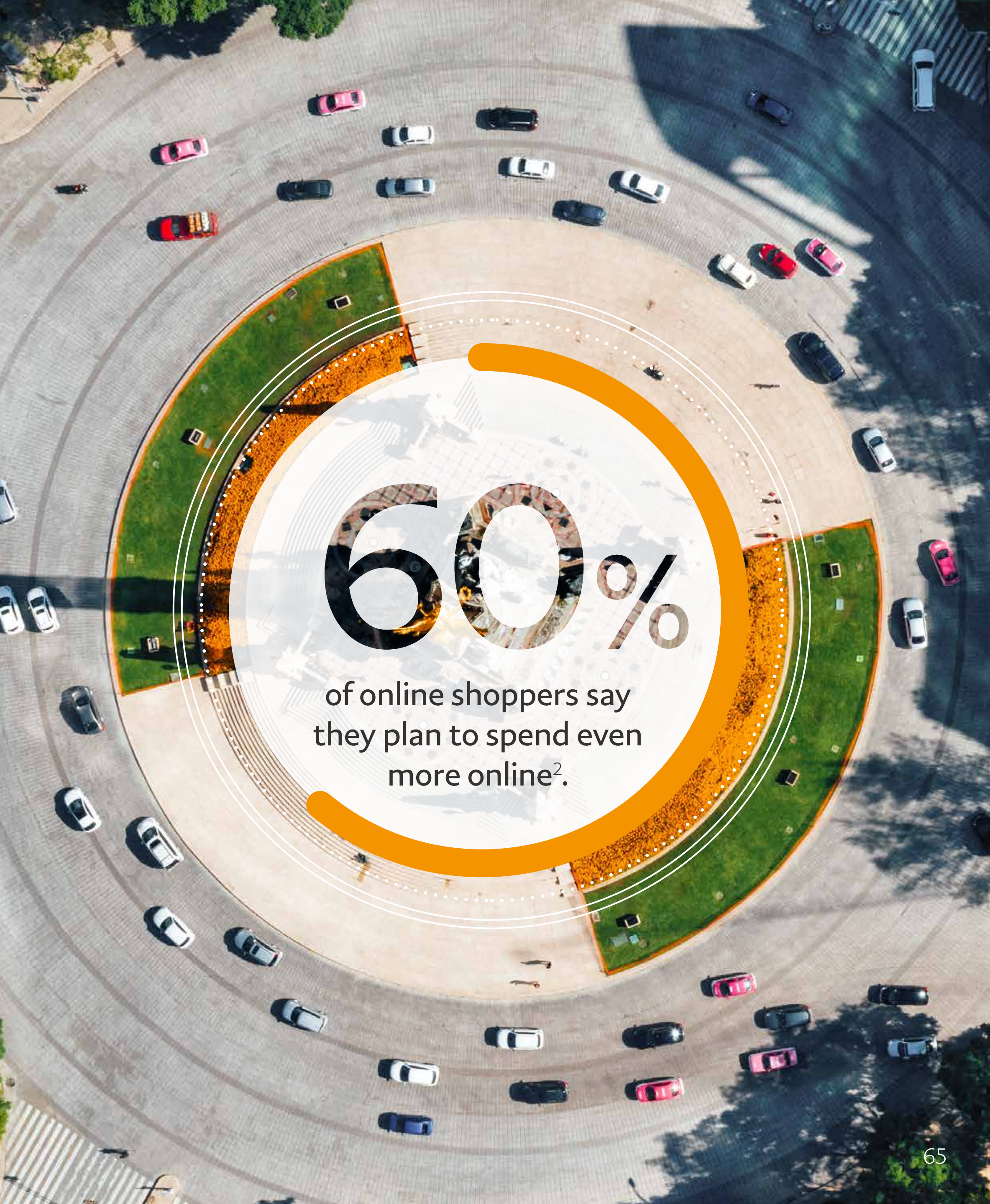
The #2 eCommerce market in Latin America¹ found itself hard hit by COVID-19, but remains a bright spot with a mobile-first population that's comfortable cross-border shopping².

Mexico's SMB sector struggled from COVID-related impacts in 2020, with limited governmental relief³. As a result, more than 20% of SMBs closed last year⁴, while surviving businesses raced to launch online stores for the first time.

Meanwhile, Mexicans flocked online in record numbers, accelerating already-high eCommerce growth rates². Estimates at the end of Q3 2020 showed a 13.1% increase in eCommerce shoppers vs. Q2 2019⁵. More than 60% of online shoppers say they plan to spend even more online in 2021/2022².

Mexican online shoppers are looking to cross-border sites for better prices and interesting products². Many online shoppers prefer international sites for apparel and consumer electronics². Streamlined import clearances for items under \$50 USD should help, although new regulatory proposals could affect express shipping⁶.

PayPal is used by almost half of cross-border online shoppers, primarily for its security and purchase protection^{2*}, which is not surprising given that online fraud in Mexico is the highest across Latin America⁷.



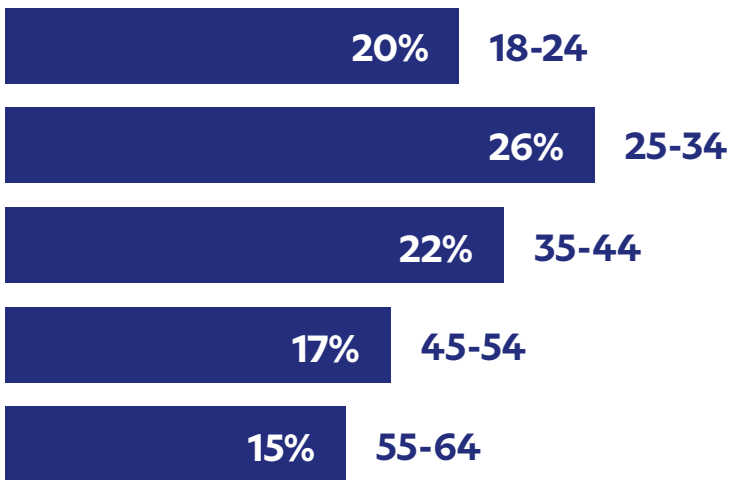
*Available for eligible purchases. Limitations apply. 1. Statista, *Most popular e-commerce sites in Mexico*, Feb 2021, data is based off EBANX, SimilarWeb, Statista estimates (July 2020) 2. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021 3. Washington Post, *Mexican businesses struggling in pandemic with little help*, 28 July 2020 4. National Institute of Statistics and Geography (INEGI), *11 Million Businesses in Mexico Fear They'll Close Within 3-12 Months*, 3 Dec 2020 5. The Competitive Intelligence Unit (CIU), *Comerico Electronico durante la Pandemia*, 30 Nov 2020 6. J.P. Morgan, *E-commerce Payments Trends: Mexico*, 2019 J.P. Morgan Global Payment Trends 7. Statista, *Number of online scams reported in selected Latin American countries in 2019*, Oct 2020, data is based off Ecommerce Foundation study (2019)

Identify your future customer

HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



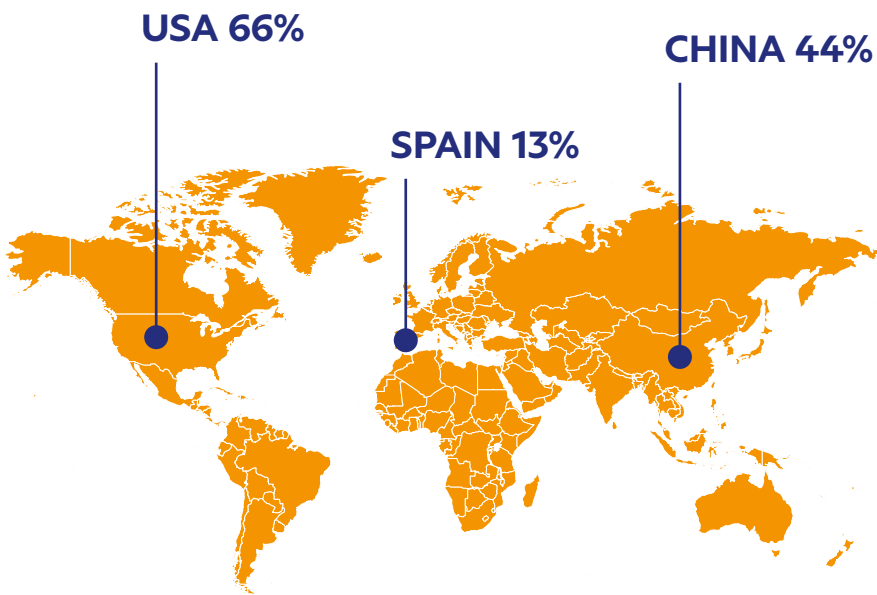
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Better **prices** (49%)
- 2/ **Discovery** of new and interesting products (45%)
- 3/ **Access** to items not available in my own market (40%)

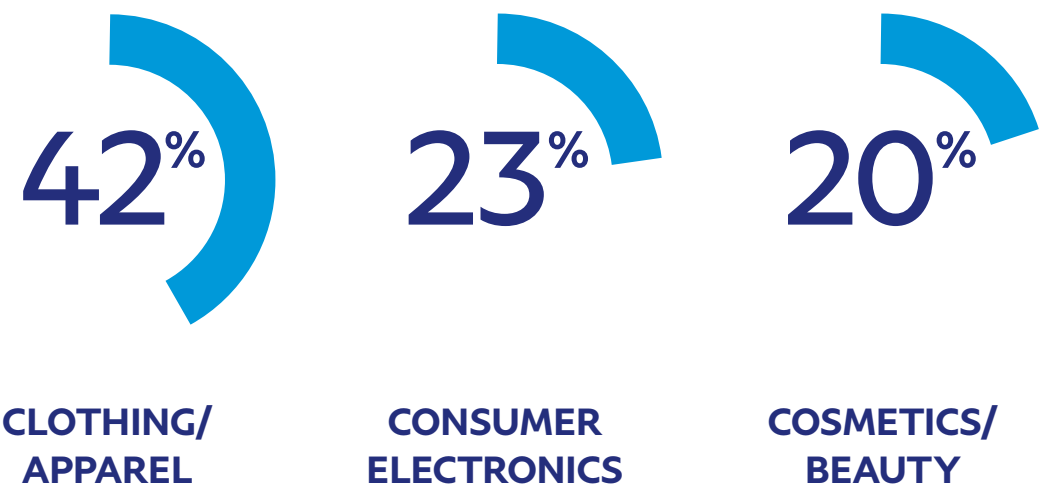
WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. Mercado Libre MX)
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

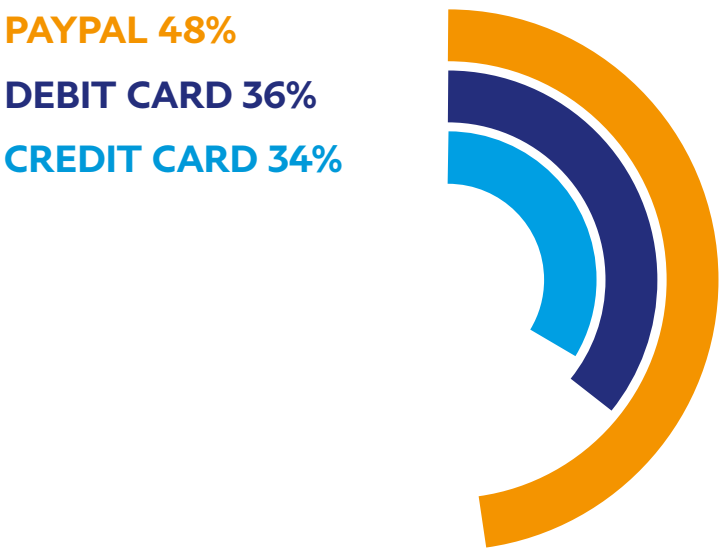


HOW TO REACH THEM

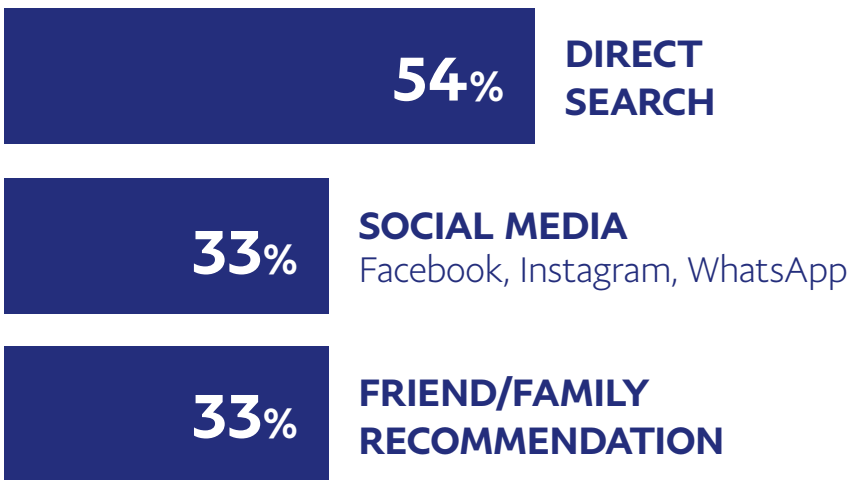
Preferred language: Spanish

20% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



2020: Time to Shine for El Buen Fin

Sellers new to Mexico should get acquainted with El Buen Fin, or “The Good Weekend,” the country’s answer to Black Friday.

Now in its tenth year, El Buen Fin has become a popular nationwide sales event, and 2020 was a year to remember.

The four-day nationwide sale was extended over 12 days to help in-store shoppers avoid crowds. More than 60,000 retailers participated, easing credit and payment terms¹. The efforts paid off: sales spiked 230% over 2019².

Cross-border online shoppers are more likely to buy during El Buen Fin than Christmas³, so keep an eye on 2021 developments around this popular shopping event and be ready to flex.

KEY DRIVERS

65%
of Mexican online shoppers have bought from international sellers¹.

80%
Digital transactions grew by 80% last year¹.

71%
of cross-border online shoppers say they’re more likely to shop online for El Buen Fin¹.

BEHAVIOURAL/CULTURAL

This is significantly higher than the global average¹, in spite of the fact that most online shoppers say they prefer to support domestic businesses¹. With a huge number of Mexicans trying eCommerce for the first time in 2020, receptiveness to cross-border shopping should continue to grow. Not only are total numbers increasing, but 37% of existing online shoppers say they’re now more comfortable shopping at cross-border sites¹.

TECHNOLOGY

That includes bill payments and money transfers, but the trend is clear, particularly among younger consumers with bank accounts². New digital wallet accounts rose 30%, with Mercado Pago the breakout star². Mexico’s 40M+ unbanked continue to do business in cash, but keep an eye on mobile apps. As in some other developing eCommerce markets, many Mexican online shoppers have leapfrogged over desktop-based transactions to mobile, in-app purchases³.

SEASONAL

That’s compared to just 53% of domestic shoppers¹. The difference is even greater for Black Friday, with 51% of cross-border online shoppers saying they’re more likely to shop vs. 16% of online domestic shoppers. In fact, cross-border online shoppers are more likely to shop online for virtually every shopping occasion. Make sure all top seasonal events are on your promotions calendar, including Christmas, Mother’s Day, and seasonal sales like Hot Sale in May where sales doubled in 2020¹.



2x

Mobile commerce is growing twice as fast as eCommerce².

MEXICO – TOP THREE TAKEAWAYS

1

BE READY TO ENTER A DYNAMIC ECOMMERCE MARKET FUELED BY DOUBLE-DIGIT MOBILE COMMERCE ADOPTION.

The pandemic accelerated eCommerce adoption in Mexico more than in any other surveyed country¹, and mobile commerce is growing twice as fast as eCommerce in general². Apps outweigh browsers for closing mCommerce transactions². This Latin American powerhouse market now attracts attention from major global marketplaces², so keep an eye on this space for new developments.

2

THE CURRENT DEMAND GAP MAY BE ADVANTAGEOUS TO EXPERIENCED CROSS-BORDER SELLERS.

Mexico is more receptive to cross-border sales than many other countries¹. Sellers can help meet current demand with well-priced offers, hard-to-find brands and smooth, secure transactions. Be particularly ready to act during Black Friday and El Buen Fin, paying attention to 2021 dates.

3

AS THE ECONOMY RECOVERS, MAKE IT EASY FOR SHOPPERS TO FIND YOUR STORE AND PAY THE WAY THEY WANT.

Mexican online shoppers shop cross-border primarily through online marketplaces, such as long-established Mercado Libre MX¹. Online search and social media are popular discovery tools, especially Facebook¹. Debit cards remain popular but digital wallets gained ground in 2020, sharing the payments field with instalments, bank transfers, and cash². PayPal is the most popular digital wallet².

¹. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021
². J.P. Morgan, 2020 Ecommerce Payments Trends Report; Mexico, data has been provided to J.P. Morgan by Edgar, Dunn, and Company and WPL (2020)

RUSSIA

Borderless eCommerce opportunities abound as social media-savvy Russian shoppers go online for the best deals.

RUSSIA – MACRO-ECONOMIC SNAPSHOT

GROSS DOMESTIC
PRODUCT

\$1.46T¹
USD

POPULATION

146M²

ANNUAL ECOMMERCE
REVENUE

\$25.9B³
USD

ANNUAL ECOMMERCE
GROWTH

10.1%³

INTERNET
PENETRATION

81%⁴

PURCHASING
POWER INDEX

24.248⁶

SMARTPHONE
PENETRATION

72.8%⁵



All research links and references cited in this report were accessed between 10 February and 10 March 2021 unless otherwise stated. 1. Statista, Russia: GDP in current prices from 1995 to 2025, Oct 2020, IMF survey (1985-2020) 2. Statista, Demographics of Russia – Statistics & Facts, 17 Feb 2021 3. Statista, eCommerce Russia, 2020, eCommerce data is based on Statista's primary research, bottom-up modeling, market data, analysis of various macroeconomic indicators and key market factors, and market expert interviews 4. DataReportal, The Russian Federation, 18 Feb 2020 5. Statista, Smartphone penetration 2020, July 2020, survey time period July 2020 6. OECD, Purchasing power parities (PPP) (Indicator), 2021

Rising unemployment and a decline in disposable income caused Russians to tighten their spending in 2020¹. But the market presents strong opportunities for cross-border merchants who offer bigger bang for the buck.

eCommerce is on the rise in Russia and 42% of online shoppers surveyed purchase more online now than prior to the pandemic². While cross-border sales declined by 32%³, 73% of cross-border online Russian shoppers will buy from home or abroad if the price is right². Their preference to support local businesses is also comparatively lower than other markets (40%)².

The appeal of discovering new products is a stronger driver for cross-border online shopping than in most other markets (35%)². However, difficulty returning products internationally is a key barrier (36%)².

Online marketplaces are the dominant eCommerce channel for most product categories². When it comes to payment methods, cross-border online shoppers in Russia prefer PayPal (30%)². One of the main reasons they choose PayPal is for security, as data protection is a concern for 57% of the country's online consumers⁴.

Russian online shoppers will shop internationally for greater value and almost half expect their online spending to increase in 2021/2022². Merchants can appeal to them with well-priced products, low delivery costs and a trusted and secure payment method.



30%
of cross-border online
shoppers in Russia
prefer PayPal².

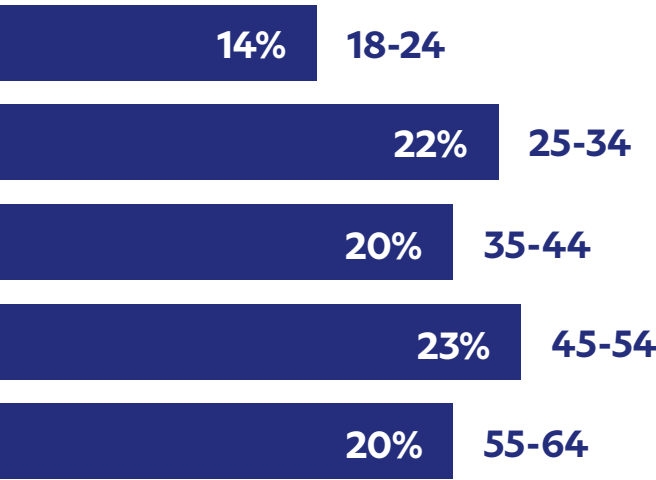
1. PWC, *The Consumer Transformed*, 2020 Global Consumer Insights Survey: Russia 2. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021 3. NAFI & Skolkovo, The all-Russian survey was conducted by the Moscow school of management SKOLKOVO and the NAFI Analytical center in April 2020, 1,612 people over the age of 18 were surveyed in 53 regions of Russia 4. Deloitte, *Consumption in Russia 2020 report*, 2020, online survey of 1,600 Russians aged 16+ conducted in June 2020

Identify your future customer

HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



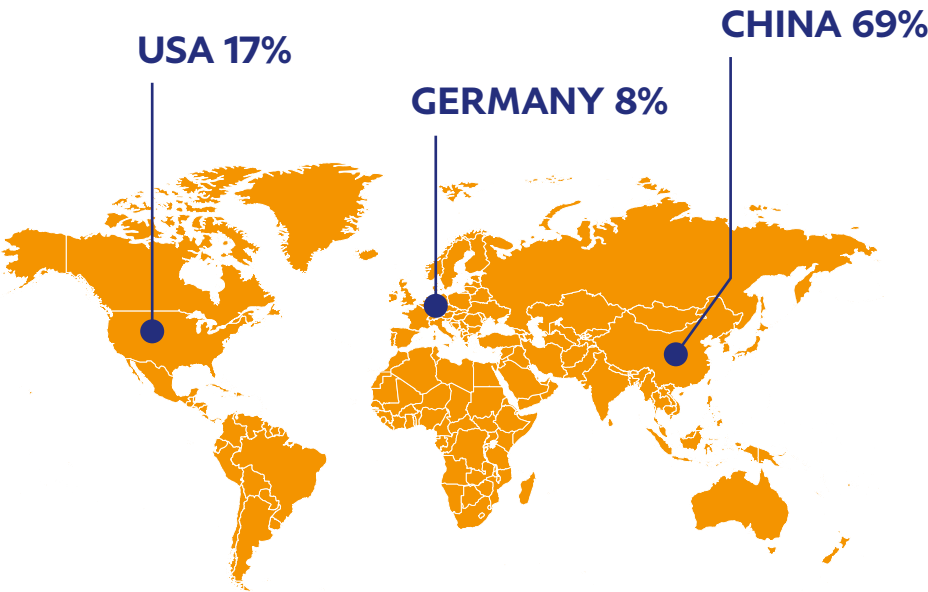
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Better **prices** (67%)
- 2/ **Access** to items not available in my own market (45%)
- 3/ More **variety / availability** of products and styles (38%)

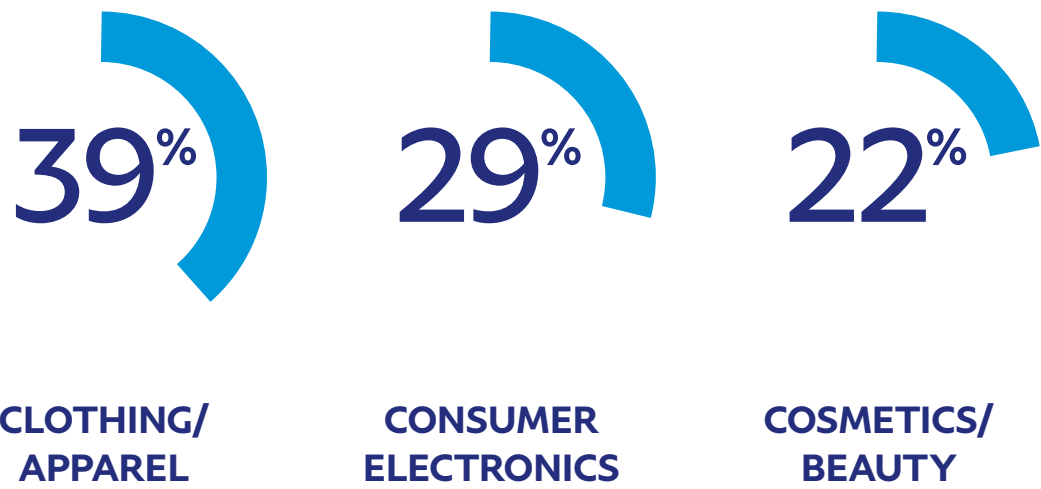
WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. eBay)
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

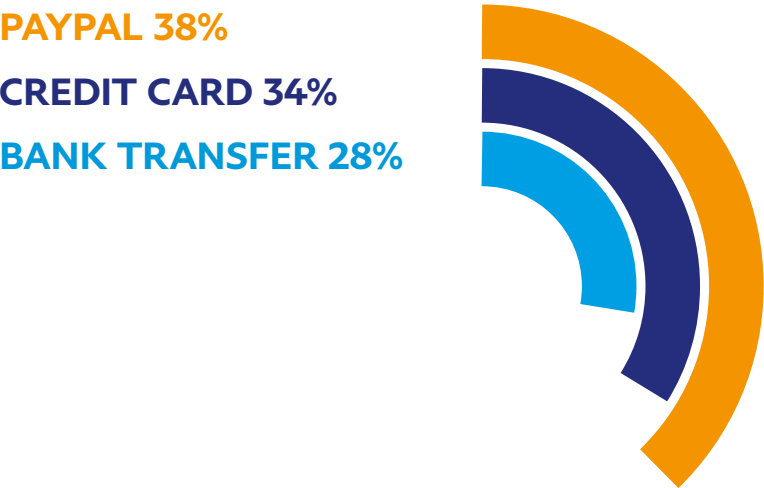


HOW TO REACH THEM

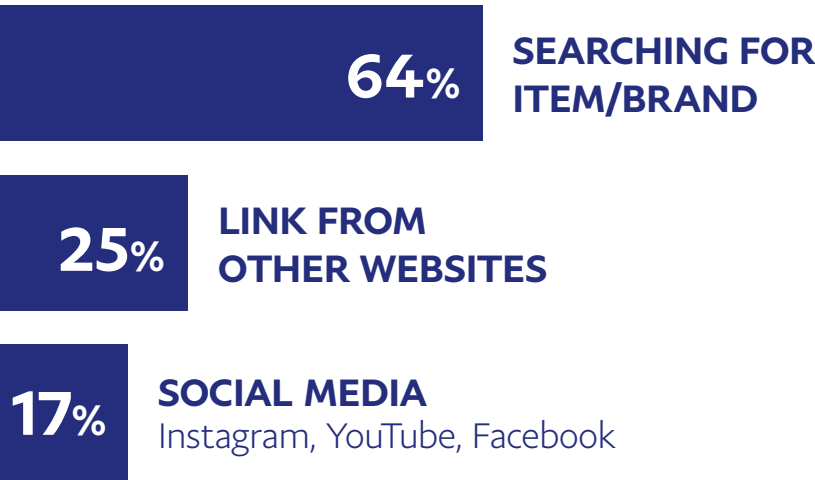
Preferred language: Russian

24% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



Russians lead Europe in social media usage

Russia's love of social media grew deeper in 2020. Its citizens spend an average of more than two hours a day on social sites¹ – that's more than any country in Europe.

Russian household consumption of social media increased 53%² while social isolation measures were in place.

While the majority of Russian online shoppers still find websites via search, a number of them rely on social media for new products and inspiration. Popular sites include Instagram, YouTube, and Facebook. Of the cross-border online shoppers surveyed that access websites through social media, almost two-thirds use Instagram³.

Merchants should consider incorporating a mix of popular international platforms and local social channels to reach Russia's social shoppers.

KEY DRIVERS

67%

of cross-border online shoppers surveyed in Russia buy from international websites because of lower prices¹.

78%

of online purchases by shoppers surveyed in Russia are made via smartphone¹.

71%

of Russians shop during sales events but seasonal deals took a hit³.

BEHAVIOURAL/CULTURAL

Russian consumers are more discerning in how they spend their money. Many are switching to cheaper brands and cutting out discretionary spending. As cost is the main driver of cross-border shopping, merchants can appeal to Russian bargain hunters with lower-priced items and free shipping.

TECHNOLOGY

mCommerce has recorded a steady rise in Russia in recent years but the COVID-19 outbreak accelerated the trend. Its popularity surged 39% in 2020². With more consumers seeking efficient and convenient ways to shop, a frictionless mCommerce experience will have greater appeal.

SEASONAL

Russian consumers are drawn to online sales events, especially for clothing, home appliances and cosmetics³, but purchases during seasonal sales like Black Friday were down 27% in 2020 compared to 2019. This reflects the economic impact of COVID-19 with more Russians tightening their discretionary spending.

¹ Statista, *Average daily social media use in selected European countries*, Jan 2021, GlobalWebIndex & DataReportal survey conducted in Q3 2020 of internet users (ages 16-64) ² PWC, *The Consumer Transformed*, 2020 Global Consumer Insights Survey: Russia ³ PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021

¹ PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021 ² PWC, *The Consumer Transformed*, 2020 Global Consumer Insights Survey: Russia ³ Deloitte, *Consumption in Russia 2020 report*, 2020, online survey of 1,600 Russians aged 16+ conducted in June 2020



Russia's
**SOCIAL MEDIA
CONSUMPTION**
has never been
greater.

RUSSIA – TOP THREE TAKEAWAYS

1

RUSSIAN CONSUMERS PRIORITIZE PRICE AND VALUE FOR MONEY.

With price and value now a greater concern, merchants can appeal to cost-conscious Russian consumers with new pricing strategies, such as discounts and free shipping. Loyalty programs with attractive price incentives may also boost customer engagement.

2

ENCOURAGE RUSSIAN SHOPPERS TO DISCOVER MORE ONLINE THROUGH A SEAMLESS MCOMMERCE EXPERIENCE.

mCommerce is accelerating with more Russians browsing, purchasing and paying via mobile devices. Product choice is also a key driver for Russia's cross-border online shoppers – they love to discover new products online. A trusted payment solution provider like PayPal will ensure buyer protection* through refunds and product-return support.

3

MAKE SOCIAL MEDIA A KEY PART OF YOUR MARKETING MIX.

Russia's social media consumption has never been greater. Building a presence on both local and international sites will enable merchants to reach more Russian shoppers. And, at a time when convenience matters more, give them an mCommerce experience that's swift, streamlined and simple.

*Available for eligible purchases. Limitations apply.

Amid its greatest-ever recession but with significant government investment in digital acceleration, Singapore is the perfect storm for cross-border sellers.

SINGAPORE



SINGAPORE – MACRO-ECONOMIC SNAPSHOT

GROSS DOMESTIC
PRODUCT

\$337.45B¹

USD

POPULATION

5.69M²

ANNUAL ECOMMERCE
REVENUE

2.79B³

USD

ANNUAL ECOMMERCE
GROWTH

16.1%³

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

13.6%⁴

INTERNET
PENETRATION

87%⁵

SMARTPHONE
PENETRATION

78%⁴

PURCHASING
POWER INDEX

0.937⁶

The coronavirus plunged the Lion City into its deepest recession in history¹, propelling the government to dip into reserves to mitigate the fallout². But while Singapore's economy contracted, eCommerce surged.

Two-thirds of Singapore's online shoppers increased their online spend in 2020³, and it's hoped that a government drive to encourage digital transformation will help domestic recovery⁴.

Cross-border shopping remains a defining feature of Singapore's eCommerce market. Almost 80% of online consumers purchase from international websites, largely driven by lower prices and greater access to products³. With offline retail businesses gravely affected by the pandemic, Singapore shoppers have flocked online to access international products as local companies race to bring their offerings online.

Singaporean online shoppers cite delivery costs as the biggest barrier to shopping cross-border³, so merchants should consider incorporating shipping costs in the price of their product or offer flat shipping rates. Plan a mobile-first approach as most Singaporean online shoppers buy online via smartphone, well above the survey average³, and in 2020 two-thirds of them downloaded at least one shopping app.

Credit cards are the most used and preferred payment method for all eCommerce, but PayPal leads against local digital wallet competitors. It's used by 31% of shoppers for online cross-border transactions³.

78%

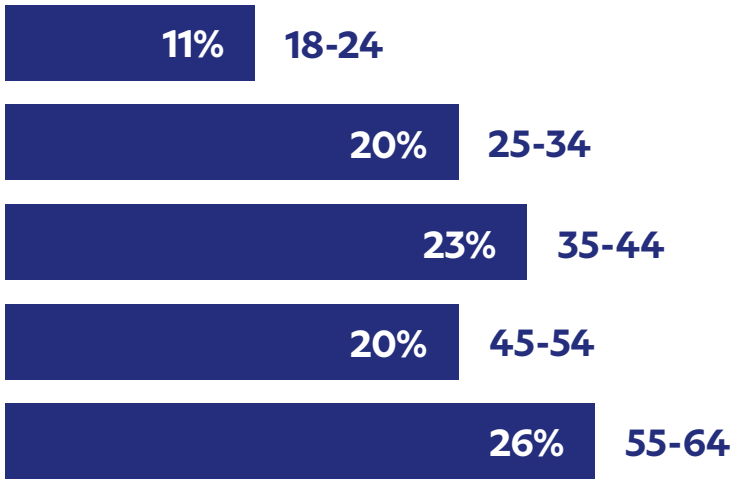
of online consumers
purchase from
international
websites⁴.

Identify your future customer

HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



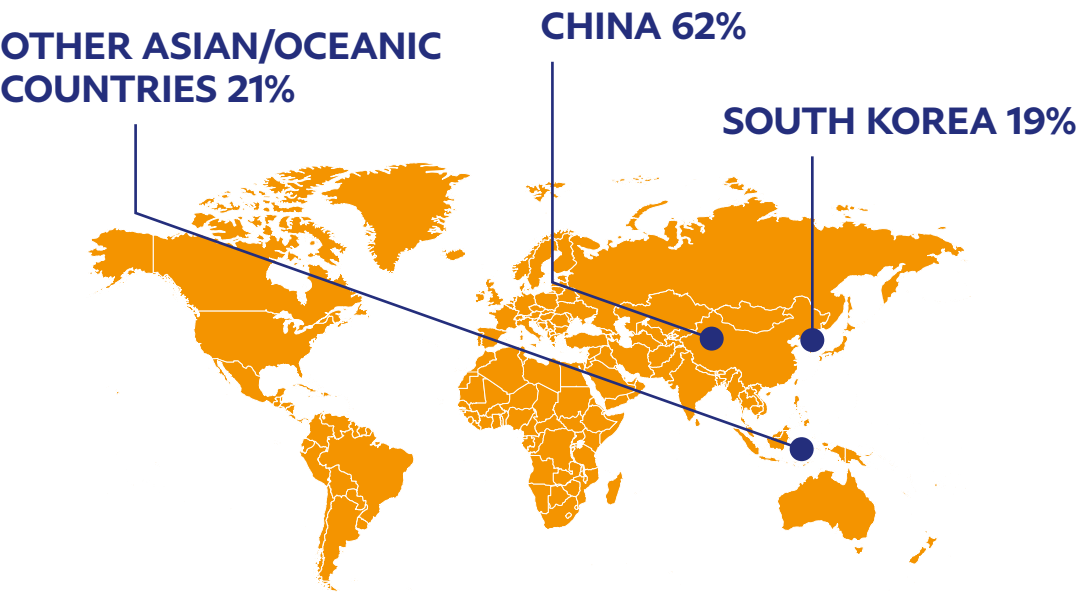
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Better **prices** (56%)
- 2/ **Access** to items not available in my own market (45%)
- 3/ **Discovery** of new and interesting products (37%)

WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. Shopee²)
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

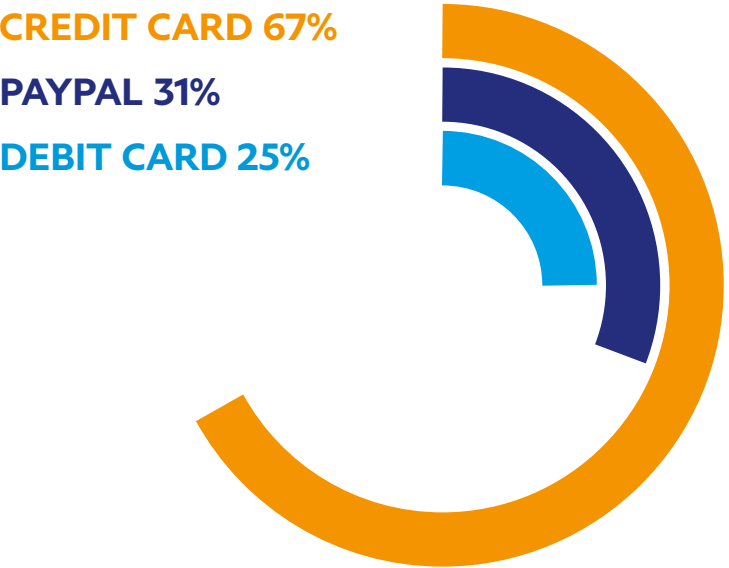


HOW TO REACH THEM

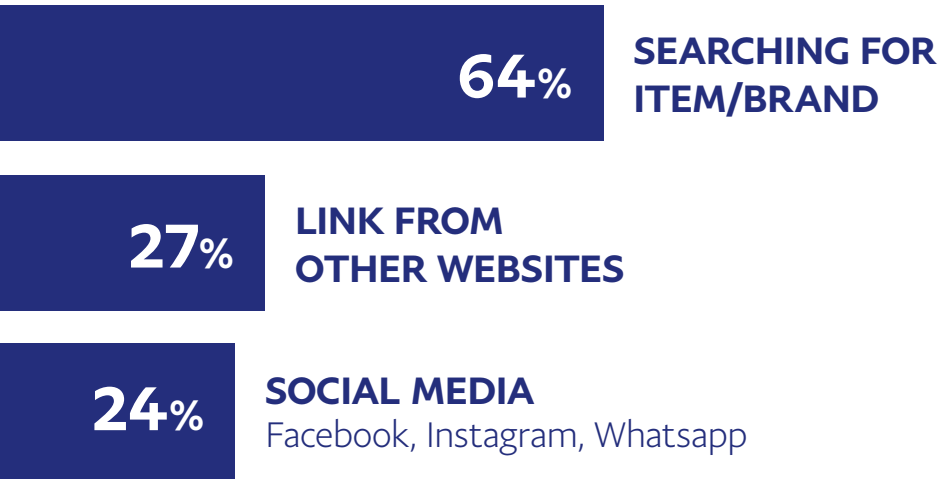
Preferred language: English¹

22% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



No place like home for online retail

With foot traffic limited at its legendary shopping malls, Singaporean homes became the city state's biggest retail hubs.

Lockdowns led to a surge in eCommerce and greater cross-border retail opportunities – 78%¹ of Singaporean online shoppers we surveyed stated that they only shop cross-border, or a combination of cross-border and domestic, the highest of all our surveyed markets.

eCommerce platforms in Singapore experienced 23% growth in total web visits during the first six months of 2020². Based on Singapore's overall commerce traffic, the top five sites eCommerce sites were Shopee, Lazada, Qoo10, Amazon and Ezbuy¹, which includes 'Buy-For-Me' and 'Ship For Me' services to streamline cross-border shopping.

Singapore's new digital mindset sends a clear message to online merchants: give Singapore shoppers a secure, fast and frictionless retail experience – and make sure it's mobile-friendly.

KEY DRIVERS

56%

of cross-border online shoppers purchase from international sites for lower prices¹.

83%

of Singaporean online shoppers shop via smartphone¹.

Multiple occasions make Singapore an attractive seasonal market.

BEHAVIOURAL/CULTURAL

In the wake of the pandemic, the Singapore government introduced incentives to propel digital adoption. But despite these efforts, many businesses still focused on traditional channels². This bodes well for cross-border online sellers since Singapore is a nation that's highly receptive to them, as shoppers seek out well-priced brands and products wherever they can find them.

TECHNOLOGY

Singaporeans embrace new eCommerce technology. While 71% of shoppers use laptops or desktop computers to go online, smartphones are the number-one device used for accessing the Internet¹. They're also the most commonly used (83%) and preferred choice (53%) of Singapore's online consumers¹, so think mobile-first.

SEASONAL

With such a diverse makeup, Singapore is a great gifting market because it celebrates both Western and Asian traditions. Christmas, Black Friday/Cyber Monday and Lunar New Year are the most popular online shopping occasions for its domestic and cross-border consumers, 43%, 43%/24% and 21% respectively¹.



SINGAPORE – TOP THREE TAKEAWAYS

1

THE DIGITAL ECONOMY TAKES CENTRE STAGE IN SINGAPORE'S RECESSION RECOVERY.

mCommerce will help propel the Government's digitisation drive, so be ready with a **mobile-first approach** and a **seamless, secure checkout process**. And consider selling through online marketplaces – Singapore's cross-border online shoppers tend to favour them.

2

SINGAPORE'S E-PAYMENT LANDSCAPE IS GETTING WIDER AS MORE LOCAL AND GLOBAL PLAYERS VIE FOR FIRST PLACE.

Credit cards remain the most popular payment choice for **Singaporean online shoppers**, but **PayPal** stands out as a **trusted and secure payment solution**. Our research shows it's used for 31% of online cross-border transactions, compared to local solution PayNow, which is used for just 5%¹.

3

ECOMMERCE THRIVES IN THIS SMALL ISLAND NATION, WHERE CONSUMERS SHOP INTERNATIONALLY FOR BETTER PRICES, MORE CHOICE AND THE THRILL OF NEW DISCOVERIES¹.

While price is the number-one driver for Singapore's cross-border online shoppers, they also seek out international sites for items not locally available and to uncover new and interesting products.

1. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021



Business in the post-Brexit age may have its challenges, but mobile commerce opportunity continues to grow in this top eCommerce market.

UNITED KINGDOM

GROSS DOMESTIC
PRODUCT

\$2.6T¹

USD

ANNUAL ECOMMERCE
REVENUE

\$103.9B³

USD

POPULATION

67M²

ANNUAL ECOMMERCE
GROWTH

7.1%³

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE

13.6%⁴

INTERNET
PENETRATION

96%⁵

SMARTPHONE
PENETRATION

92.1%⁶

PURCHASING
POWER INDEX

0.70⁷

All research links and references cited in this report were accessed between 10 February and 10 March 2021 unless otherwise stated. ¹ Statista, Gross domestic product (GDP) in current prices in the United Kingdom (UK) from 1988 to 2020, Oct. 2020. IMF survey (1988-2020). ² Worldometer, UK Population 2020. ³ Statista, e-commerce in the United Kingdom 2019, e-commerce data is based on Statista's primary research bottom-up modeling, market base analysis of various macroeconomic indicators and key market factors, and qualitative expert interviews. ⁴ P. Morgan 2020, e-commerce payments trends report, UK 2020, data has been provided to P. Morgan by Experian Group & Company and WPI. ⁵ Statista, Share of households with internet access in the United Kingdom from 1998 to 2020, as of 2020, data collected from online survey of 1,000 participants conducted between 12/09 to 20/20. ⁶ Statista, Forecast of the smartphone user penetration in the United Kingdom (UK) from 2019 to 2025, full 2021. Digital Market Outlook, forecast data based on survey (2018-2019). ⁷ ONS, Purchasing power index (1990=100) (indicator) 2021.

The UK remains the world’s third-largest eCommerce market¹, with almost two-thirds of British online shoppers surveyed spending more online in 2020 than in any previous year². But coronavirus lockdowns saw the economy spiral into a recession that’s predicted to continue into 2022³.

The UK’s withdrawal from the European Union (commonly known as Brexit) and the pandemic converged to pose two historic challenges to this island nation, altering buying patterns. With many buckling down since the turn of the economy, consumers reported spending less on non-essential items compared to previous years. As a result, discretionary spending is down⁴.

Many UK online shoppers have prioritised local business during lockdown², and Brexit has introduced

new obligations for international, or as we call them, cross-border sellers this year⁵. But the picture is still optimistic due to significant eCommerce growth, and a willingness among British consumers to shop globally if an item is hard to find locally⁴. A recession may also boost competition for cross-border sales with UK shoppers seeking lower prices. Make sure you’re easy to find via search and social media and be transparent about location and logistics.



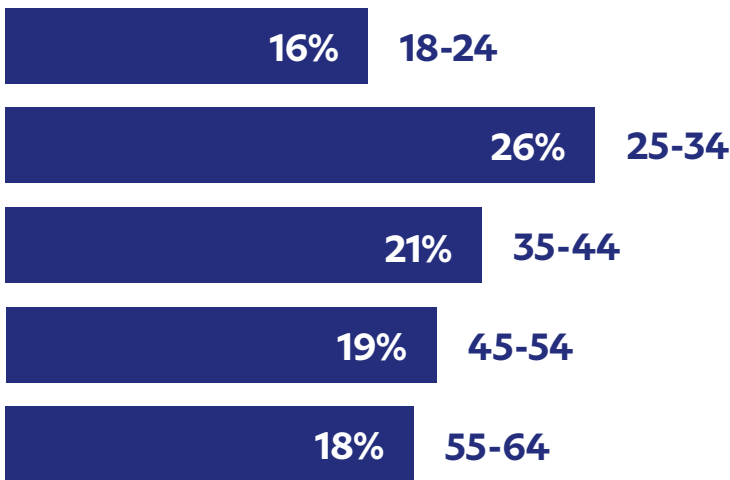
¹. J.P. Morgan, 2020 E-commerce Payments Trends Report: UK, 2020, data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL. ². PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 — February 2021. ³. Centre for Retail Research, Retail Forecast 2020-2022. ⁴. McKinsey & Company, Survey: UK consumer sentiment during the coronavirus crisis, 31 March 2021, COVID-19 UK Consumer Pulse Survey 09/11-16.11.2020, n=1,089; sampled and weighted to match the UK's general population 18+ years. ⁵. Wix, How Brexit Will Impact Cross-Border eCommerce Sellers, 10 Dec 2020

Identify your future customer

HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



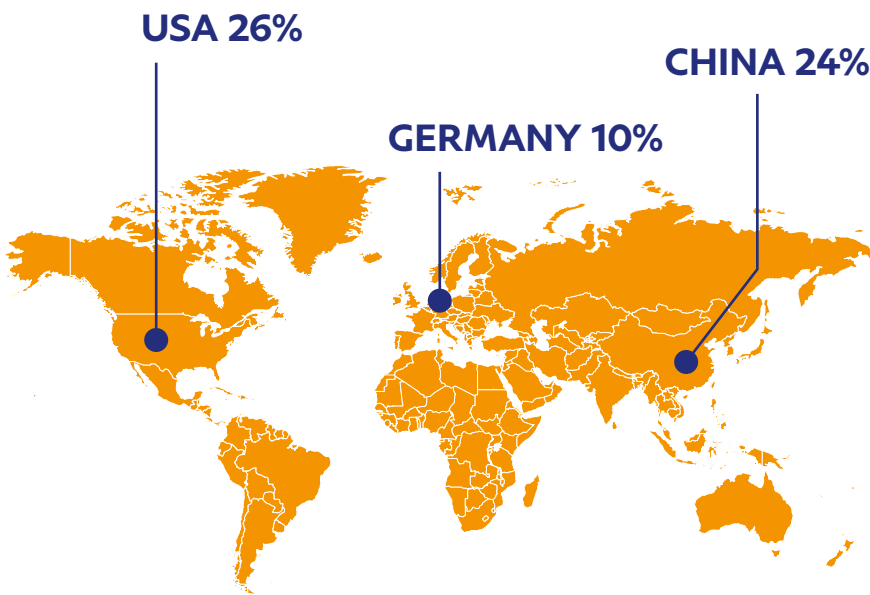
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Access to items not available in my own market (40%)
- 2/ Better prices (36%)
- 3/ Discovery of new and interesting products (24%)

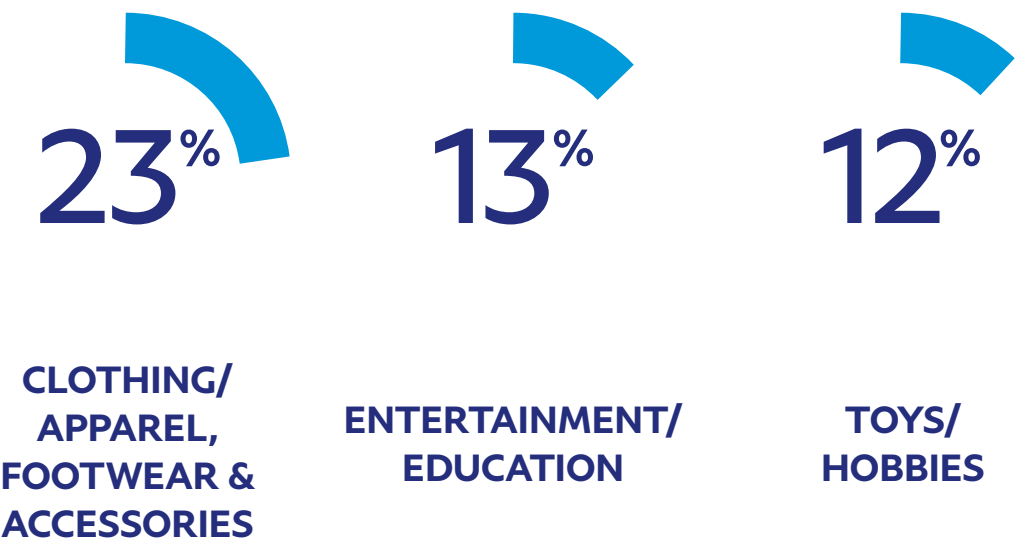
WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplaces (ex. Depop)
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

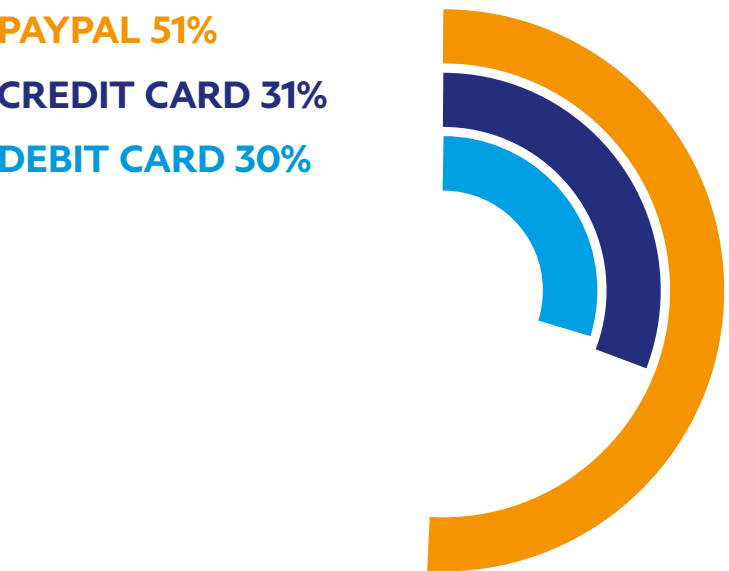


HOW TO REACH THEM

Preferred language: English

23% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



Brexit Arrives

After four years of debate and deliberation, ‘full Brexit’ arrived on 1 January 2021, bringing in new country relationships and administrative conditions.

If you’re selling to a customer in the UK, you’ll find new VAT registration, collection and reporting requirements now in place that apply to import items.

For businesses considering the opportunities that can result from the UK’s new standalone status, it’s important to stay up to date with these unfolding VAT obligations and being ready to carry out the required administrative and tax reporting changes. While trading in the post-Brexit era continues to evolve, consider selling via marketplaces, as this may help to reduce your administrative requirements.

KEY DRIVERS

61% of consumers either changed the way they shop, changed stores or brands in 2020¹.

60% of British shoppers made a purchase via smartphone in 2019³.

51% of UK cross-border online shoppers surveyed shopped Black Friday².

BEHAVIOURAL/CULTURAL

Brand loyalty is waning. Despite the widely popular trend to support local businesses, online shoppers are looking cross-border for access to items not available domestically, as well as lower prices². And, as they adopt new habits to save money and spend more mindfully in the face of a recession, there may be more opportunities for cross-border merchants to compete on price. Efforts to highlight the positive social aspects of your products or business can resonate with these shoppers.

TECHNOLOGY

A mobile-first approach remains the smart choice for cross-border retailers. The proportion of mobile shoppers to all online shoppers in the UK is one of the highest in Europe¹ and growing by 13.6% Compound Annual Growth Rate, or CAGR³. Most mobile transactions are still made via browser (55%), but in-app payments are proving a popular choice among British shoppers (45%)³.

SEASONAL

That’s compared to just 40% of domestic online shoppers². The same holds true for Cyber Monday – 26% of cross-border online shoppers surveyed say they bought online during the event, as compared to just 17% of domestic online shoppers². In general, cross-border online shoppers spend more online year-round². The fourth quarter is prime selling season: UK Christmas retail spending is the highest in Europe, a trend that also held true during lockdown⁴.

1. McKinsey & Company, *Survey: UK consumer sentiment during the coronavirus crisis*, 31 March 2021, COVID-19 UK Consumer Pulse Survey 09/11-16.11.2020, n=1,089; sampled and weighted to match the UK’s general population 18+ years. 2. PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021, n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020 – February 2021. 3. J.P. Morgan, *2020 E-commerce Payments Trends Report: UK*, 2020, data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL. 4. Statista, *Estimated Christmas spending in retail in Europe pre-lockdown and post-lockdown in 2020, by country*, Nov 2020, CRR survey conducted in 2020



60%

of online sales are
made via mobile
devices¹.

UNITED KINGDOM – TOP THREE TAKEAWAYS

1

ADAPT TO THE BREXIT CROSS-BORDER ECOMMERCE LANDSCAPE.

Businesses are now required to comply with VAT regulations, but UK shoppers expect a seamless shopping experience. You should look to minimize impacts by registering for VAT in the UK and keeping up to date with developments. Be clear about all costs throughout the customer journey and consider outsourcing logistics and warehousing to a third party to speed up delivery and return times.

2

GO WITH TECHNOLOGY TRENDS AND ADDRESS SECURITY CONCERNS ALL AT ONCE.

The UK is a mobile-first nation with 60%¹ of online sales made via mobile devices. Capitalize on the momentum with a mobile-friendly site and digital wallet options, where uptake is increasing due to concerns about online fraud and lingering unease about in-store safety post-pandemic. Digital wallets will soon comprise a third of all payment methods in the UK¹.

3

HELP LOCAL SHOPPERS REACH OUT BEYOND THEIR BORDERS – AND STAY TRUE TO THEIR VALUES.

Shopping locally became a powerful symbol of support and solidarity among British consumers during the pandemic. While that's expected to continue, tough economic conditions may see more UK shoppers look to international sites for cheaper prices. Offering items not available locally and emphasising the positive social impact of your business may also help you to stand out. Make it easy to pay in local currency and provide clear shopping and delivery information to manage expectations.

1. J.P. Morgan, 2020 E-commerce Payments Trends Report: UK, 2020, data has been provided to J.P. Morgan by Edgar, Dunn & Company and WPL

UNITED STATES

An aerial photograph of the New York City skyline at sunset. The sun is low on the horizon to the right, casting a bright, golden glow over the city and reflecting on the water of the harbor. The Freedom Tower stands prominently in the center-right of the skyline. The water in the foreground is dark, with the sun's reflection creating a bright, shimmering path. The sky is a mix of soft orange and pale blue.

In the world's largest economy, competition, product choice and customer expectations have never been higher, so it's not only what you sell, but how you sell it.

UNITED STATES – MACRO-ECONOMIC SNAPSHOT

GROSS DOMESTIC
PRODUCT
\$20.8T¹
USD

POPULATION
330M²

ANNUAL ECOMMERCE
REVENUE
\$469.2B³
USD

ANNUAL ECOMMERCE
GROWTH
8.7%³

COMPOUNDED ANNUAL
MCOMMERCE GROWTH RATE
13.8%⁴

INTERNET
PENETRATION
87%⁵

SMARTPHONE
PENETRATION
84.5%⁶

PURCHASING
POWER INDEX
1.0⁷

America’s eCommerce market saw explosive growth in 2020, with 52% of online shoppers purchasing more online now than prior to the pandemic¹. Alongside this spike in demand, competition among merchants grew more intense.

Almost every business with a potential for eCommerce is now selling online, and many existing players have pivoted to evolve their customer experience. And yet in this accelerated marketplace, there’s still plenty of room for cross-border sellers to help satisfy consumer demand.

That’s partly because today, international sales comprise just 12% of the broader U.S. eCommerce market². Cross-border shopping has grown by 42% since 2019³, pointing to increasing receptiveness and huge potential. However, concerns about delivery time and costs remain major cross-border barriers with U.S. online shoppers¹. There’s also growing unease over the

proliferation of counterfeit goods from third-party sellers on online marketplaces⁴.

Many of these concerns can be addressed by providing clear, accurate delivery and shipping information and demonstrating your product’s authenticity. To create a “domestic equivalent” eCommerce experience, offer a frictionless, end-to-end shopping journey, with support for the payment methods your customers prefer. PayPal is the most recognised payment method among cross-border (90%) and domestic online shoppers (85%) in the U.S¹.

Since 2019³,
cross-border shopping
has grown by

42%

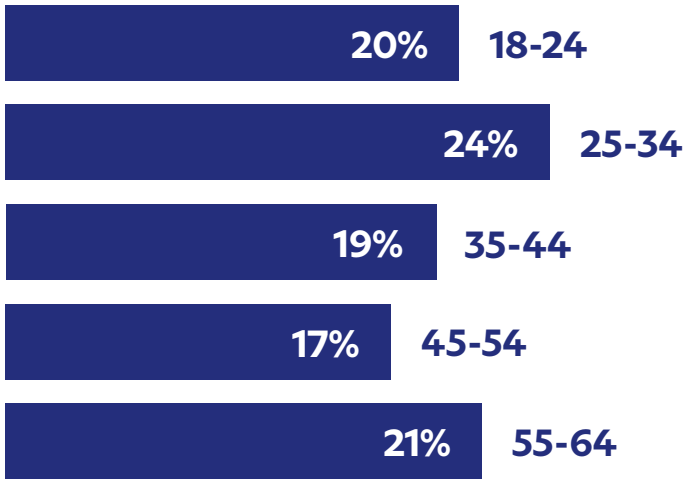


Identify your future customer

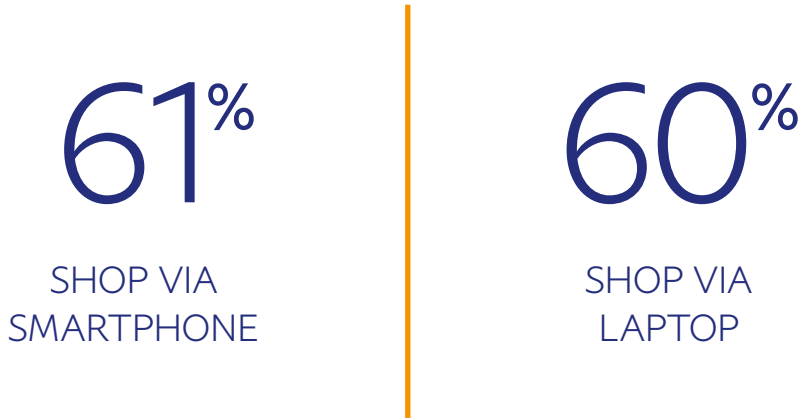
HOW MANY SHOP CROSS-BORDER



HOW OLD CROSS-BORDER ONLINE SHOPPERS ARE



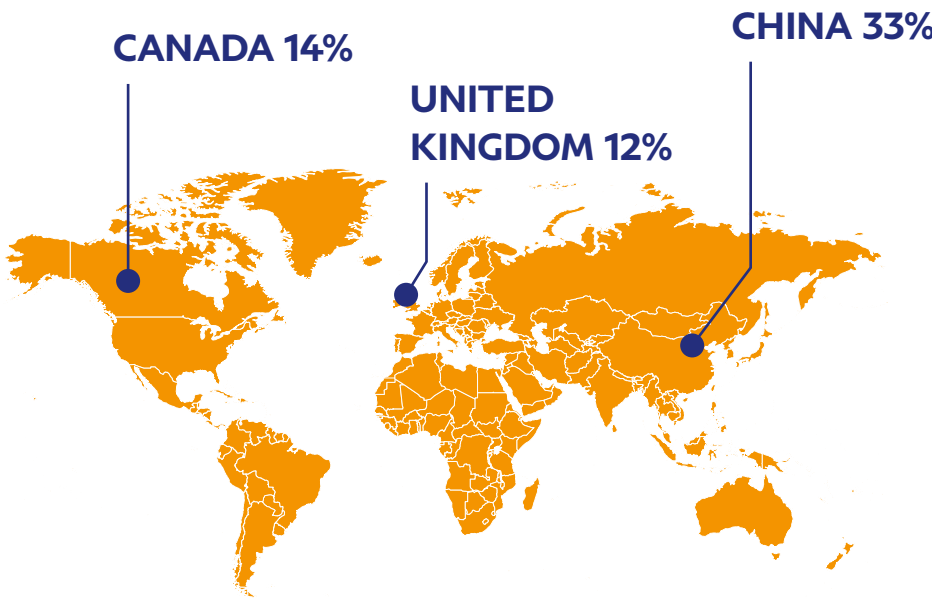
HOW THEY SHOP ONLINE



WHY THEY SHOP CROSS-BORDER

- 1/ Better **prices** (34%)
- 2/ **Access** to items not available in my own market (31%)
- 3/ **Discovery** of new and interesting products (23%)

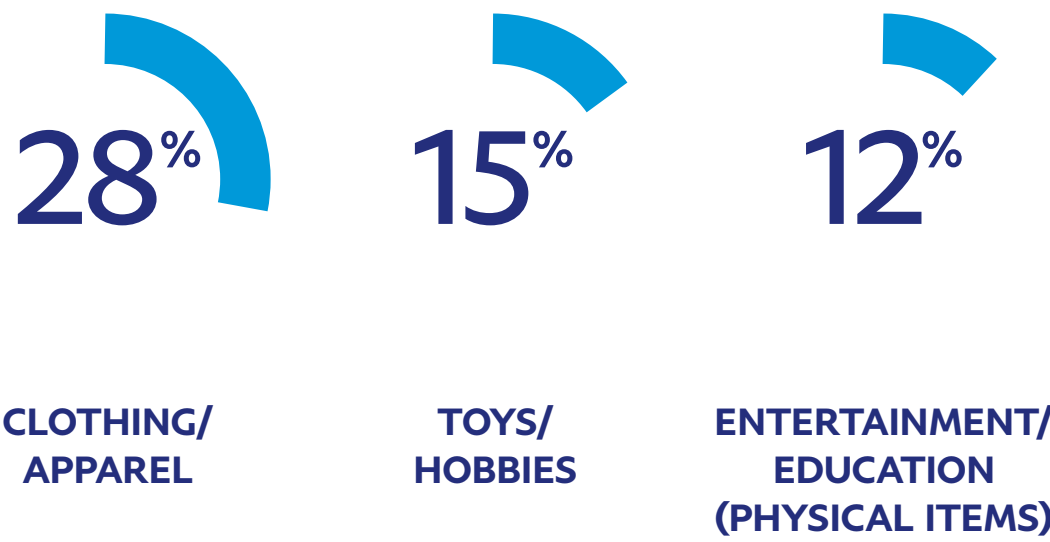
WHERE THEY BUY



WHERE THEY SHOP CROSS-BORDER

- 1 Online marketplace
- 2 Store / retailer's website
- 3 Social media marketplace

WHAT THEY BUY CROSS-BORDER

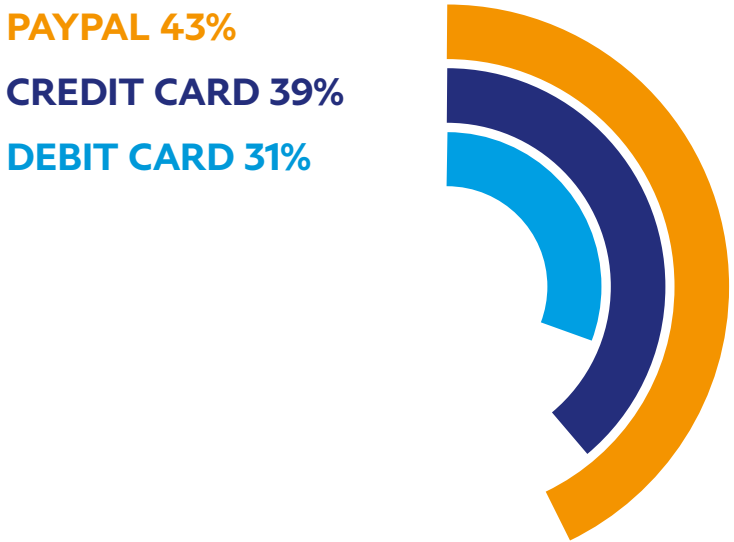


HOW TO REACH THEM

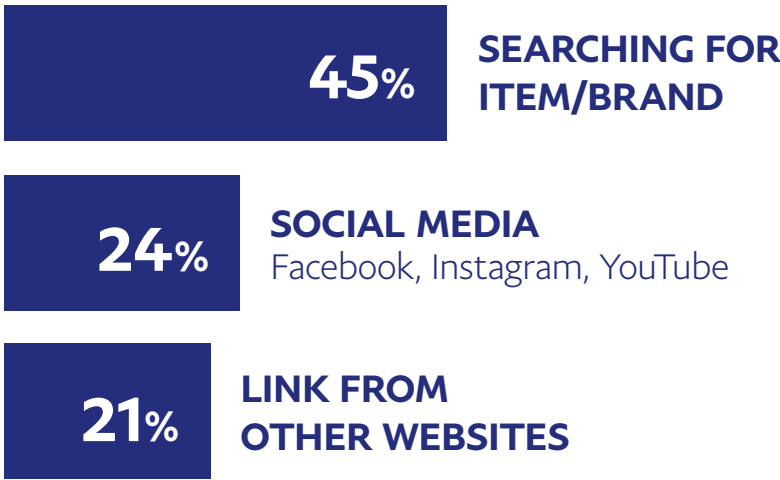
Preferred language: English

24% of online shoppers would not make a purchase from another market if customer support was not available in their preferred language.

HOW THEY PAY FOR CROSS-BORDER PURCHASES



HOW CROSS-BORDER ONLINE SHOPPERS FIND YOU



Social media: a powerful source of discovery

Merchants looking to boost sales in the U.S. market should not underestimate the power of social media.

While most American cross-border online shoppers make purchases via online marketplaces or direct from stores and retailer websites, almost a quarter discover international websites through social channels. Facebook leads the way (65%), followed by Instagram (41%) and YouTube (24%)¹.

Staying connected is more important than ever to American shoppers, and the influence of social media is likely to grow as they look to discover new brands in a digital-first world. By making social media central to your cross-border sales strategy, you'll use an established part of the U.S. retail playbook to reach a highly engaged consumer base.

KEY DRIVERS

55%

of U.S. online shoppers surveyed cite convenience as a key reason for spending more online¹.

BEHAVIOURAL/CULTURAL

In fact, 29% of online shoppers expected their spending to increase in 2021/2022 compared to 2020¹. Same-day delivery innovations have raised shopper expectations for speed. Cross-border sellers can compete by setting clear expectations and reminding shoppers that coveted items are worth the wait. Finally, think about online subscription services. In 2020, regular replenishment, curation or access services grew by 15%, a trend widely expected to continue².

61%

of U.S. online shoppers shop via smartphone¹.

TECHNOLOGY

Expect this number to rise, as mobile commerce compound growth outpaces overall eCommerce growth (13.8% by 2023 vs. 10.5%) in this large, established market³. Continued smartphone adoption looks likely to drive shopping experience innovations like voice shopping, shop streaming, augmented reality (AR) and virtual reality (VR).

32.2%

Online holiday shopping rose by 32.2% in 2020 to top out at over \$188B USD⁴.

SEASONAL

American retailers began holiday promotions as early as mid-October, and shoppers were happy to oblige⁵. Holiday shopping traditionally starts in November with Black Friday. This year's early start was fuelled by a yearning for a normalcy after a tumultuous year, as well as a desire to avoid holiday crowds and ensure delivery before Christmas in a year filled with shipping delays. Keep an eye on consumer sentiment throughout 2021 for signs of another unusual season.



Create a seamless
END-TO-END
shopping experience.

UNITED STATES – TOP THREE TAKEAWAYS

1

STAY AHEAD IN A CROWDED FIELD BY FOCUSING ON CUSTOMER EXPERIENCE.

American cross-border online shoppers are seeking a “domestic equivalent” experience, so boost your brand recognition through social media and create a seamless, end-to-end shopping experience. Partnering with a reputable payment solution provider like PayPal can also provide a trusted and secure path to checkout.

2

KEEP UP WITH GROWING SHOPPER PREFERENCE FOR MCOMMERCE.

As more consumers seek to connect, browse, purchase and pay using their mobile devices, ensure your mCommerce site is intuitive, responsive and secure with a frictional checkout process. And consider a shopping app – they are becoming more popular among smartphone users in the U.S.

3

BE AWARE OF SHOPPER CONCERNS ABOUT SHIPPING COSTS, DELIVERY ISSUES, AND PRODUCT AUTHENTICITY¹.

Consider incorporating duties and taxes into product prices, offering local currency payment options, and collaborating with a payment solution provider to offer shoppers insurance and protection. Many international merchants partner with local fulfilment and returns centres to help streamline logistics.

¹ PayPal commissioned Ipsos MORI PayPal Cross-border Insights 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020—February 2021

5 ways to turn insights into action

We hope this report has inspired your thinking about the cross-border opportunities awaiting your business.

Start your cross-border plan. Inside the Playbook, we share 5 key considerations when breaking into new markets abroad and how PayPal can help:

1. **Accept payments:** Enable customers to pay how they want.
2. **Make payments:** Make it easy to send, spend and move your money.
3. **Manage risk:** Get ahead of fraud.
4. **Accelerate growth:** Reach new shoppers and build brand trust.
5. **Streamline operations:** Simplify processes with financial tools designed for global trade.

About PayPal

PayPal has remained at the forefront of the digital payment revolution for more than 20 years. By leveraging technology to make financial services and commerce more convenient, affordable, and secure, the PayPal platform is empowering more than 400 million consumers and merchants in more than 200 markets to join and thrive in the global economy.

Now's the time to take advantage of the current momentum in global eCommerce and pivot your business toward cross-border growth.

To learn more, visit paypal.com/se/borderless

Questions?

Our sales and support experts are here to help. Fill out [this form](#) to request a call back.