

PayPal Cross-Border Research 2014

GLOBAL SNAPSHOT

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Research Methodology

This study was conducted across 22 markets and 17,500+ consumers globally.

Fieldwork



Online survey

Global Fieldwork conducted Sept-Oct 2014



20 minute questionnaire

This research was carried out to the international quality standard for market research, ISO 20252:2012

Sample, per market

22 markets
Sample of c.800 per market.

Nationally representative of online population Aged 18+

Respondents recruited from online panels

Own and/or use an Internet-enabled device*



Data weighted to adjust for known population incidence and demographic profile

Questionnaire

Screening



Transaction & Spend:
Past 12 Months &
Next 12 Months



E-commerce
Behaviour and
Attitudes



Cross-Border
Commerce



Mobile
Commerce



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UK, France, Germany, Austria, Switzerland, Italy, Spain, Netherlands, Sweden, Norway, Denmark, Poland, Turkey, Russia, Israel, UAE, USA, Canada, Brazil, Mexico, China, Australia

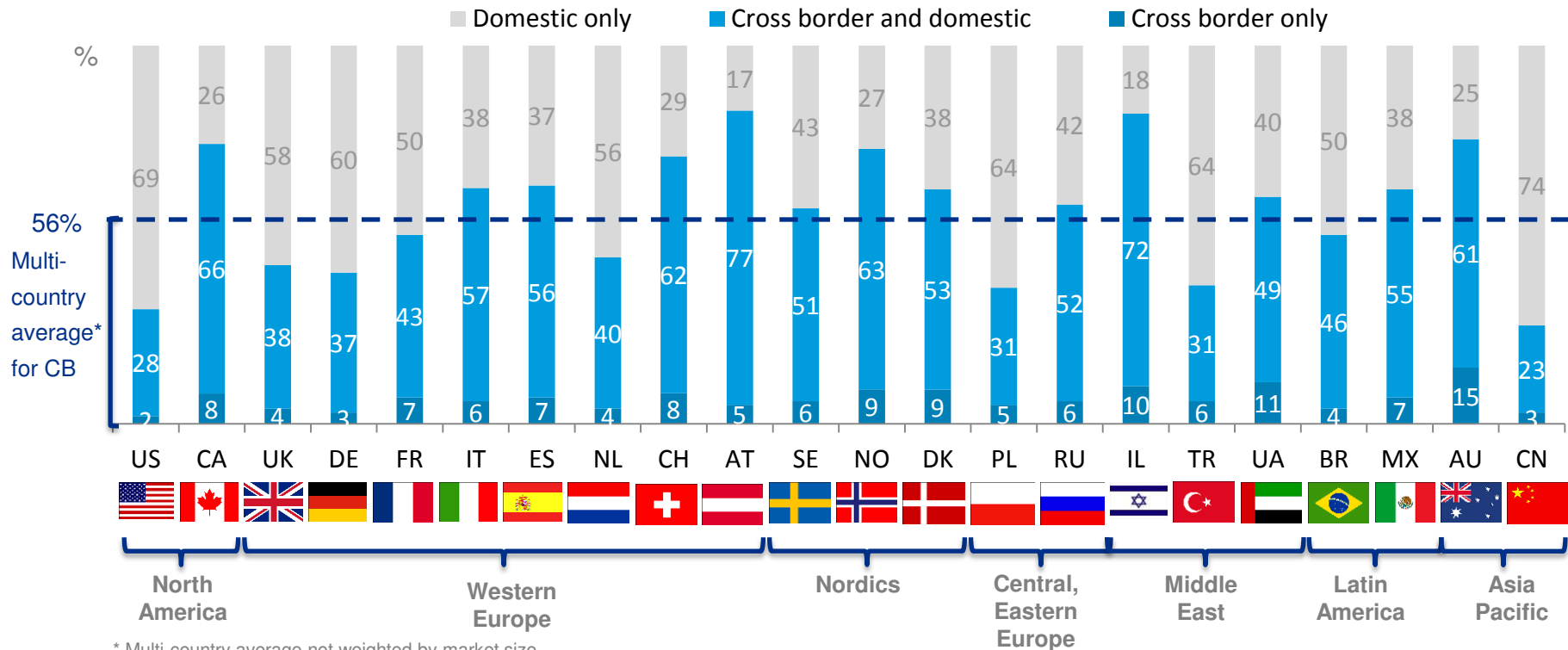
Summary of findings: Cross border (CB) global study

1. **Market penetration:** CB is a driving force in the global marketplace with ~50% online shoppers saying they buy from other countries around the world (country average, not weighted for market size).
2. **Market opportunity:** Growth of online CB expected, especially from emerging markets.
3. **CB hotspots:** Western Europe (esp. UK, DE), North America (esp. US) and APAC (esp. CN) are the three key CB destinations (i.e. most CB consumers buy from these three regions). Significant intra-EU trade is evident.
4. **What's bought:** Clothing/footwear/accessories and consumer electronics (incl tablets, mobiles, peripherals) are the most sought after CB categories.
5. **CB shoppers are valuable consumers:** their total online spend (domestic and CB) is around 2x that of domestic only shoppers. They also get the benefits of online shopping.
6. **CB shoppers are more mobile oriented** than domestic only shoppers.
7. **Top pain points:** delivery shipping costs, duties/taxes/fees and concern about not receiving item.
8. **Top drivers:** free shipping, having a safe way to pay, access to items, lower cost of items, free return shipping.
9. **Free return shipping is considered a 'must-have'** by around half of shoppers, a similar proportion to free shipping.
10. **PayPal is a dominant payment method for cross border:** In a majority of markets, PayPal has a relatively high penetration of usage for CB purchases compared to other payment methods. This also correlates with markets where eBay is strong domestically or has a good share of CB.

Cross border commerce is a driving force in today's global marketplace

A significant proportion of online shoppers claim to make cross border purchases, and almost all cross border shoppers also shop domestically.

Self-stated domestic and cross border purchasing in past 12 months



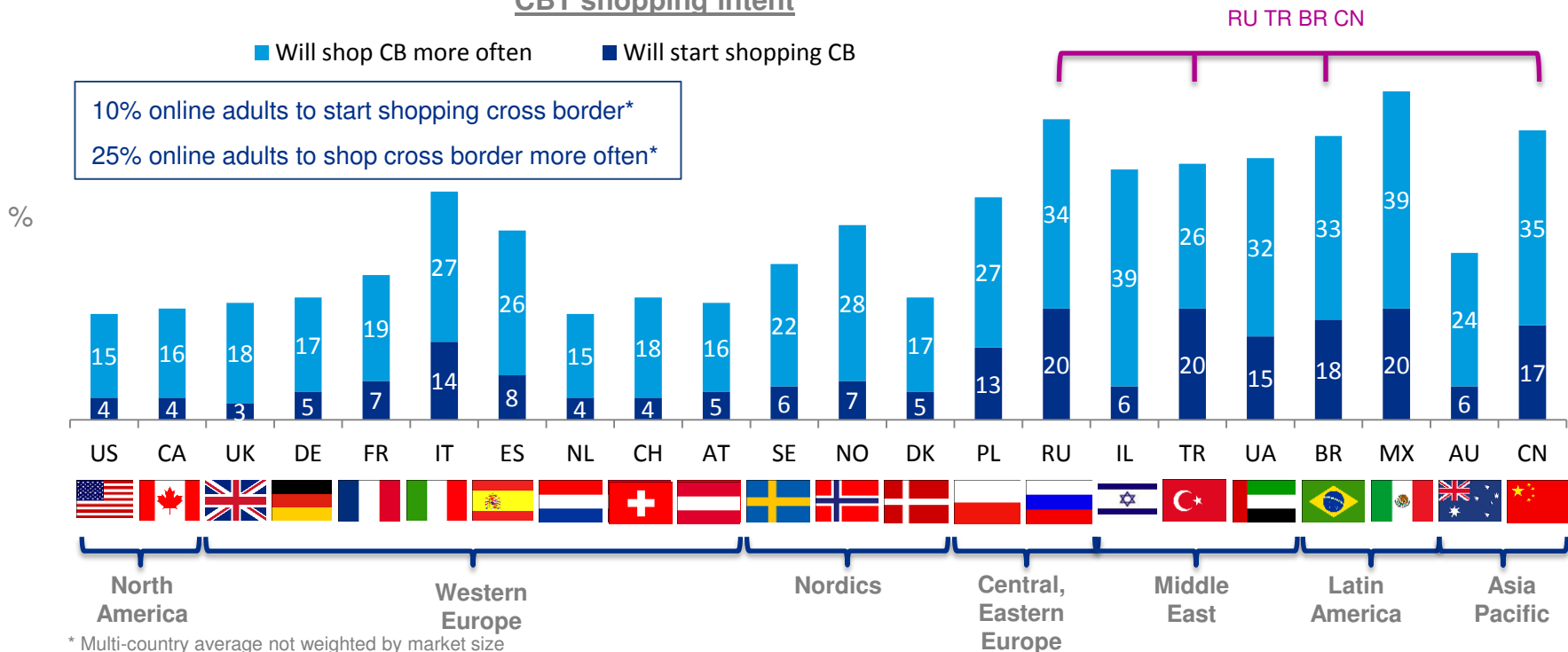
* Multi-country average not weighted by market size
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Base: Online shoppers. N=12,349. Q. Thinking about shopping online, from which of the following country or geographies websites have you purchased in the past 12 months? Please include your home country if applicable.

Expect continued cross border growth and penetration, especially from 'emerging' markets

Consumers are generally positive about shopping cross border more often.

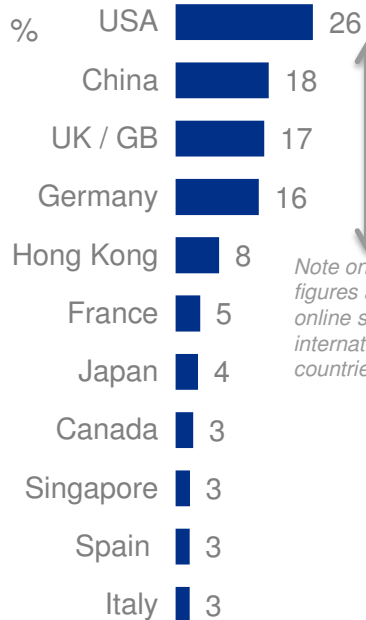
CBT shopping intent



* Multi-country average not weighted by market size

US and China are most popular cross border destinations. W. Europe a key region.

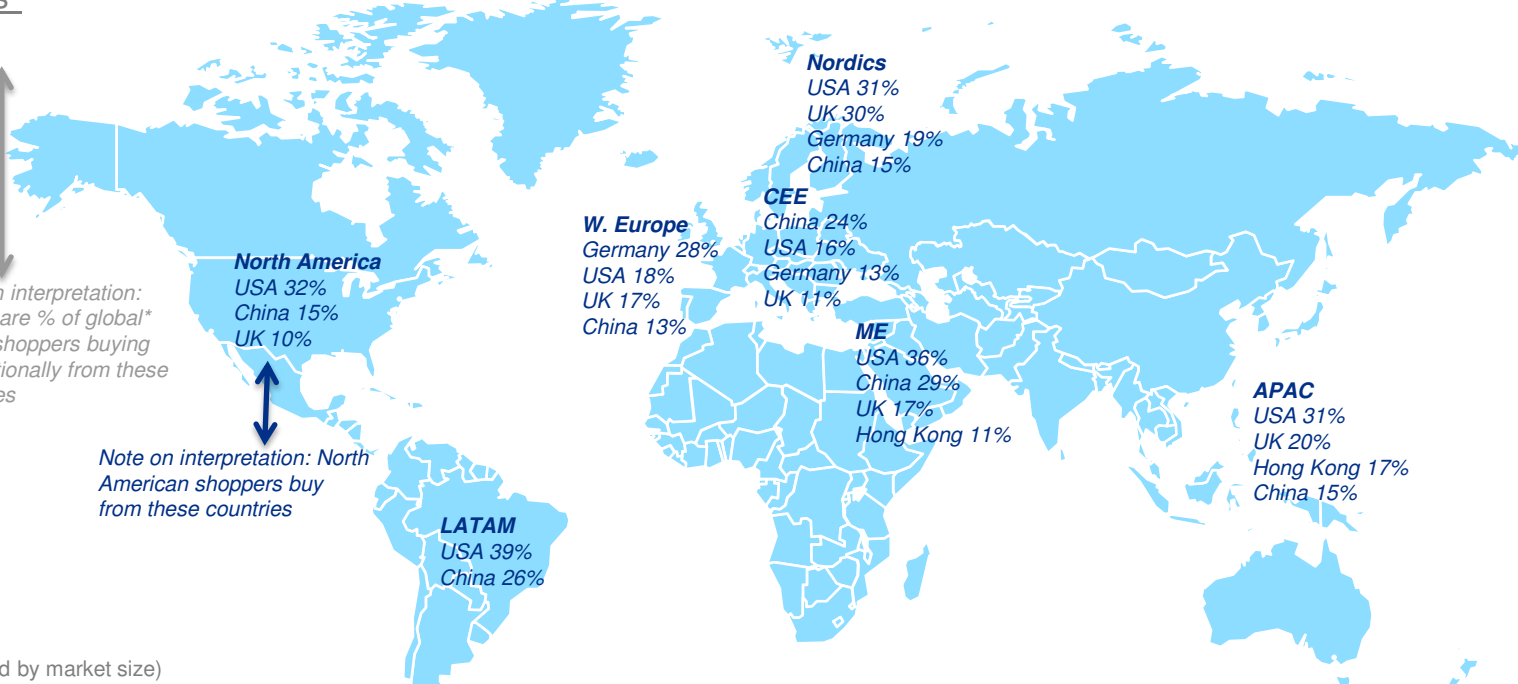
Popular online destinations for cross border shoppers*



Note on interpretation: figures are % of global* online shoppers buying internationally from these countries

Note on interpretation: North American shoppers buy from these countries

What are the popular online destinations for cross border shoppers within a particular region (including intra-region international purchasing)?



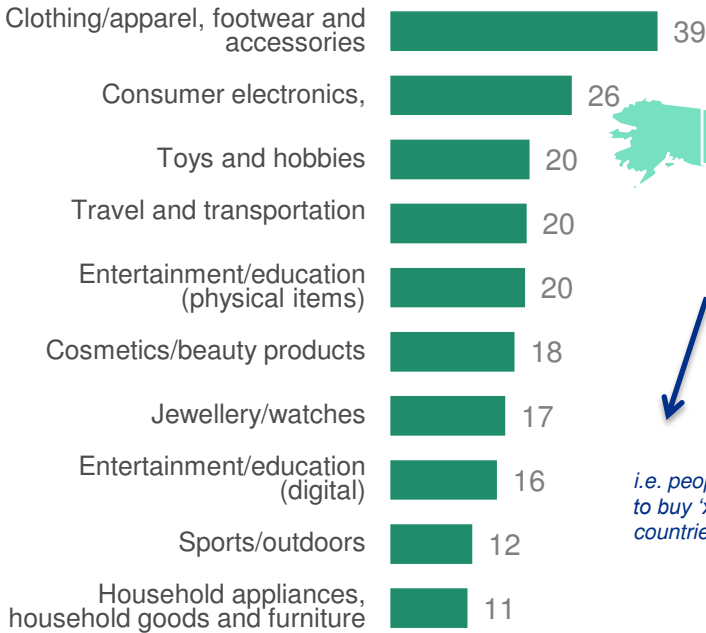
*22 country average (not weighted by market size)

Region definition (countries surveyed): Western Europe: UK, Germany, Austria, Switzerland, France, Italy, Spain, Netherlands; Central and Eastern Europe: Poland, Russia; Nordics: Denmark, Sweden, Norway; North America: USA, Canada; Latin America: Mexico, Brazil; Middle East: Turkey, Israel, UAE; Asia Pacific: China, Australia

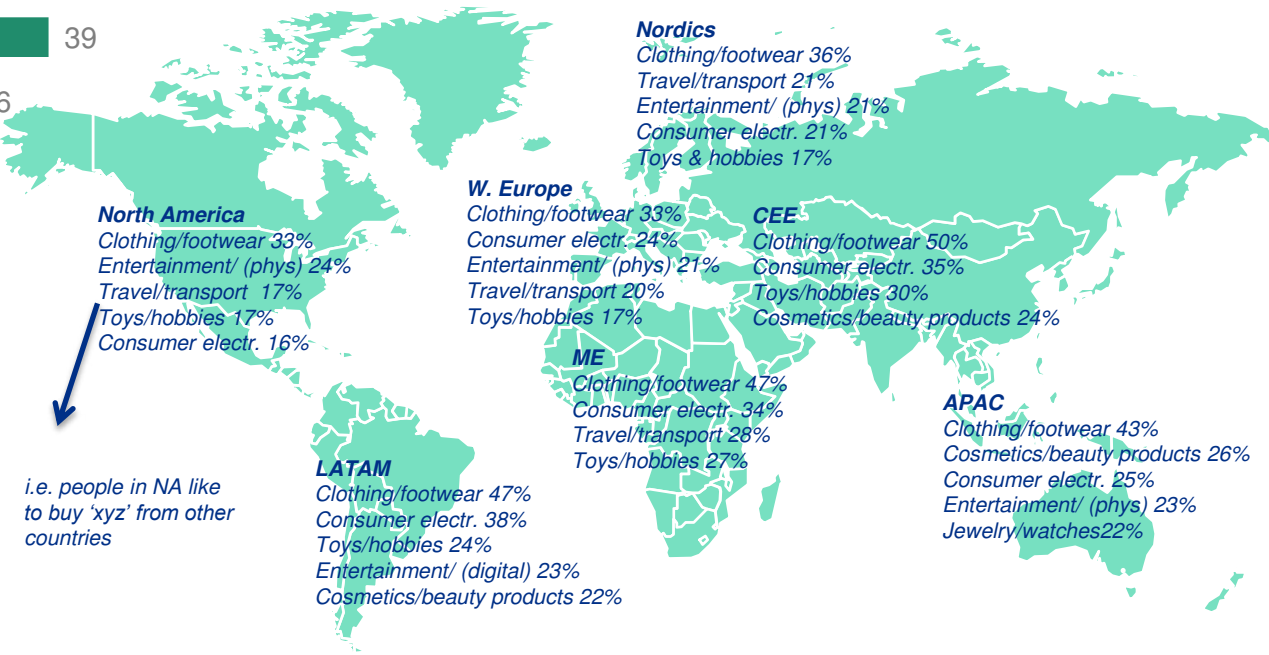


Clothing, footwear and accessories and consumer electronics are top cross border categories purchased

Top 10 CB categories purchased* (%)



Top CB categories purchased by region



i.e. people in NA like to buy 'xyz' from other countries

*22 country average (not weighted by market size)

Region definition (countries surveyed): **Western Europe:** UK, Germany, Austria, Switzerland, France, Italy, Spain, Netherlands; **Central and Eastern Europe:** Poland, Russia; **Nordics:** Denmark, Sweden, Norway; **North America:** USA, Canada; **Latin America:** Mexico, Brazil; **Middle East:** Turkey, Israel, UAE; **Asia Pacific:** China, Australia

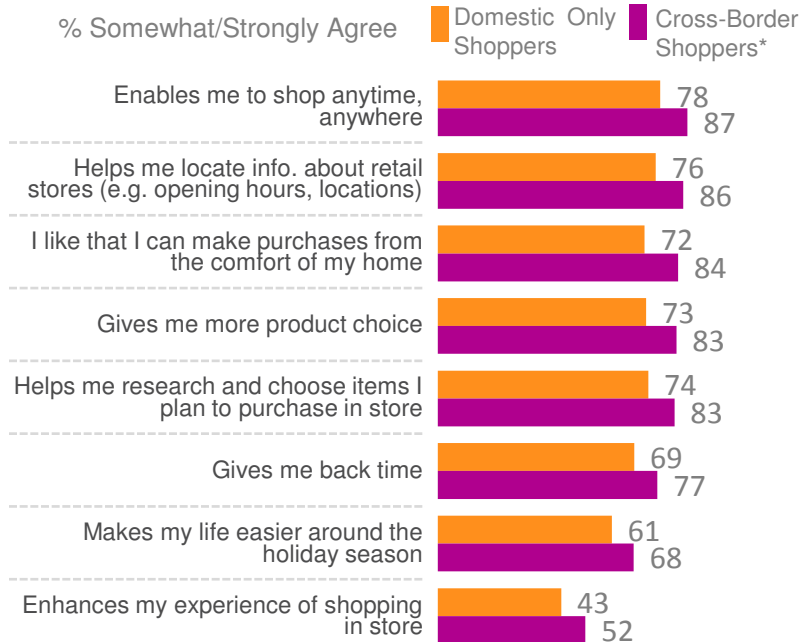
Cross border shoppers are valuable consumers

They spend more online, see the benefits of shopping online and are more mobile oriented.

Online spend

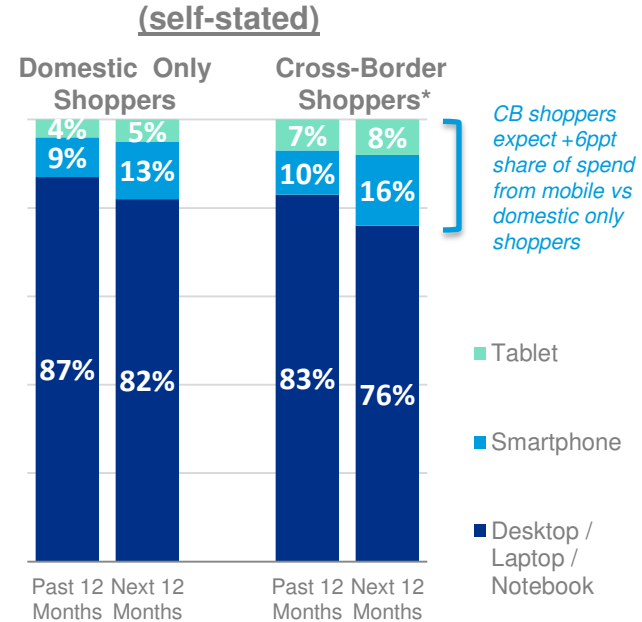
➤ **2x**...the amount that cross-border shoppers spend online vs domestic only shoppers**

Online shopping attitudes



N=5448 domestic; n=3936 cross border* shoppers

Share of online spend on mobile



N=5448 domestic; n=3936 cross border* shoppers

** self-stated. N=5448 domestic; n=3936 cross border* shoppers

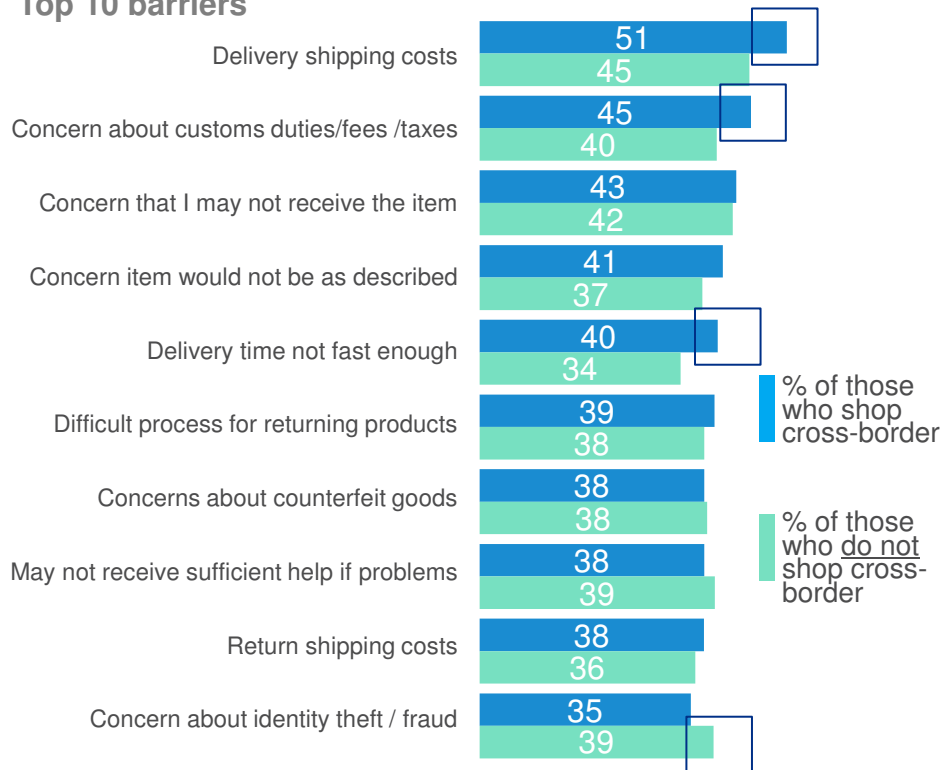


However, CB shoppers still face hurdles...

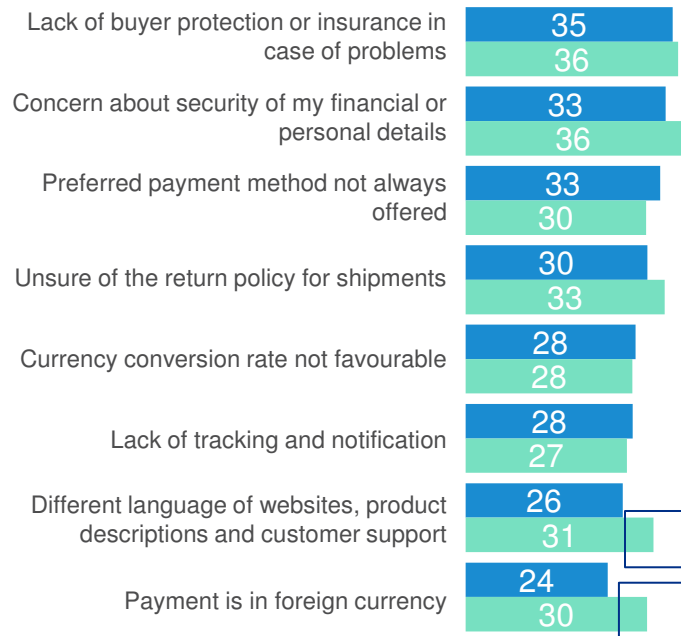
Top pain points are delivery shipping costs, duties/taxes and concern about not receiving the item.

Barriers to Cross-Border Shopping

Top 10 barriers



Other barriers



Base: N=5448 domestic; n=6899 cross border shoppers. Multi-country average. Q. Which of the following reasons prevent you from making purchases from websites from another country? / [...more often]? 10

There are ways to drive cross border online shopping

Key drivers are free shipping, safe way to pay, access to items, low cost, free return shipping.

Drivers for Cross-Border Shopping (%)

Top 10 drivers



Other drivers

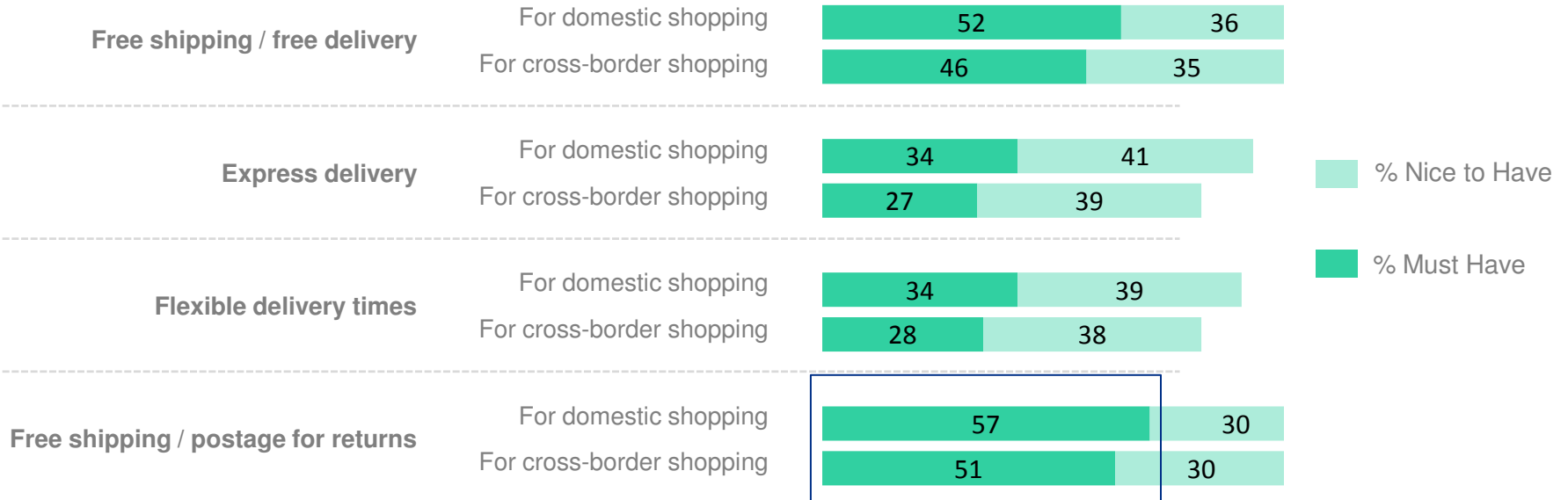


Q. Which, if any, of the following would make you more likely to buy from a website from another country?

Free return shipping is a ‘must have’

PayPal’s initiatives are well-aligned with cross border shopper needs

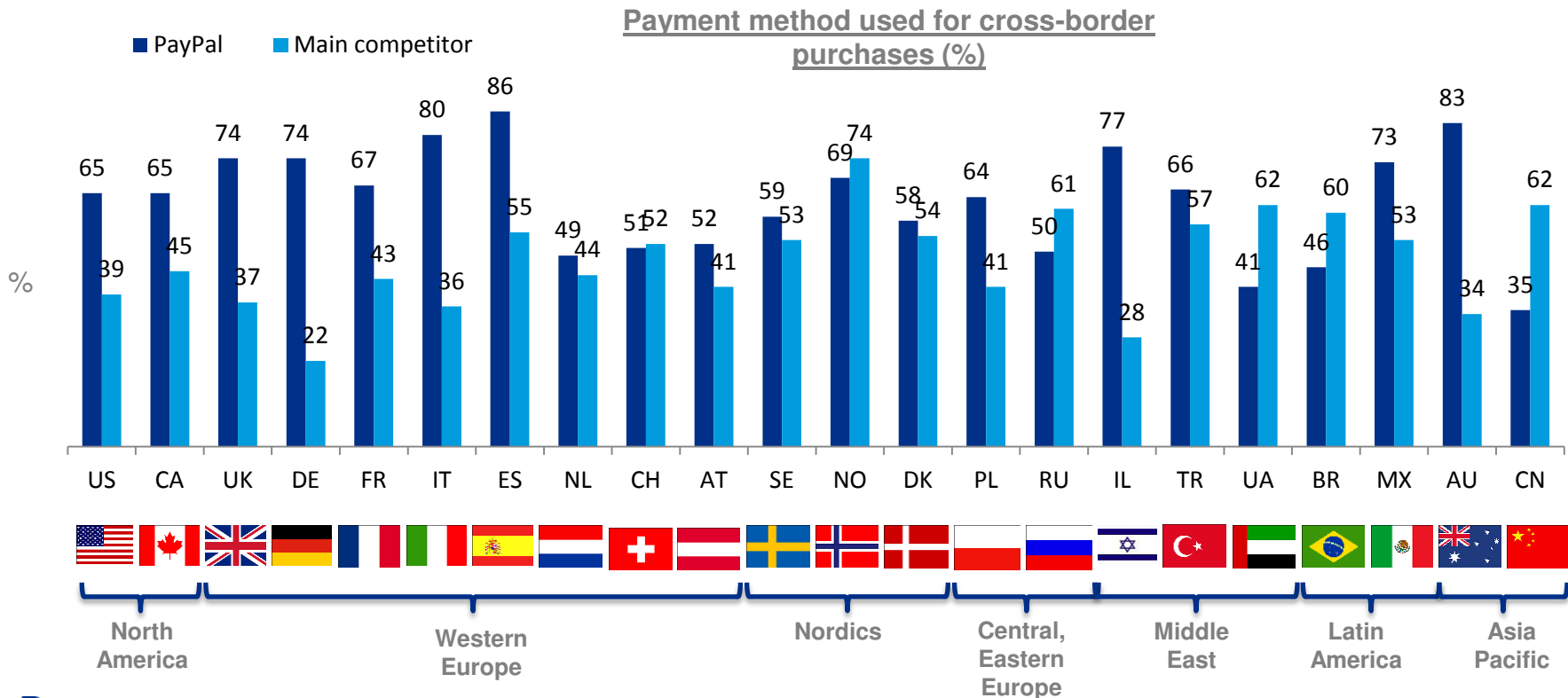
Importance of Shipping Options when Shopping Domestically or Cross-Border



Base: Online adults. N=17519. Multi-country average. Q. Listed below are some options for delivery/returns that could be offered by online retailers. For each option, please indicate how important it would be to you for an online retailer to offer this if you were considering making a purchase from them. Please think about both domestic websites (retailers based in your country) and websites from another country, and select one answer for each option.

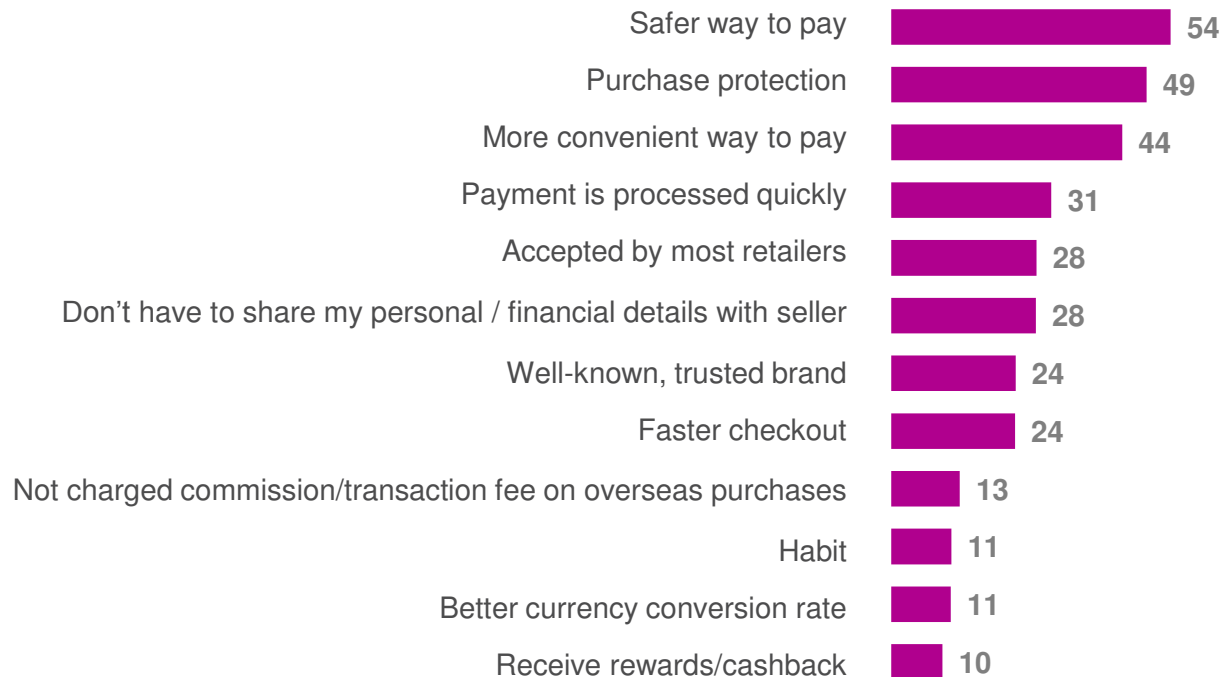
PayPal usage for CB ahead of competition in majority of markets

PayPal usage correlates with markets where eBay provides a good foundation.



Safety, protection, convenience key to cross border payment method preference

Reasons for cross border payment method preference (%)



Base: Cross border shoppers who have used more than one payment method in the past. N=4,670. Multi country average. Q. For what reasons is this your preferred payment method for online transactions/purchases from websites from another country?