

PayPal e-Commerce Index

DEEP DIVE: The UK

Europe

November 2022

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About the research

This research report was produced by PayPal Pty Limited, based on a study conducted by ACA Research with n=2,012 consumers and n=505 businesses. It contains general observations about trends in e-Commerce, social commerce, Buy Now Pay Later as well as cryptocurrency, NFTs and the Metaverse. The study does not take into account the objectives, situation or needs of any specific business or individual.

The consumer research conducted by ACA Research consisted of a 15-minute online survey of n=2,012 Britons aged 18-75 years, exploring adoption, usage and sentiment towards e-Commerce, social commerce, Buy Now Pay Later as well as cryptocurrency, NFTs and the Metaverse. In addition, ACA Research conducted a 10-minute online survey of n=505 business decision makers within British B2C retailers and businesses who operate entirely or partially online, exploring their attitudes and behaviours around e-Commerce, social commerce, Buy Now Pay Later as well as cryptocurrency, NFTs and the Metaverse. Numbers may not add to 100% due to rounding.



CONSUMER SAMPLING:

The consumer research consisted of a sample of n=2,012 Britons aged 18-75. The sample was weighted by age, gender and location to ensure data was nationally representative. Significance testing was conducted at a 95% confidence interval, with a potential sampling error of 3.1%.



BUSINESS SAMPLING:

The business research consisted of a sample of n=505 decision makers within British businesses. All businesses had to sell partially or wholly to consumers, and partially or wholly online. Quotas were set on turnover and location, and the sample. Significance testing was conducted at a 95% confidence interval, with a potential sampling error of 4.9%.



METHODOLOGY:

Online self-completion survey. Sample was sourced through consumer and business research panels, with participants incentivised for completing the survey.



TIMING:

The research was in field from 15th of June to 22nd of July.



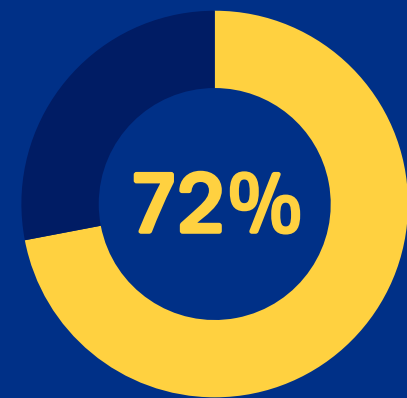
GENERATIONAL AGES:

Generational Ages as of 2022: Gen Z (18-25 years); Gen Y (26-41 years); Gen X (42-57 years); Baby Boomer (58-75 years).



Key Insights: UK Consumers

e-Commerce Usage

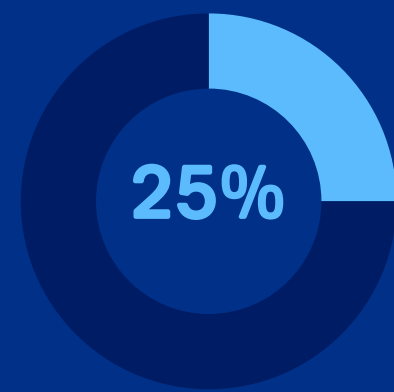


shop online at least weekly

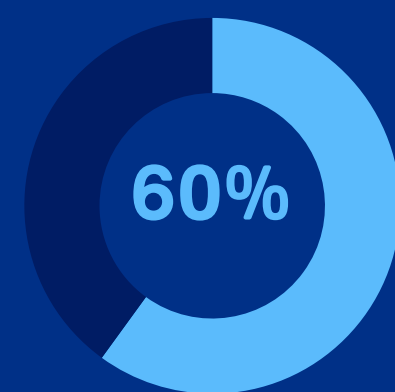


131% uplift for making a purchase on a website that offers PayPal as a payment method, compared to one that does not

e-Commerce Drivers & Barriers



say PayPal is their most trusted online payment option



have abandoned an online purchase before payment

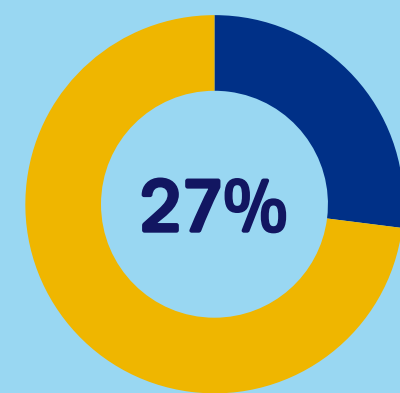


47% would be less likely to buy from a site due to security or trust issues at checkout

Social Commerce

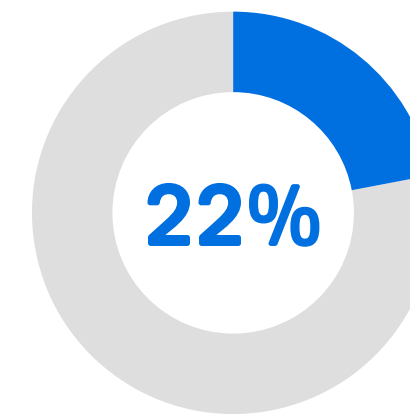


43% have made a purchase via a social or streaming platform in the past 6 months

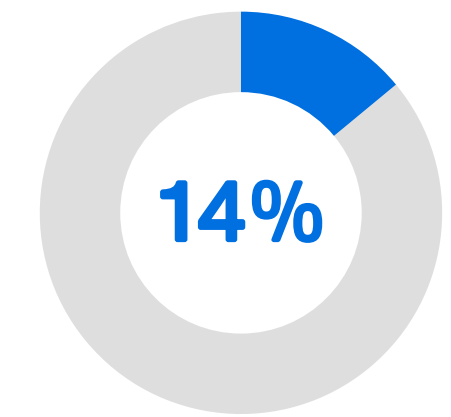


would only buy via a social media platform if PayPal was available

Buy Now Pay Later



have made a Buy Now Pay Later purchase in last 6 months



14% of BNPL users have switched to a PayPal BNPL service as it has no late fees

Cross Border

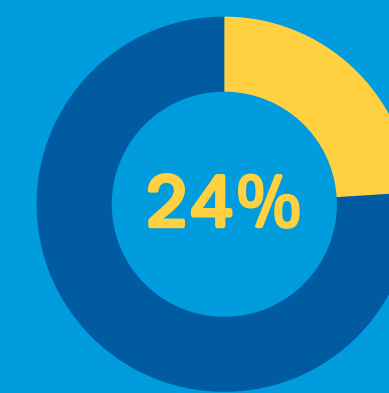


Consumers tend to feel more secure to shop internationally when PayPal is available (39%)



Main benefits to international shopping are better prices (35%) and access to items not available in the UK (31%)

Tech Trends



have participated in a virtual space / metaverse, led by Gen Z at **42%**



More than one in ten (**11%**) believe that virtual spaces / the metaverse will become important channels for shopping

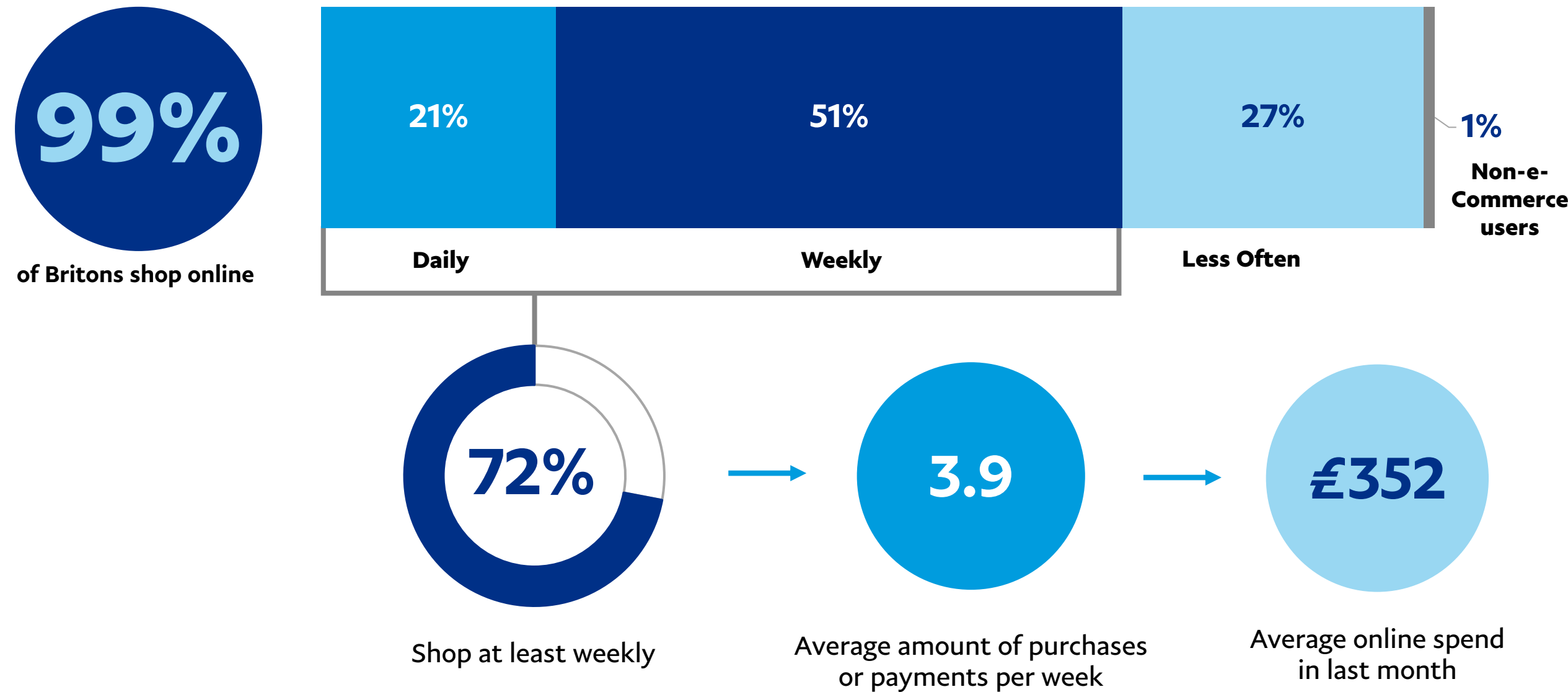


21% had or do own cryptocurrency

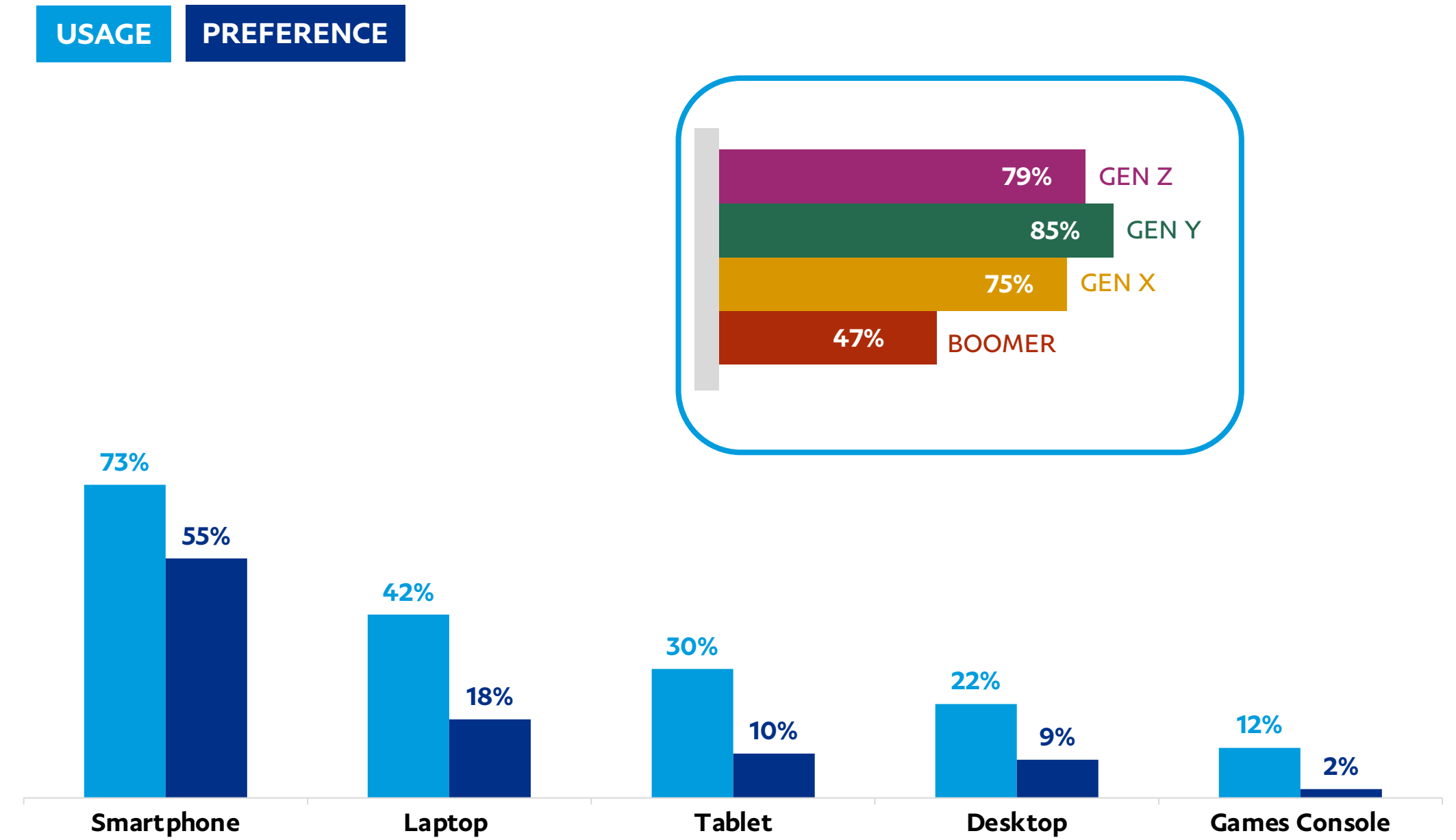
Usage

(All Britons 18-75)

Online Shopping Frequency



Top 5 Devices Used for Online Payments

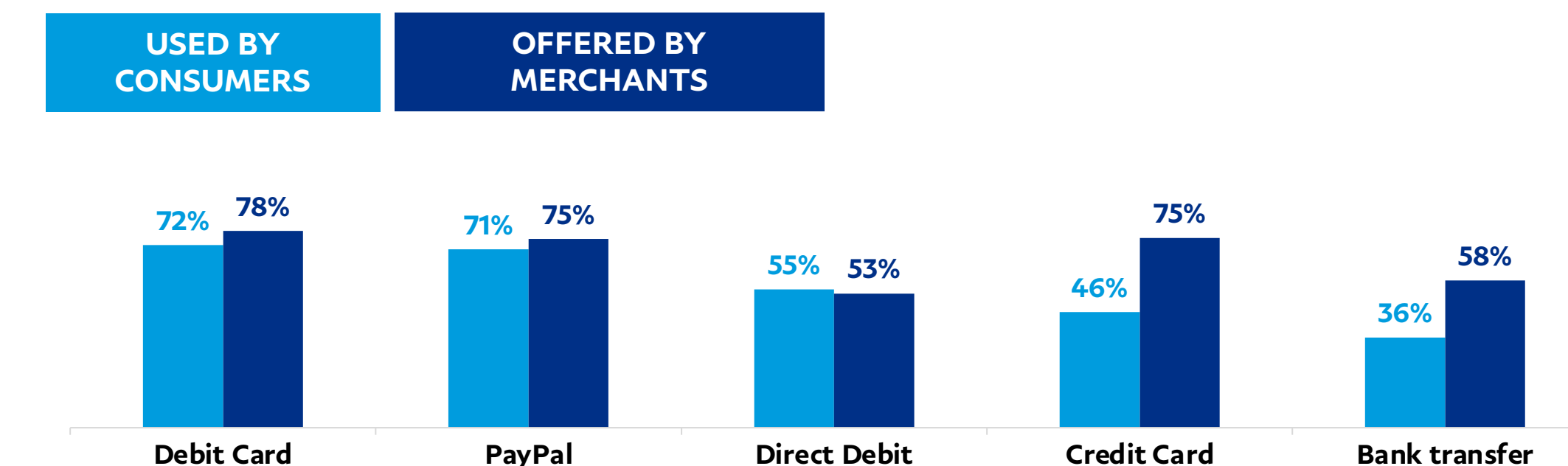


PayPal Increases Purchase Likelihood

If you find a product that you want on two separate sites, both of which are offering it for the same price, how likely would you be to buy the product if it was ...



Top 5 Online Payment Methods



Drivers & Barriers

(All Britons 18-75)

Drivers & Barriers

More likely to buy online if:

43% Offers my preferred payment type

37% Easy navigation (i.e. clear menus/categories)

37% Fast checkout experience

Less likely to buy online if:

47% Security or trust issues at checkout

39% Long and confusing check out

28% Having to create a new user account first/guest checkout not available

Shipping & Returns

More likely to buy online if:

61% Offers free shipping

49% Offers free return shipping

43% Shipping times are within the window required

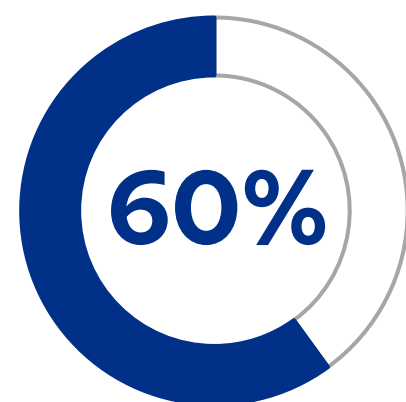
Less likely to buy online if:

61% Shipping is too expensive

47% Shipping time is too long

40% Return shipping costs are too high

Abandonment



Have abandoned a purchase or payment whilst shopping online

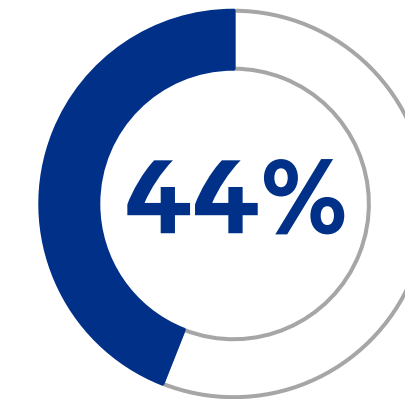
Abandoned a purchase or payment ...

24% Because of security concerns

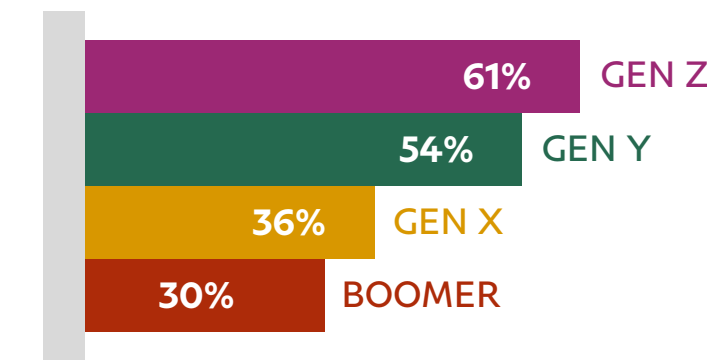
24% Because it took too long

22% Because preferred payment method wasn't available

Ethics



Make online purchasing decisions based on businesses ethical considerations



Ethical considerations in e-Commerce:

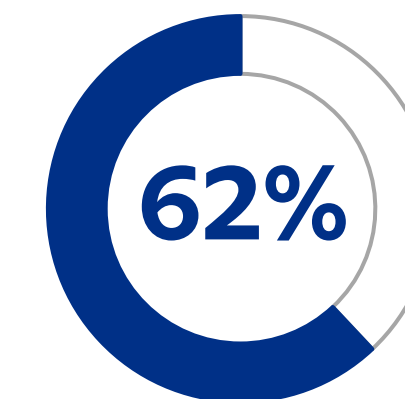
29% Worker pay and conditions

23% Environmental impact

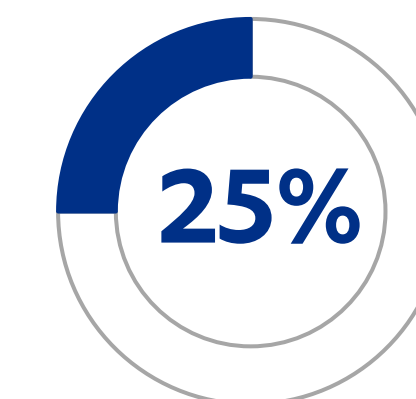
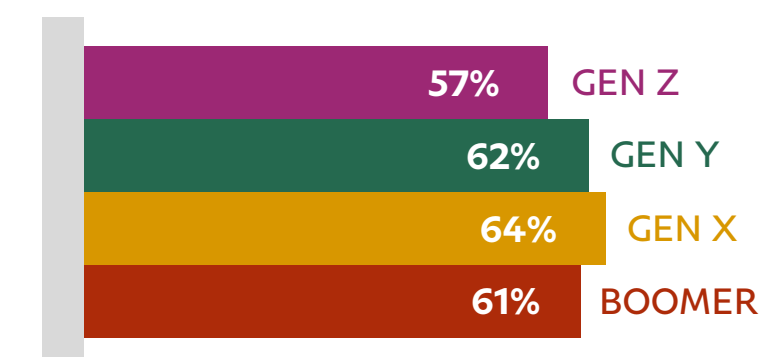
21% Social causes

19% Diversity and inclusion

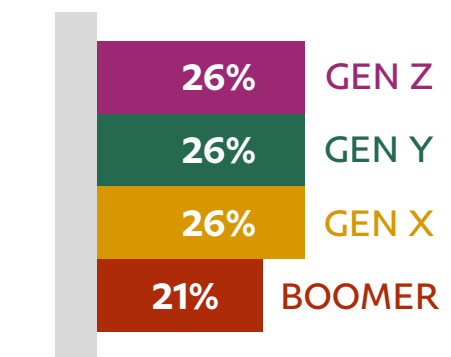
Trust



Trust PayPal to keep their payment secure



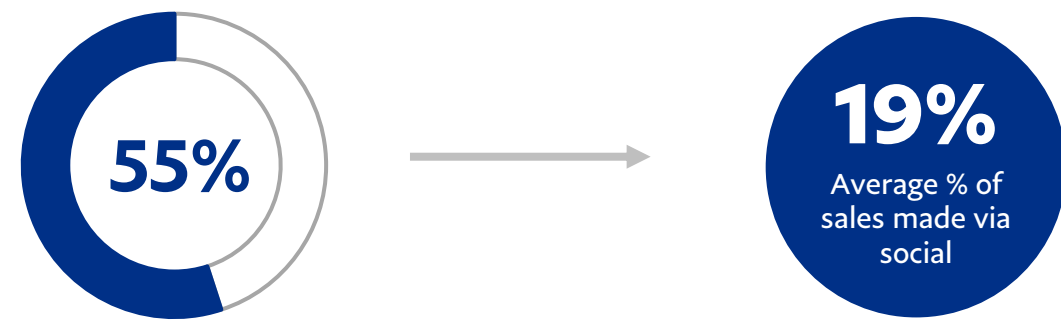
Say PayPal is their **most trusted option** when purchasing or transacting online



Social Commerce

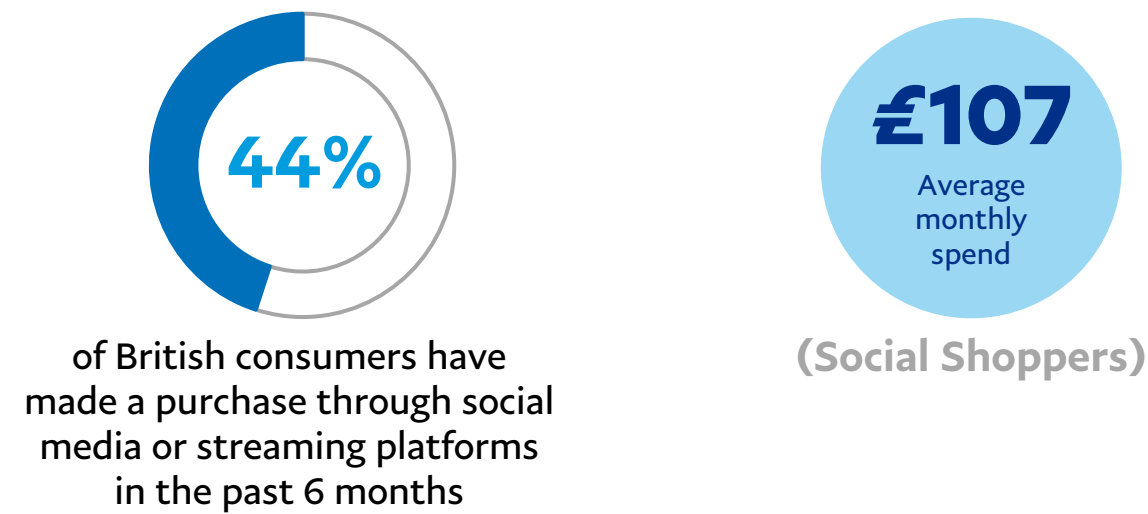
Businesses

(Business that sell online)



Consumer

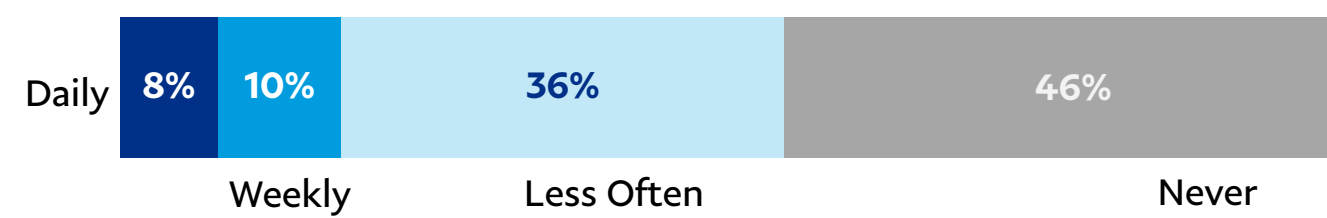
(All Britons 18-75)



Frequency of Social Promotion



Frequency of Social Shopping



Social Purchasing Motivations

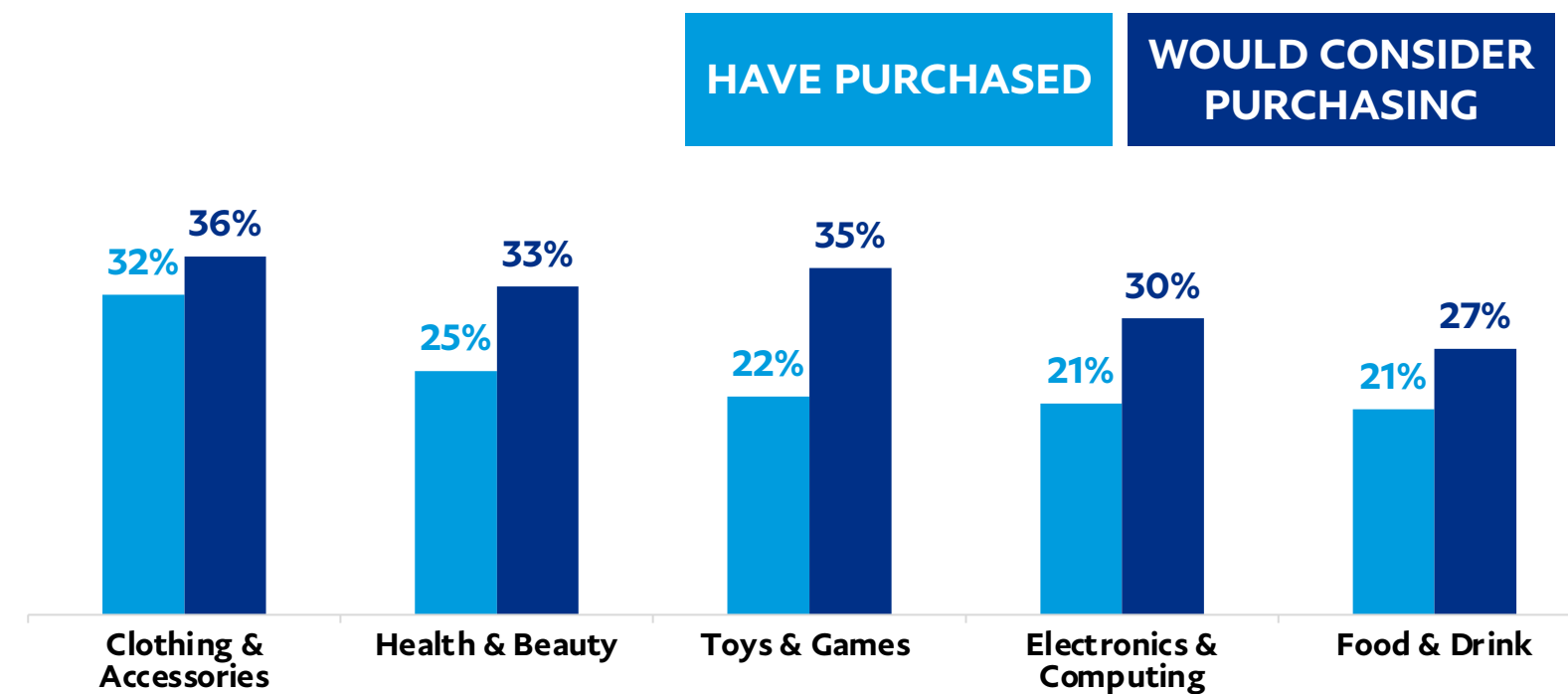
(All Britons 18-75)

Britons agree ...



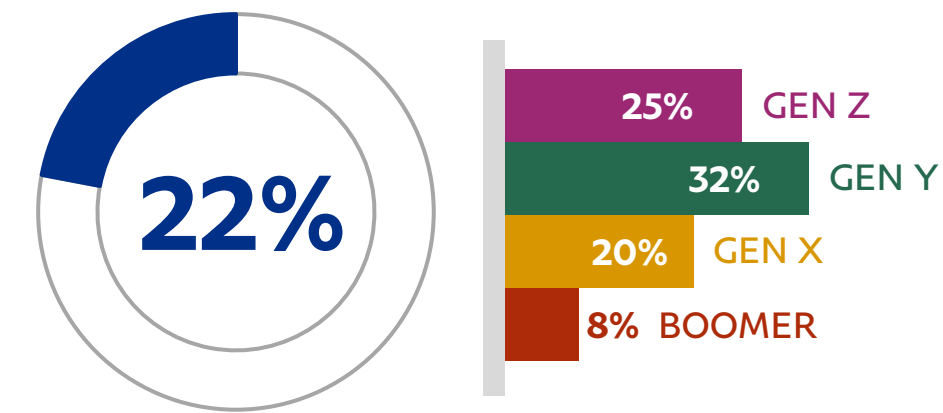
Top Social Purchase Categories

(Social shoppers)

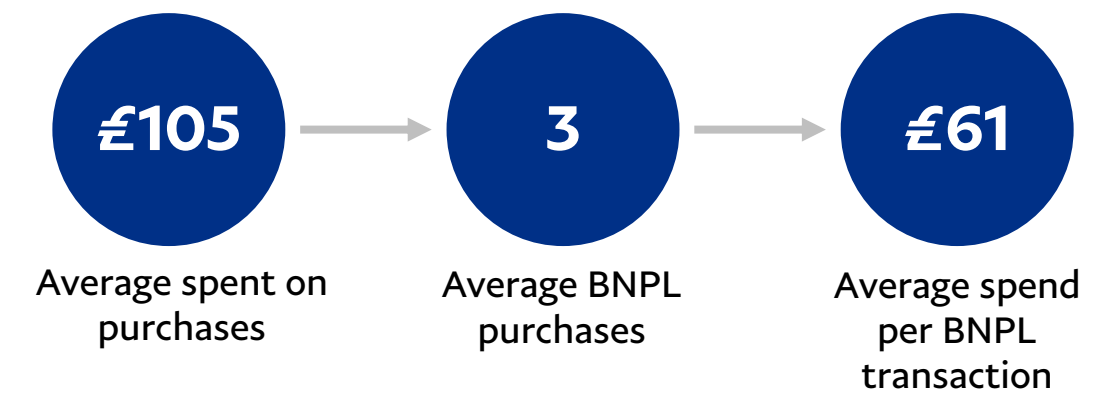


Buy Now Pay Later Services

(All Market Providers)

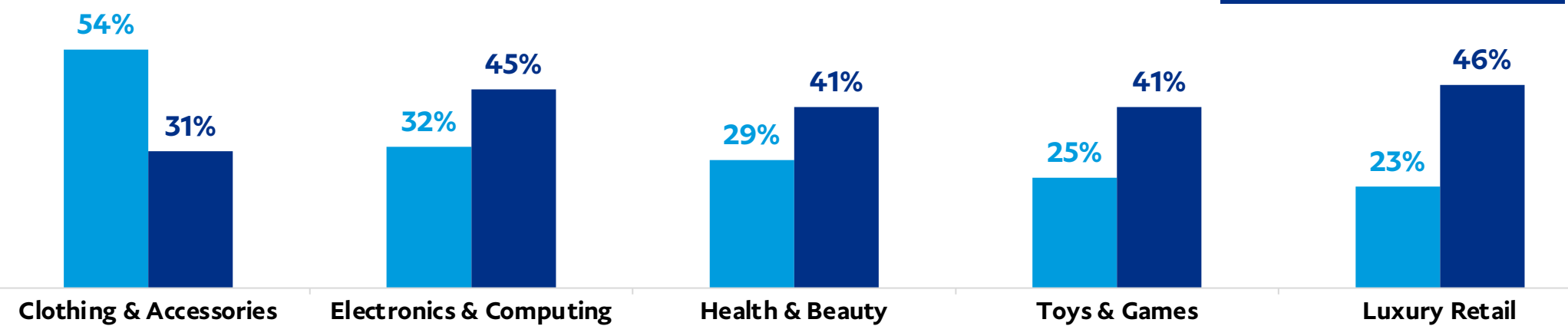


BNPL Last Month Spend & Transactions (BNPL Users)



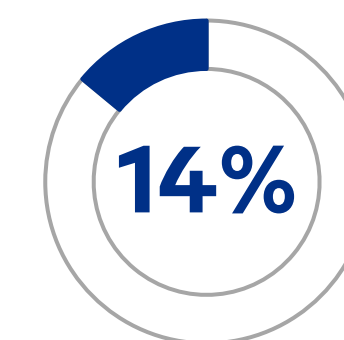
Top 5 BNPL Purchase Categories

(BNPL Users)

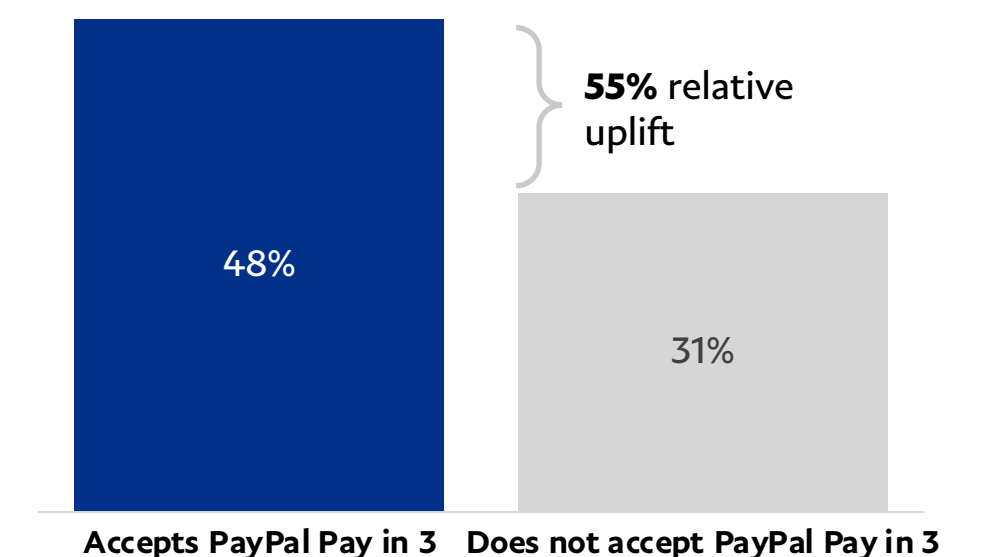


PayPal Pay in 3

PayPal Pay in 3 Switch (BNPL Users)

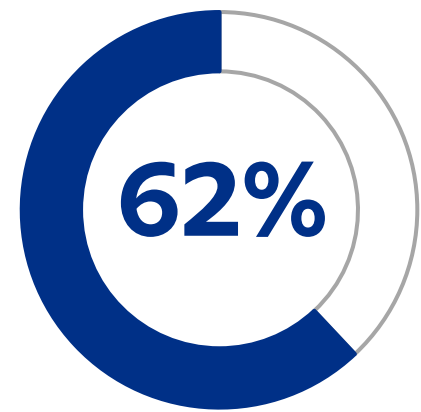


Likely to make a purchase if the website: (All Britons 18-75)

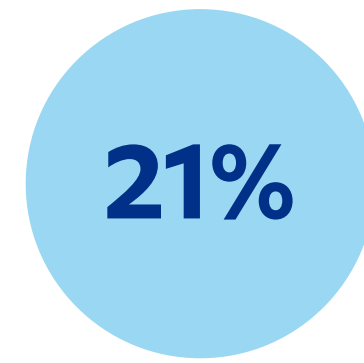
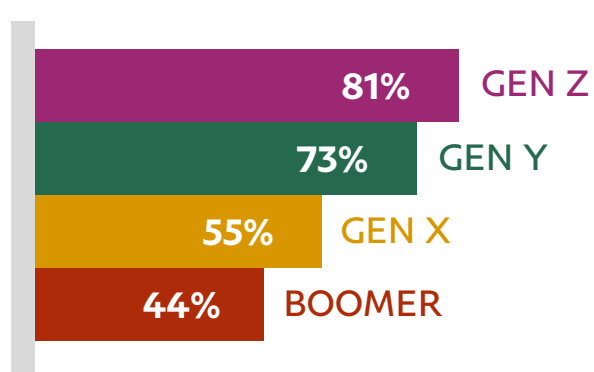


Cross Border

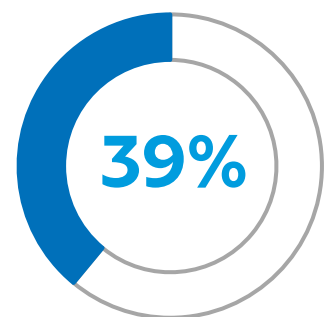
(All Britons 18-75)



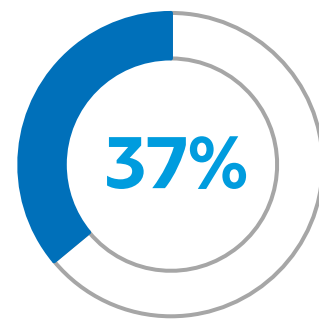
have shopped internationally



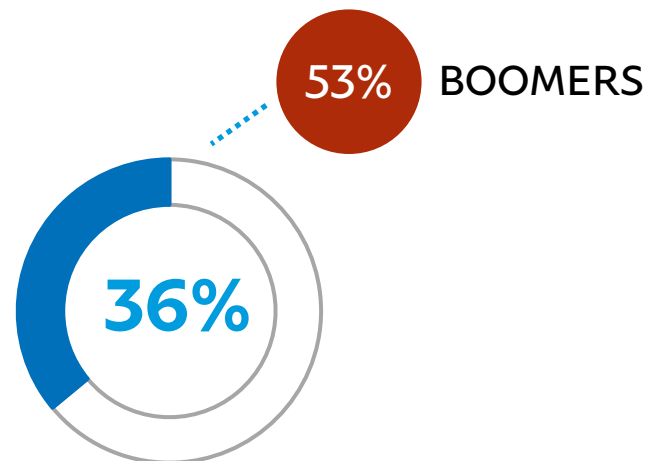
Proportion of online shopping which is from international retailers



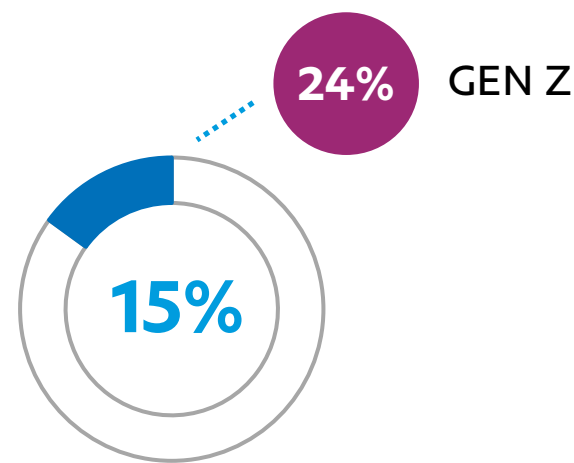
When PayPal is available, I feel more secure to shop on international stores



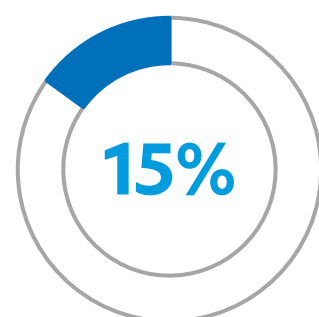
prefer large "global" stores when purchasing from another country



I prefer to support businesses in my own country



It is not important to me if the online retailer is based in another country



I trust online stores from other countries as much as stores from the country I live in

International Shoppers

Reasons for shopping internationally:



Local Shoppers

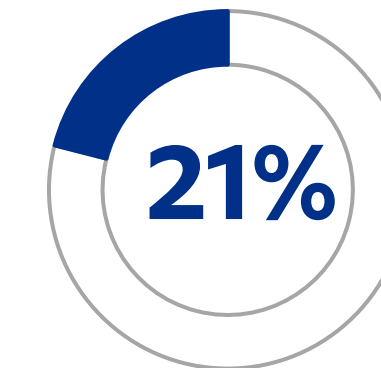
Reasons for shopping locally:



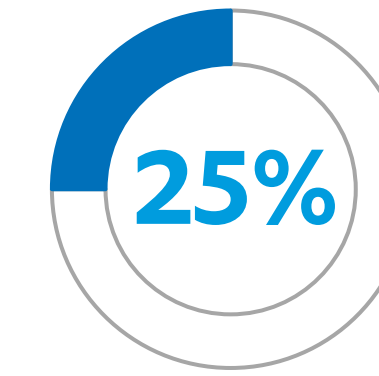
Tech trends

(All Britons 18-75)

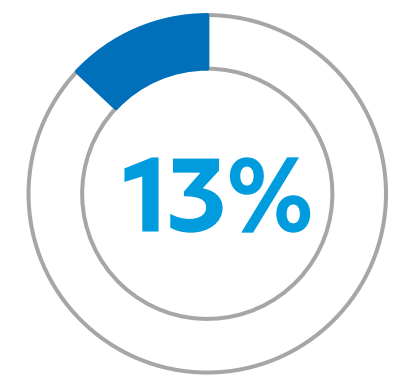
Cryptocurrency



Have owned cryptocurrency at some point

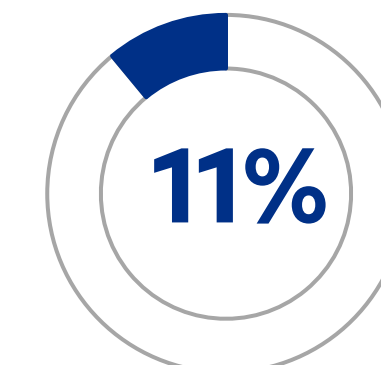


I'm concerned about the safety and security of trading cryptocurrencies

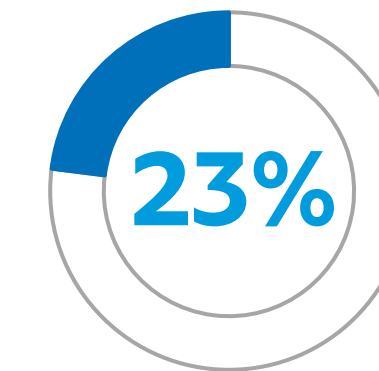


I want to learn more about cryptocurrencies

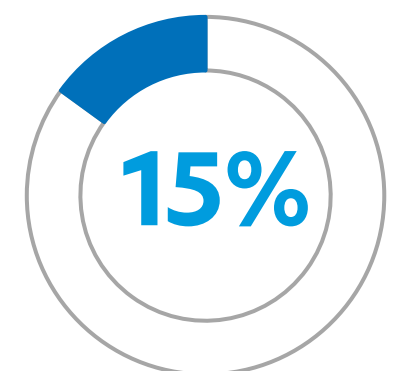
NFTs



Have owned NFTs at some point

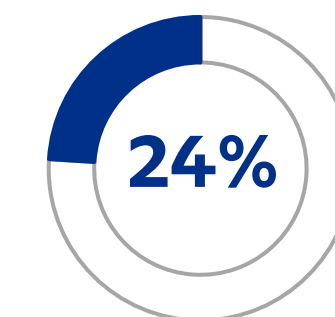


I'm concerned about the safety and security of trading NFTs

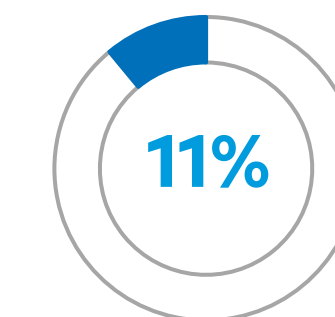
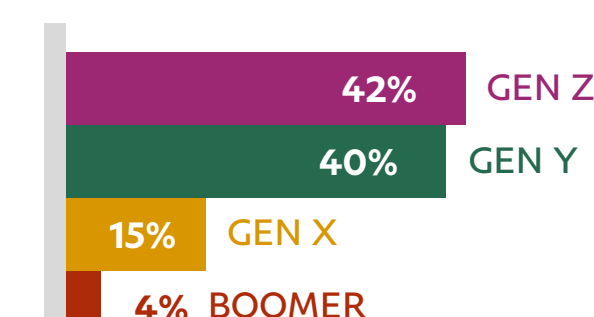


I want to learn more about NFTs

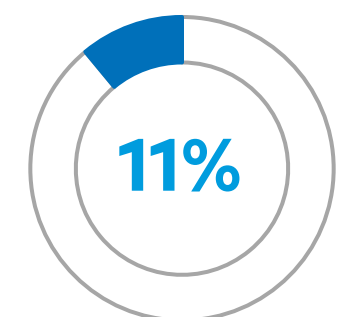
Metaverse/Virtual Space



have participated in a virtual space/metaverse at some point



believe virtual spaces/ the metaverse will become important channels for shopping



believe that in the future, we will engage with more people in virtual spaces/ metaverse than in real life

Appendix

Please see the questions that refer to each page, ordered clockwise.

Page 4.

Consumer Questions

Q2. How often do you do each of the following online (through either a computer or mobile device)?

Q6. In total, how much money have you spent on online purchases or payments in the last month? Please include purchasing apps, in-app purchases, payments for bills or services and other online shopping. If you are unsure, please provide your best estimate.

Q1b. Which of these devices do you currently use for online purchases or payments?

Q1c. Which of these devices do you prefer to use for online purchases or payments?

Q3a. Thinking about when you make a purchase or pay online, which of the following payment options, if any, have you used in the last 6 months?

Q24. If you find a product that you want on two separate sites, both of which are offering it for the same price (including any shipping costs), how likely would you be to buy the product if it?

Business Questions

Q3. Which of the following online payment options do you offer your customers?

Page 5.

Consumer Questions

Q10. And, which of the following would lead to you being more likely to make an online purchase?

Q9. Which, if any, of the following would lead to you being less likely to make an online purchase?

Q8. Which, if any, of the following have you ever done when making a payment or purchase?

Q22. Which of the following online payment options would you trust to keep your payment secure and protect you should something go wrong with the purchase?

Q23. Which payment option do you trust the most when purchasing or transacting online?

Page 6.

Consumer Questions

Q11. Which of the following social media or streaming platforms, if any, have you made a purchase or payment through in the last 6 months?

Q16. In total, how much money have you spent on all purchases or payments made through a social media or streaming platform in the last month? If you are unsure, please provide your best estimate.

Q15. How often, if at all, do you make purchases or payments through social media or streaming platforms?

Q33. What proportion of your online shopping is from international retailers (i.e. based outside your country)? If unsure, please provide your best estimate.

Q34. Thinking specifically about making a purchase online, which, if any, of the following statements do you agree with?

Q35. You say you have made purchases online from websites in other countries. Please select your main reasons for shopping on websites in other countries rather than the country where you live?

Q36. You say you haven't made purchases online from websites in other countries. Please select your main reasons for not shopping on websites in other countries

Q14. Thinking about purchasing through social media or streaming platforms (e.g. Instagram etc), which of the following statements, if any, do you feel apply to you personally?

Q12. And, thinking specifically about the social media or streaming platforms you use personally, which of the following, if any, do you feel apply to you?

Q13. Which of the following product categories, if any, have you, or would you buy through social media or streaming platforms (e.g. Instagram etc.)?

Business Questions

Q8. Do you currently, or will you in the next 6 months sell via social media platforms (e.g. Facebook, Instagram, Pinterest, Twitch, TikTok)?

Q4. Approximately what percentage of your sales are made through social media platforms?

Q7. Approximately how often, if ever, does your business use each of the following social media platforms to promote/market your business (including paid ads and posts)?

Q22: In the last 6 months, approximately what percentage of your online sales turnover came from international customers? If you are unsure, please provide your best estimate.

Q23. Which, if any, of the following statements apply to your business with regard to selling online internationally?

Page 7.

Consumer Questions

Q25. Which of the following best describes you when it comes to cryptocurrency and NFTs?

Q31. Which, if any, of the following statements about cryptocurrencies do you agree with?

Q32. Which, if any, of the following statements about NFTs and virtual spaces/the metaverse do you agree with?

Q29. Thinking now about virtual spaces/the metaverse, which of the following best describes you?

Business Questions

Q20. Thinking specifically about virtual spaces/the metaverse, which of the following are of interest for your business to explore today?

