Modern Spice Routes
The Cultural Impact and Economic Opportunity of Cross-Border Shopping

Content

6-Market Cross-Border Shopping Trends .................................................... P.2 - P.3
(US, Australia, UK, Germany, China & Brazil)

US Cross-Border Shopping Trends .......................................................... P.4 - P.5

Australia Cross-Border Shopping Trends .................................................. P.6 - P.7

UK Cross-Border Shopping Trends .......................................................... P.8 - P.9

Germany Cross-Border Shopping Trends ................................................ P.10 - P.11

China Cross-Border Shopping Trends ..................................................... P.12 - P.13

Brazil Cross-Border Shopping Trends ...................................................... P.14 - P.15
Throughout history, trade has influenced culture. When the traditional spice routes were first established, between Europe, India, Africa and the Middle East, when we exchanged goods, we also shared language, knowledge, food etc. In short - culture.

This type of importing and exporting - or cross-border shopping - is common today. And we now see savvy consumers using the Internet to buy directly from merchants all over the world. This is creating the emergence of modern spice routes that could start to influence cultures in the same way the spice routes did.

PayPal has commissioned Nielsen research to better understand the rise of cross-border shopping by analysing the activity and behaviour of over 6,000 consumers in six major markets who shopped directly online from overseas websites over the past 12 months. Here is what we discovered about the modern spice routes.

The cross-border online shopping market across these 6 markets has 93.7 million consumers spending US$105 billion on overseas websites in 2013, representing 16% of overall online shopping spend this year.

**MOST POPULAR OVERSEAS ONLINE SHOPPING DESTINATIONS**

- **US**: 45% (18% CA)
- **UK**: 37% (14% DE)
- **CN**: 26% (25% HK)
- **AU**: 25% (18% AU)
- **BR**: 18%

% of cross-border shoppers across 6 surveyed markets purchased from these markets in the past 12 months.

**TOP FIVE CROSS-BORDER SHOPPING CATEGORIES OVER PAST 12 MONTHS**

- **US$12.5bn**: Clothes, Shoes, Accessories
- **US$7.6bn**: Health & Beauty Products
- **US$6.0bn**: Personal Electronics
- **US$6.0bn**: Computer Hardware
- **US$5.8bn**: Jewellery, Gems and Watches
CROSS-BORDER ONLINE AND MOBILE SHOPPING 5 YEAR GROWTH TRENDS

The value of the cross-border online shopping market across the six markets will grow by nearly 200% from US$105 billion in 2013 to US$307 billion in 2018.

Mobile cross-border purchases across the six markets will grow 200% from US$36.4 billion in 2013 US$106 billion by 2018.

CROSS-BORDER SHOPPING AND PAYMENT PREFERENCES

The cross-border shopper is not just looking for a discount from an overseas website but also seeks high quality, authentic and special items. The top reason for buying online from overseas is “to save money” (80% of respondents), followed by “more variety that cannot be found locally” (79%).

However, 7 out of 10 (69%) cross-border online shoppers cite fear of identity theft and fraud as the main deterrent against making a cross-border online payment.

In addition, 9 out of 10 (88%) cross-border online shoppers believe that buyer protection is important or very important when making an overseas online purchase.

PayPal is the top payment method for cross-border online shopping with 8 out of 10 (79%) having used PayPal for an overseas purchase in the past 12 months.

The top reason for using PayPal for an overseas online transaction is because “PayPal is safer to use online due to less fraud” (41% of respondents).

8 out of 10 (81%) cross-border online shoppers are more willing to make a purchase from an overseas merchant because they are covered by PayPal’s buyer protection policy.

WHAT TYPE OF CROSS-BORDER SHOPPER ARE YOU?

Fearless Adventures
Like to be different and are always on the hunt for new overseas websites. Love shopping on their mobile devices and are happy to pay more for unique items not available locally.

Efficient Explorers
Busy people, so convenience is very important. Mostly buy from overseas seller whom they know and trust, and will spend a lot for an online purchase, like entertainment or air tickets.

Value Voyagers
Love shopping and keeping track of the latest trends. Check and compare overseas purchases using their favourite online tools to ensure they find the best quality and good value products.

Safety Seekers
Shop online more for leisure, but like the variety and brands found on overseas websites. Careful about what they buy and only shop from trusted online sellers or those with a return policy.

Deal Hunters
Don’t shop online very often and when they do they mostly buy from their own country’s websites. But if they spot a bargain or lower price on overseas websites, they will snap it up.

PERCENTAGE OF OVERSEAS ONLINE SPEND

PERCENTAGE OF CROSS-BORDER SHOPPERS
Throughout history, trade has influenced culture. When the traditional spice routes were first established, between Europe, India, Africa and the Middle East, when we exchanged goods, we also shared language, knowledge, food etc. In short - culture.

This type of importing and exporting - or cross-border shopping - is common today. And we now see savvy consumers using the Internet to buy directly from merchants all over the world. This is creating the emergence of modern spice routes that could start to influence cultures in the same way the spice routes did.

PayPal has commissioned Nielsen research to better understand the rise of cross-border shopping in the US by analysing the activity and behaviour of over 6,000 consumers in six major markets who shopped directly online from overseas websites over the past 12 months. Here is what we discovered about the modern spice routes.

The US has 34.1 million consumers spending US$40.6 billion on overseas websites in 2013, representing 18% of overall online shopping spend this year.

**TOP 10 MOST POPULAR OVERSEAS ONLINE SHOPPING DESTINATIONS**

% of American cross-border shoppers purchased from these markets in the past 12 months.

**TOP FIVE CROSS-BORDER SHOPPING CATEGORIES OVER PAST 12 MONTHS**

- $4.9bn Clothes, Shoes, Accessories
- $2.6bn Health & Beauty Products
- $2.5bn Jewellery, Gems and Watches
- $2bn Personal Electronics
- $2bn Home Electronics
CROSS-BORDER SHOPPING AND PAYMENT PREFERENCES

The US cross-border shopper is not just looking for a discount from an overseas website but also seeks high quality, authentic and special items. The top reason for buying online from overseas is "more variety that cannot be found locally" (80% of respondents), followed by "to save money" (78%).

However, 7 out of 10 (70%) US cross-border online shoppers cite fear of identity theft and fraud as the main deterrent against making a cross-border online payment.

Nearly 9 out of 10 (86%) US cross-border online shoppers believe that buyer protection is important or very important when making an overseas online purchase.

PayPal is the top payment method for cross-border online shopping with 75% of respondents having used PayPal for an overseas purchase in the past 12 months.

The top reason for using PayPal for an overseas online transaction is because "PayPal is safer to use online due to less fraud" (40% of respondents).

Nearly 8 out of 10 (78%) US cross-border online shoppers are more willing to make a purchase from an overseas merchant because they are covered by PayPal’s buyer protection policy.

CROSS-BORDER ONLINE AND MOBILE SHOPPING 5 YEAR GROWTH TRENDS

The value of the US cross-border online shopping market will grow by nearly 100% from US$40.6 billion in 2013 to US$80.2 billion in 2018.

Mobile cross-border purchases will grow nearly 175% from $37.3 billion by 2018.

WHAT TYPE OF AMERICAN CROSS-BORDER SHOPPER ARE YOU?

Efficient Explorers
Busy people, so convenience is very important. Mostly buy from overseas seller whom they know and trust, and will spend a lot for an online purchase, like entertainment or air tickets.

Fearless Adventures
Like to be different and are always on the hunt for new overseas websites. Love shopping on their mobile devices and are happy to pay more for unique items not available locally.

Value Voyagers
Love shopping and keeping track of the latest trends. Check and compare overseas purchases using their favourite online tools to ensure they find the best quality and good value products.

Safety Seekers
Shop online more for leisure, but like the variety and brands found on overseas websites. Careful about what they buy and only shop from trusted online sellers or those with a return policy.

Deal Hunters
Don’t shop online very often and when they do they mostly buy from their own country’s websites. But if they spot a bargain or lower price on overseas websites, they will snap it up.

PERCENTAGE OF OVERSEAS ONLINE SPEND

Efficient Explorers: 33%
Fearless Adventures: 27%
Value Voyagers: 18%
Safety Seekers: 14%
Deal Hunters: 8%

PERCENTAGE OF CROSS-BORDER SHOPPERS

Efficient Explorers: 17%
Fearless Adventures: 12%
Value Voyagers: 21%
Safety Seekers: 21%
Deal Hunters: 29%

CROSS-BORDER ON-LINE SHOPPING SPEND

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Spend</th>
<th>Mobile Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$40.6bn</td>
<td>$13.6bn</td>
</tr>
<tr>
<td>2018</td>
<td>$80.2bn</td>
<td>$37.3bn</td>
</tr>
</tbody>
</table>

CROSS-BORDER ON-LINE SHOPPING POPULATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population</th>
<th>Mobile Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>34.1m</td>
<td>15.7m</td>
</tr>
<tr>
<td>2018</td>
<td>41.8m</td>
<td>25.2m</td>
</tr>
</tbody>
</table>
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PayPal has commissioned Nielsen research to better understand the rise of cross-border shopping in Australia by analysing the activity and behaviour of over 6,000 consumers in six major markets who shopped directly online from overseas websites over the past 12 months. Here is what we discovered about the modern spice routes.

Australia has 6.3 million consumers spending AUD6.5 billion on overseas websites in 2013, representing 35% of overall online shopping spend this year.

**TOP 10 MOST POPULAR OVERSEAS ONLINE SHOPPING DESTINATIONS**

Australia has 6.3 million consumers spending AUD6.5 billion on overseas websites in 2013, representing 35% of overall online shopping spend this year.

**TOP FIVE CROSS-BORDER SHOPPING CATEGORIES OVER PAST 12 MONTHS**

- **Clothes, Shoes, Accessories**: AUD890m
- **Books**: AUD527m
- **Airline Tickets**: AUD467m
- **Health & Beauty Products**: AUD368m
- **Personal Electronics**: AUD302m
The Australian cross-border shopper is not just looking for a discount from an overseas website but also seeks high quality, authentic and special items. The top reason for buying online from overseas is “buying online to save money” (80% of respondents), followed by “more variety that cannot be found locally” (76%).

However, more than 7 out of 10 (73%) Australian cross-border online shoppers cite fear of identity theft and fraud as the main deterrent against making a cross-border online payment.

Nearly 9 out of 10 (87%) Australian cross-border online shoppers believe that buyer protection is important or very important when making an overseas online purchase.

PayPal is the top payment method for cross-border online shopping with 85% of Australian respondents having used PayPal for an overseas purchase in the past 12 months.

The top reason for using PayPal for an overseas online transaction is because “PayPal is safer to use online due to less fraud” (50% of respondents).

Nearly 8 out of 10 (79%) Australian cross-border online shoppers are more willing to make a purchase from an overseas merchant because they are covered by PayPal’s buyer protection policy.

The value of the Australian cross-border online shopping market will grow by nearly 155% from AUD6.5 billion in 2013 to AUD16.6 billion in 2018.

Mobile cross-border purchases will grow nearly 70% from AUD952 million to AUD1.6 billion by 2018.

The number of Australian cross-border online consumers will increase by over 33% from 6.3 million in 2013 to 8.4 million by 2018.

The 2.5 million cross-border consumers using mobile devices for online purchases in 2013 will increase 15% to 2.9 million by 2018.

Australia Cross-Border Shopping Trends
Throughout history, trade has influenced culture. When the traditional spice routes were first established, between Europe, India, Africa and the Middle East, when we exchanged goods, we also shared language, knowledge, food etc. In short - culture.

This type of importing and exporting - or cross-border shopping - is common today. And we now see savvy consumers using the Internet to buy directly from merchants all over the world. This is creating the emergence of modern spice routes that could start to influence cultures in the same way the spice routes did.

PayPal has commissioned Nielsen research to better understand the rise of cross-border shopping in the UK by analysing the activity and behaviour of over 6,000 consumers in six major markets who shopped directly online from overseas websites over the past 12 months. Here is what we discovered about the modern spice routes.

The UK has 15.9 million consumers spending GBP8.5 billion on overseas websites in 2013, representing 10% of overall online shopping spend this year.

% of British cross-border shoppers purchased from these markets in the past 12 months.

TOP FIVE CROSS-BORDER SHOPPING CATEGORIES OVER PAST 12 MONTHS

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothes, Shoes, Accessories</td>
<td>GBP958m</td>
</tr>
<tr>
<td>Airline Tickets</td>
<td>GBP545m</td>
</tr>
<tr>
<td>Home Electronics</td>
<td>GBP504m</td>
</tr>
<tr>
<td>Computer Hardware</td>
<td>GBP487m</td>
</tr>
<tr>
<td>Health &amp; Beauty Products</td>
<td>GBP432m</td>
</tr>
</tbody>
</table>

UK Cross-Border Shopping Trends
The UK cross-border shopper is not just looking for a discount from an overseas website but also seeks high quality, authentic and special items. The top reason for buying online from overseas is “buying online to save money” (82% of respondents), followed by “more variety that cannot be found locally” (76%).

However, 7 out of 10 (68%) UK cross-border online shoppers cite fear of identity theft and fraud as the main deterrent against making a cross-border online payment.

More than 8 out of 10 (84%) UK cross-border online shoppers believe that buyer protection is important or very important when making an overseas online purchase.

PayPal is the top payment method for cross-border online shopping with 83% of UK respondents having used PayPal for an overseas purchase in the past 12 months.

The top reason for using PayPal for an overseas online transaction is because “PayPal is safer to use online due to less fraud” (39% of respondents).

Nearly 8 out of 10 (78%) UK cross-border online shoppers are more willing to make a purchase from an overseas merchant because they are covered by PayPal’s buyer protection policy.

The value of the UK cross-border online shopping market will grow by over 110% from GBP5.5 billion in 2013 to GBP18.0 billion in 2018.

Mobile cross-border purchases will grow nearly 140% from GBP1.8 billion in 2013 to GBP4.3 billion by 2018.

The number of UK cross-border online consumers will increase by over 16% from 15.9 million in 2013 to 18.5 million by 2018.

The 6.4 million cross-border consumers using mobile devices for online purchases in 2013 will increase by 50% to 9.6 million by 2018.

What Type of British Cross-Border Shopper Are You?

Fearless Adventures
Like to be different and are always on the hunt for new overseas websites. Love shopping on their mobile devices and are happy to pay more for unique items not available locally.

Value Voyagers
Love shopping and keeping track of the latest trends. Check and compare overseas purchases using their favourite online tools to ensure they find the best quality and good value products.

Deal Hunters
Don’t shop online very often and when they do they mostly buy from their own country’s websites. But if they spot a bargain or lower price on overseas websites, they will snap it up.

Efficient Explorers
Busy people, so convenience is very important. Mostly buy from overseas seller whom they know and trust, and will spend a lot for an online purchase, like entertainment or air tickets.

Safety Seekers
Don’t shop online very often and when they do they mostly buy from their own country’s websites. But if they spot a bargain or lower price on overseas websites, they will snap it up.

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Safety Seekers
Don’t shop online very often and when they do they mostly buy from their own country’s websites. But if they spot a bargain or lower price on overseas websites, they will snap it up.

Percentage of Overseas Online Spend

Percentage of Cross-Border Shoppers

UK Cross-Border Shopping Trends
Throughout history, trade has influenced culture. When the traditional spice routes were first established, between Europe, India, Africa and the Middle East, when we exchanged goods, we also shared language, knowledge, food etc. In short - culture.

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PayPal has commissioned Nielsen research to better understand the rise of cross-border shopping in Germany by analysing the activity and behaviour of over 6,000 consumers in six major markets who shopped directly online from overseas websites over the past 12 months. Here is what we discovered about the modern spice routes.

Germany has 14.1 million consumers spending EUR7.6 billion on overseas websites in 2013, representing 8% of overall online shopping spend this year.

**TOP 10 MOST POPULAR OVERSEAS ONLINE SHOPPING DESTINATIONS**

<table>
<thead>
<tr>
<th>Market</th>
<th>% of German cross-border shoppers purchased from these markets in the past 12 months.</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>48%</td>
</tr>
<tr>
<td>UK</td>
<td>46%</td>
</tr>
<tr>
<td>AT</td>
<td>33%</td>
</tr>
<tr>
<td>CN</td>
<td>17%</td>
</tr>
<tr>
<td>NL</td>
<td>15%</td>
</tr>
<tr>
<td>FR</td>
<td>14%</td>
</tr>
<tr>
<td>HK</td>
<td>16%</td>
</tr>
<tr>
<td>IT</td>
<td>9%</td>
</tr>
<tr>
<td>CA</td>
<td>7%</td>
</tr>
<tr>
<td>CN</td>
<td>17%</td>
</tr>
</tbody>
</table>

**TOP FIVE CROSS-BORDER SHOPPING CATEGORIES OVER PAST 12 MONTHS**

<table>
<thead>
<tr>
<th>Category</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothes, Shoes, Accessories</td>
<td>EUR991m</td>
</tr>
<tr>
<td>Home Electronics</td>
<td>EUR497m</td>
</tr>
<tr>
<td>Health &amp; Beauty Products</td>
<td>EUR472m</td>
</tr>
<tr>
<td>Personal Electronics</td>
<td>EUR403m</td>
</tr>
<tr>
<td>Airline Tickets</td>
<td>EUR398m</td>
</tr>
</tbody>
</table>
The German cross-border shopper is not just looking for a discount from an overseas website but also seeks high quality, authentic and special items. The top reason for buying online from overseas is "more variety that cannot be found locally" (78% of respondents), followed by "buying online to save money" (75%).

However, more than 6 out of 10 (63%) German cross-border online shoppers cite fear of identity theft and fraud as the main deterrent against making a cross-border online payment.

Nearly 9 out of 10 (86%) German cross-border online shoppers believe that buyer protection is important or very important when making an overseas online purchase.

PayPal is the top payment method for cross-border online shopping with 84% of German respondents having used PayPal for an overseas purchase in the past 12 months.

The top reason for using PayPal for an overseas online transaction is because "PayPal is safer to use online due to less fraud" (36% of respondents).

Nearly 8 out of 10 (77%) German cross-border online shoppers are more willing to make a purchase from an overseas merchant because they are covered by PayPal’s buyer protection policy.

The value of Germany cross-border online shopping market will grow by over 45% from EUR7.6 billion in 2013 to EUR11.0 billion in 2018.

Mobile cross-border purchases will grow nearly 50% from EUR1.8 billion in 2013 to EUR2.7 billion by 2018.

The number of Germany cross-border online consumers will increase by over 12% from 14.1 million in 2013 to 15.8 million by 2018.

The 5.7 million cross-border consumers using mobile devices for online purchases in 2013 will increase by 12.3% to 6.4 million by 2018.

What type of German cross-border shopper are you?

Deal Hunters
- Don’t shop online very often and when they do, they mostly buy from their own country’s websites. But if they spot a bargain or lower price on overseas websites, they will snap it up.

Fearless Adventures
- Like to be different and are always on the hunt for new overseas websites. Love shopping on their mobile devices and are happy to pay more for unique items not available locally.

Efficient Explorers
- Busy people, so convenience is very important. Mostly buy from overseas seller whom they know and trust, and will spend a lot for an online purchase, like entertainment or air tickets.

Value Voyagers
- Love shopping and keeping track of the latest trends. Check and compare overseas purchases using their favourite online tools to ensure they find the best quality and good value products.

Safety Seekers
- Shop online more for leisure, but like the variety and brands found on overseas websites. Careful about what they buy and only shop from trusted online sellers or those with a return policy.

Percentage of Overseas Online Spend

- Deal Hunters: 24%
- Fearless Adventures: 22%
- Efficient Explorers: 12%
- Value Voyagers: 16%
- Safety Seekers: 16%

Percentage of Cross-Border Shoppers

- Deal Hunters: 26%
- Fearless Adventures: 8%
- Efficient Explorers: 12%
- Value Voyagers: 27%
- Safety Seekers: 27%
Throughout history, trade has influenced culture. When the traditional spice routes were first established, between Europe, India, Africa and the Middle East, when we exchanged goods, we also shared language, knowledge, food etc. In short - culture.

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PayPal has commissioned Nielsen research to better understand the rise of cross-border shopping in China by analysing the activity and behaviour of over 6,000 consumers in six major markets who shopped directly online from overseas websites over the past 12 months. Here is what we discovered about the modern spice routes.

**Top 10 Most Popular Overseas Online Shopping Destinations**

China has 18 million consumers spending RMB216 billion on overseas websites in 2013, representing 17% of overall online shopping spend this year.

**Top Five Cross-Border Shopping Categories Over Past 12 Months**

- **RMB22bn** Clothes, Shoes, Accessories
- **RMB17.6bn** Health & Beauty Products
- **RMB13.5bn** Computer Hardware
- **RMB13.1bn** Jewellery, Gems and Watches
- **RMB12.9bn** Personal Electronics
The mainland Chinese cross-border shopper is not just looking for a discount from an overseas website but also seeks high quality, authentic and special items. The top reason for buying online from overseas is “buying online to save money” (89% of respondents), followed by “more variety that cannot be found locally” (83%).

However, 7 out of 10 (70%) mainland Chinese cross-border online shoppers cite fear of identity theft and fraud as the main deterrent against making a cross-border online payment.

More than 9 out of 10 (95%) mainland Chinese cross-border online shoppers believe that buyer protection is important or very important when making an overseas online purchase.

PayPal is the top payment method for cross-border online shopping with 79% of mainland Chinese having used PayPal for an overseas purchase in the past 12 months.

The top reason for using PayPal for an overseas online transaction is because “PayPal is safer to use online due to less fraud” (46% of respondents).

More than 9 out of 10 (94%) mainland Chinese cross-border online shoppers are more willing to make a purchase from an overseas merchant because they are covered by PayPal’s buyer protection policy.

The value of the China cross-border online shopping market will grow by over 574% from RMB216 billion in 2013 to RMB1.0 trillion in 2018.

Mobile cross-border purchases will grow nearly 232% from RMB104 billion in 2013 to RMB345 billion by 2018.

The number of China cross-border online consumers will increase by nearly 100% from 18 million in 2013 to 35.9 million by 2018.

The 14 million cross-border consumers using mobile devices for online purchases in 2013 will increase by 68% to 23.5 million by 2018.

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PayPal has commissioned Nielsen research to better understand the rise of cross-border shopping in Brazil by analysing the activity and behaviour of over 6,000 consumers in six major markets who shopped directly online from overseas websites over the past 12 months. Here is what we discovered about the modern spice routes.

Brazil has 5.3 million consumers spending R$2.6 billion on overseas websites in 2013, representing 10% of overall online shopping spend this year.

% of Brazil cross-border shoppers purchased from these markets in the past 12 months.

TOP FIVE CROSS-BORDER SHOPPING CATEGORIES OVER PAST 12 MONTHS

- R$1.6bn Computer Hardware
- R$1.4bn Personal Electronics
- R$1.3bn Clothes, Shoes, Accessories
- R$1.3bn Health & Beauty Products
- R$936m Home Electronics
The Brazilian cross-border shopper is not just looking for a discount from an overseas website but also seeks high quality, authentic and special items. The top reason for buying online from overseas is “more variety that cannot be found locally” (84% of respondents), followed by “to save money” (78%).

However, nearly 7 out of 10 (66%) Brazilian cross-border online shoppers cite fear of identity theft and fraud as the main deterrent against making a cross-border online payment.

More than 9 out of 10 (94%) Brazilian cross-border online shoppers believe that buyer protection is important or very important when making an overseas online purchase.

PayPal is the top payment method for cross-border online shopping with 77% of Brazilian respondents having used PayPal for an overseas purchase in the past 12 months.

The top reason for using PayPal for an overseas online transaction is because “PayPal is safer to use online due to less fraud” (36% of respondents).

More than 8 out of 10 (84%) Brazilian cross-border online shoppers are more willing to make a purchase from an overseas merchant because they are covered by PayPal’s buyer protection policy.

The Brazilian cross-border shopping market will grow by nearly 546% from R$2.6 billion in 2013 to R$16.8 billion in 2018.

Mobile cross-border purchases will grow nearly 232% from R$681 billion to R$5.6 billion by 2018.

The number of Brazilian cross-border online consumers will increase by over 77% from 5.3 million in 2013 to 9.4 million by 2018.

The 2.1 million cross-border consumers using mobile devices for online purchases in 2013 will increase by 142% to 5.1 million by 2018.

The value of the Brazilian cross-border online shopping market will grow by nearly 546% from R$2.6 billion in 2013 to R$16.8 billion in 2018.

Mobile cross-border purchases will grow nearly 232% from R$681 billion to R$5.6 billion by 2018.

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Brazil Cross-Border Shopping Trends