



# KEY BUSINESS DRIVERS AND OPPORTUNITIES IN CROSS-BORDER ECOMMERCE

Entering an omnichannel world, 2015

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# CONTENTS

<b>1.</b>	<b>EXECUTIVE SUMMARY</b>	<b>5</b>
<b>2.</b>	<b>ABOUT THIS WHITE PAPER</b>	<b>7</b>
2.1	GLOBAL ECOMMERCE IN 2014	7
2.2	ENGINES FOR ECOMMERCE GROWTH	9
<b>3.</b>	<b>SURVEY HIGHLIGHTS 2015</b>	<b>12</b>
3.1	CROSS-BORDER ECOMMERCE DEVELOPMENT	12
3.2	WHAT HAS CHANGED IN 2015?	13
3.2.1.	THE BIGGEST GAME-CHANGER	19
<b>4.</b>	<b>MAKE CROSS-BORDER ECOMMERCE PROFITABLE</b>	<b>22</b>
4.1	KNOW THE FIVE 'L'S	22
4.2	LOCAL KNOWLEDGE IS LOCAL POWER	24
4.2.1.	JOIN THE MARKETPLACES	26
4.2.2.	ONE GLOBAL ACQUIRING NETWORK	27
<b>5.</b>	<b>REGIONAL BREAKDOWN</b>	<b>28</b>
5.1	OVERVIEW	28
5.2	EUROPE	30
5.2.1.	THE SURVEY RESULTS	30
5.2.2.	ECOMMERCE IN EUROPE	32
5.2.3.	CROSS-BORDER ECOMMERCE DRIVERS	39
5.2.4.	MAJOR ECOMMERCE PLATFORMS	43
<b>5.3</b>	<b>NORTH AMERICA</b>	<b>44</b>
5.3.1.	THE SURVEY RESULTS	44
5.3.2.	OVERVIEW OF ECOMMERCE IN NORTH AMERICA	47
5.3.3.	CROSS-BORDER ECOMMERCE	48
5.3.4.	MAJOR ECOMMERCE PLATFORMS	50



<b>5.4</b>	<b>ASIA</b>	<b>51</b>
5.4.1.	THE SURVEY RESULTS	51
5.4.2.	OVERVIEW OF ECOMMERCE IN ASIA	55
5.4.3.	CROSS-BORDER ECOMMERCE DRIVERS	59
5.4.4.	THE MAJOR ECOMMERCE PLATFORMS	63
<b>5.5</b>	<b>LATIN AMERICA</b>	<b>64</b>
5.5.1.	THE SURVEY RESULTS	64
5.5.2.	OVERVIEW OF ECOMMERCE IN LATIN AMERICA	67
5.5.3.	CROSS-BORDER ECOMMERCE DRIVERS	71
5.5.4.	THE MAJOR ECOMMERCE PLATFORMS	72
<b>5.6</b>	<b>OCEANIA</b>	<b>73</b>
5.6.1.	THE SURVEY RESULTS	73
5.6.2.	OVERVIEW OF ECOMMERCE IN OCEANIA	75
5.6.3.	CROSS-BORDER ECOMMERCE DRIVERS	76
5.6.4.	THE MAJOR ECOMMERCE PLATFORMS	77
<b>6.</b>	<b>CONCLUSIONS - WHAT NOW AND WHAT NEXT?</b>	<b>80</b>
6.1	EVERYONE IS TALKING ABOUT OMNICHANNEL	81
6.2	MORE INTERLINGUAL CROSS-BORDER ECOMMERCE	82
6.3	MERCHANTS DON'T KNOW WHAT THEY DON'T KNOW	83
<b>7.</b>	<b>ABOUT THE PUBLISHERS AND EDITORS</b>	<b>84</b>
7.1	ABOUT PAYVISION	84
7.2	ABOUT ACAPTURE	84
7.3	ABOUT CARDNOTPRESENT	85
7.4	ABOUT THE AUTHOR	85
7.5	ABOUT THE EDITORS	86



# 1. EXECUTIVE SUMMARY

THE TERM CROSS-BORDER ECOMMERCE HAS EMERGED ONLY RECENTLY, BUT CONSUMERS HAVE FOUND WAYS TO BUY PRODUCTS FROM FOREIGN MARKETS FOR DECADES. BOTH LEGALLY AND OTHERWISE.

Expats living overseas, for example, often seek out their favorite brands of chocolate or tea. Price-savvy travelers buy tech goods in Asia. Brits cross the Channel to pick up wallet-friendly French wine. Canadians hop south to access a wider selection of retailers in America. Cross-border commerce has existed in a number of guises, long before the age of the Internet.

More recently, improved accessibility for shopping cross-border has evolved. With the proliferation of high-speed Internet, advanced Web and ecommerce technology and more mobile-connected consumers across the world, shoppers frequently cross invisible borders to buy products online. When they do, they often accept hefty import duties, long delivery times and complicated return processes. But, cross-border ecommerce has empowered consumers to shop overseas from the comfort of home, and the advantages often outweigh the complications.

In 2015, there has been a fundamental shift in cross-border ecommerce. It is getting smoother, faster, and cross-border payments are becoming cleaner. This shift, contrary to popular belief, has not been driven solely by increased consumer demand, but mostly by merchants. Historically, a foreign customer brought more complication and liability to a business than their custom was worth. Merchants, particularly in the US or the UK, were unenthusiastic to

cater to a global customer. Now, merchants largely see cross-border ecommerce as a profitable venture.

With China proving itself as the strongest ecommerce market at the end of 2014 by some margin, and growth rates still strong despite a rocky economy in 2015, merchants can no longer ignore the Eastern cross-border customer. Our survey results indicate that, not only are merchants more engaged in cross-border ecommerce, they are focusing on emerging markets more than ever before. Today, cross-border ecommerce is a significant contributing factor to total global ecommerce value, driven mostly by the 'Big Three'; China, the US and the UK.

THE GROWTH OF THE MARKETPLACE E-RETAIL MODEL IN 2015 IS A CATALYST FOR A SMOOTHER CROSS-BORDER SHOPPING EXCHANGE. THE MARKETPLACES – ESSENTIALLY ONLINE SHOPPING MALLS – ALLOW UNIFORMITY AND FAMILIARITY, ADDING PERCEIVED TRUSTWORTHINESS FOR HESITANT CONSUMERS. THEY ATTRACT HIGH VOLUMES OF LOCAL TRAFFIC, ENABLING IMMEDIATE DOMESTIC VISIBILITY WITHOUT REQUIRING LOCALIZED SEARCH



# 1.

ENGINE OPTIMIZATION (SEO). THE MARKETPLACES ARE THE IDEAL STARTING POINT FOR MERCHANTS TO GAUGE MARKET POTENTIAL WITHOUT LARGE CAPITAL OUTLAY OR RESOURCE INVESTMENT. COLLABORATION WITH THESE PLATFORMS IS THE PERFECT WAY TO LOWER THE MAIN FIVE BARRIERS TO INTERNATIONAL EXPANSIONS – LOCALIZATION, LANGUAGE, LOGISTICS, LAWS AND LEGISLATION.

Mobile commerce continues to explode, globally. In turn, a new breed of consumer is borne out of a need to be continually connected to friends, retailers, services, and their finances. Consumers in 2015 expect to shop anywhere, at any time of day, from any device, machine or channel. They expect the same experience from one touch-point to another. Today's shoppers are unwittingly omnichannel.

Retailers in the East have perfected this method of seamless consumerism, having been a mobile-first region for many years. China has an all-in ecommerce business model, with Alibaba covering the entire chain; Web presence, checkout, processing, fulfillment, logistics, returns. The consumer is entirely unaware of the mechanics behind the scenes. The strings are all being pulled by one puppet master.

In the US and Europe, merchants face bigger challenges to streamline their customer journey. Much like their Asian counterparts, consumers expect seamless domestic and cross-border shopping. But a disjointed landscape of channels, platforms, regulatory frameworks, marketplaces, payment methods, Payment Service Providers (PSPs) and acquirers, all operating on dated systems, means facilitating this experience is incredibly complex.

Nonetheless, the scene is improving. Innovative payment providers are finally coming forward to offer all-in-one platforms to merchants who are looking to securely sell cross-border, opti-

mize for increasing levels of mobile traffic, and accept multiple payment methods, online and offline. Partnering with such a provider gives an aspiring omnichannel merchant the necessary tools to compete on the same field. John Snoek, Vice President of Acapture, explains in more detail.

**“ WE KNOW THAT MERCHANTS HAVE BECOME FRUSTRATED WITH THE COMPLEXITY OF THE ONLINE PAYMENT PROCESS, SO WE DECIDED TO APPROACH IT FROM A NEW ANGLE. WE DESIGNED A PLATFORM THAT IS SIMPLE, FAST AND STRAIGHTFORWARD TO USE.**

**“ AS ACAPTURE IS NOT HELD DOWN BY ANY EXISTING, BLOATED LEGACY PLATFORM, WE BUILT OURS FROM SCRATCH TO SUIT THE MODERN MARKET. DEVELOPERS CAN INTEGRATE OUR SOLUTION IN A DAY AND FINANCE DEPARTMENTS GET A STREAMLINED RECONCILIATION PROCESS. AT EVERY LEVEL OF THE SERVICE WE PROVIDE, FROM OUR WHITE LABEL PLATFORM FOR PSPS TO OUR READY-TO-GO SOLUTIONS FOR MARKETPLACES, ACAPTURE MAKES THINGS EASY.” JOHN SNOEK, VICE PRESIDENT OF ACAPTURE**

Cross-border ecommerce is now becoming just a small detail in the entire multichannel consumer experience. With consumer expectations being firmly addressed by PSPs and merchants, the globe's commerce borders are gradually disappearing.

**WE'RE ENTERING AN OMNICHANNEL WORLD IN WHICH COMPANIES THAT KNOW HOW TO HANDLE THE COMPLEXITIES OF OPERATING GLOBALLY WILL TAKE THE LEAD.**



## 2. ABOUT THIS WHITE PAPER

FOR THE THIRD CONSECUTIVE YEAR, PAYVISION HAS TEAMED UP WITH [CARDNOTPRESENT.COM](http://CARDNOTPRESENT.COM) TO PRODUCE THE KEY BUSINESS DRIVERS IN CROSS-BORDER ECOMMERCE ANNUAL REPORT.

This paper is the result of a global survey, completed by just under 1,200 merchants, Merchant Service Providers (MSPs), acquirers, Payment Service Providers (PSPs) and consultants. We asked our respondents to identify their motives and barriers when expanding into foreign markets, and how they believe the market is evolving.

The annual survey – now the biggest of its kind in the world – allows us to identify the main trends and developments in overseas

expansion. With year-on-year input from real industry experts, we are able to give merchants relevant advice on how to overcome barriers and identify the best opportunities.

Today, cross-border purchasing is a genuine driving force in global ecommerce. The aim of Key Business Drivers in Cross-Border Ecommerce is to educate the entire market from West to East and facilitate a more profitable, meaningful cross-border exchange for merchants, PSPs and consumers.

### 2.1 GLOBAL ECOMMERCE IN 2014

TOTAL GLOBAL RETAIL SALES – BOTH ONLINE AND OFFLINE – REACHED USD 22.5 TRILLION IN 2014. YET, EVEN WITH THE EXPLOSION OF ECOMMERCE ADOPTION OVER RECENT YEARS, ONLINE SALES STILL MAKE UP LESS THAN 6

PERCENT OF THE TOTAL FIGURE.<sup>1</sup>

Consumer ecommerce was valued at USD 1.3 trillion in 2014, up from USD 1.2 trillion the year before. The leading markets are China and US, which account for more than half (55 percent) of all global online sales. Approximately 34 percent of all online sales were via a mobile device.

#### THE BIG THREE

Last year, we noted that 2013 was the first time China surpassed the US as the largest ecommerce market by a narrow margin of USD

<sup>1</sup>  
[eMarketer, 2015](http://eMarketer.com)



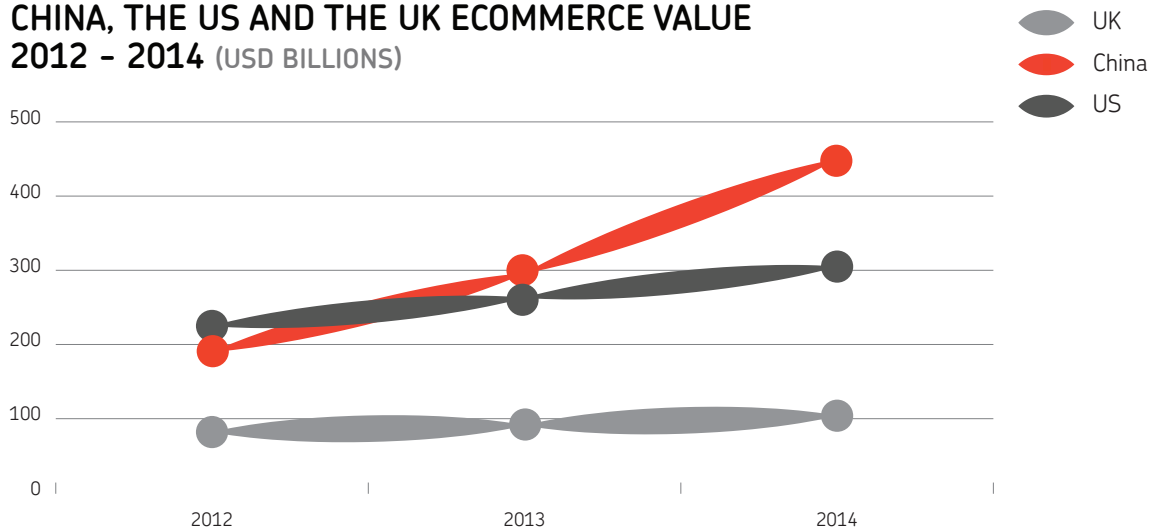
## 2.1

33 billion. Thanks to the acceleration of Chinese ecommerce compared to slow and steady growth in the US, the 2014 gap was a far more significant USD 145 billion.

According to the China Bureau of Statistics, the figure for online consumer retail spending was

USD 450 billion, compared to USD 305 in the US. The UK remains the third-largest market after China and the US, and sits firmly among the Big Three markets that are driving global ecommerce.

### CHINA, THE US AND THE UK ECOMMERCE VALUE 2012 - 2014 (USD BILLIONS)



The US has the strongest overall economy in the world, with a Gross Domestic Product (GDP) value of USD 17.4 trillion. China is second with a value of USD 10.3 trillion in 2014. The UK was fifth globally, after Japan and Germany, with a GDP value of USD 2.9 trillion.<sup>2</sup>

2015 is proving to be a tricky year for China's economy. While overall GDP in China is still growing considerably faster than in the US or the UK, (7.4 percent versus 2.4 percent and 2.6 percent in 2014, respectively<sup>3</sup>) growth is slowing earlier than predicted. The economy grew at an average of 10 percent over the past three decades, but the government has set a target of 7 percent for 2015.

This can be attributed to the natural pace of an economy – the larger a market becomes, the less scope there is for growth. But the accelerated slow-down is partly attributed to high levels of credit spending, and therefore debt. Moreover, a surprise devaluation of the Yuan in

August caused concern for the overall state of the Chinese economy.<sup>4</sup>

An immediate impact of the economic downturn is a reduction in Chinese consumption rates, effecting Gross Merchandise Volumes (GMV). The revenue of major Chinese ecommerce player Alibaba rose 28 percent to USD 3.2 billion in Q2 of 2015, down from an average of 56 percent in the previous 12 quarters.<sup>5</sup>

Despite an overall reduction in consumer spending, there are still signs of solid ecommerce growth in China. While ecommerce saturation is peaking in the wealthiest and most populated Chinese cities, sales growth was much higher in lower-tier cities, at nearly 8 percent compared to 2 percent in tier-1 and tier-2. This is a good indication that ecommerce is still growing steadily in more remote parts of the country.

4. Reuters, September 2015

2. World Bank Data, 2015

3. World Bank Data, 2015

5. BloombergBusiness, August 2015





## 2.2 ENGINES FOR ECOMMERCE GROWTH

THERE IS NO QUESTION THAT DEVELOPING MARKETS, SUCH AS CHINA, INDIA AND BRAZIL, ARE SEEING A FASTER RATE OF ECOMMERCE GROWTH THAN THE MORE PROVEN MARKETS ACROSS WESTERN EUROPE AND THE NORTH AMERICA.

Yet, despite the fact that some markets are getting closer to their saturation point, all ecommerce markets are still growing solidly. This is quite an achievement, particularly in markets where online shopping has existed for more than twenty years.

Key factors influencing this global growth are explored below and in more depth in the **regional section** of this paper.

### CROSS-BORDER ECOMMERCE DRIVES GLOBAL ECOMMERCE

One-fifth of all traffic to the average online retailer comes from IP addresses located outside their country – including mobile devices.

As these figures suggest, cross-border ecommerce is fueling the engine of global ecommerce in today's world. This is largely due to two improved conditions. First, tech-adoption across the globe is increasing, resulting in a savvier consumer, less daunted by purchasing from unfamiliar, overseas merchants.

More significantly, however, more merchants are engaging in cross-border ecommerce.

Merchants are actively seeking out overseas customers by deploying more sophisticated localization methods and genuinely adapting for different cultures and languages.

Cross-border purchases accounted for around 20 percent of all global online trade in 2014, and this is expected to continue growing at a steady 27 percent, reaching USD 1.6 trillion by 2020.<sup>6</sup>

### THE MARKETPLACE BUSINESS MODEL

The steady growth of global ecommerce can be partly attributed to the growing success of the marketplace e-retail model.

Marketplaces – such as Amazon, eBay and AliExpress – are the shopping malls of the online world, allowing consumers to visit a single, trusted site to browse through multiple retailers and brands for their desired product. They provide a uniform service and experience for consumers, and attract high levels of traffic. The marketplaces add trust and perceived security to less confident consumers and greater choice for those less willing to spend time researching.

Marketplaces are not only assisting domestic ecommerce, but they are significantly fueling cross-border spending. They offer simple, low-cost set up for merchants that are testing out new markets. In some cases, the logistical hurdles of selling in overseas markets are lowered, such as warehousing, fulfillment, delivery and returns management are lowered. Most importantly, they give international retailers an open storefront, visible to high levels of local traffic.

Within the next five years, it is expected that marketplaces will own 40 percent of the global online market.<sup>7</sup> We will look in more depth at the specific marketplaces across the world in our regional breakdown section.

6.  
[The Economic Times,](#)  
2015

7.  
[Rise of the Global Marketplaces – the Ecommerce Foundation and Nyenrode Business University, 2015](#)



## 2.2

8.

The Boston Consulting Group – The Growth of the Global Mobile Internet Economy, 2015

### MOBILE INTERNET EXPLOSION

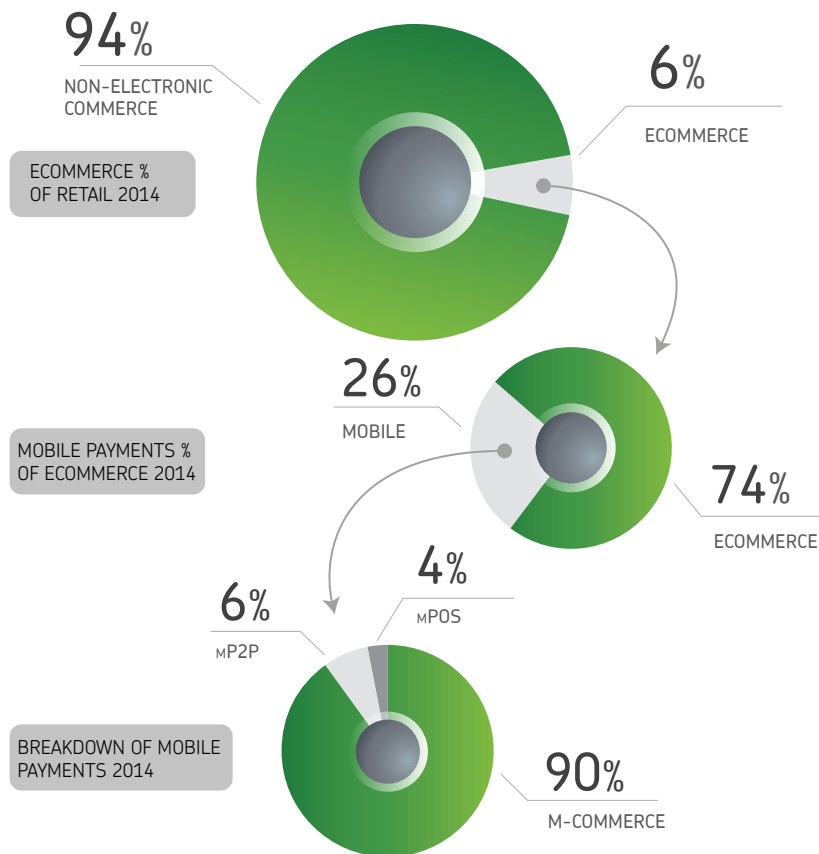
Technology development plays a key role in the adoption and growth of ecommerce. In the Western, consumer-driven world, online shopping was borne out of a need for ease. With the explosion of mobile Internet comes a new age in convenience-commerce. Shopping on-the-go is gaining more and more popularity.

Global smartphone sales grew roughly 20 percent in 2014, and this growth was led by big emerging markets such as China, India, Brazil and Indonesia. Simultaneously, average unit

prices are falling, making smartphones far more accessible. As a result, mobile Internet penetration worldwide has doubled from 18 percent in 2011 to 36 percent today.<sup>8</sup>

The rapid expansion of mcommerce in these emerging markets, where Internet penetration was always low, is key to the growth of international ecommerce. Consumers, with increasing levels of disposable income in markets with low domestic availability, now have access to multiple platforms and ecommerce markets from the palm of their hands.

### ECOMMERCE % OF RETAIL 2014



9.

Payvision – The Mobile Payments Revolution, 2015

Across the globe, 26 percent of ecommerce is made up of mobile payments, with mcommerce accounting for 90 percent of this figure.<sup>9</sup>

Greater connectivity, higher levels of mobile Internet, improved tech-adoption and greater trust in online spending across the entire

globe are factors all intrinsically influencing the growth of cross-border ecommerce. Consumers are getting sharper and the world is getting smaller, every year.



ONE-FIFTH OF ALL TRAFFIC TO THE AVERAGE ONLINE RETAILER COMES FROM **IP ADDRESSES LOCATED OUTSIDE THEIR COUNTRY – INCLUDING MOBILE DEVICES.**

THE STEADY GROWTH OF GLOBAL ECOMMERCE CAN BE PARTLY ATTRIBUTED TO **THE GROWING SUCCESS OF THE MARKETPLACE E-RETAIL MODEL.**





## 3. SURVEY HIGHLIGHTS 2015

### 3.1 CROSS-BORDER ECOMMERCE DEVELOPMENT

THESE DAYS, 'ONLINE SHOPPING' IS OFTEN JUST 'SHOPPING' IN MANY MARKETS – CONSUMERS ARE NOT ALWAYS CONSCIOUSLY DIFFERENTIATING BETWEEN THE TWO.

Cross-border ecommerce is moving in the same direction. Today, cross-border and domestic ecommerce are just forms of commerce, whether the consumer is buying from a site based in their own domestic market or not.

Consumers looking for international products is not a new phenomenon, the practice has occurred in many physical forms before ecommerce became a part of mainstream shopping behavior. But as the world becomes an increasingly connected place, largely thanks to mobile Internet and improved technology, consumers are more comfortable browsing products from overseas retailers or marketplaces.

But more importantly, as we can see from our survey, more businesses are welcoming overseas consumers, actively encouraging their custom. This, in turn, improves the user experience for the cross-border shoppers; browsing becomes easier, checkout is cleaner, delivery more reliable. Consumers find that purchasing from an international merchant is less compli-

cated or costly than they previously experienced or expected. Customers share their positive experiences with other connected shoppers via social media, and will return to purchase again in the future. And so the cycle grows.

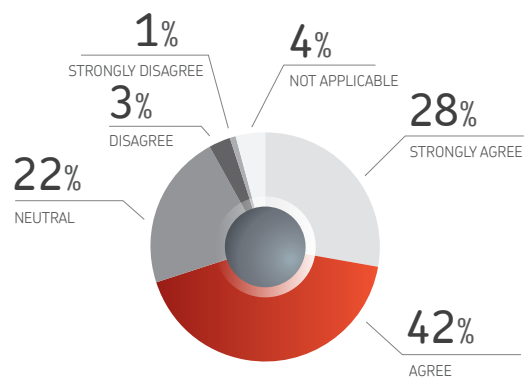
#### **CROSS-BORDER ECOMMERCE IS A PROFIT-ABLE VENTURE**

Our 2015 survey was completed by just under 1,200 merchants, PSPs, acquirers and consultants in the ecommerce industry, a significant increase on previous years.

The most notable trend over the years is more respondents engaging in cross-border ecommerce; they are interested in the subject, taking notice, having an opinion. Once only for the brave few, cross-border ecommerce is now an integral consideration of an online business strategy.

What's more, the lion's share of our survey base – 70 percent – agree that cross-border ecommerce is a profitable venture.

SELLING OUR PRODUCTS AND SERVICES OVERSEAS (CROSS-BORDER ECOMMERCE) HAS PROVEN TO BE PROFITABLE.





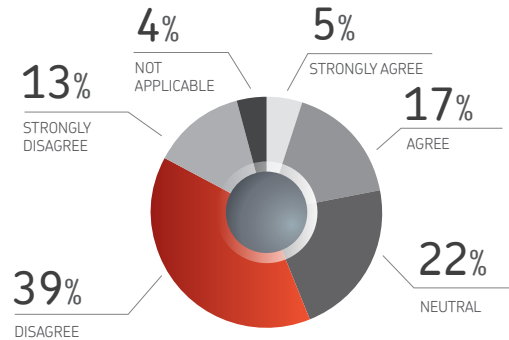
## 3.1

### A SHIFT AWAY FROM DOMESTIC ECOMMERCE

This year, 8 percent more respondents – 52 percent in 2015 compared to 44 percent in 2014 – disagree with the idea of only focusing on domestic sales.

While 22 percent of our respondents still agree with the statement, more respondents are taking an interest in the notion of cross-border ecommerce. Last year, a quarter believed this statement not to be applicable to them, compared to only 4 percent this year.

WE BELIEVE THAT SELLING CROSS-BORDER IS MORE COMPLEX AND LESS PROFITABLE.



## 3.2

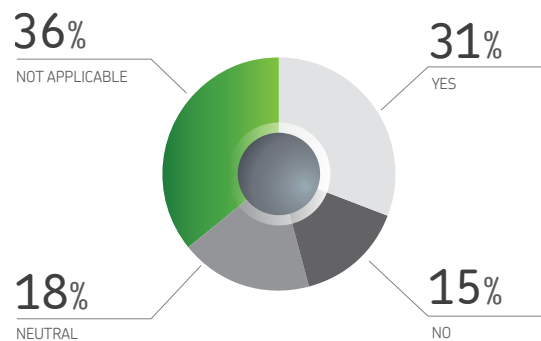
## WHAT HAS CHANGED IN 2015?

### LESS FEAR OF EMERGING MARKETS

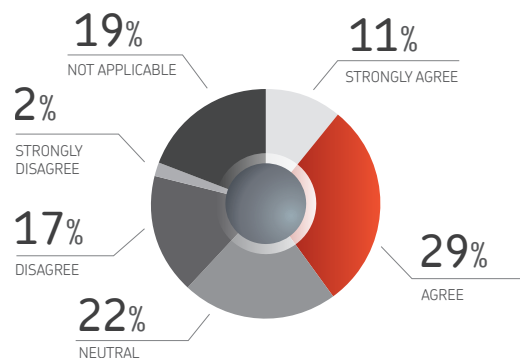
NOT ONLY ARE OUR RESPONDENTS MORE ENGAGED IN CROSS-BORDER ECOMMERCE THAN IN PREVIOUS YEARS, THERE IS A NOTABLE INCREASE IN FOCUS ON EMERGING MARKETS.

In 2015, 41 percent of our respondents agree that emerging markets are their primary focus for cross-border expansion, 10 percent more than in 2014 when the region of choice was North America. Merchants are taking greater interest in the huge potential of emerging Asian and Latin American markets.

EMERGING MARKETS ARE OUR PRIMARY FOCUS WHEN CONSIDERING CROSS-BORDER ECOMMERCE IS FOREIGN REGIONS 2014.



EMERGING MARKETS ARE OUR PRIMARY FOCUS WHEN CONSIDERING CROSS-BORDER ECOMMERCE IN FOREIGN REGIONS 2015.



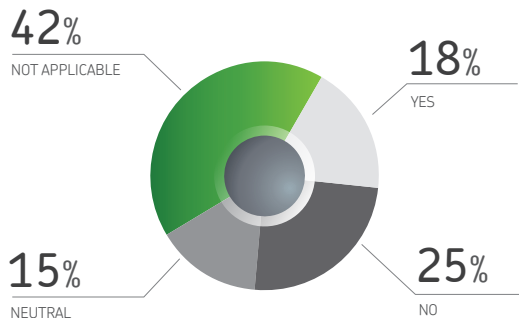
Specifically, merchants are more informed about the state of ecommerce in China. Almost 30 percent in 2015 believe that the China is open to foreign business, and a further 25 percent are unsure. Last year only a quarter believed this to be true, and 15 percent were unsure.



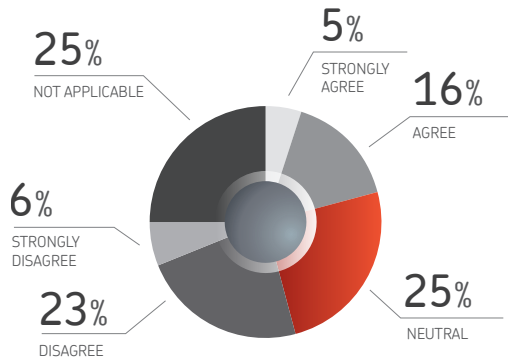
## 3.2

Again, in 2015 there is a considerable reduction in 'not applicable' answers, indicating that our respondents are taking more notice of China as a destination of interest to their business, whether they agree with the statement or not.

WE BELIEVE THE MONOPOLIZED CHINESE LANDSCAPE IS NOT OPEN FOR FOREIGN ECOMMERCE PLAYERS 2014.



WE BELIEVE THE MONOPOLIZED CHINESE LANDSCAPE IS NOT OPEN FOR FOREIGN ECOMMERCE PLAYERS 2015.



Marko Kangaskolkka, CEO & co-founder of Flying Lynx Oy – a Finland-based platform provider for cross-border online sales – explains their expansion strategy for Asia.

**“ALTHOUGH WE STARTED WITH THE RUSSIAN MARKET WITH WHICH WE HAVE THE MOST EXPERIENCE, WE WILL ALSO FOCUS ON CHINA AND JAPAN AS OUR NEXT DESTINATIONS FOR EXPANSION. WE DECIDED NOT TO GO FOR THE MAJOR MARKETS LIKE UK OR US SIMPLY BECAUSE EVERYONE ELSE IS THERE ALREADY.**

**“OUR BIGGEST CHALLENGES FOR EXPANSION INTO CHINA AND JAPAN ARE LANGUAGE AND ACCESSIBILITY – TRYING TO SET YOURSELF UP AS AN INDEPENDENT ENTITY IN THESE COUNTRIES HAS PROVED TO**

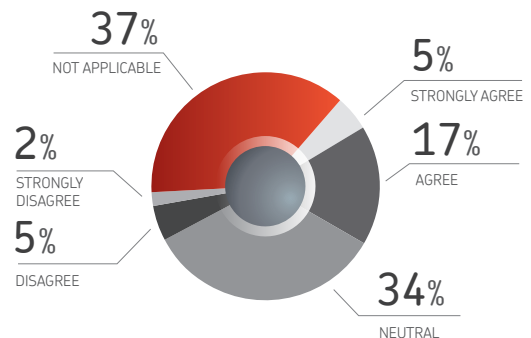
**BE INCREDIBLY COMPLEX. SO WE ARE LOOKING TO PARTNER WITH THE LOCAL COMPANIES TO GET OPERATIONS STARTED.**

**“WE ARE ALSO ENTERING THE MARKET VIA A GOVERNMENTAL EXPORT ENHANCEMENT PROGRAMS, WHICH HAS FINNISH GOVERNMENT PERSONNEL WORKING IN TOKYO AND SHANGHAI. NOW WE ARE WORKING WITH THESE COMPANIES TO PROVIDE US WITH THE NETWORK OF CONTACTS. ALTHOUGH THIS IS A BETTER SOLUTION, IT CAN BE SLOW; BEING A GOVERNMENTAL BODY THEY DON'T WORK VERY FAST.**

**“MY BACKGROUND IN PHYSICAL BUSINESS-TO-BUSINESS IMPORT TO RUSSIA DEMONSTRATED TO ME THAT LEGISLATION IS INCREDIBLY COMPLEX WHEN YOU ARE BASED THERE. BUT WITH CROSS-BORDER ECOMMERCE, WHEN THE CONSUMER IS PURCHASING FROM YOU DIRECTLY, THERE IS NO BUREAUCRACY. AS LONG AS YOU CAN COLLECT THE MONEY FROM THE RUSSIAN CONSUMERS DIRECTLY AND YOU CAN ARRANGE THE LOGISTICS, THERE ARE FAR LESS COMPLICATIONS.”**  
**MARKO KANGASKOLKKA, FLYING LYNX OY**

Subsequently, 22 percent of our respondents agree that the Free Trade Zone (FTZ) has boosted foreign cross-border sales into China, while only 7 percent disagree. The majority, however, are still undecided on the subject.

THE FREE TRADE ZONE INITIATIVES REMOVING TAX AND LEGAL OBSTACLES HAVE CONSIDERABLY BOOSTED ONLINE SALES INTO CHINA.



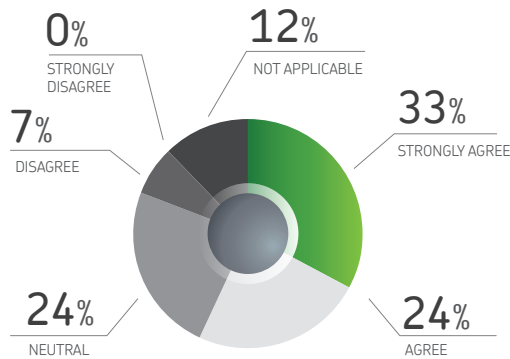


## 3.2

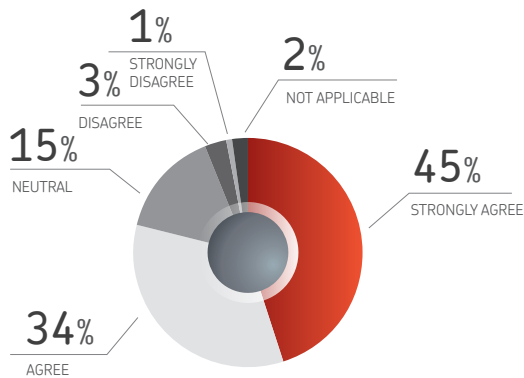
### MORE MOBILE SHOPPERS, MORE DEVICES, MORE SALES

Mobile Internet and mcommerce was already a noteworthy driver of cross-border ecommerce last year, according to both our survey and global trends. Yet in 2015, 22 percent more of our survey respondents have witnessed explosive growth of mobile commerce, showing the cumulative significance of this medium.

WE HAVE SEEN EXPLOSIVE GROWTH IN MOBILE COMMERCE (CONSUMERS BUYING ONLINE VIA THEIR PHONES OR TABLETS) 2014.

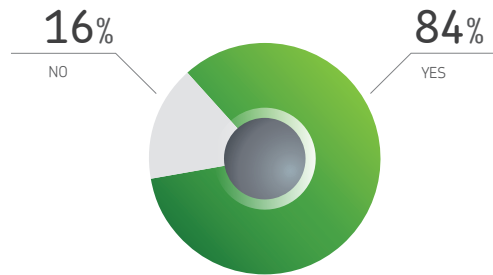


WE HAVE SEEN EXPLOSIVE GROWTH IN MOBILE COMMERCE (CONSUMERS BUYING ONLINE VIA THEIR PHONES OR TABLETS) 2015.

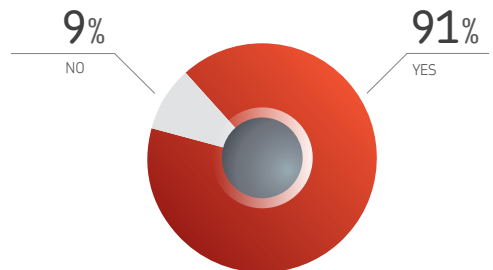


Indeed, more merchants are taking this trend into account. This year, over 7 percent more merchants are offering multiple device options as part of their checkout process.

WE OFFER OUR CUSTOMERS THE OPTION TO SHOP AND PAY ACROSS MULTIPLE DEVICES 2014.

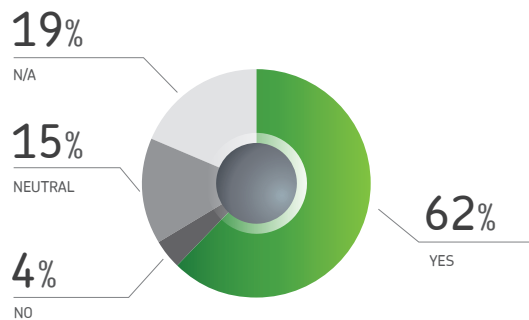


WE OFFER OUR CUSTOMERS THE OPTION TO SHOP AND PAY ACROSS MULTIPLE DEVICES 2015.



Subsequently, more merchants agree that adapting their website checkout process for more devices has boosted sales – 62 percent in 2014 vs. 74 percent in 2015.

ADAPTING OUR WEBSITE CHECKOUT PROCESS TO MULTIPLE DEVICES (INCLUDING MOBILE) HAS BOOSTED SALES 2014

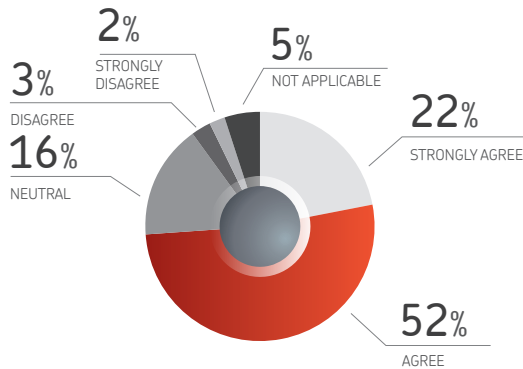






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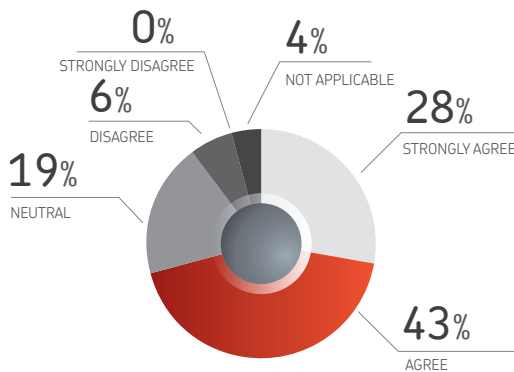
ADAPTING OUR WEBSITE/CHECKOUT PROCESS TO MULTIPLE DEVICES HAS BOOSTED OUR ONLINE SALES 2015.



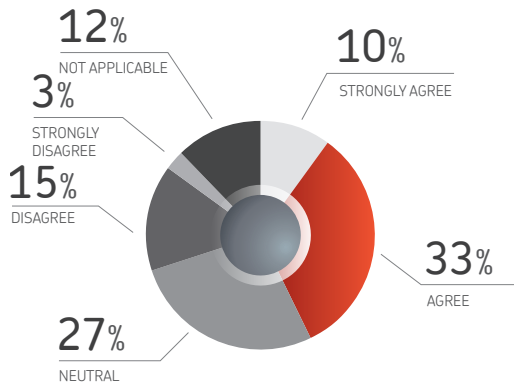
### GREATER FOCUS ON OMNICHANNEL

71 percent of our survey respondents this year agree there is more focus on offering omnichannel, multi-touchpoint experiences for consumers. The process, however, of offering such seamless experiences is considered to be complex – confirmed by a further 43 percent.

WE ARE FOCUSED ON OFFERING OMNICHANNEL EXPERIENCES (SEAMLESS SHOPPING ACROSS MULTIPLE ONLINE AND OFFLINE SALES CHANNELS).



IT IS COMPLEX TO OFFER SEAMLESS OMNICHANNEL EXPERIENCES TO OUR CUSTOMERS.



Stephen Braceland, CEO of STJ Retail, confirms this notion.

“A LOT OF OMNICHANNEL RETAILERS ARE HAVING A HARD TIME WITH THE CROSS-BORDER PIECE. ONE OF THE BIGGEST CHALLENGES I’M SEEING WITH US MERCHANTS IS THEY’RE NOT TAKING A STEP BACK AND LOOKING AT PAYMENTS AS A STRATEGIC POSITIONING.

“OMNICHANNEL MERCHANTS ARE FACING EMV MANDATES AND IT IS A FUNDAMENTAL ARCHITECTURE, BUSINESS AND PROCESS CHANGE. A LOT OF THEM ARE NOT TAKING THIS INTO ACCOUNT, AND IT’S GOING TO AFFECT THE ECOMMERCE SIDE OF THESE BUSINESSES. SO MANY OF THEM ARE INTERNATIONAL AND THEY’RE PUTTING IN SYSTEMS THAT ARE ADDRESSING TACTICAL CONSIDERATIONS LIKE POINT-TO-POINT ENCRYPTION, TOKENIZATION AND OTHER THINGS. THEY END UP BUILDING A FRAGMENTED SYSTEM. ONCE THEY GO DOWN SOME OF THESE PATHS THEY REALIZE IT’S GETTING MORE COMPLEX THAN THEY ANTICIPATED. ONLY THEN DO THEY LOOK FOR HELP.

“WHEN YOU’RE DEALING WITH PAYMENTS YOU REALLY NEED TO STEP BACK AND LOOK AT THE WHOLE PICTURE. THAT’S ESPECIALLY TRUE WHEN YOU ADD CROSS-BORDER TO THE MIX. THE COMPLEXITY RISES AGAIN AND IF YOU DON’T CONSIDER IT ALL HOLISTICALLY, YOU’RE GOING TO HAVE A VERY INEFFICIENT SYSTEM.”

STEPHEN BRACELAND, STJ RETAIL

In Asia, omnichannel experiences have evolved more fluidly than in Western markets. This is due to a more integrated approach to e-commerce, where the marketplace and the payment processing sit under the same ecommerce umbrella. As a result, payments become almost invisible to the consumer, regardless of their chosen payment channel.

European and American merchants are still struggling to provide such a flawless experience for their customers. Improvements are being





## 3.2

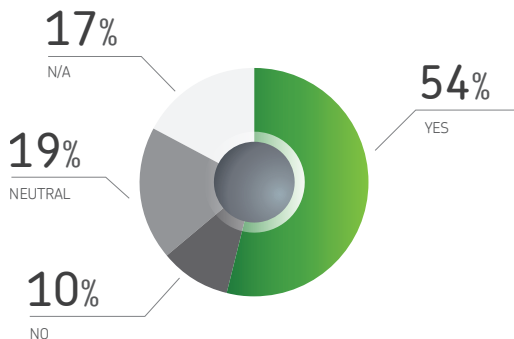
made as new players are bringing forward all-in-one processing, for both online and instore, mobile and desktop.

### LESS FOCUS ON LANGUAGE-FIRST EXPANSION

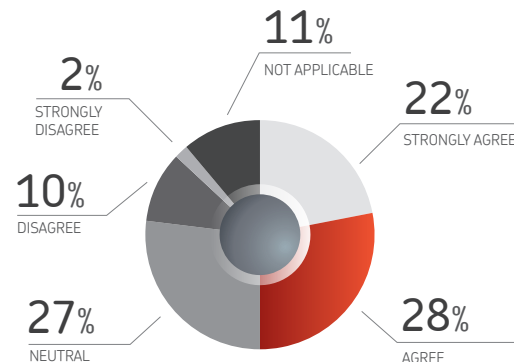
Each year, we ask advice from our survey respondents about expanding cross-border. In the past, a key recommendation has emerged; merchants should approach markets where consumers speak the same language and have similar cultural habits.

Interestingly, while more merchants are focusing on emerging markets this year, slightly fewer survey respondents advise focusing on shared language and culture for cross-border expansion in 2015, and 8 percent more were neutral on this statement. The sum of these findings indicate that merchants are gradually migrating to acceptance of buying and selling from West to East, and vice versa.

WE WOULD ADVISE FIRST APPROACHING CONSUMERS IN COUNTRIES WITH A SHARED CULTURE / LANGUAGE 2014

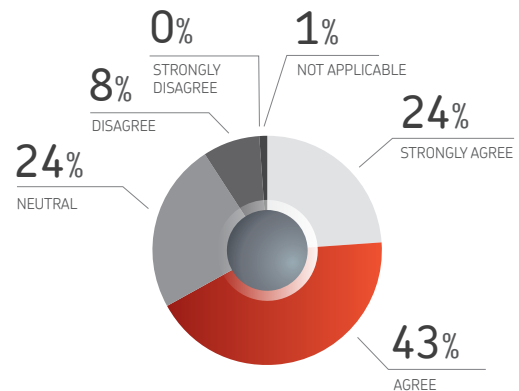


WE WOULD ADVISE FIRST APPROACHING CONSUMERS IN COUNTRIES WITH A SHARED CULTURE / LANGUAGE 2015

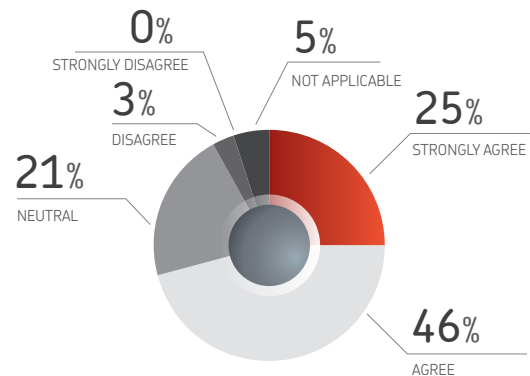


Along with this, merchants are increasingly focused on authentic localization; natural-sounding translations, appropriate payment options, customer preferences, and cultural sensitivity. The services of experts to ensure content is correctly localized is considered more valuable for a profitable cross-border business. The appeal of speedy, low-cost machine translations is waning.

MERCHANTS ARE FOCUSING MORE ON AUTHENTIC LOCALIZATION.



WITH PARTNERS TO ASSIST WITH AUTHENTIC LOCALIZATION IN EACH REGION CROSS-BORDER ECOMMERCE BECOMES TRULY PROFITABLE.



A localization expert for an online supplements retailer discussed with us the benefits of partnering with a new payment vendor.

“WE STARTED WITH A NEW PAYMENT VENDOR LAST WEEK AND EVEN IN THAT SMALL WINDOW, WE’VE SEEN ACCEPTANCE RATES INCREASE DRAMATICALLY, ESPECIALLY IN THE EU. THIS PARTNERSHIP MEANS EVENTUALLY WE WILL SEEK TO DO A LOT MORE LOCALIZATION IN OTHER COUNTRIES. IN GERMANY, FOR EXAMPLE, EVENTUALLY



## 3.2

WE'LL OFFER THINGS LIKE GIROPAY, SOFORT AND KLARNA AND ALL THE PREFERRED METHODS THEY WANT. WE'VE SEEN A BIG UPTICK IN GERMANY AND THE UK.

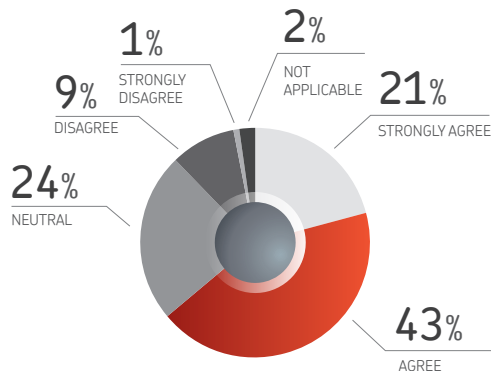
**“THE CHALLENGES ARE STILL THE SAME. IF YOU DON'T HAVE AN ENTITY OR DISTRIBUTION CENTER IN COUNTRY OR CLOSE TO YOUR TARGET MARKET, PEOPLE ARE NOT GOING TO BE AS SATISFIED. THEY CAN EASILY GO AROUND THE CORNER AND PICK UP A TUB OF PROTEIN AT THEIR LOCAL GNC. EVEN IF IT'S MORE**

EXPENSIVE, AT LEAST THEY KNOW THEY CAN GET IT. TO GET PEOPLE TO BUY, WE REALLY HAVE TO MAKE PEOPLE FEEL LIKE WE ARE IN THE COUNTRY.”

### SECURITY RISK LOWER BUT STILL PRESENT

In 2015, security breaches are still a concern for 64 percent of our respondents, but 57 percent believe the risk of such a breach is lower than two years ago. This is thanks to more stringent data protection measures like tokenization.

WE ARE CONCERNED WITH INCREASING LEVELS OF DATA BREACHES.

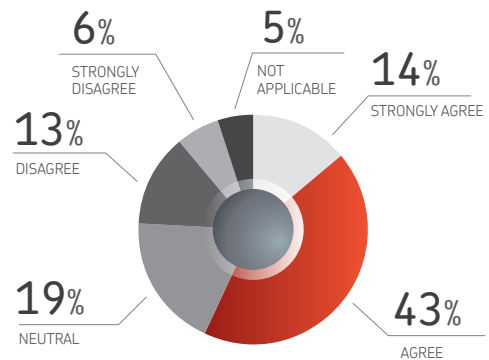


According to Bernard McManus from Western Union, fraud can exist whether you are a domestic or cross-border business, but when you operate cross-border, it can be more challenging to manage.

**“WE HAVE ALMOST 30 COUNTRY-BASED WEBSITES THAT ALLOW MONEY TRANSFERS TO 188 COUNTRIES, OUR WHOLE BUSINESS IS CROSS-BORDER.**

**“THERE ARE A LOT OF REGULATORY SYSTEMS AROUND THE WORLD THAT HAVE RAMIFICATIONS FOR FRAUD. FOR US, IT MEANS A LOT OF FRAUD ATTEMPTS, BE IT HACKED BANKING INFORMATION, STOLEN CREDIT CARDS, WHATEVER. THERE ARE A LOT OF ATTEMPTS IN OUR CATEGORY, PROBABLY MORE THAN JUST ABOUT ANY ECOMMERCE VERTICAL. OUR RISK OPERATION HAS ALWAYS BEEN IN-HOUSE. THERE IS TOO MUCH ATTEMPTED FRAUD TO**

THANKS TO ENCRYPTION, TOKENIZATION AND OTHER MEASURES, THE RISK OF SECURITY BREACHES IS LOWER TODAY THAN TWO YEARS AGO.



SAFELY PASS IT OVER TO A VENDOR SYSTEM.

**“THE FRAUD PROFILE DOESN'T CHANGE THAT MUCH FROM A CROSS-BORDER PERSPECTIVE. THE BIG CHANGE FOR US FROM COUNTRY TO COUNTRY IS MORE FROM A COMPLIANCE STANDPOINT, ESPECIALLY MOVING MONEY. DIFFERENT COUNTRIES HAVE DIFFERENT HURDLES THAT CHANGE THE LEVEL OF EFFORT A FRAUDSTER HAS TO EXERT. FROM A FRAUD STANDPOINT, THAT MEANS CRIMINALS HAVE TO PUT MORE EFFORT INTO IT IN CERTAIN COUNTRIES, BUT THE FACT IS, THEY WILL.**

**“IF YOU'RE OPERATING IN A DOMESTIC COUNTRY YOU CAN GET REALLY GOOD AT DEFENDING AGAINST FRAUD. INTERNATIONALLY IT CAN BE A CHALLENGE.”**

BERNARD MCMANUS, WESTERN UNION



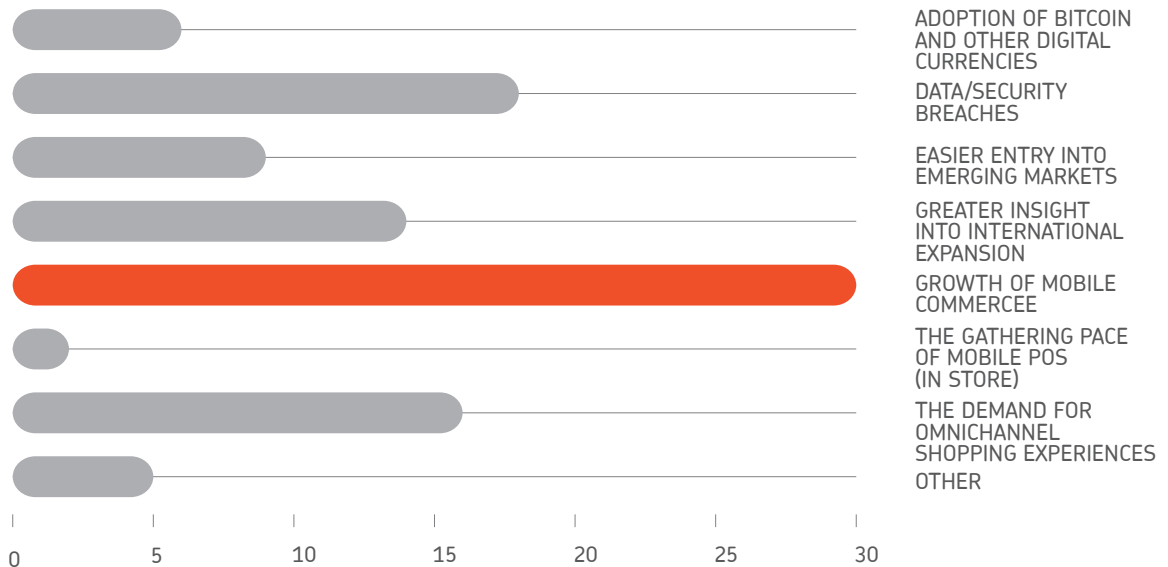
### 3.2.1. THE BIGGEST GAME-CHANGER

#### THE GROWTH OF MOBILE COMMERCE

As well as noting the accelerating pace of mobile commerce, our survey respondents

agree that this growth, more than anything else, continues to fundamentally change the game for cross-border ecommerce.

#### COMPARED TO LAST YEAR, THE BIGGEST GAME CHANGER FOR CROSS-BORDER ECOMMERCE THIS YEAR IS: (IN %)



More sophisticated tech and greater access to mobile Internet is connecting more consumers in emerging markets to the developed world. With the Internet in the palm of their hands, a vast number of global consumers now have access to ecommerce and mobile payment options, improving their shopping experience.

This opportunity does not come without challenges for online merchants. While businesses are seeing more traffic coming from mobile devices, they are faced with the complicated issue of content optimization and monetization of these visitors.

Robert Sztipity, of Data-Object / [Shop.Builder](#) Supplement Retail, corroborates this experience

“SOMETHING WE’VE NOTICED IN THE PAST YEAR IS THE FAST PACE OF MOBILE COMMERCE, ALTHOUGH EASTERN EUROPE IS STILL LAGGING A COUPLE OF YEARS BEHIND THE WESTERN MARKETS.

CURRENTLY, THE PERCENTAGE OF MOBILE PURCHASES WE MAKE IS AROUND 15-17 PERCENT, BUT GROWING INCREDIBLY FAST. WE ESTIMATE IT WILL HAVE DOUBLED BY THIS TIME NEXT YEAR.

“TO MAKE SURE WE WERE PREPARED FOR THIS TREND, WE IMMEDIATELY MADE OUR SITE MOBILE OPTIMIZED AND COMPATIBLE. WE STILL HAVE SOME WORK TO DO TO MAKE OUR DESIGN FULLY RESPONSIVE, BUT OUR BIGGER CHALLENGE IS CONVERTING OUR MOBILE VISITORS. WE ARE RUNNING A/B AND MULTIVARIATE TESTING TO WORK OUT HOW TO MONETIZE THIS GROUP. DESPITE THIS, WE ARE A STEP AHEAD OF OUR COMPETITORS WHO HAVE NOT ADAPTED THEIR WEBSITES AT ALL FOR THIS MOBILE MOVEMENT.” ROBERT SZTIPITY, OF DATA-OBJECT / [SHOP.BUILDER](#) SUPPLEMENT RETAIL



OF THE 18  
MILLION ONLINE  
CROSS-BORDER  
SHOPPERS IN  
CHINA, ALMOST  
80 PERCENT ARE  
**CROSS-BORDER  
MOBILE**  
SHOPPERS.





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### 3.2.1

Increased access to the Internet, thanks to the proliferation of more affordable smartphones, has raised awareness of international online shopping destinations. This is driving cross-border ecommerce spending exponentially in emerging markets, but also upping the ante for domestic retailers, who must work harder to be competitive, compliant and relevant in a more transparent consumer landscape.

Jos Fayaerts, CFO of InCoPro BVBA – supply chain finance and compliance consultants, agrees,

**“ CUSTOMERS ARE CROSSING INVISIBLE BORDERS MORE EASILY AND FREQUENTLY SO MERCHANTS ARE NOT CHOOSING THEIR CUSTOMERS, THEIR CUSTOMERS ARE CHOOSING THEM. BUSINESSES NEED TO MAKE SURE THEY ARE COMPLIANT WITH THESE INTERNATIONAL CUSTOMERS AND THE REGULATIONS IN THAT REGION.” JOS FAYAERTS, INCOPRO BVBA**

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Armed with more advanced technology, consumers become more sophisticated in their online shopping habits, driving up the levels of domestic and cross-border spending. Consumers prefer to shop on a number of different devices and machines, from different locations, in different countries.

Ultimately, and unconsciously, consumers expect their shopping to be a continuous experience, so that connecting to a merchant via multiple touch points is streamlined. This is pushing retailers to provide an extraordinary retail process for their demanding customers.



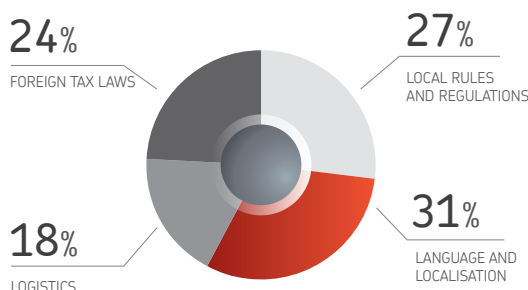
## 4. MAKE CROSS-BORDER ECOMMERCE PROFITABLE

### 4.1 KNOW THE FIVE 'L'S

CROSS-BORDER ECOMMERCE, WHILE IT IS WIDELY AGREED BY OUR SURVEY RESPONDENTS TO BE INCREASINGLY PROFITABLE, IS NOT WITHOUT FUNDAMENTAL CHALLENGES.

THESE CHALLENGES CAN BE LABELLED AS **THE FIVE L'S**; LAW, LEGISLATION, LANGUAGE, LOCALIZATION AND LOGISTICS. CAREFUL CONSIDERATION OF THESE FACTORS IS ESSENTIAL BEFORE A MERCHANT CAN ENTER A LOCAL MARKET LUCRATIVELY.

REASONS NOT TO DO BUSINESS CROSS-BORDER.



**Tax laws and compliance** to local legislative measures can both be tricky terrain for overseas merchants to navigate when first embarking on cross-border expansion. Consumer rights laws governing returns management, customer complaint procedures

and rights to receive refunds differ considerably from one region to another. Similarly, privacy and data protection laws about retaining customer data vary from country to country, not to mention the burdensome requirements for some interregional personal data exchanges. Taxation limits and VAT thresholds must be factored in to each expansion budget.

**IGNACIO GONZÁLEZ-PÁRAMO**, VP Global Compliance at Payvision explains this in greater detail.

“**THE LEGAL AND REGULATORY FRAGMENTATION THAT PROVIDERS FACE WHEN OPERATING GLOBALLY IS EXTREMELY CHALLENGING. IT ALTERS CUSTOMER EXPERIENCE AND IMPOSES BURDENSOME REQUIREMENTS, PARTICULARLY FOR SMALLER PLAYERS WITH INSUFFICIENT FINANCIAL STRENGTH. IT CAN TAKE A TOLL ON COMPETITIVENESS, AS RESOURCES INVESTED IN COMPLIANCE ARE REMOVED FROM BUSINESS-RELATED INITIATIVES.**

“**IMPLEMENTING A SMART AND HOLISTIC PLAN CAN OVERCOME THESE CHALLENGES BUT NOT ALL PLAYERS HAVE THE WILLINGNESS OR STRATEGY TO DO SO. OUTSOURCING IS AN ALTERNATIVE THAT IMMEDIATELY COMES TO MIND TO MAINTAIN GROWTH AND COMPLIANCE WITHOUT INCREASING FIXED OVERHEADS.”**  
**IGNACIO GONZÁLEZ-PÁRAMO, PAYVISION**



## 4.1

Language and localization can pose unexpected problems when embarking into overseas markets, particularly from West to East where there are large cultural divides. Well-known consumer brands have suffered severe setbacks by expanding into new markets without a thorough understanding of how to localize for that market.

**FLOOR TUINSTR**A, Global Payments and Fraud Manager of Travix International, the business behind Cheaptickets, Budgetair and Vayama, explains how the EUR 1.2 billion turnover company manages their local operation in more than 25 countries.

**“AS FAR AS LANGUAGE IS CONCERNED, WE OVERCAME BARRIERS BY POSITIONING OURSELVES WITH CALL CENTRES IN DIFFERENT CITIES AROUND THE GLOBE, E.G. BERLIN – A CITY THAT GIVES US ACCESS TO A NUMBER OF INTERNATIONAL SPEAKERS AND DIFFERENT LANGUAGES. THAT’S SOMETHING CROSS-BORDER MERCHANTS COULD CONSIDER WHEN IDENTIFYING A BASE FOR THEIR INTERNATIONAL BUSINESS. AS FAR AS OUR ONLINE CONTENT, WE GO THROUGH AN INTERNAL RESOURCE OR AGENCIES FOR OUR TRANSLATIONS AND HAVE IT DOUBLE CHECKED BY A NATIVE SPEAKER, TOO.”** FLOOR TUINSTR, TRAVIX INTERNATIONAL

**ROBERT SZTIPITY**, CEO and owner of Data-Object / Shop.Builder Supplement Retail, explains the challenges for their online health and supplements business.

**“BASED IN HUNGARY, WE SELL ITEMS TO ALL EU COUNTRIES BUT WE OPERATE IN EASTERN EUROPEAN COUNTRIES MOSTLY. THIS IS BECAUSE OUR EXPANSION PLAN WAS TO SELL IN TO OUR NEIGHBORING COUNTRIES FIRST.**

**“WE CHOSE THIS PARTICULAR METHOD BECAUSE WE LEARNED, FROM A LOGISTICAL STANDPOINT, THAT THERE IS A PERIMETER AROUND OUR BUSINESS IN EUROPE THAT CAN BE HANDLED BY ONE COMPANY. BEYOND THIS, WE WOULD NEED A BIGGER NETWORK OR MORE STOCK CENTRES IN DIFFERENT LOCATIONS. OUR DELIVERY SOLUTIONS AREN’T SOPHISTICATED ENOUGH TO MAKE US COMPETITIVE ACROSS ALL MARKETS, YET.”** ROBERT SZTIPITY, DATA-OBJECT / SHOP.BUILDER SUPPLEMENT RETAIL

Without careful consideration of how to approach all these five main challenges, merchants will encounter multiple set-backs in their international expansion, ultimately damaging their bottom line.

Localization covers much more than accurate translation. It also covers local imagery and design preference, color meaning and navigating potentially sensitive cultural references. All of which, if mishandled, could severely damage a corporation’s reputation and appearance.

Finally, logistical operations; stock handling, fulfilment, delivery and returns can be problematic to manage offshore. Merchants can quickly lose control of the quality of a customer’s experience once a delivery has left their country, and face slow or unreliable services in the recipient’s country.





## 4.2 LOCAL KNOWLEDGE IS LOCAL POWER

TODAY, TAKING INTO CONSIDERATION THE INCREASING VOLUMES OF CROSS-BORDER TRADE FROM EAST TO WEST AND VICE VERSA, IT WOULD BE A FINANCIAL MISS TO PLAY IT SAFE AND STICK TO MARKETS THAT ARE CULTURALLY AND LINGUISTICALLY IDENTICAL TO YOUR OWN.

Despite gradually increasing interest in selling to Asia, many Western merchants still believe Chinese markets to be monopolized and too culturally different from their own to penetrate. This is often because a number of brands have attempted to enter overseas markets without arming themselves with the right local knowledge, and have simply failed.

### KNOW WHERE AND HOW YOUR CUSTOMERS SHOP

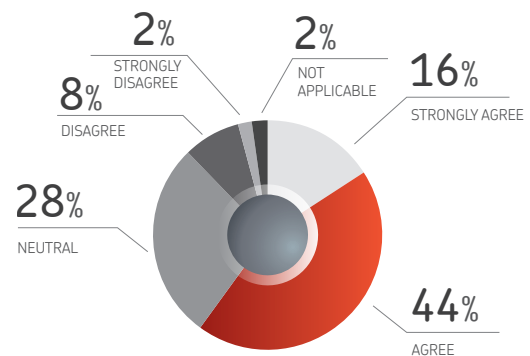
A merchant should be aware that there is no cookie-cutter, copy-and-paste approach to overseas expansion, and the quirks and foibles of each market should be carefully researched. Knowing where and how your potential customers are shopping is vital information for success.

In Asia or Latin America, for example, consumers are largely mobile-first, so a robust mobile-optimized strategy and a focus on a multi-touch point experience is key for conversion. It may be comparatively costly or complex to implement upfront, but with the right partners to assist in mobile optimization

and creating omnichannel experiences, the benefits of targeting your audience effectively will outweigh this initial outlay.

Knowledge about the most popular social media sites in your chosen region is also paramount, and generating interesting and useful content on these sites will increase engagement and sales, agreed by 60 percent of our survey respondents.

SOCIAL MEDIA (FACEBOOK, TWITTER, ETC.) HAS BOOSTED ONLINE SALES.



A clean checkout experience and a keen understanding of the preferred payment methods for your target market will ensure minimal cart abandonment. Cater to the most popular, rather than expending unnecessary budget on all payment methods.

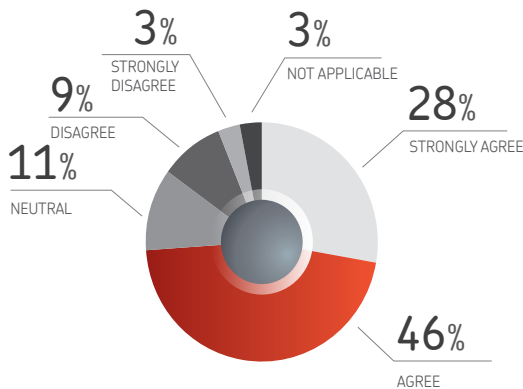
Credit cards are still considered the most popular payment method for cross-border ecommerce, so a focus on this will ensure a wide net is cast when expanding into international markets.





## 4.2

CREDIT CARDS, ARE THE MOST POPULAR PAYMENT FOR SELLING AND BUYING CROSS-BORDER.



Some countries have distinctly local preferences, such as AliPay in China, iDeal in the Netherlands or Sofort in Germany. Moreover, many Eastern European markets still prefer to pay in cash, which can be more complicated to implement but will give access to far more consumers.

Read more about locally preferred payment methods and social platforms in the regional breakdown section of this paper.

Generally, without local knowledge, there will be unexpected difficulties in selling into foreign markets, particularly those with large cultural differences. Enlisting local partners to assist with authentic sounding translations and market-appropriate imagery, and give practical advice on local laws, turns barriers into opportunities. The costs associated with such a partnership is invaluable to a successful overseas expansion.

**TIM SAWYER**, EVP of Operations at Green Man Gaming, explained to us their experience when engaging with partners to improve their business.

**“ 3 YEARS AGO WE WERE TAKING PAYMENTS FROM 80 OR 90 COUNTRIES AND I DON'T THINK WE WERE DOING IT VERY WELL. WHEN I ARRIVED THERE WAS NO CLEAR STRATEGY FROM A PAYMENTS PROCESSING PERSPECTIVE.**

**“ WE SIGNED WITH A NEW PAYMENT PROVIDER ABOUT 18 MONTHS AGO AND THINGS REALLY BEGAN TO GET INTERESTING. PRIOR TO THAT VENDOR WE PROCESSED PAYMENTS IN THREE CURRENCIES (USD, EURO AND POUNDS STERLING). ONCE WE SIGNED WITH OUR NEW PARTNER, WE REALIZED THE WAY WE WERE PROCESSING CROSS-BORDER TRANSACTIONS, IN PARTICULAR, THE UNITED STATES, NEEDED TO CHANGE. IN THE US, A LOT OF BANKS VIEW GAMING AND GAMBLING AS BEING THE SAME SECTOR. THERE WERE TWO VERY STRATEGIC THINGS WE CHANGED. WE INCORPORATED IN THE US, AND OPENED A NEW US MERCHANT BANK ACCOUNT, WHICH ALLOWED US TO UTILISE A LOCAL US ACQUIRER.**

**“ PREVIOUSLY TO THOSE INITIATIVES, WE WERE SEEING A LOT OF LOCAL US BANKS DECLINE US CUSTOMERS BECAUSE WE ARE A UK COMPANY, SUBSEQUENTLY VIEWING IT AS AN INTERNATIONAL PAYMENT. AT THE TIME, 50 PERCENT OF OUR SALES WERE COMING FROM THE US. BY SETTING UP A LOCAL BANK ACCOUNT AND INTRODUCING A USD-BASED PAYPAL ACCOUNT, OUR ACCEPTANCE RATES REALLY TOOK OFF. IT MADE A SIGNIFICANT DIFFERENCE TO OUR BUSINESS.**

**“ IN CONJUNCTION WITH THAT, WE BEGAN TO ROLL OUT ALTERNATIVE PAYMENT SYSTEMS. WE STARTED WITH SOFORT AND THEN ROLLED OUT PAYSAFECARD. WE INTRODUCED THE RUBLE CURRENCY AND TWO DIFFERENT RUSSIAN PAYMENT SYSTEMS - WEBMONEY AND YANDEX. IN ADDITION, WE ROLLED OUT ALIPAY AND CHINA UNIONPAY FOR THE CHINESE MARKET AND INTRODUCED BITCOIN. THE IMPACT OF INTRODUCING ADDITIONAL CURRENCIES AND PAYMENT SYSTEMS THROUGH A NEW PAYMENT PARTNER HAS BEEN SIGNIFICANT. WE'VE SEEN SIGNIFICANT GROWTH IN THESE AREAS THAT ARE THE DIRECT RESULT OF HAVING A CLEAR STRATEGIC PATH AND DELIVERING AGAINST IT.”** **TIM SAWYER, GREEN MAN GAMING**



#### 4.2.1.

### JOIN THE MARKETPLACES

WE HAVE IDENTIFIED THAT A KEY BUSINESS DRIVER FOR CROSS-BORDER ECOMMERCE IS THE RISE OF THE MARKETPLACE BUSINESS MODEL – THE SHOPPING MALLS OF THE ONLINE WORLD.

It's not a coincidence that this has been a huge catalyst to both domestic and cross-border ecommerce. The Amazons and Alibabas of the ecommerce world have engineered perfect conditions, the ultimate all-under-one-roof environment that echoes the success of traditional retail.

Even with all the local knowledge available at your fingertips, getting seen by the right audience can be difficult. Marketplaces, however, attract high volumes of local traffic through one familiar, trusted interface.

Marketplaces are where the vast majority of domestic online consumers are shopping across major markets. In some cases, such as China, local consumers will go immediately to their chosen platform to search for a product, rather than the domestic search engine.

ALTHOUGH MANY MERCHANTS HAVE TRIED, TO ATTEMPT SURVIVAL IN A FOREIGN MARKET WITHOUT UNDERSTANDING AND COLLABORATING WITH THE BIGGEST PLAYERS IS DIFFICULT, AND IN SOME CASES IMPOSSIBLE. A RECENT EXAMPLE IS AMAZON'S LAUNCH INTO CHINA. AFTER FOUR YEARS OF OPERATING THEIR OWN BRANDED SITE IN CHINA AND LOOKING FOR THEIR OWN CORNER OF THE

MARKET, EARLIER IN 2015 THEY CONCEDED TO JOIN ALIBABA'S TMALL PLATFORM.

Indeed, online marketplaces are vital for overseas merchants looking to gain traction in a new market. Although dubbed the shopping malls of the online world, unlike physical shopping malls, a store on a local online marketplace requires minimal capital outlay, simple set up and minimal operational capacity.

Marketplaces are the ideal platforms to overcome the five L's. All marketplaces will ensure your language, currency and 'look and feel' is correctly localized for the market, and will advise on local consumer laws – although this alone will not ensure a merchant is locally compliant. On top of this, many of the largest platforms will also offer a stock handling and fulfilment option, lowering the complications of logistics.

As an overseas merchant with limited recognition, joining a marketplace is an easy, low-cost solution for quick exposure, and to test if there is a market for your product or service. The small fee required to collaborate with marketplaces is the lowest-risk option for maximum visibility and local support, and ultimately most profitability.

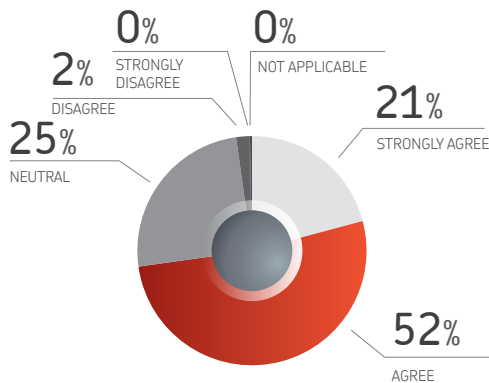


#### 4.2.2. ONE GLOBAL ACQUIRING NETWORK

FOR MERCHANTS WITH THEIR SIGHTS SET ON OVERSEAS EXPANSION, JOINING THE LOCAL MARKETPLACES IS ONE IMPORTANT PIECE OF THE PUZZLE TO REACH CUSTOMERS, WIN SALES, AND BE PROFITABLE.

Partnering with an international payment service provider is the other piece of the pie, confirmed by 73 percent of our survey respondents. Such partnerships gives merchants access to locally preferred payment processing options in international markets.

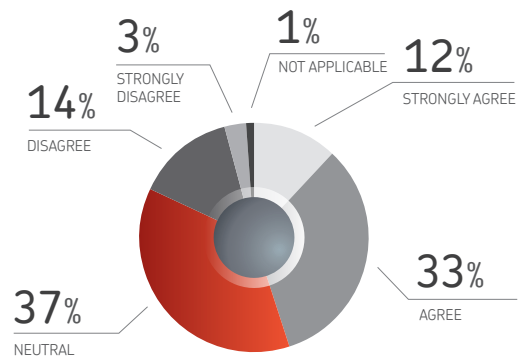
FOR MERCHANTS WITH CROSS-BORDER ASPIRATIONS, PARTNERING WITH AN INTERNATIONAL PAYMENT SERVICE PROVIDER WOULD LEAD TO CONSIDERABLE BUSINESS GROWTH.



PSPs may consider working with the card schemes such as Visa, UnionPay or MasterCard directly, but direct membership can be incredibly complex from a technical standpoint. A more profitable solution, to sufficiently service merchants on an international scale, is to connect to a global acquiring network.

Partnering with a global acquiring network such as Payvision's means a PSP can enable its merchants to process payments smoothly from one platform in each market. The non-competitive nature of this global model gives merchants access to shared market knowledge, a wealth of industry expertise, a much wider international footprint and increased profitability.

CONNECTING TO ONE GLOBAL ACQUIRING NETWORK IS PROFITABLE FOR ALL STAKEHOLDERS.



**JOS FAYAERTS**, CFO of InCoPro BVBA explains how his international clients engage in partnerships to make their global expansion more rewarding.

“ALTHOUGH WE OPERATE IN PARTS OF EUROPE ONLY, OUR CUSTOMERS OPERATE ACROSS THE ENTIRE GLOBE. MANY OF OUR CUSTOMERS ARE INTERNATIONALLY MINDED, AND HAVE TO DEAL WITH COMPLEX INTERNATIONAL SUPPLY CHAINS.

“OUR CLIENTS THAT DO BUSINESS IN EMERGING REGIONS LIKE SOUTH AMERICA OR ASIA HAVE HAD MANY CHALLENGES TO OVERCOME, PARTICULARLY WITH PAYMENTS AND TAX. PARTNERING WITH COMPANIES WHO OFFER CROSS-BORDER PROCESSING AND INTERNATIONAL EXPERTISE IS CERTAINLY ONE WAY TO OVERCOME THE OBSTACLES.” **JOS FAYAERTS, INCOPRO**

In the next chapter, we will analyze the domestic and cross-border ecommerce trends across different regions, and delve deeper into the complexities of key markets.



## 5. REGIONAL BREAKDOWN

### 5.1 OVERVIEW

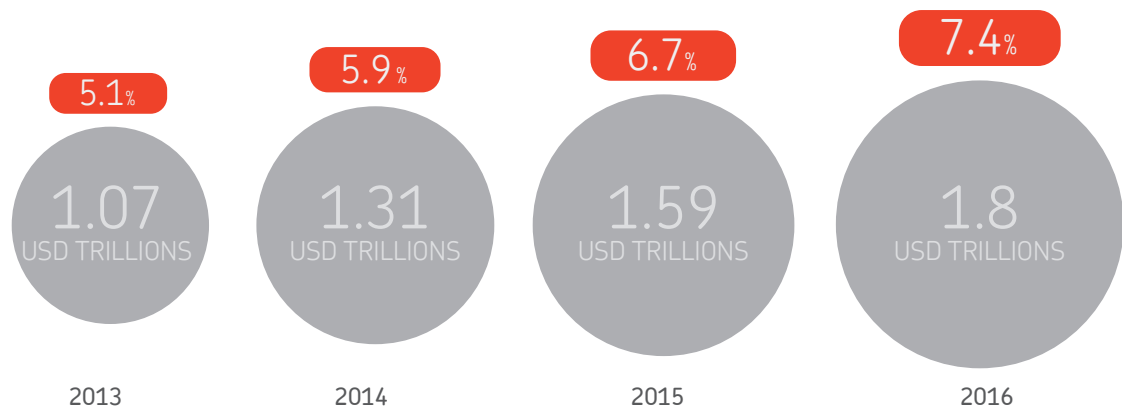
10.  
eMarketer, 2014

IN 2014, ECOMMERCE REPRESENTED LESS THAN SIX PERCENT OF TOTAL GLOBAL RETAIL SALES, AN UNEXPECTEDLY SMALL PERCENTAGE FOR THIS DIGITAL AGE.<sup>10</sup>

ONLINE SHOPPING STILL HAS TO GO SOME LENGTHS BEFORE IT COMPETES WITH IN-STORE SPENDING ON A GLOBAL SCALE, AND CERTAINLY HAS ROOM TO GROW.

#### TOTAL ECOMMERCE USD TRILLIONS (% OF TOTAL RETAIL)

■ % OF TOTAL RETAIL  
● USD TRILLIONS



While in the West it may appear that markets are approaching ecommerce saturation, in some parts of the world the digital age is only just arriving, and in others it is still far in the future.

region is expected to contribute to the global figure, and why.

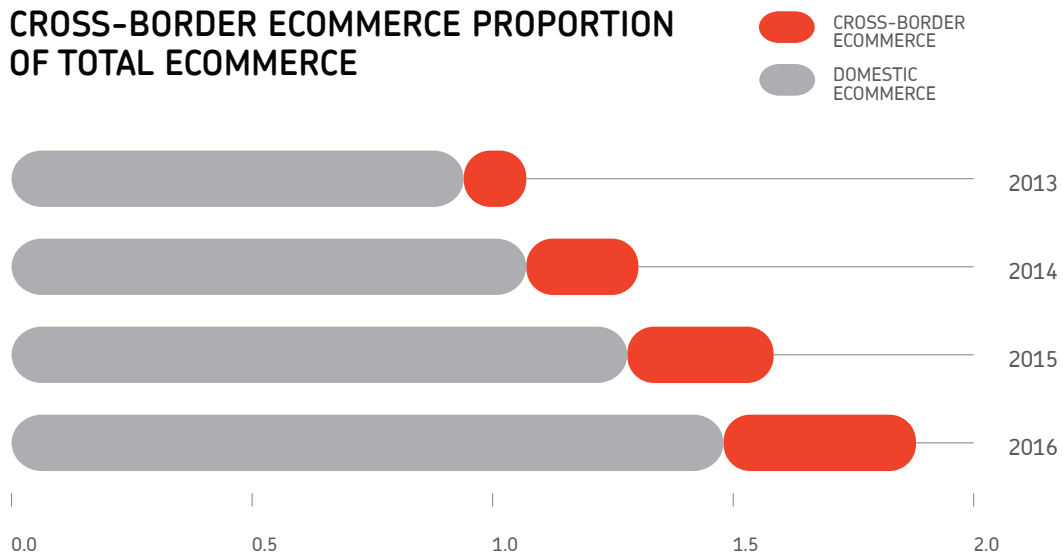
Ecommerce penetration, driven largely by ongoing advances in technology, is an unstoppable eruption. The effects will continue to ripple across the globe for many years.

With the global cross-border ecommerce market set to inflate from USD 230 billion in 2014 to USD 1 trillion by 2020, merchants are increasingly keen to embark upon overseas expansion. But to succeed in this relatively new territory, it is essential to analyze how each



## 5.1

## CROSS-BORDER ECOMMERCE PROPORTION OF TOTAL ECOMMERCE



More than 900 million consumers – 45 percent of all online shoppers – are predicted to shop cross-border online by 2020.<sup>11</sup>

The global market is dominated by a few top-performing countries. In 2013 it was a close finish between the US and China as the most profitable ecommerce market, with China disputably taking the top spot by a small margin.

In 2014, however, the ecommerce goalposts have moved, and there is absolutely no question over who has taken the leading position. China as an ecommerce market is head and shoulders above the rest. These two markets alone account for 55 percent of global ecommerce sales.

**FLOOR TUINSTRA**, of Travix International, continues to explain their cross-border expansion strategy.

“SO FAR, WE’VE FOUND THE PAYMENTS ASPECT OF OVERSEAS ECOMMERCE QUITE CHALLENGING IN CERTAIN COUNTRIES AND REGIONS OF THE WORLD. SELLING A PRODUCT LIKE FLIGHTS, OUR AVERAGE TRANSACTION VOLUME IS RELATIVELY HIGH, SO OUR INTERCHANGE RATES CAN BE SOMEWHAT EXPENSIVE.

“OUR INITIAL EXPANSION PLAN WAS TO TAKE OUR MOST SUCCESSFUL BRAND AND REPURPOSE THIS ACROSS THE WORLD. WE SOON REALISED IT WASN’T AS SIMPLE AS THAT, AND THOROUGH RESEARCH INTO EACH MARKET WAS ABSOLUTELY NECESSARY. FOR EXAMPLE, THERE ARE A NUMBER OF ALTERNATIVE PAYMENT PREFERENCES THAT DIFFER FROM COUNTRY TO COUNTRY THAT NEED CAREFUL CONSIDERATION.

“WE HAVE ALSO LEARNT THAT PARTNERING WITH DIFFERENT SALES CHANNELS MAKES MORE BUSINESS SENSE WHEN WE ARE EXPANDING INTO NEW MARKETS. IT IS AN EASIER MARKET ENTRY STRATEGY THAT GIVES US VISIBILITY ON THE SCOPE OF THAT COUNTRY. ONCE WE ARE SELLING ENOUGH THROUGH THESE CHANNELS TO MAKE IT VIABLE, WE RECONSIDER OUR STRATEGY AND APPROACH FOR THE FUTURE.

“WE FIND THE PAYVISON COUNTRY REPORTS AND INFOGRAPHICS EXTREMELY HELPFUL WHEN CONSIDERING ENTRY INTO NEW MARKETS. READING ABOUT THE PAYMENT PREFERENCES AND INDUSTRY TRENDS IN EACH MARKET HELPED US MAKE STRATEGIC BUSINESS DECISIONS WHEN CONSIDERING OVERSEAS EXPANSION.”

FLOOR TUINSTRA, TRAVIX INTERNATIONAL

11. Alizila – Cross-border E-commerce to Reach \$1 Trillion in 2020, 2015



## 5.1

In the following sections we will consolidate the ecommerce data from a regional perspective, pulling apart the key performing markets. We will analyze the business drivers in these markets, and the preferred online payment methods. In addition to this, we will assess what is driving cross-border ecommerce. Finally, we will identify the major ecommerce marketplace platforms to be present in, in order to tap in to the highest volumes of domestic traffic.

Armed with this vital information, cross-border ecommerce becomes less intimidating to merchants considering overseas expansion, or looking to enhance their local presence. With the right education, correct presence and local knowledge, cross-border ecommerce can become a truly profitable venture.

## 5.2 EUROPE

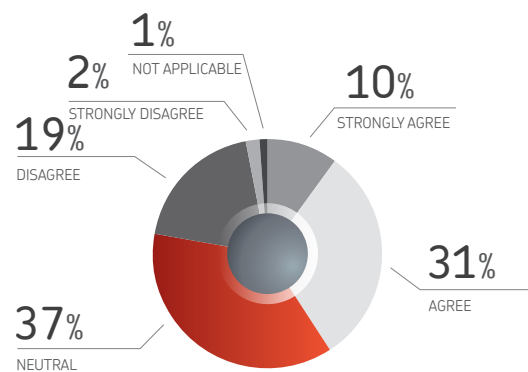
### THE SURVEY RESULTS

#### 5.2.1.

AS A VARIED LANDSCAPE, UNIFIED LARGELY BY ONE COMMON CURRENCY, OUR SURVEY RESPONDENTS ARE KEEN ON THE EUROPEAN MARKETS AS A DESTINATION FOR OVERSEAS EXPANSION.

Forty-one percent believe that merchants should focus on this region when considering cross-border ecommerce.

MERCHANTS SHOULD FOCUS ON EUROPE WHEN CONSIDERING CROSS-BORDER ECOMMERCE.

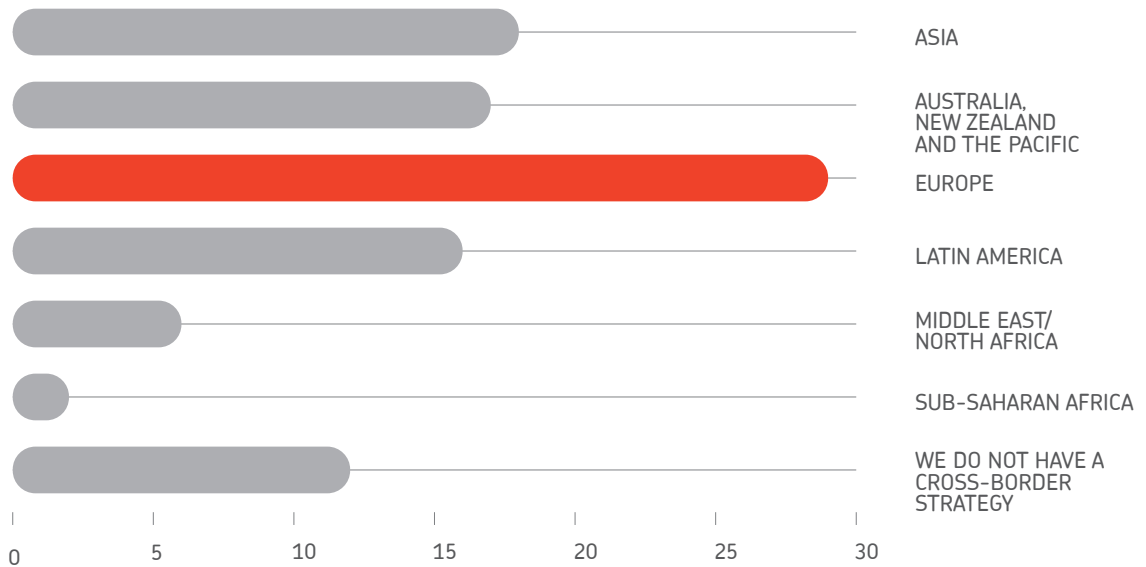


In North America, Europe is the most commonly chosen destination for overseas expansion, selected by almost 30 percent of those polled.



## 5.2.1

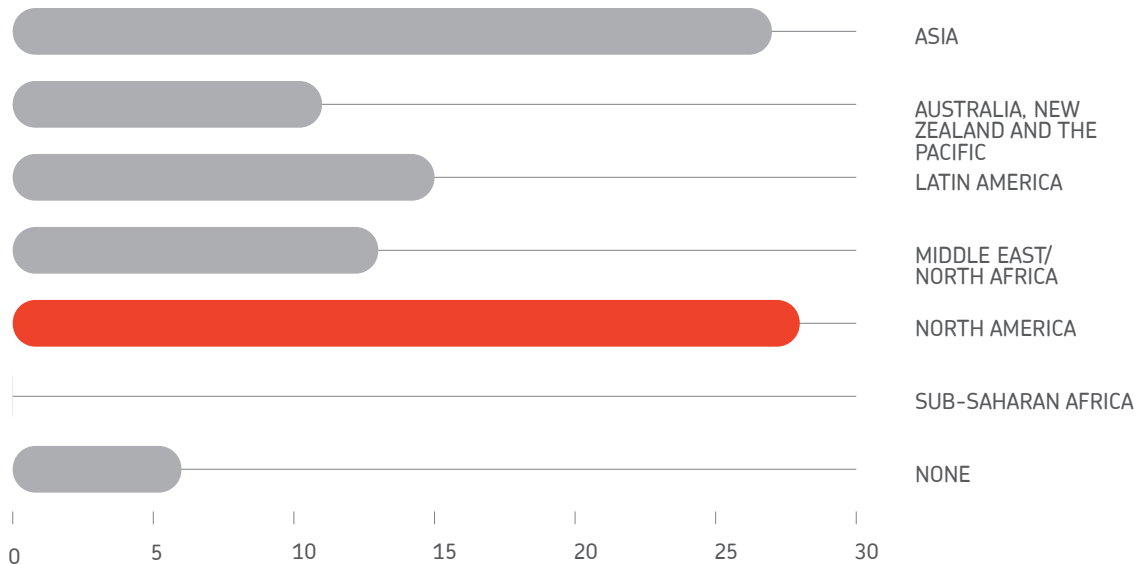
### ON WHICH REGION OR REGIONS OUTSIDE OF NORTH AMERICA DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)



Our European survey respondents, however, are divided between North America (28 percent)

and Asia (27 percent) as their region of choice for cross-border ecommerce expansion.

### ON WHICH REGION OR REGIONS OUTSIDE OF EUROPE DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)

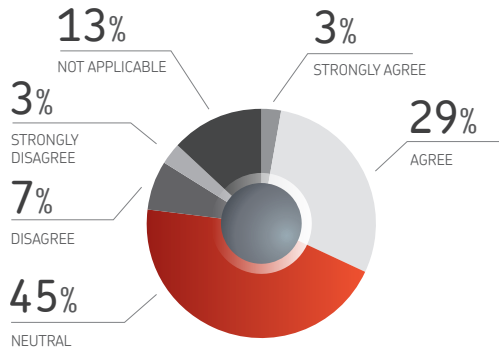


Moreover, 32 percent of our European survey respondents believe that cross-border ecommerce between Europe and China has improved over the past twelve months.



### 5.2.1

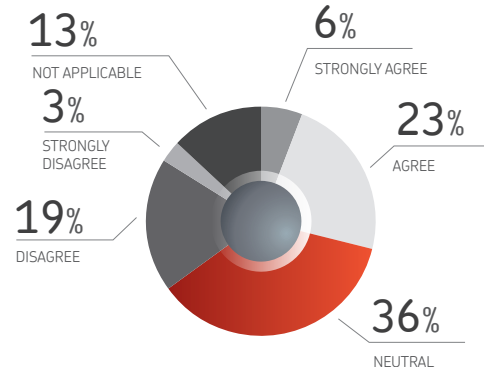
AS A EUROPEAN RETAILER, CROSS-BORDER ECOMMERCE TO AND FROM CHINA HAS BECOME MORE ACCESSIBLE IN THE PAST YEAR.



But European online retailers are undecided about whether selling into China is more straightforward due to the fewer number of marketplace platforms and payment appli-

cations – 29 percent agree and 22 percent disagree.

AS A EUROPEAN RETAILER, SELLING CROSS-BORDER INTO CHINA SHOULD BE MORE STRAIGHTFORWARD THAN THE U.S. AS THERE ARE ONLY A FEW SHOPPING AND PAYMENT PLATFORM APPLICATIONS AND THEY ALL OPERATE SELF-SUFFICIENTLY.



### 5.2.2. ECOMMERCE IN EUROPE

EUROPE IS THE SMALLEST CONTINENT IN THE WORLD BY LANDMASS, AND COMPRISES APPROXIMATELY 10 PERCENT OF THE WORLD POPULATION, BUT PACKS A CONSIDERABLE PUNCH ECONOMICALLY. THE COMBINED TURNOVER OF EUROPE IS SECOND LARGEST IN THE WORLD, JUST AFTER ASIA PACIFIC AND HIGHER THAN NORTH AMERICA.

Across the major markets in Europe, ecommerce is now an entirely natural part of the consumer process. It is so ingrained into purchasing behavior, shoppers no longer

consciously distinguish between online and offline.

Across the whole continent, ecommerce grew to just under USD 500 billion in 2014<sup>12</sup>; over 100 percent growth since 2010. Ecommerce in Europe accounts for the delivery of around 3.7 billion parcels each year, has created over 2 million jobs.<sup>13</sup>

Although only 7 percent of all retail sales across Western Europe were made online in 2014, the Web is expected to account for 45 percent of offline sales by 2020.<sup>14</sup>

COUNTRY	2014 VALUE USD BN	% GROWTH	ECOMMERCE AS % OF RETAIL
UK	162.3	16	13
Germany	64	25	7.3
France	62.6	11	4.6
Spain	17.5	24.8	4.1
Italy	16.7	16	1.7
Netherlands	15.3	8.4	4.3
Russia	14.5	15	2.2
Poland	6.7	22.6	4
Sweden	6.5	20	3.5
Norway	4.2	15	9.7
Belgium	4.2	25	3
Denmark	3.5	15	8.6

12. The Ecommerce Foundation - Global B2C E-commerce Report 2015

13. The Fédération E-commerce et Vente À Distance (Fevad), 2015

14. Forrester - Five Ways To Invest In The Future Of Online Retail, 2015





## 5.2.2

COUNTRY	2014 VALUE USD BN	% GROWTH	ECOMMERCE AS % OF RETAIL
Finland	2.5	10	9.8

The UK, followed by Germany and France, continues to be the strongest ecommerce market in Europe. Indeed, the UK sits among the top three markets in the world, after China and the US.

The UK especially stands out, however, for its high proportion of ecommerce in relation to total retail. Thirteen percent of all British sales in 2014 were digital, the highest in the world. The second highest is China at 10.1 percent, and Finland at 9.8 percent.<sup>15</sup> This explains the

UK's prominence in the ecommerce ranks, yet is eighth for total online and offline retail.

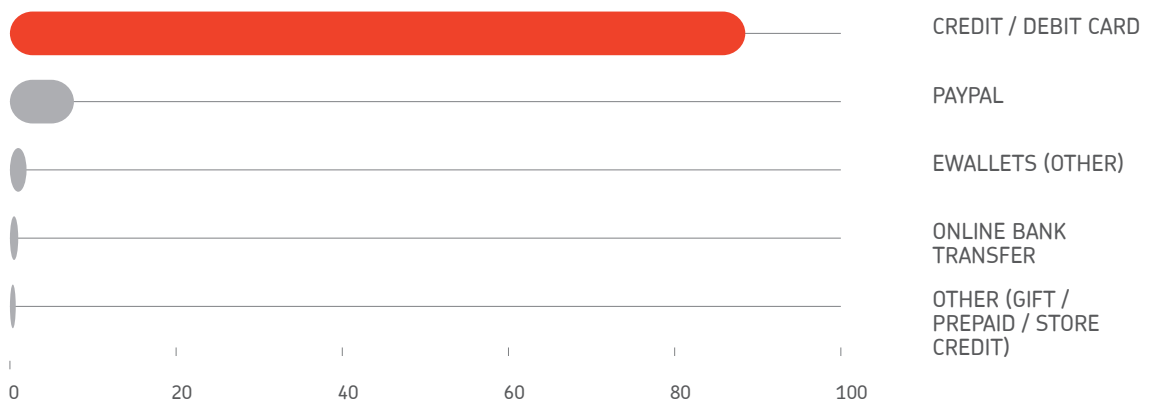
In 2014, the value of ecommerce in the UK was more than GBP 100 billion<sup>16</sup> for the first time (equal to USD 162.3 billion), with three quarters of the population purchasing online.

Credit and debit card is the overwhelmingly preferred payment method in the United Kingdom, followed by PayPal.

16. Capgemini - UK online retail exceeds £100 billion for first time in 2014, 2015

15. eMarketer - Retail Sales Worldwide Will Top \$22 Trillion This Year, 2014

### PREFERRED ONLINE PAYMENT METHODS IN THE UK (IN %)



The value of ecommerce in Germany – the second most valuable ecommerce market in Europe – was USD 64 billion. Over 70 percent of the population purchased something online in 2014. With 25 percent growth since 2013, Germany may be Europe's second largest online market but some experts think it has triple the UK's growth potential.<sup>17</sup>

Unlike the UK, alternative payments (those other than credit or debit card) are popular in Germany. Paypal is the preferred online payment method closely followed by Sofortüberweisung – a real-time bank transfer payment method whereby consumers are redirected to their own online banking page to complete a transaction.

17. The A.T. Kearney - Global Retail E-Commerce Index, 2015



THE FEE REQUIRED  
TO COLLABORATE  
WITH MARKETPLACES  
IS THE LOWEST-RISK  
OPTION FOR  
MAXIMUM VISIBILITY  
AND LOCAL SUPPORT,  
AND ULTIMATELY  
MOST PROFITABILITY.

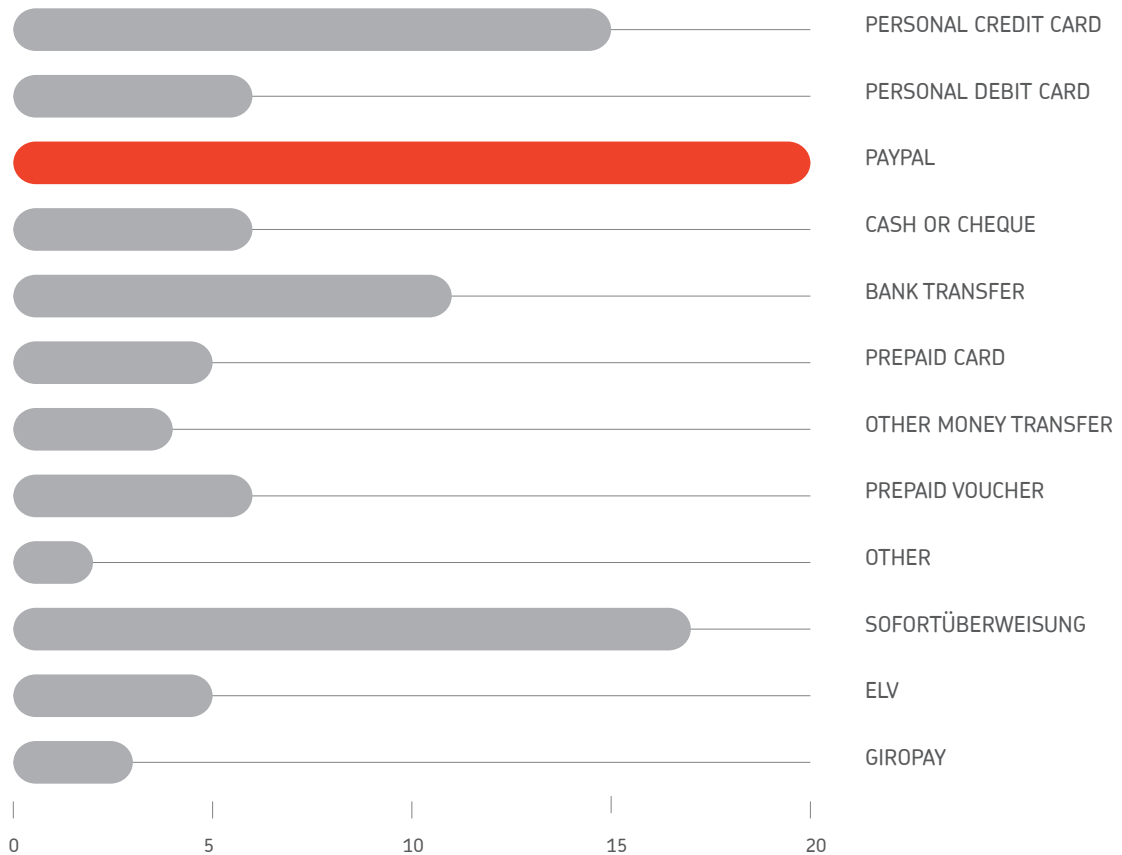




## 5.2.2

### PREFERRED ONLINE PAYMENT METHODS IN GERMANY

(IN %)

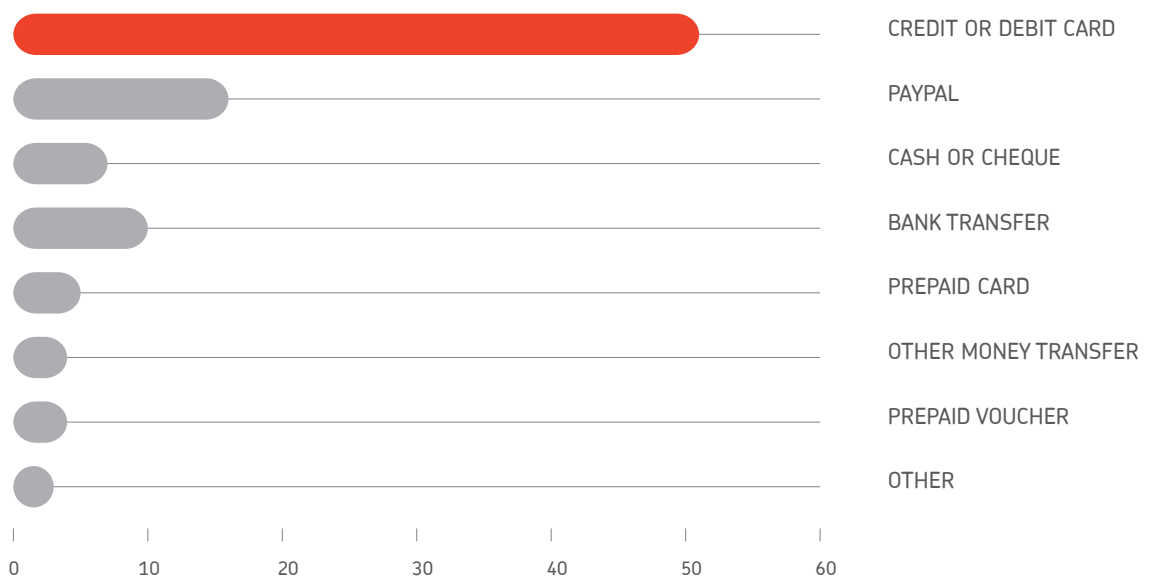


France is a close third in Europe in terms of ecommerce value, turning over a total of USD 62.6 billion in 2014. Seventy-two percent of the population is buying online.

French online consumers choose to pay with credit or debit card just over half the time.

### PREFERRED ONLINE PAYMENT METHODS IN FRANCE

(IN %)





## 5.2.2

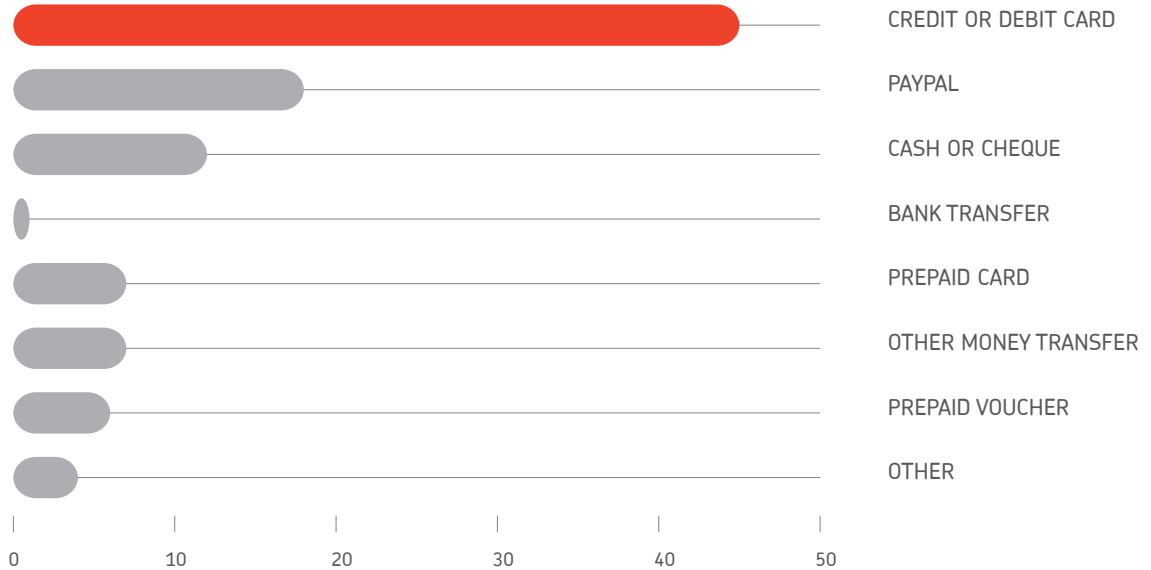
18.  
PostNord -  
E-commerce in Europe,  
2014

Ecommerce continues to grow steadily in Spain. Turnover there may have only reached USD 17.5 billion – considerably less than the top three – but a growth rate of almost 25 percent indicates the market's potential. Spain grew 7 percent more than the European average and

nearly two-thirds of the total population have shopped online.<sup>18</sup>

The preferred online payment method in Spain is credit card, a key driver of the strong e-commerce growth rate.

### PREFERRED ONLINE PAYMENT METHODS IN SPAIN (IN %)



19.  
Statista - 2C  
e-commerce sales in  
Italy from 2012 to 2017  
(in billion U.S. dollars),  
2015

The turnover of Italian ecommerce sits just behind Spain at approximately USD 16.7 billion.<sup>19</sup> More than 23 million consumers have ordered online, around 45 percent of the total population.<sup>20</sup>

20.  
PostNord -  
E-commerce in Europe,  
2014

The top two preferred payment methods in Italy are cards and PayPal, both with roughly a quarter share of all payments. Cash, cheque or prepaid cards are also still popular in this market.

Payment methods vary across the region. In the Netherlands, customers prefer to use a local alternative payment – iDEAL – allowing customers to pay directly from their bank account. Since its introduction in 2005, more than 400 million transactions have been completed via this method.

21.  
Thuiswinkel Markt  
Monitor, 2015

Ecommerce is well penetrated into the Benelux countries: Belgium, Netherlands and Luxembourg. Seventy-four percent of the region's 171 million people purchase online.

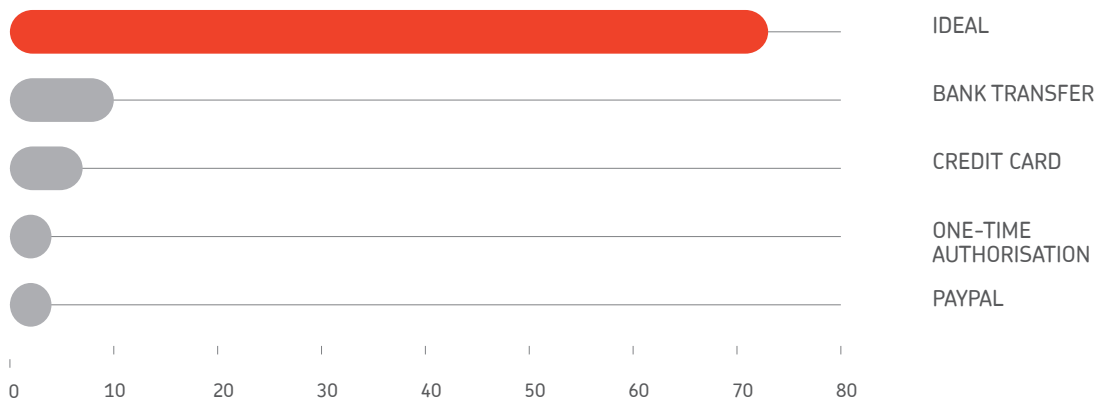
The strongest market in the region is the Netherlands, with USD 15 billion in ecommerce sales in 2014.<sup>21</sup>



## 5.2.2

### PREFERRED ONLINE PAYMENT METHODS IN THE NETHERLANDS

(IN %)



Belgian customers primarily use cards and an online bank payment method to complete ecommerce transactions, while in Luxembourg customers use credit cards, like Visa, MasterCard, American Express and JCB and sometimes PayPal.

The Russian and Polish ecommerce markets were previously far behind others in Europe, largely due to low Internet penetration and a preference for cash payments. In 2014, however, both markets sit firmly on the grid.

Russian ecommerce was valued at USD 14.5 billion, driven by approximately 26 million Russians purchasing online – about 20 percent of the population. This comparatively high value despite a relatively low penetration is indicative of the growth potential in the Russian market.

Historically, Russians rejected credit cards and e-wallet options for online transactions, due mostly to fraud and a lack of consumer trust. Cash has always been the preferred method in the region for ecommerce purchases, but only just recently the market has opened up to the potential of alternative payments.

Thanks to the proliferation of purchasing digital or non-physical goods, approximately three quarters of Russian consumers now use electronic payment methods at least once per year. Forty-five percent use them on a monthly basis. Cash on delivery is still favored, particu-

larly for physical goods, but its reign is coming to a gradual end.

A deeper study into the emerging preference of electronic currencies in Russia – Yandex. Money, Qiwi, WebMoney and PayPal being the most popular – highlighted the growth of this payment type. It was revealed by TNS that e-currencies are more popular in Russia than online banking and SMS payments, which were used by 37 percent and 31 percent of survey respondents, respectively.

Marko Kangaskolkka of Flying Lynx Oy, explains the benefit of this to his business – a platform provider for cross-border online sales.

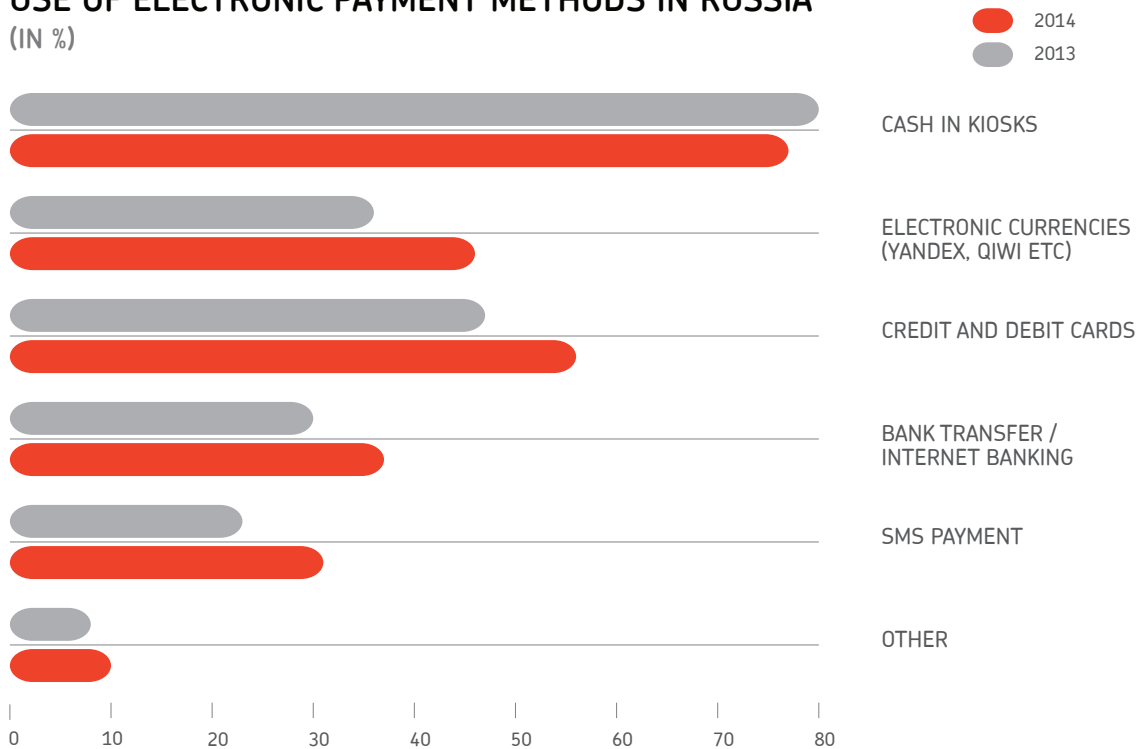
**“ WE ARE LOCATED IN FINLAND AND WE ENABLE NORDIC OR RUSSIAN MANUFACTURERS AND MERCHANTS TO SELL THEIR PRODUCTS VIA OUR PLATFORM TO DIFFERENT MARKETS.**

**“ RIGHT NOW, WE FOCUS ON RUSSIA BECAUSE VERY FEW PAYMENTS GO THROUGH TRADITIONAL CREDIT CARDS, SO THERE IS MORE SCOPE FOR ALTERNATIVE PAYMENT SOLUTIONS THAT WE ALREADY HAVE INTEGRATED TO OUR PLATFORM.”**  
MARKO KANGASKOLKKA, FLYING LYNX OY



## 5.2.2

### USE OF ELECTRONIC PAYMENT METHODS IN RUSSIA (IN %)



22.  
East-West Digital, 2014

The use of credit or debit cards have increased almost 10 percent over the year.<sup>22</sup>

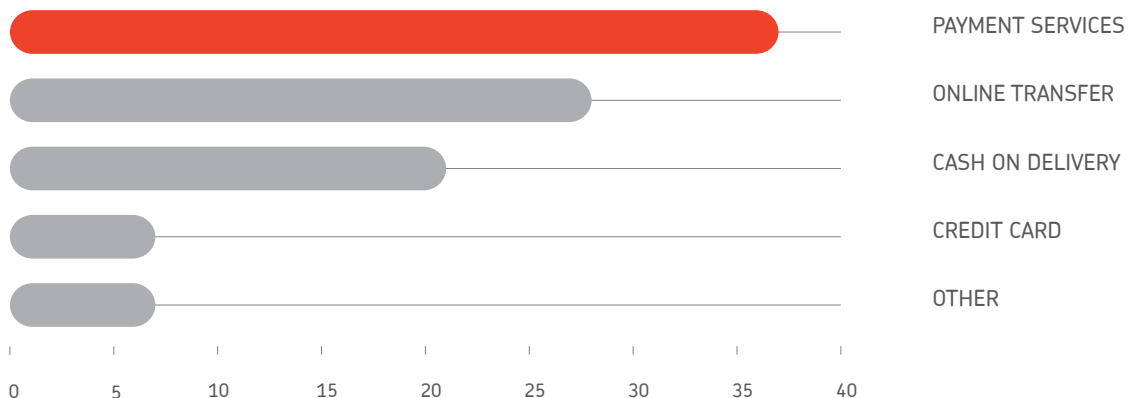
in 2009 to USD 5.7 billion in 2013 and reached USD 6.7 billion at the end of 2014.<sup>23</sup>

23.  
Polish Chamber of  
Digital Economy –  
E-Commerce in Poland  
2014: Meet  
consumers, observe  
trends, invest, find  
partners

Polish ecommerce is developing rapidly, experiencing growth rates comparable to Spain. The online retail industry grew from USD 2.7 billion

Around a quarter of the population in Poland purchases online; approximately 10 million people. Poles prefer online payment services such as PayPal.

### PREFERRED ONLINE PAYMENT METHODS IN POLAND (IN %)



The Nordic countries combined – Sweden, Finland, Denmark and Norway – spent a total of USD 16.9 billion online in 2014. The average proportion of ecommerce relative to total retail in the latter three of these countries was a

robust 9.3 percent in 2014, yet in Sweden the proportion is much lower – 3.5 percent.

The majority of Nordic Internet users shop online – 81 percent in Denmark, 80 percent in



## 5.2.2

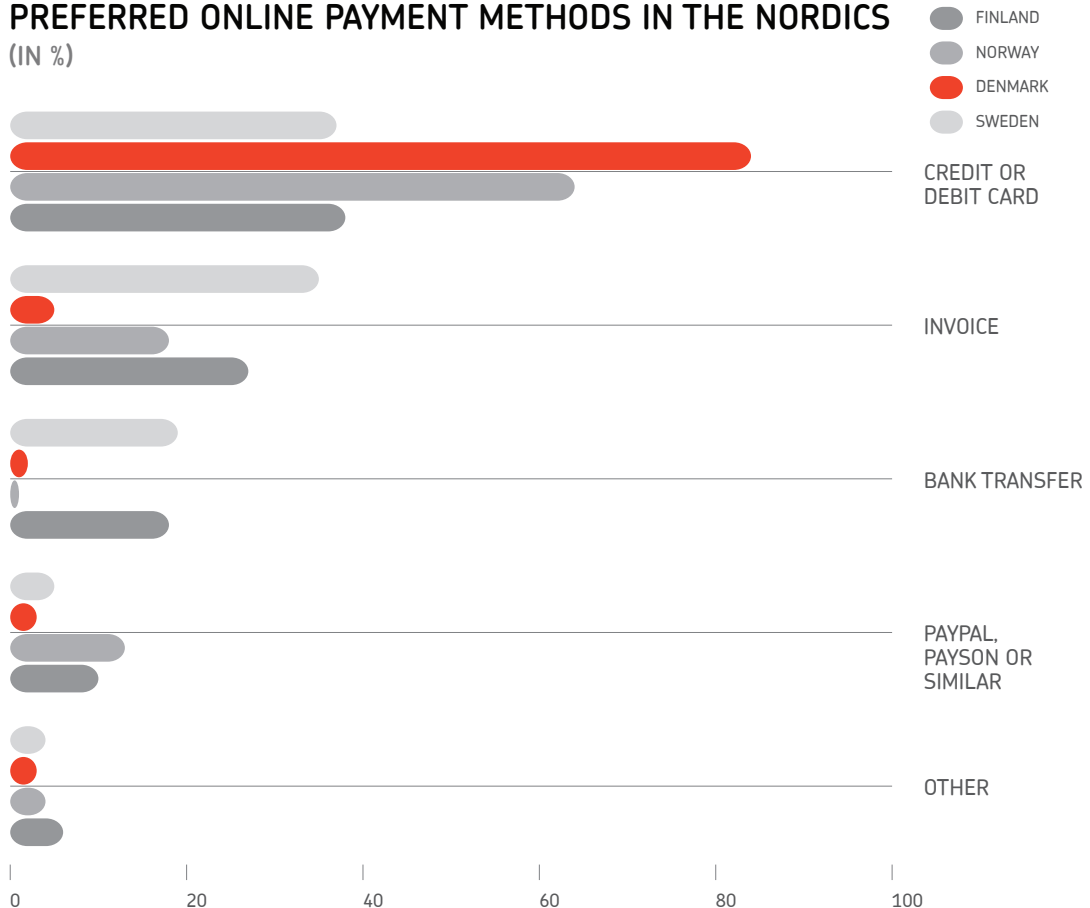
Sweden, 79 percent in Norway and 73 percent in Finland. This is considerably higher than the EU average.

Overall, credit or debit card is the preferred online payment method in the region, but to varying degrees. In Denmark for example, 84 percent prefer to pay via this method, but only 37 percent in Sweden.<sup>24</sup>

24.

PostNord – Ecommerce  
in the Nordics, 2015

### PREFERRED ONLINE PAYMENT METHODS IN THE NORDICS (IN %)



## 5.2.3.

### CROSS-BORDER ECOMMERCE DRIVERS

CROSS-BORDER PURCHASING IS AN INCREASINGLY SIGNIFICANT DRIVER OF ECOMMERCE GROWTH IN EUROPE – OF THE 240 MILLION E-CONSUMERS ACROSS THE CONTINENT, MORE HALF OF THEM HAVE PURCHASED ONLINE FROM OTHER COUNTRIES.<sup>25</sup>

As Intersperience Research points out, factors like GDP, economic growth, life expectancy, and Internet penetration show a clear Eastern/Western Europe divide. However, neither geographic proximity nor language are the final determining factors when it comes to identifying nations with common cultures, nor is relative economic prosperity.

For non-European businesses looking to expand into Europe, it is worth noting that the region is diverse culturally, and cannot be approached collectively.

It is essential that, when contemplating expansion into Europe, each target country and its consumer nuances are taken into careful consideration.

25.

PostNord – Ecommerce  
in Europe, 2015



### 5.2.3

European consumers are generally tech-savvy and progressively more comfortable searching for online bargains or unusual purchases outside of their own borders. And, as a relatively small continent, a significant proportion of cross-border purchasing by Europeans is contained within Europe.

Governmental awareness about the potential of cross-border ecommerce is growing. The Digital Single Market Strategy, a European Commission initiative, is looking to eliminate barriers to inter-European cross-border shopping. Deploying affordable logistics and delivery methods is a key step in the process.

#### SEPA

The Single Europe Payments Area (SEPA), is a public initiative launched by the European governments, the European Central Bank and the European Commission, designed to make the fragmented national European Union markets a single, more competitive one. This allows customers to make faster and cheaper cashless euro payments to anyone located in the SEPA region, using one account and one set of payment instruments.

As well as generally improving banking services in Europe, the initiative aims to simplify the conditions by which payments can be made and received, making online shopping a more favorable, and familiar, experience within the SEPA region.

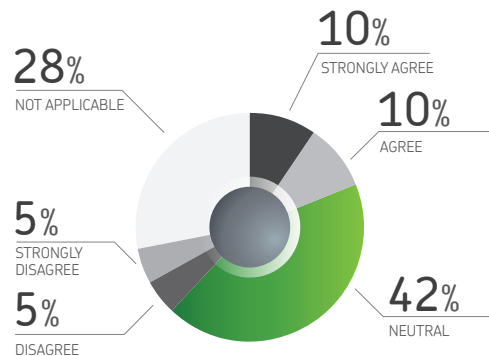
AS OF 2015, THE SEPA REGION COMPRISES THE 28 MEMBER STATES OF THE EUROPEAN UNION, THE FOUR MEMBER STATES OF THE EUROPEAN FREE TRADE ASSOCIATION (ICELAND, LIECHTENSTEIN, NORWAY AND SWITZERLAND), MONACO AND SAN MARINO.<sup>26</sup> ANDORRA WILL BECOME PART OF THE AREA IN 2016.

Over a decade in the making, SEPA had largely achieved its goals by the end of 2014. Between 97 and 99 percent of payments in the Eurozone are now SEPA payments. Foreign merchants can successfully offer local payment methods,

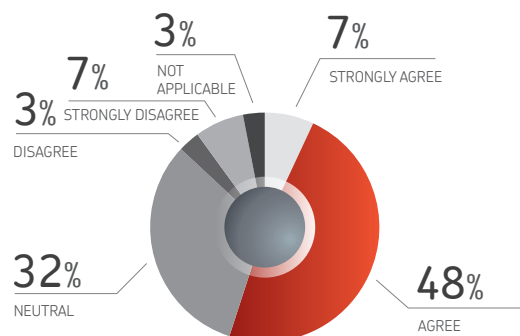
such as iDEAL in the Netherlands. iDEAL previously handled only Dutch-to-Dutch bank transfers, but now with the system being open to foreign merchants, cross-border ecommerce can be driven more successfully within Europe.

It has taken time for merchants to see the true benefits of SEPA. In 2014, only 21 percent of our survey respondents felt SEPA was effective. This year, however, has seen a marked increase – 55 percent of our respondents now believe that SEPA and other EU initiatives have positively influenced cross-border ecommerce trade.

SEPA AND OTHER EU INITIATIVES TO STIMULATE CROSS-BORDER ECOMMERCE WITHIN EUROPE HAVE BEEN EFFECTIVE AND LED TO BUSINESS GROWTH 2014.



SEPA AND OTHER EU INITIATIVES TO STIMULATE CROSS-BORDER ECOMMERCE WITHIN EUROPE HAVE BEEN EFFECTIVE AND LED TO BUSINESS GROWTH 2015.



#### MOBILE INTERNET CONTINUES TO CORRELATE WITH CROSS-BORDER

Fifty-four percent of UK consumers have, at some time, bought something online from another country, the highest proportion of any country in Europe. The majority spent up to USD 76 per cross-border transaction.

26. [List of SEPA Scheme Countries - updated with San Marino](#)





## 5.2.3

Widespread access to mobile Internet has increased the transparency of product availability overseas. The UK m-commerce market is the most robust in Europe. It is more than a fifth bigger than Germany and 2.5 times larger than France – the largest markets in Europe after the UK.

The fastest growing mobile commerce markets, however, are Poland (108.8 percent), Germany (103.1 percent), and Spain (97.4 percent), indicating increasing potential in these countries.<sup>27</sup>

High levels of mobile commerce in Europe are giving way to an age of tech-savvy, multi-channel consumers. This is pushing retailers to provide streamlined experiences for their customers. These requirements are confounding many merchants, because payment processing is disjointed in Europe compared to Asian markets such as China.

### LANGUAGE IS DRIVING LESS CROSS-BORDER PURCHASING IN EUROPE

It is clear – considering the UK and the US are the top cross-border performers – that similarities in language and culture still are key drivers of cross-border ecommerce.

Yet, with the sharp rise of China as an ecommerce superpower comes a new age in cross-border ecommerce. There is greater consumer awareness about the availability of higher quality or lower priced goods across the Eastern and Western world. With increased sophistication in localization services, the destination language and culture plays a lesser role than in previous years, as confirmed by our survey.

British consumers generally prefer to purchase products from outside Europe; most frequently from the US with 27 percent and then China, with 16 percent preference. The first European choice for cross-border purchasing is Germany at almost 8 percent.<sup>28</sup>

The UK – thanks to a wide product availability – is also a large exporter of cross-border ecommerce purchases. In 2014 the value of ecom-

merce exports was approximately USD 8 billion, stemming from roughly 20 million orders.

The US is the largest recipient of British cross-border purchases, almost 50 percent of American cross-border purchases, and China the second at 43 percent of their cross-border purchases. The Nordic countries also account for a large proportion of British ecommerce export; 33 percent of cross-border orders from that region.

Germany is a key cross-border market in Europe, with over 45 percent of consumers purchasing abroad in 2014. German consumers mostly purchase from the Big Three; the UK, the USA, and China. German cross-border ecommerce exports are most popular in the Nordics and in France.

Around 23 million French consumers have purchased overseas, primarily purchasing from UK (27 percent) and Germany (11 percent) followed by American online stores. Countries that most frequently purchase from France are the Benelux countries, Spain and the UK.

In Spain, cross-border trade makes up a significant proportion of ecommerce. In 2014, domestic ecommerce accounted for over 40 percent of the total turnover, while export ecommerce by Spanish merchants and cross-border import by Spanish consumers represented 16.9 percent and 42.7 percent of the total online business' volume, respectively.

Almost 90 percent of Spanish purchases from foreign online stores were situated in the EU, and just under 5 percent of purchases were from the US.<sup>29</sup>

Around a third of Italian consumers purchase overseas, driven mostly by lack of availability in their domestic market. Similar to other major markets, most Italian cross-border sales are made from The UK, followed by Germany. The US, France and China are also among the most popular destinations. Italian ecommerce export

27.

[Centre of Retail Research / Retail Me Not - Online Retailing: Britain, Europe, US and Canada, 2015](#)

29.

[The National Markets and Competition Commission \(CNMC\), 2015](#)

28.

[Payvision - Cross-border ecommerce factsheet 2014](#)



### 5.2.3

does not match ecommerce import, however. Only a quarter of Italian merchants sell abroad.

The Benelux region – while small in consumer-base – is a proficient cross-border player in Europe. In 2014, 20 percent of Dutch online shoppers bought a product from a foreign online store, spending a total of about USD 430 million. While the Dutch do also purchase from the Big Three, they mostly purchase from China and then Germany, before shopping from the UK or the US.

In Belgium, the rate of cross-border purchasing sits above average; over 25 percent of consumers purchase across borders. In a country with three official languages; Dutch (57 percent), French (42 percent) and German (1 percent) language still largely drives cross-border spending. The top three countries for Belgians to purchase from are France, the Netherlands and Germany.

Luxembourgian consumers, however, are most likely to purchase from within Benelux – mostly from Belgium, but also the Netherlands.

Russian cross-border ecommerce, while having seen steady growth in recent years, experienced a shift in 2014. Despite Russian online shoppers continuing to enjoy tax-free overseas purchases under a limit of EUR 1,000 per person and per month, the RUB value decrease contributed to a stagnation in cross-border sales. Foreign purchases became less affordable for Russian consumers. In 2014, approximately 12 million Russians shopped cross-border, accounting for 47 million orders, the vast majority of which were bought from China.<sup>30</sup>

#### PRICE-SENSITIVITY

While the level of cross-border spending is comparatively low in Poland – only 20 percent of consumers choose to shop from other countries – the cross-border market grew a strong 45 percent in 2014. This is the second stron-

gest growth after Czech Republic in Eastern Europe.

Polish consumers are mostly driven to shop overseas due to a lack of product selection domestically; almost 78 percent of cross-border consumers cite this as a reason for shopping from other countries.

The Poles are among the most price-sensitive online consumers in Europe, and this factor both limits and drives cross-border spending simultaneously. Higher delivery costs limit some Polish consumers' propensity to order online from other countries, yet lower prices overseas is also named as a driving factor for almost 50 percent of cross-border consumers. The most popular country for Poles to purchase online from is the UK, followed by Germany and the USA.

In the Nordic region, ecommerce purchases from foreign sites in 2014 totaled over USD 4.4 billion. Consumers in Sweden and Norway spent the most – more than USD 1.3 billion for each country.

British goods are the most common cross-border ecommerce purchase in the Nordics. Around 40 percent of consumers purchased from the UK. The USA and Germany are also popular. Sweden is by far the most popular destination for inter-Nordic online purchases.

30.  
[East-West Digital News](#)  
– E-commerce in  
[Russia, Cross-border](#)  
[Sales, 2015](#)



## 5.2.4. MAJOR ECOMMERCE PLATFORMS

ACROSS THE GLOBE, A KEY VEHICLE FOR ECOMMERCE IS THE MARKETPLACES. SALES THROUGH EUROPEAN MARKETPLACE ARE REPORTED TO HAVE REACHED 3 BILLION EUROS ANNUALLY.<sup>31</sup>

31.  
[Internet Retailer, 2015](#)

Marketplaces are a crucial driving force for cross-border ecommerce across the world. According to Forrester, 82 percent of the world's consumers have already shopped for products abroad, and generally they prefer to buy on global marketplaces with strong reputations.

Another survey indicated that 64 percent start by searching on a marketplace, followed by their favorite websites, search engines and social media.<sup>32</sup>

32.  
[Online Survey by Amazon.com Inc and Pymnts.com, 2015](#)

It is evident why the marketplace model supports businesses looking to expand into foreign regions.

Easy, low-risk set up with minimal technical investment, they provide access to high levels of local traffic and allow immediate visibility overseas without high investment.

In Europe, the marketplace space is crowded and potentially disconcerting for Eastern merchants, who may be used to a more monopolized consumer space.

Amazon and eBay are by far the two most prominent marketplaces across the continent, and they continue to grow. Amazon also helps merchants overcome the logistical barriers of selling in a foreign country, with their 'Fulfilled by Amazon' option. There are many domestic players, however, that are increasing their share of the market.

Smaller but significant marketplace platforms exist in different countries across Europe. France, the third largest ecommerce market in Europe, has a particularly high number of domestic marketplaces. These include – as well as leaders Amazon.fr and eBay.fr – RueDuCommerce.com, LaRedoute.fr, PriceMinister.com, Pixmania.fr, Fnac.fr, and Cdiscount.com.

Popular marketplace sites in Spain, again besides Amazon, include BuyVIP and eBay.es and in Germany, Otto and Zalando.

In Russia, Yandex is both the most prominent search engine and marketplace; Yandex. Market has more than 13,000 partner stores and approximately 17 million users. In Poland, Allegro is the ecommerce leader with 57.6% reach and over 12.4 million users.

ASOS.com, the British online store that won the 2013 Cross-Border Award at the European Ecommerce Awards also has a marketplace location for 'new brands and vintage boutiques'.

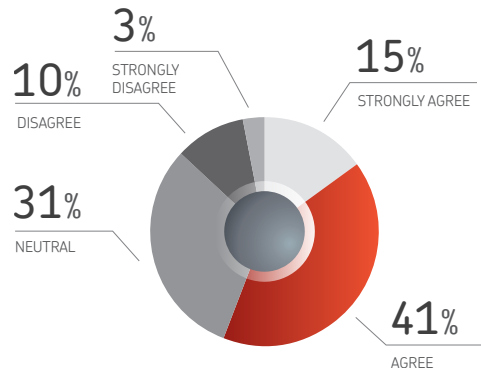


## 5.3 NORTH AMERICA

### 5.3.1. THE SURVEY RESULTS

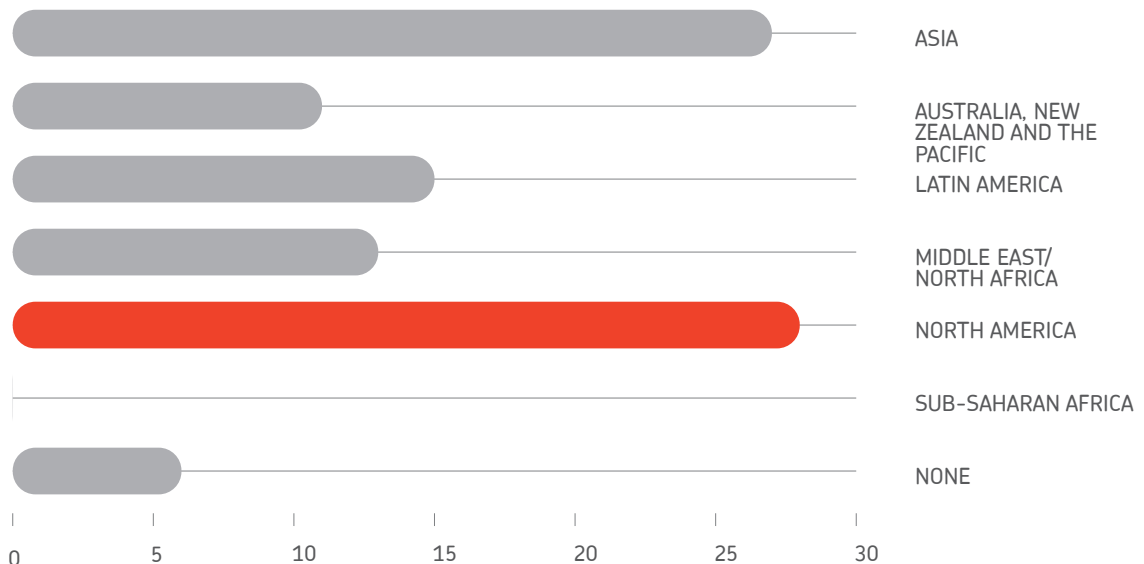
FOR MANY YEARS, THE US WAS THE FRONT RUNNER FOR ECOMMERCE SALES ACROSS THE GLOBE. ALTHOUGH CHINA MAY HAVE TAKEN THE TOP SPOT FOR THE LAST TWO YEARS, THE NATURAL ONLINE SHOPPING TERRITORY OF NORTH AMERICA IS STILL AN INCREDIBLY POPULAR CHOICE FOR CROSS-BORDER EXPANSION. IN FACT, 56 PERCENT OF OUR SURVEY RESPONDENTS BELIEVE THAT MERCHANTS SHOULD FOCUS ON THIS REGION WHEN EXPANDING OVERSEAS.

MERCHANTS SHOULD FOCUS ON NORTH AMERICA WHEN CONSIDERING CROSS-BORDER ECOMMERCE.



North America is the preferred region for overseas expansion by Europeans, chosen by 28 percent, but Asia is a close second at 27 percent.

### ON WHICH REGION OR REGIONS OUTSIDE OF EUROPE DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)

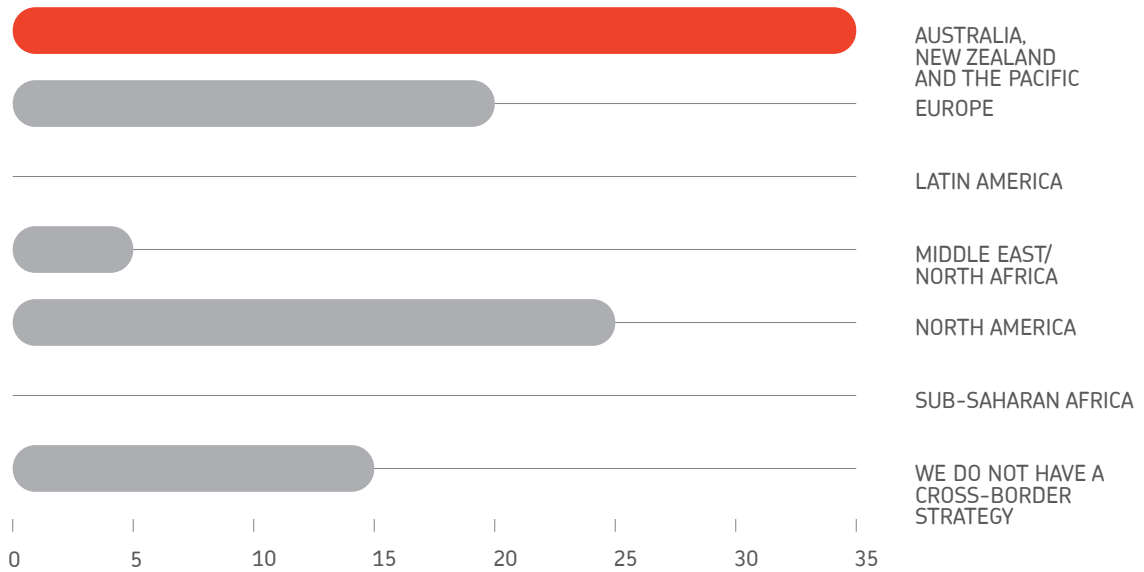


For Asian respondents, however, their preference for overseas expansion is mostly Australia and New Zealand over North America or Europe. This most likely can be attributed to proximity of these established markets to Asia.



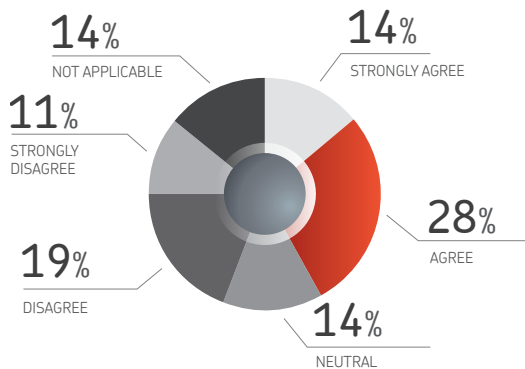
### 5.3.1

## ON WHICH REGION OR REGIONS OUTSIDE OF ASIA DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)



For our North American respondents, bordered by two very different cross-border markets, opinion is split over their immediate preference. Forty-two percent agree their focus is more on Canada, while 30 percent disagree.

AS AN AMERICAN RETAILER, OUR FOCUS FOR CROSS-BORDER ECOMMERCE IS THE CANADIAN MARKET, RATHER THAN NEIGHBORING LATIN AMERICA.

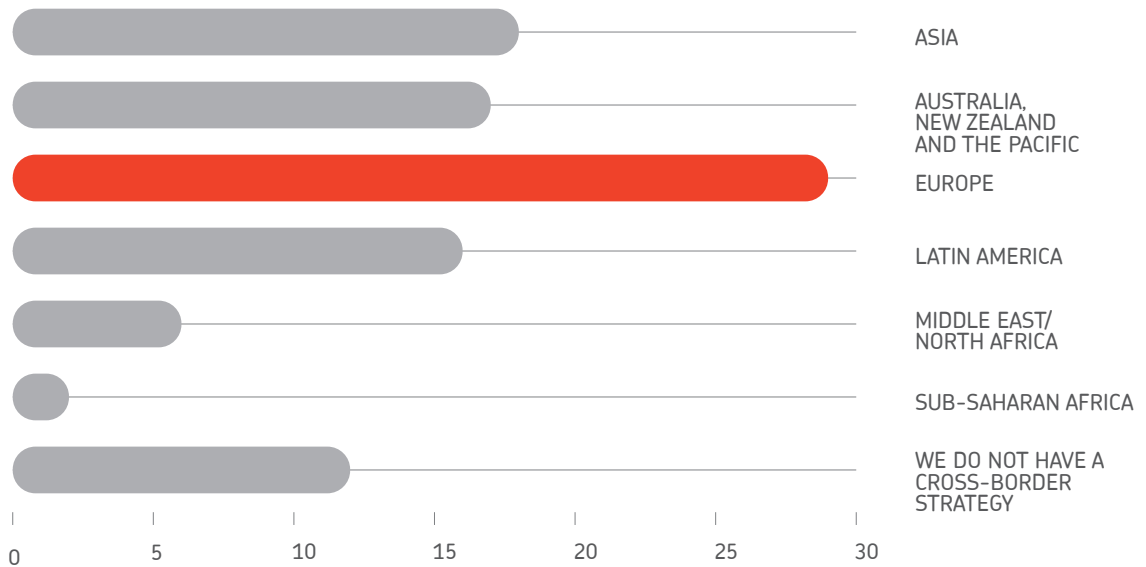


Overall, however, 29 percent of North Americans preferred to focus their efforts on Europe, compared to 18 percent and 16 percent for Asia and Latin America, respectively.



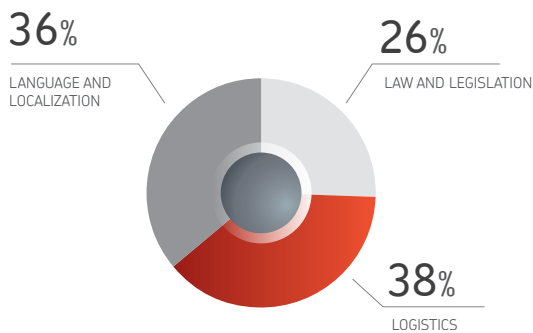
5.3.1

### ON WHICH REGION OR REGIONS OUTSIDE OF NORTH AMERICA DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)

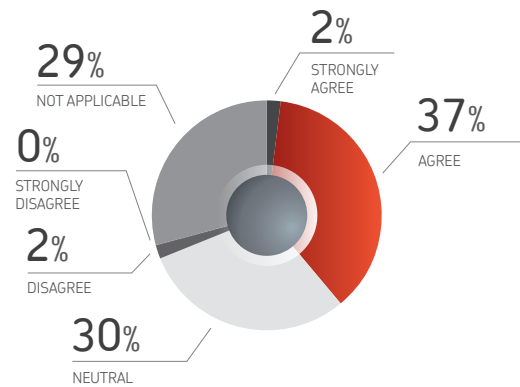


The highest perceived barrier to entry for North American businesses looking to expand to China is logistics, selected by 38 percent of respondents.

BARRIERS TO ENTRY INTO CHINA - NORTH AMERICA.



AS AN AMERICAN RETAILER, CROSS-BORDER ECOMMERCE IN CHINA HAS BECOME MORE ACCESSIBLE IN THE PAST YEAR.



Yet, 39 percent of our North American respondents confirm that China has become more accessible for businesses in the last 12 months.



### 5.3.2. OVERVIEW OF ECOMMERCE IN NORTH AMERICA

33.  
Statista and Internet  
Retailer, 2015

NORTH AMERICA IS THE THIRD-LARGEST CONTINENT BY LANDMASS, AND THE FOURTH BY POPULATION WITH OVER 500 MILLION RESIDENTS.

As a region, North American online retail sales were the third-highest globally. Sales reached just under USD 500 billion, after Asia and Europe, despite the US being the second-strongest

single market by quite some margin, after China.<sup>33</sup>

The market is well-established and connected; online selling has existed for over two decades. The region led the charge for Web 2.0 in the 2000s, with the proliferation of social media as a means of interaction, and a new era of user-generated content.

COUNTRY	2014 VALUE USD BN	% GROWTH	ECOMMERCE AS % OF RETAIL
The US	305.6	15.7	6.5
Canada	24.6	17.4	5.2

The main markets of North America are the US and Canada, although the continent officially comprises Caribbean countries such as Bahamas, Barbados, and Latin American countries north of the equator; Mexico and Cuba.

The US makes up the vast majority of the regional sales, valued at USD 305 billion in 2014<sup>34</sup>. Growth is a steady 15 percent annually in the country, but expected to slow to 10 percent over the next five years. This statistic indicates that while slowing, the market is still

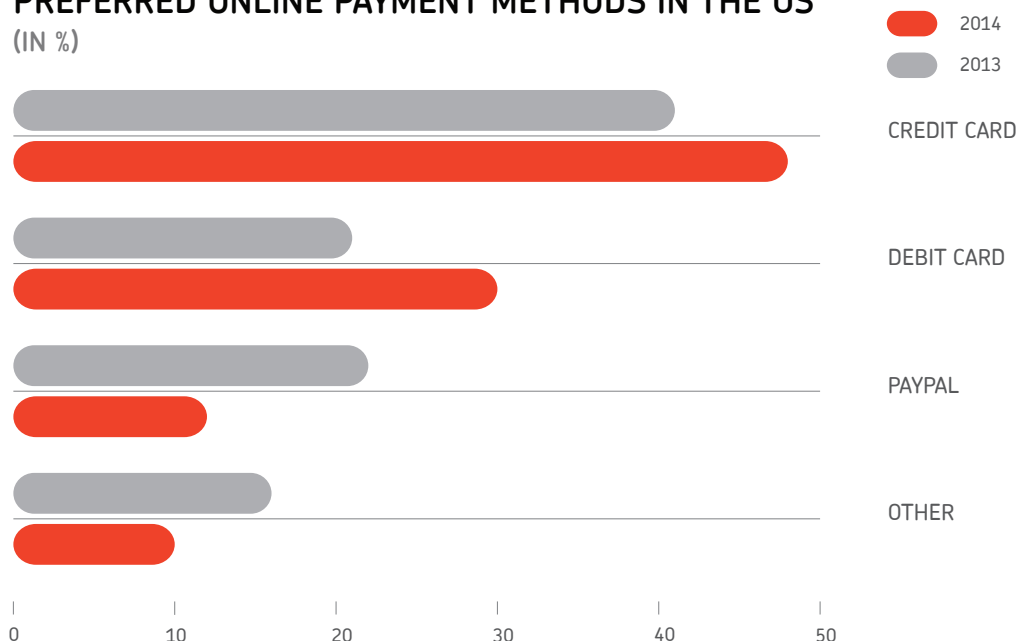
advancing. Analysts are suggesting that, among other drivers, harsh winter conditions across much of the US encouraged higher levels of home-based shopping.

In the US, a long standing credit-heavy market, preference to pay online with plastic is still increasing. In 2014, 48 percent of people preferred to pay with credit cards, seven percent increase on 2013. Preference for Paypal, however, is decreasing.<sup>35</sup>

34.  
eMarketer, 2015

35.  
M-Connect Media, 2015

#### PREFERRED ONLINE PAYMENT METHODS IN THE US (IN %)







### 5.3.2

36.  
[Statista, 2015](#)

The Canadian ecommerce market is petite by comparison to its slightly smaller – but almost ten times more populous – neighbor. Valued at USD 24.6 billion<sup>36</sup>, the ecommerce market represents a slightly smaller percent of total retail, but is growing faster at over 17 percent.

Canadians are well connected; around 30 million of the 35 million inhabitants use the Internet. Currently 80 percent of Canadian Internet users are browsing online stores. A

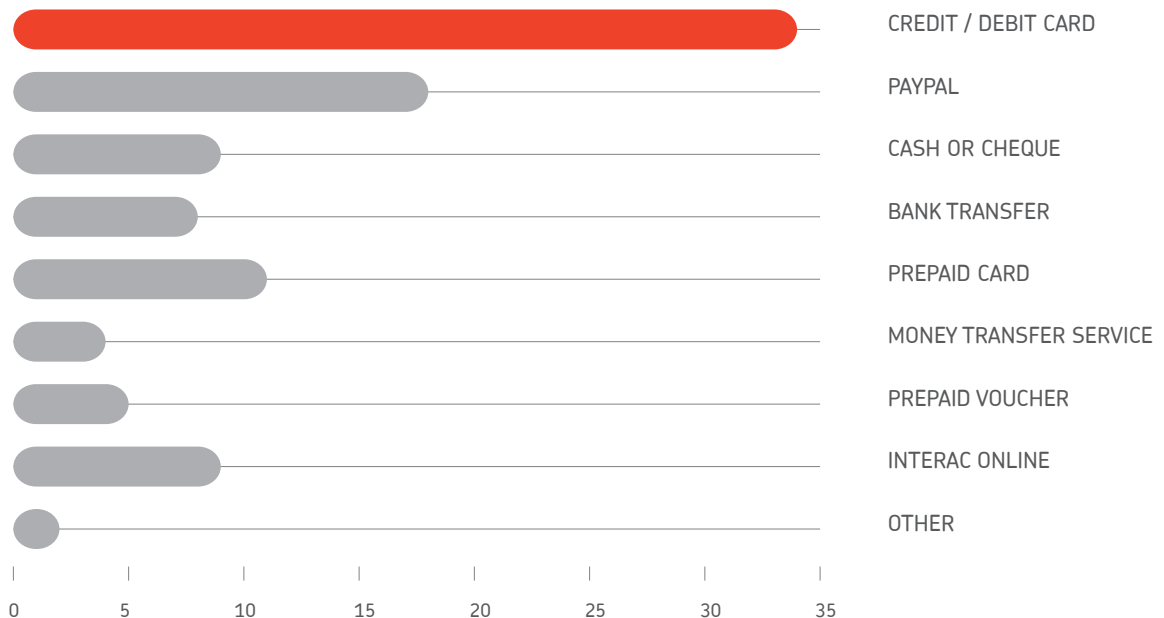
smaller percentage is actually purchasing, 66 percent, but this is growing.

Canada, however, stands apart from the US for its cross-border activity. Only half of total Canadian digital spending in 2014 was on products sold in Canada.

Canadian's most frequently prefer to pay online with credit cards, followed by PayPal.<sup>37</sup>

37.  
[DataMonitor Financial, 2015](#)

#### PREFERRED ONLINE PAYMENT METHODS IN CANADA (IN %)



### 5.3.3.

#### CROSS-BORDER ECOMMERCE

NORTH AMERICA – THANKS TO FAST AND RELIABLE INTERNET CONNECTIVITY, ECOMMERCE PROFICIENCY AND GOOD PRODUCT AVAILABILITY – IS A LEADING REGION FOR CROSS-BORDER ECOMMERCE ACTIVITY, GLOBALLY.

The US is one of the largest markets for both ecommerce import and export, largely flowing between the UK and China. These imposing markets make up The Big Three, largely responsible for driving the rapid growth of cross-border ecommerce today.

CANADA – WHILE SMALLER IN POPULATION – HAS THE MOST CROSS-BORDER SHOPPERS PER CAPITA IN NORTH AMERICA, WITH A LARGE PROPORTION OF CONSUMERS PURCHASING FROM THE US, AND HALF OF TOTAL CANADIAN ECOMMERCE VALUE COMING FROM OVERSEAS MERCHANTS.



### 5.3.3

#### **BARGAINS ACROSS BORDERS**

Tech-savvy Canadians are more limited in their own market by domestic availability and higher prices. Although trends, tastes, culture and preferred brands are somewhat similar in both markets, Canadians generally see a markup of 10 to 50 percent on the same goods compared to their American counterparts.

Although Canada may be leading the charge in this relatively new global trend, cross-border shopping has long-existed for price-sensitive Canadians. Historically, consumers would physically travel south of the border to buy their goods. But with long, inconvenient delays at the US/Canadian border, coupled with increasing levels of tech-sophistication, online shopping has emerged as the preferred means of securing their US bargains.

Some consumers pay the additional shipping and handling fees for Canadian delivery, whereas others make use of local services that receive and ship items to Canada at a smaller fee.

When purchasing from abroad, Canadians mostly do so from the Big Three markets – the US (over 80 percent), China (over 40 percent) and the UK (just under 30 percent).

US consumers, by the same token, are driven to shop overseas by lower prices and good bargains. Despite high domestic availability, US consumers have noticed that products can be purchased from China at considerable discount. Consumers have begun ordering from Asian markets to obtain bargains.

Half of US cross-border purchases come from China, with the UK, and Canada to a lesser extent, making up most of the rest.

#### **SEEKING MORE OF THE GLOBAL PIE**

In the US – despite being such a significant cross-border market – focusing on cross-border customers has never been a high priority for merchants. There are vast numbers of domestic purchasers, the logistics and delivery solu-

tions within the US are good, and sales have continued to grow. Merchants have felt little pressure to cater to a global market.

Even with little US-focus on strategic overseas expansion, demand for American goods is apparent across the world. Customers are seeking out ‘all-American’ products and will often pay the additional delivery and customs fees to obtain them. Cross-border ecommerce was more organic, and primarily channeled through English-speaking markets, but increasingly from Asia – in particular China – where a demand for high-quality goods is a key driving factor, rather than price.

China, as the world’s ecommerce leader, captured the world’s attention in 2014 with exponential ecommerce growth and soaring profits. The US is taking note, especially where domestic growth rates are slowing. The US is looking more carefully overseas to capitalize on the value being driven through Eastern markets.

The potential is not insignificant, China’s middle class today is equal in size to the entire US population, and is expected to reach 630 million by 2022<sup>38</sup>. More and more North American SMEs are looking at ways to drive growth through expansion into these markets.

With a conscious push, cross-border ecommerce export from North America to non-English speaking markets will boom.

38.  
McKinskey, 2015



### 5.3.4. MAJOR ECOMMERCE PLATFORMS

IN NORTH AMERICA, THERE ARE A NUMBER OF PLATFORMS AND MARKETPLACES ON WHICH MERCHANTS CAN SELL THEIR PRODUCTS. WHILE THE BIGGEST NAMES AMONG THEM ARE AMAZON AND EBAY, OTHER SMALLER NICHE PLATFORMS ALSO CLAIM PART OF THE MARKET SHARE.

Amazon is the largest of all online retailers, marketplaces and ecommerce platforms in North America. Its 2014 GMV was USD 89 billion, USD 55.5 billion of which was generated from sales within North America. The company has more than 270 million active accounts worldwide, and 182.6 million monthly visitors.<sup>39</sup>

39.  
[Statista, 2015](#)

According to a survey by ChannelAdvisor, 70 percent of polled merchants in the US named Amazon as the platform that generates the largest proportion of sales, thanks in part to the Fulfilled by Amazon (FBA) service. FBA takes away the headache of storage and distribution for merchants, particularly when selling cross-border. Around 60 percent of merchants in the US make use of Amazon's FBA service to appeal to more customers and Amazon Prime subscribers.

Second to Amazon in North America is eBay, with 157 million active buyers and net revenue in 2014 of USD 18 billion. Q4 volumes were recorded at USD 21.8 in 2014, but eBay's GMV has declined marginally since, with the largest decline seen in the North American market.

41.  
[Wired, 2014](#)

In the past several years, Amazon and eBay tried independently to enter China. In 2002, when Chinese ecommerce was small but showing indications of big growth, eBay entered and quickly reached 75 percent share. Soon after, Alibaba Group – still a new business – responded by launching TaoBao with a business model that was far more suited to Chinese consumer behavior.<sup>40</sup>

40.  
[Nasdaq.com, 2015](#)

By 2006 eBay had shut down its China site. Now it exists as a wholly-owned subsidiary, and is currently partnering with Chinese retailer JD.com for a better chance of understanding the Chinese market nuances.

Amazon took to China with Amazon.cn around a decade ago, spending millions of dollars over that time to build up a series of warehouses and distribution channels. Amazon is still a relatively small player in China, however, with less than 2 percent of the market.

As of mid-2015, Amazon opened its first site on Tmall – the more exclusive, high-end platform of the Alibaba Group – giving the retailer a far greater chance of success and exposure in the market. The company's decision to use Tmall reflects how difficult it is to break into China without partnering with a Chinese company.

Overstock.com is another popular marketplace in the US, originally designed as a discount platform for selling off returned or surplus merchandise, but branching into new stock more recently. In 2014, Overstock.com became the first major retailer to start accepting bitcoin as payments for its goods, but today the proportion of transactions being paid by this method is nominal.<sup>41</sup>

Etsy is a platform selling handmade, crafts and vintage items for SMEs and individuals, giving it a B2C and C2C focus. With 54 million members at the end of 2014, the marketplace was created in the US in 2005. While the majority of users are North American, active users are located in nearly every country of the world and the marketplace is available in 10 languages.

Newegg, a relatively male-targeted, tech and gadget marketplace has recently expanded its product categories to include women's apparel and jewelry to broaden its appeal. It receives around 3.7 million visitors per month and sells internationally to the UK, Australia, India,



### 5.3.4

Ireland, Netherlands, New Zealand, Poland and Singapore.

Uber is an American transportation and taxi company, headquartered in San Francisco but operating in 58 countries. Taxis are ordered and payments are processed seamlessly through the Uber app, and as a result has been hailed as a leader in mobile payments for the travel and livery industries.

Uber has generated controversy, however, over their unregulated approach to Fairtrade Standards compliance and as a result have been banned from operating in some markets.

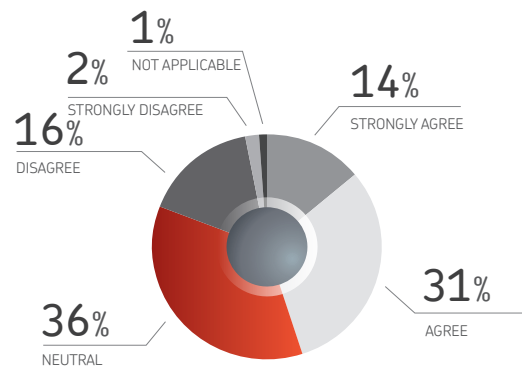
## 5.4 ASIA

### 5.4.1. THE SURVEY RESULTS

AS THE CURRENT DARLING OF ECOMMERCE, ASIA IS NO LONGER FLYING UNDER THE WORLD'S RADAR. WITH CHINA FINALLY OUTPACING THE US IN 2014, THE WORLD'S EYES ARE NOW FIRMLY FIXED ON THIS REGION AS ONE OF GREAT POTENTIAL.

Forty-five percent of our respondents believe that merchants should focus on Asia when considering cross-border expansion, 4 percent more than Europe and only 11 percent less than North America.

MERCHANTS SHOULD FOCUS ON CHINA WHEN CONSIDERING CROSS-BORDER ECOMMERCE IN FOREIGN REGIONS.



Eighteen percent of our North American respondents focus on Asia for non-North American cross-border expansion – 1 percent more than Oceania and 2 percent more than Latin America.





IN ASIA AND LATIN AMERICA CONSUMERS ARE LARGELY MOBILE-FIRST, SO **A ROBUST MOBILE-OPTIMIZED STRATEGY** AND A FOCUS ON A MULTI-TOUCH POINT EXPERIENCE IS KEY FOR CONVERSION.

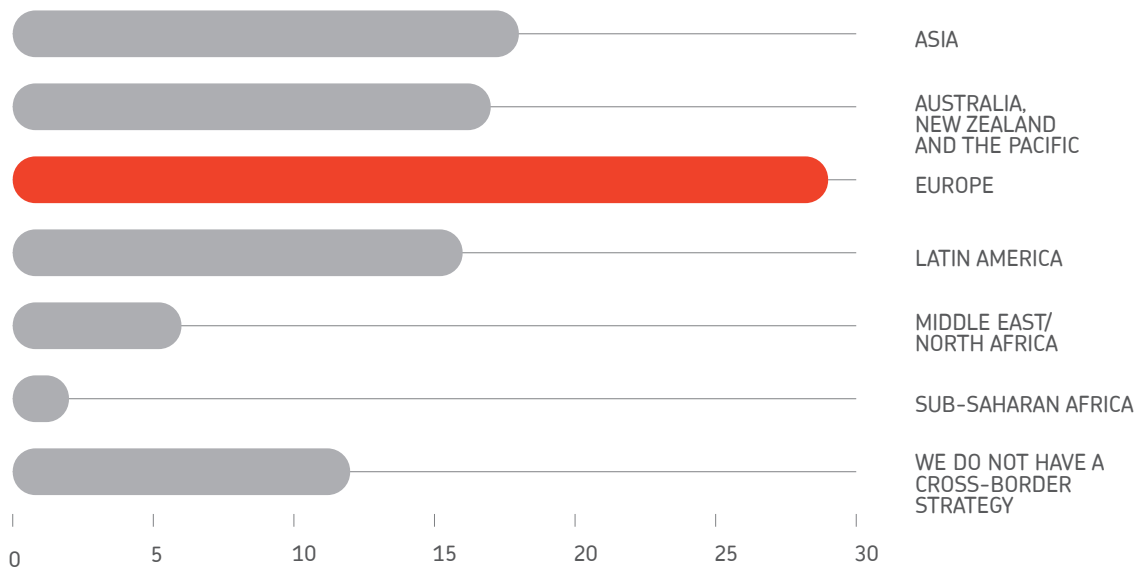
GENERATING INTERESTING AND USEFUL **CONTENT ON THE MOST POPULAR SOCIAL SITES** WILL **INCREASE ENGAGEMENT** AND SALES, AGREED BY 60 PERCENT OF OUR SURVEY RESPONDENTS.





### 5.4.1

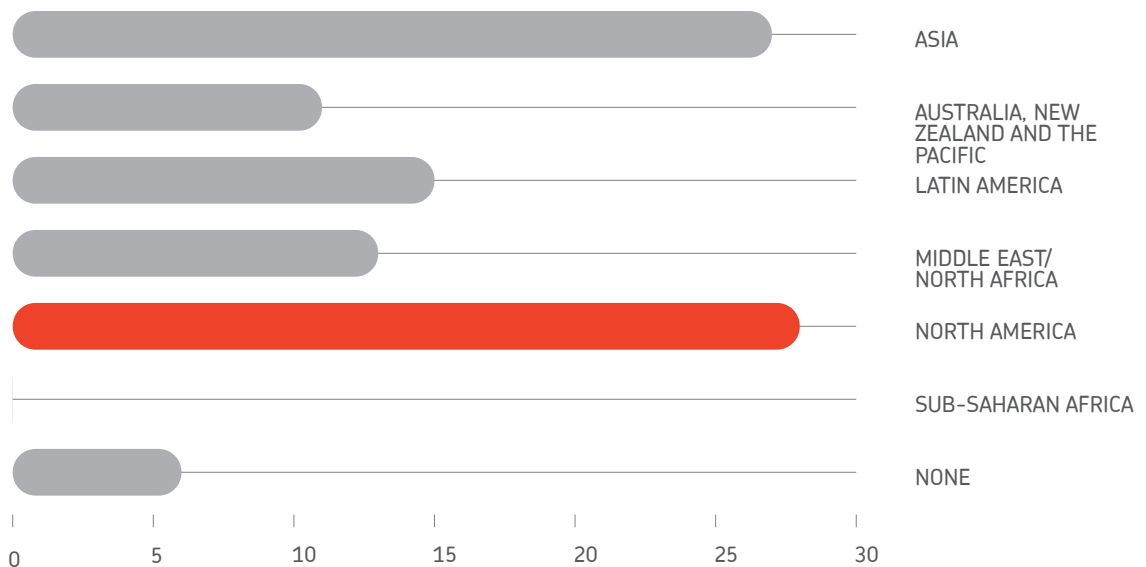
#### ON WHICH REGION OR REGIONS OUTSIDE OF NORTH AMERICA DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)



Europeans, however, focus almost as much on Asia for non-European cross-border expansion

as they do North America – 27 percent and 28 percent respectively.

#### ON WHICH REGION OR REGIONS OUTSIDE OF EUROPE DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)



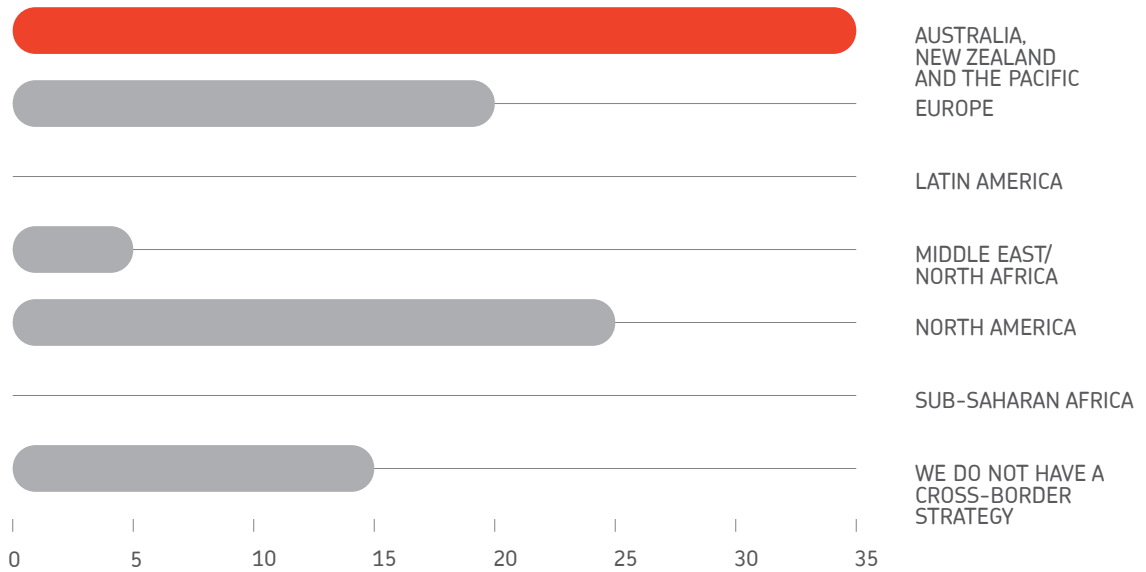
The higher focus on Asia by European businesses could be attributed to more familiarity and confidence in dealing with different languages, consumer habits and currencies within their own region, more so than their North American counterparts.

From our Asian respondents, there is a greater focus on Australia and New Zealand as cross-border ecommerce destinations than either North America or Europe. 35 percent of respondents focus on the Oceania countries, ten percent more than North America and 15 percent more than Europe.



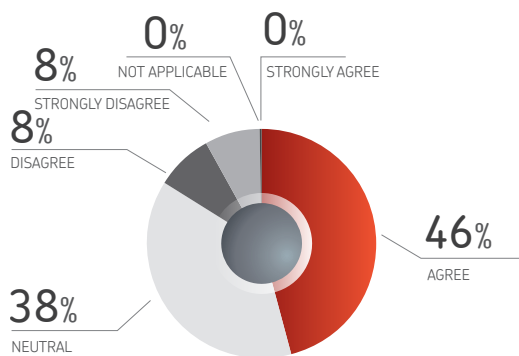
5.4.1

## ON WHICH REGION OR REGIONS OUTSIDE OF ASIA DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)

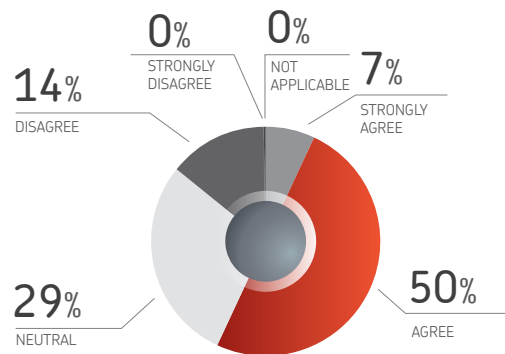


The majority of our Asian businesses also confirm that selling into Europe and the US is more complex for them than selling within Asia, due to a far higher number of marketplaces and other ecommerce platforms to navigate.

CROSS-BORDER ECOMMERCE WITH EUROPE OR THE U.S. IS MORE COMPLEX THAN OTHER ASIAN COUNTRIES AS THERE IS A VERY LARGE NUMBER OF SHOPPING PLATFORMS.



AS A CHINESE RETAILER, CROSS-BORDER ECOMMERCE IN EUROPE AND THE U.S. HAS BECOME MORE ACCESSIBLE IN THE PAST YEAR.



However, 50 percent of respondents do confirm that these established markets have become more accessible to them in the past year.





## 5.4.2. OVERVIEW OF ECOMMERCE IN ASIA

THE WORLD'S LARGEST CONTINENT BY LANDMASS AND POPULATION HAS BEEN HISTORICALLY RESTRICTED BY LOWER LEVELS OF INTERNET PENETRATION.

As a result, the Asian ecommerce industry was at a disadvantage, compared to the robust markets of North America and Western Europe, where online purchasing has occurred for more than twenty years. Today, Internet penetration levels sit at around 34 percent, still around ten percent behind the global average.<sup>42</sup>

Despite a slower start, with fast adoption of technology and comfortable online consumer habits, Asia has become the strongest ecommerce region in the world. The lion's share of ecommerce value in Asia currently comes from China, but there is strong market growth across many countries. China now sits head and shoulders above the remaining global ecommerce leaders as the most valuable ecommerce market by 32 percent in 2014.<sup>43</sup>

COUNTRY	2014 VALUE USD BN	% GROWTH	ECOMMERCE AS % OF RETAIL
China	450	50	10.1
Japan	71	14	4.9
South Korea	33.1	13	9
India	16.4	34	0.7
Singapore	4.4	7.7	7.2
Indonesia	2.6	44	0.6
Thailand	1	16	1

Online retail spending in China reached USD 450 billion in 2014, with growth levels of almost 50 percent. Moreover, only a quarter of Chinese consumers are actually purchasing online<sup>44</sup>, indicating the potential value that could be driven if penetration increases only a few percentage points.

The success of ecommerce in China has had a knock-on effect on related industries like online payments and logistics. In 2014, 14 billion packages were delivered in China, overtaking the U.S. from that logistical standpoint.<sup>45</sup>

China was traditionally a cash-based society, stemming from mistrust of the banking system. Yet with explosive tech adoption, increasing mobile penetration and the desire to shop online and for overseas products, the online payment preference is shifting. Now Chinese

consumers prefer to pay with either a credit or debit card, or AliPay – a third-party processor that is part of the Alibaba group.

A mobile-first country, the transaction value of mobile shopping has grown 239 percent year-on-year, to USD 145 billion in 2014.<sup>46</sup>

43.  
[China E-Commerce Research Center \(CECRC\), 2015](#)

42.  
[Internet World Stats, 2015](#)

44.  
[Statista - Number of online shoppers in China from 2006 to 2014 \(in millions\), 2015](#)

46.  
[Fung Business Intelligence Centre, 2015](#)

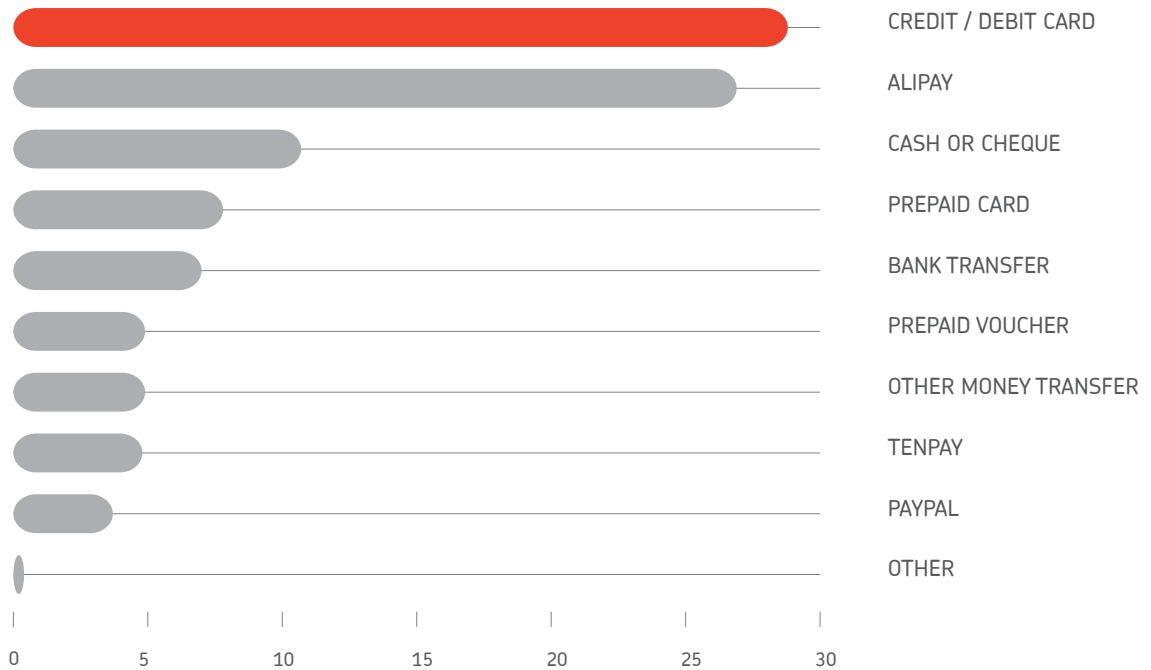
45.  
[China Bureau of Statistics, 2015](#)



## 5.4.2

### PREFERRED ONLINE PAYMENT METHODS IN CHINA

(IN %)



Japanese ecommerce is among the strongest markets in the world, comparable to Germany. The value of online shopping in 2014 was around USD 71 billion.<sup>47</sup> Each Japanese consumer purchases, on average, USD 700 worth of products a year and three quarters of consumers use smartphones.

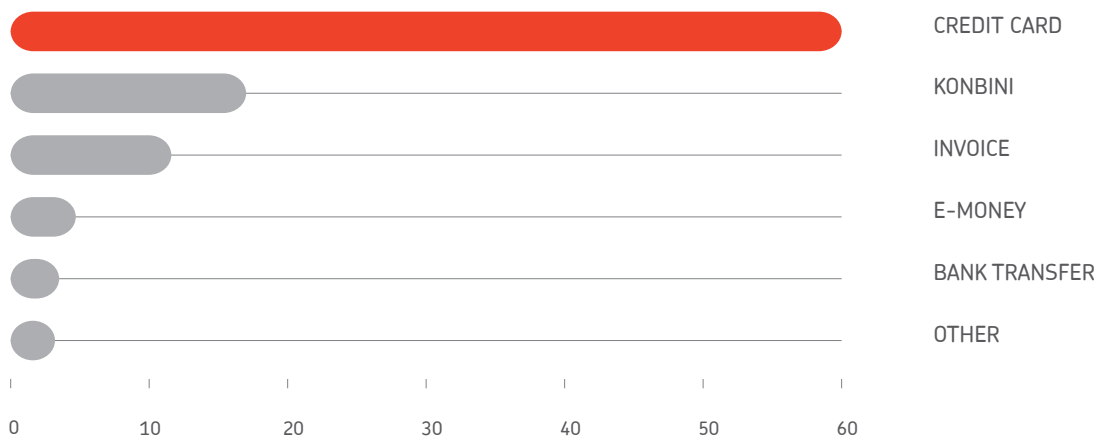
Credit card is a preferred payment method in Japan with 60 percent of shoppers choosing them to pay. Konbini, a method of ordering online and paying in a convenience store or at a kiosk, is the second-most popular online payment method.<sup>48</sup>

<sup>47.</sup> eMarketer, 2015

<sup>48.</sup> Bloomberg Business Week

### PREFERRED ONLINE PAYMENT METHODS IN JAPAN

(IN %)



In South Korea, the value of ecommerce in 2014 was valued at approximately USD 33.1 billion, positioning the market as the third largest in Asia, after China and Japan.<sup>49</sup> Over a

quarter of all sales are attributed to travel-related services.<sup>50</sup>

<sup>50.</sup> Statistics Korea (KOSTAT), 2015

<sup>49.</sup> eMarketer, 215



## 5.4.2

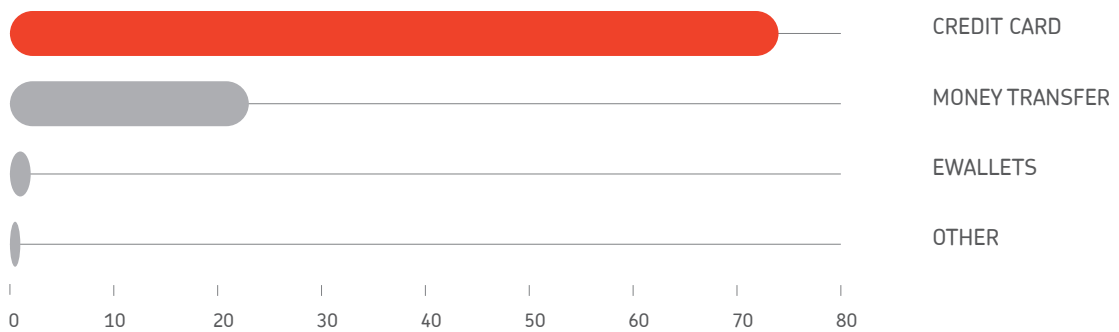
51.  
Business Wire, Research  
and Markets - South  
Korea B2C E-Commerce  
Sales Forecasts: 2015  
to 2018, 2015

South Korea stands out particularly for its mcommerce activity, as a world leader in this category. One-third of South Korean smartphone users make purchases on their devices at least once a week.<sup>51</sup>

In South Korea, paying by credit card is ingrained into consumer society – it is even

illegal for merchants to refuse to accept a credit card. In 2013 South Korea was named the top market for credit card penetration, globally. Therefore, it is unsurprising that the top online payment method is credit card, with 74 percent preference. When not using their plastic, South Koreans also like to pay with online money transfer services.

### PREFERRED ONLINE PAYMENT METHODS IN SOUTH KOREA (IN %)



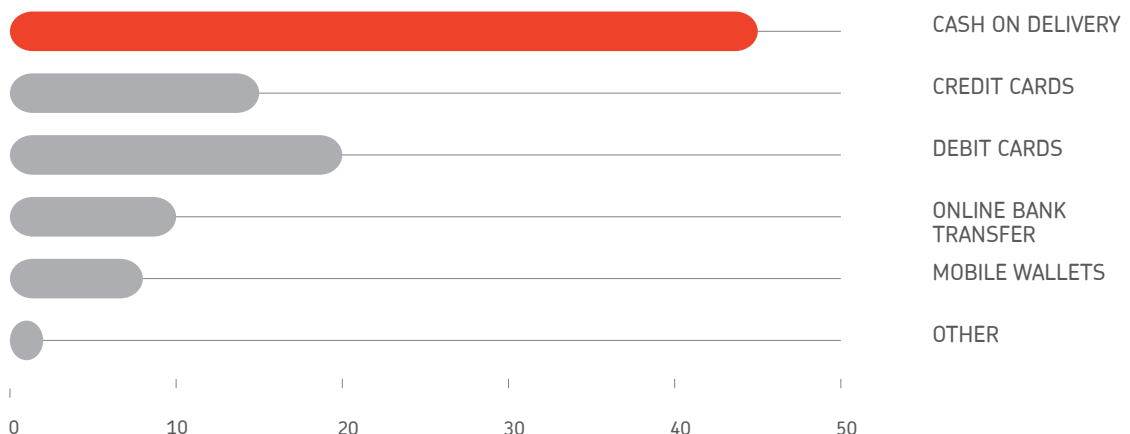
India has a small but fast-growing ecommerce market, still in the very early stages of development. In 2014, under 20 percent of the population had Internet access, largely driven by the wide availability of low-end smartphones. In fact, India is expected to have the second-largest smartphone market by 2016.

In 2014, ecommerce sales in India topped USD 16.4 billion, growing at around 35 percent. The

largest proportion of ecommerce, more than 60 percent, is driven by travel purchases.

Almost 45 percent of Indian consumers prefer cash as a payment method due to limited banking and access to credit cards. Preference of credit and debit cards is increasing, chosen by a 15 and 20 percent of consumers, respectively.

### PREFERRED ONLINE PAYMENT METHODS IN INDIA (IN %)





## 5.4.2

52.  
[Establishment Post, 2014](#)

Many Indian online merchants are forced to accept cash-on-delivery as an online payment method. This, coupled with poor logistics infrastructure, has been a barrier to greater ecommerce growth.

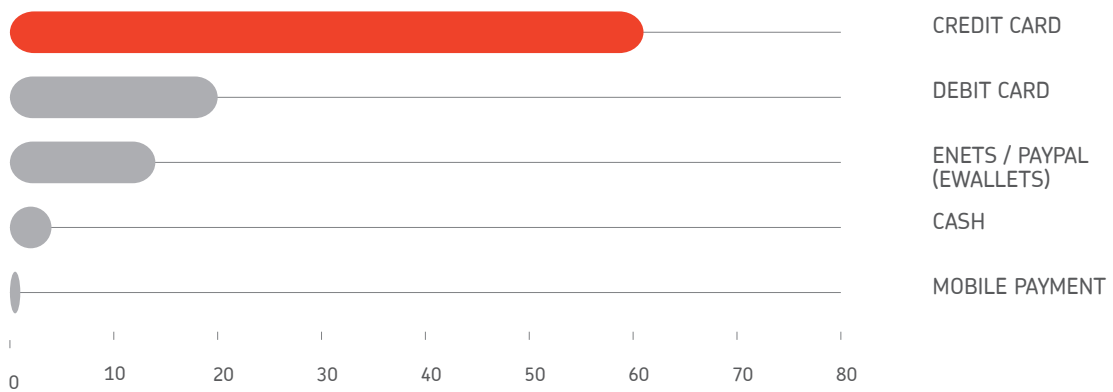
53.  
[Payvision, Country Report Singapore, 2015](#)

Singapore is a relatively established ecommerce market within Asia, with a high Internet penetration of 80 percent. Singaporean ecommerce

spending was valued at USD 4.4 billion in 2014, driven largely by mobile, with 50 percent of traffic originating on mobile devices.<sup>52</sup>

Singapore has a well-penetrated credit card market, with 2.7 credit cards per Singaporean adult. Credit card is the preferred payment method by over 60 percent.<sup>53</sup>

### PREFERRED ONLINE PAYMENT METHODS IN SINGAPORE (IN % OF ONLINE SHOPPERS)



54.  
[Euromonitor, 2015](#)

Singapore and its neighboring country Malaysia generate almost half of total online retail sales in Southeast Asia, even though the two countries only account for 8 percent of the region's population.<sup>54</sup>

58.  
[yStats - Asia-Pacific Online Payment Methods, First Half 2015](#)

Indonesia – a market of late-adopters – has almost 6 million online shoppers. The value of ecommerce in 2014 was USD 2.6 billion, a significant 44 percent growth on the year before.<sup>55</sup> A large percentage of Indonesian ecommerce is driven from rural areas where access to shopping malls is limited.

55.  
[Tech in Asia, 2015](#)

This preference for traditional payment methods continues into 2014, with credit card penetration in Indonesia still under 5 percent. Bank transfer is still the overwhelmingly preferred method, chosen by 70 percent of shoppers, but cash-on-delivery is in decline, now preferred by only 10 percent. Credit card preference remains largely unchanged over the two-year period.<sup>58</sup>

56.  
[Payvision - Factsheet Indonesia, 2013](#)

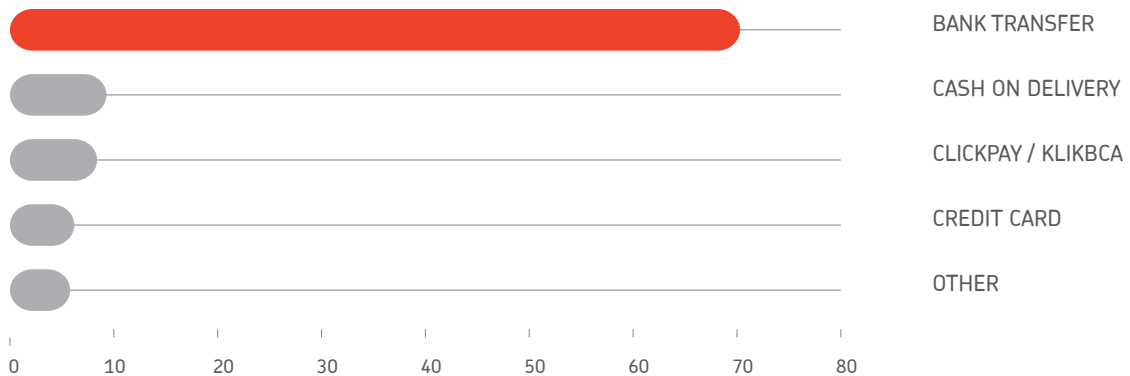
Bank transfer was the most popular payment method in 2013<sup>56</sup>, and according to Zalora Indonesia, accounted for half of all the transactions on their site that year, while cash-on-delivery (COD) made up 40 percent of all the site's transactions.<sup>57</sup>

57.  
[Hadi Wenas - Zalora Indonesia co-founder](#)



## 5.4.2

### PREFERRED ONLINE PAYMENT METHODS IN INDONESIA (IN %)



60.  
A.T. Kearny - Lifting the  
Barriers to  
E-Commerce in ASEAN,  
2015

61.  
Tech in Asia - 6 tactics  
Zalora is using to beat  
the fashion ecommerce  
competition, 2014

59.  
Euromonitor  
International - Internet  
Retailing - Thailand,  
2014

Thailand sits at the lower end of the ecom-  
merce spectrum in Asia, with a market value  
under USD 1 billion in 2014, but growing at a  
healthy 16 percent.<sup>59</sup>

Mobile commerce will be a significant growth  
catalyst, however, when we consider that

currently seven of every 100 Thais have fixed  
broadband access, while 51 of every 100  
Thais have a mobile broadband subscription.<sup>60</sup>

With only 5 percent credit card penetra-  
tion in Thailand, the majority (70 percent) of  
consumers prefer to pay with cash on delivery.<sup>61</sup>

## 5.4.3.

### CROSS-BORDER ECOMMERCE DRIVERS

AS THE LARGEST ECOMMERCE REGION, AT  
LAST THE REST OF THE WORLD IS PAYING  
CLOSER ATTENTION TO THE VALUE BEING  
DRIVEN IN ASIA, AND THE POTENTIAL  
REVENUE TO BE GLEANED FROM  
CONSUMERS IN THE EAST.

As well as an increasingly developed appetite  
for online spending in China, Singapore and  
South Korea, improved infrastructure in the key  
remaining South East Asian and Indian markets  
represents huge opportunities for Western  
merchants to expand in the region. The oppor-  
tunity is particularly high where domestic avail-  
ability is less, driving consumers to look beyond  
their own borders.

Singapore is one of the leading markets in Asia  
for cross-border consumption. As a country  
comprising almost 50 percent foreign residents  
or expatriates, a quarter of all Singaporean  
ecommerce purchases are from the US and

another quarter from other overseas destina-  
tions. Less than half are domestic purchases.

China is now one of the big three cross-border  
ecommerce drivers in the world, both import  
and export. The 2014 estimated trade value  
was more than USD 16.1 billion in overseas  
products, mostly purchased from The US, but  
also from the UK and Australia.

South Korean cross-border consumers spent  
more than a billion dollars on imported goods  
in 2014, and are mostly driven by lower prices.  
Their primary destination is the US, where the  
savings on products compensate for interna-  
tional shipping fees, added import duties, and  
long delivery times.

In the still largely fragmented markets of South  
East Asia, there is huge opportunity for Western  
presence, particularly where the offline retail  
is not meeting demand, like in Indonesia. The  
smaller cities and rural areas are not serviced



### 5.4.3

by large shopping malls, yet consumer demand is high. Indonesian consumers are looking online for Western products instead.

#### **FROM DAIGOU TO FTZ**

There are more than 18 million online cross-border shoppers in China but the tendency of Asian consumers to seek out quality Western brands or trusted products from overseas is certainly not a new one. The desire took its original form in China as an offline process called 'daigou', describing the sequence of paying a friend or agent to purchase products on their behalf when travelling abroad. The illegal process circumvented the heavy import taxes faced by traditional import.

In 2013, the opening of China's Free Trade Zones (FTZ), changed the entire dynamic of cross-border purchasing in China, allowing international companies to sell directly to Chinese consumers at reduced costs, with favorable trading conditions and most importantly, entirely legitimately.

Despite almost two years in operation, FTZ-driven cross-border ecommerce import in China has been slow to develop. Contrary to opinion in the West, it was not the monopolized trading conditions, market complexity or lack of consumer willing causing the lag, but caution on the Western side of the exchange. Western merchants have been incredibly wary of expansion into the East, deeming the markets impenetrable. As a result, only a limited number of Western merchants joined the FTZ initiative. Read more about the FTZ and the opportunities in China in our white paper *Tapping into China*.

Merchants are beginning to accept the challenge of expanding into the East, and tackling the emerging markets. Less deterred by cultural differences than in previous years, more authentic localization efforts are being made, and a deeper understanding of the market is aiding cross-border ecommerce growth.

Most significantly, Western merchants comprehend the huge power of the marketplace model

in China. Joining them rather than competing with them – as Amazon attempted to do, unsuccessfully – is the only way to win business in this market.

Cross-border ecommerce between Asia and the world is set to increase dramatically in the coming years.

#### **THE SHECONOMY CONTINUES**

In 2013 we identified that Chinese cross-border ecommerce is driven in large part by female purchasing. Mothers are looking for trusted brands of baby formula and skin care, and are willing to shop overseas to obtain them. Today, women are responsible for more than 60 percent of general goods purchases made online in China

In 2014 this trend is expanding across other parts of Asia – in particular India, one of the fastest growing ecommerce markets. According to Forrester Research, female shoppers in India are more engaged in online shopping and outspend men. Like China, the key sectors driving growth of ecommerce are baby care products, skincare and cosmetics products and home furnishing.

#### **AUTHENTIC LOCALIZATION**

English is the most common online language for Western markets, and indeed the first language of the Internet, but today Chinese is a close second.

In the past, merchants largely put off international expansion into the emerging markets of Asia. They believed that localizing their website for Asian consumers was far too complex, and that the difference in culture would be too high a barrier for success.

As the importance of Asia to ecommerce grows, more merchants are going out of their comfort zones and entering the region, and the first rule of thumb for success is authentic localization.

In some Asian countries such as Japan, non-Japanese content is simply not an option.



### 5.4.3

Ninety-nine percent of the Japanese population only comprehends websites with content in Japanese. And the importance of Japan as a cross-border destination should not be underestimated. Japanese online consumers – who have a higher than average level of liquid savings – purchased more than USD 2 billion worth of products from U.S. and Chinese businesses in 2014.

Even in Eastern countries that speak many languages, such as South Korea and Singapore, the results of a study indicated that 75 percent of multilingual consumers still preferred to buy products in their native language. More than half said they would only buy from Websites where information was available in their native language.<sup>62</sup>

Localization goes much further than translation, although local language is an important first step. It is extremely important for merchants to work with a local partner to translate their content authentically. Using machine translations may be cost effective and tempting for SMEs with smaller budgets, but the end result will be unnatural sounding copy, littered with unprofessional errors and potentially brand-damaging cultural faux pas.

Large, well-known brands have fallen afoul of such translation errors. When Pepsi first entered the Chinese market, they launched with the slogan 'Pepsi brings you to life'. When translated, however, they were in fact using the slogan, 'Pepsi brings your ancestors back from the grave,' an embarrassing and tasteless reference in a culture that highly respects the older generations.

Authentic localization is also about creating a local look and feel that is in tune with cultural nuances. Images should be both relevant and appropriate for the market.

Japanese consumers, for example, enjoy Western products, but prefer them to have a local flavor or influence. In Japan, consumers

crave beauty and cuteness, 'shibui' and 'kawaii,' respectively.

From a design and visual perspective, it is important to note that colors are representative of very different emotions from East to West, another key element of localization. Red, for example, is often used for warning or danger in the West. In Asian cultures, red is the color of happiness, joy and celebration. It is often the color worn by brides on their wedding day because it is thought to bring luck, long life and happiness.

Blue represents trust and authority in the West, and is commonly used by financial brands to communicate respect and trust. It is also the color for masculinity. Conversely, blue is considered a feminine color in China. In South East Asia, light blue is associated with death or mourning. Another example of inappropriate localization: Pepsi changed their vending machines from dark blue to light ice blue in South East Asia, and lost its dominant market share to Coca Cola.

#### JOIN THE MAIN MARKETPLACES

A common trend for cross-border ecommerce this year in all regions is the growing dominance of the online marketplaces. Across the world, more consumers are turning to the shopping malls of the online world to browse multiple brands and products simultaneously.

In Asia, the marketplace model is even more powerful than in the Western world. In many Asian countries, it is unthinkable for an international business to succeed in the market without joining an appropriate marketplace. In China, without marketplace presence on Alibaba – a huge collection of ecommerce platforms with 80 percent market share – merchants simply would not be seen by consumers. The majority of customers research products directly on their chosen marketplace platform, rather than on a search engine like Google. Read more on this under major ecommerce platforms.

62.

Common Sense  
Advisory – Can't Read,  
Won't Buy, 2014





### 5.4.3

63.

The Korea Herald, 2015

64.

eMarketer, 2015

South Korean online marketplaces have grown by 17.5 percent in 2014, unlike standard offline malls that have decreased in value.<sup>63</sup> In Thailand, however, where there is a lack of local market leaders, consumers are attracted to the larger Western marketplaces such as Amazon and eBay.

#### 24-HOUR ECOMMERCE HOLIDAYS

The rise of China's Singles Day – not unlike Black Friday or Cyber Monday in the West – has a profound effect on Chinese ecommerce. Singles Day is now the world's biggest 24-hour ecommerce holiday, driven by Chinese ecommerce giant Alibaba.

Held each year on November 11th, or 11.11, Singles Day broke world records in 2014. The anti-Valentines Day GMV increased 60 percent since 2013, hitting a total of USD 9.3 billion on one day.

A key focus for Singles Day is to connect Chinese consumers with overseas brands, thus driving cross-border ecommerce exponentially. This is possible not only through the Alibaba cross-border import focused platform Tmall, but also by making use of AliPay's ePass, a recent payment solution allowing overseas merchants to integrate AliPay onto their non-Chinese foreign website.

More than 200 merchants from over 20 countries participated in this one-day promotion, to take a share of the record-breaking spending by Chinese consumers.

#### MOBILE-SAVVY, SOCIAL MARKETS

Of the 18 million online cross-border shoppers in China, almost 80 percent are cross-border mobile shoppers.

Mobile Internet adoption is one of the main catalysts for the widespread ecommerce penetration in emerging Eastern markets. While making a slower start in the West, in Asia mobile commerce is booming, and driving consumers to shop online both domestically and cross-border.

Chinese mobile sales on tablets, smartphones and other mobile devices are expected to reach USD 334 billion in 2015, up 85.1 percent from 2014, putting retail mcommerce sales in China at nearly 450 percent of those in the US.<sup>64</sup>

China has been a mobile-first market for many years, far ahead of Western countries. This has meant that Asian merchants have been under pressure to provide omnichannel shopping experiences for their mobile-happy consumers for longer than their American counterparts. In markets like China where Alibaba is has a stake in all parts of the consumer journey, payments are more dynamic. They are responsive to trends, and discreet to the consumer. The result is a retail experience connected seamlessly from channel to channel.

According to a MasterCard m-commerce study, 70 percent of consumers in China and 63 percent India favor mobile devices for shopping online. More than two-thirds of smartphone users in China have made a purchase using their device.

In South Korea, mobile shopping saw the biggest leap upward as the value of transactions made via mobile devices jumped 125.8 percent in 2014.

In Indonesia, social commerce via mobile is a key driver. It is the world's fourth-largest Facebook market, and Twitter's fifth-largest. This high usage isn't purely to stay connected with friends; more than a quarter (27 percent) of all ecommerce transactions are via social media. There are now platforms that exist in Indonesia purely to pull together this content, aggregating images from the various social channels.



#### 5.4.4. THE MAJOR ECOMMERCE PLATFORMS

IN ASIA – EVEN MORE SO THAN IN THE WEST – THE ECOMMERCE LANDSCAPE IS MORE OR LESS DOMINATED BY THE MARKETPLACE MODEL.

In China, the Alibaba Group – an expansive collection of ecommerce platforms and related industries – has 80 percent market share. Today, the company has more than 350 million active users, larger than the entire population of the US.

Although the main search engine in China is Baidu, Alibaba blocks Baidu's spider from indexing both its main platforms. Pages from these websites do not appear in Baidu's search results so consumers are forced to go immediately to their chosen platform to perform their search.

The Alibaba Group ecommerce platforms include;

- **Alibaba – the original platform for** global wholesale, B2B trade.
- **TaoBao – the main free-to-list B2C** marketplace featuring millions of merchants.
- **Tmall – a high-end platform for well-**known, high-quality brands, many of which are Western to encourage cross-border import.
- **AliExpress – a platform aimed at Chi-**nese cross-border ecommerce export, a large proportion of which goes to Russia, Brazil and the US.

Tmall's trade alone was worth USD 123 billion in 2014, and together Taobao and Tmall account for more than half of all parcel deliveries in China.

Alibaba Group has also tackled the tricky issue of online payment in China, historically a mistrusting, cash-based market. It created AliPay Wallet, a third-party payments processor, now one of the largest in the world.

AliPay is facing fierce competition in the mobile payments space and potential difficulties in proposed financial regulation that could limit daily online payments to USD 800 per day. Even from an ecommerce perspective, a flock of newcomers in China is putting pressure on Alibaba Group to keep their overwhelming share of the market. The competition is getting hotter where the Chinese economy becomes cooler, and Alibaba Group's biggest rival is JD.com.

JD.com is closing the gap in the Chinese ecommerce market. Popularity for this smaller platform has excelled in the latter part of 2015 and it has demonstrated stronger growth than the Alibaba platforms, in which popularity has waned. By investing in smaller cities and providing superior logistics connections in rural regions where the distance to physical stores is greater, JD.com has advanced in line with the area of Chinese ecommerce that is flourishing.

Alibaba Group still holds 80 percent market share, but this is mostly supported by TaoBao. The competition is fiercer for sales from the more elite, high-end merchants that focus on cross-border ecommerce; the fastest growing ecommerce segment. Alibaba's Tmall had a share of 58.6 percent in the first quarter of 2015—roughly the same as the previous year—while JD.com has climbed to 22.8 percent from 19.2 percent in 2013.<sup>65</sup>

Niche players are competing for Chinese online consumer's money, from Jumei International Holding Ltd., a Chinese online seller of beauty products, to electronic discount fashion retailer Vipshop Holdings Ltd., and Yihaodian, a Chinese Internet grocery store that in July was taken over by Wal-Mart Stores Inc.<sup>66</sup> Smaller players like LightInTheBox, Ymatou.com and Metao are also competing for a piece of the pie in this new age of Chinese ecommerce dominance.

In Japan, large marketplace Rakuten Ichiba has over 40 percent market share, and sits among

<sup>65.</sup>  
[Research, 2015](#)

<sup>66.</sup>  
[Wall Street Journal, 2015](#)



#### 5.4.4

the largest in the world by GMV. To globalize the Japanese ecommerce market, Rakuten allowed non-Japanese merchants to sell on the platform in 2013, and has expanded its holding overseas, including Play.com in the UK which became Rakuten.co.uk.

Indonesia is more 'westernized' than other Asian markets, from an ecommerce perspective. Not only is a large proportion of ecommerce driven through social media sites such as Facebook, but Amazon was the most popular B2C site in Indonesia in 2013. In spite of its lack of local presence, pricing or logistics support, Amazon's extensive product selection resulted in the highest amount of visitors.

Local players have started to emerge and take precedence in the last few years. Lazada Indonesia, Rocket Internet's answer to Amazon, made big gains in 2014. Tokopedia, another large marketplace, now has tens of thousands of merchants. Every month, the site records more than 10 million visitors and sold approximately 24 million items last year.<sup>67</sup>

In South Korea, local player Coupang has emerged as the dominant online retailer, influencing the end-to-end consumer process from online experience to shipment and logistics through its own delivery solutions. Coupang is

expected to turn over a GMV of USD 3 billion in 2015.

Without having to rely heavily on third parties, Coupang focuses on high customer experience and speed. Items bought directly from the company are shipped for free, while most products ordered before noon in Seoul can be delivered on the same day. Most significantly, Coupang and one of its main domestic rivals, Ticket Monster, get about four-fifths of their traffic and revenue from smartphones.

India is an increasingly attractive ecommerce market, with the number of online shoppers quadrupling in two years from 8 to 35 million in 2014. The main marketplaces are FlipKart and Snapdeal, holding a quarter of the market share, combined.

Initially Flipkart was founded to sell books online, but has expanded its product range to include electronic goods and a variety of other products. Now as the country's highest valued ecommerce business, Flipkart is expected to reach a GMV of USD 8 billion in 2015.

Snapdeal is a close second in the Indian market by GMV. Amazon India, however, had 23.6 million unique visitors in May, more than either Flipkart or Snapdeal.

<sup>67</sup>.  
[Tech in Asia, 2014](#)

## 5.5 LATIN AMERICA

### 5.5.1. THE SURVEY RESULTS

OUR SURVEY RESPONDENTS HAD MIXED FEELINGS ABOUT LATIN AMERICA AS A CROSS-BORDER ECOMMERCE DESTINATION.

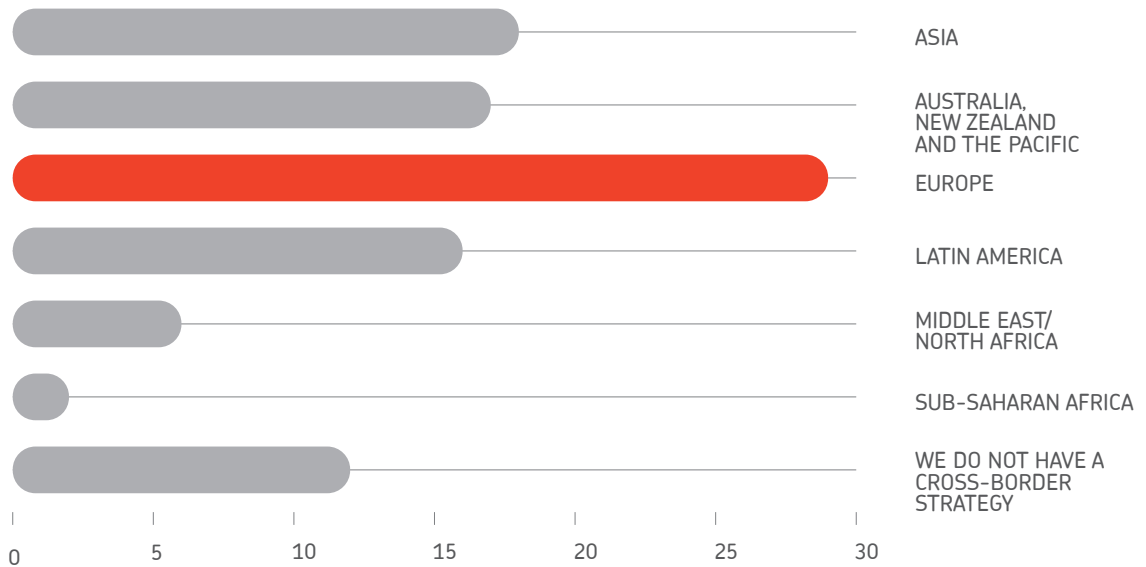
In some cases, the focus appears to be decreasing. This could, however, be attributed to the increased focus on Asia as an emerging market, rather than an actively decreased focus on Latin America.

Sixteen percent of our North American respondents focus on Latin America when considering cross-border expansion, less than Europe, Oceania or Asia. This is less than previous years, where Latin America was of more interest to North Americans than Asia.



5.5.1

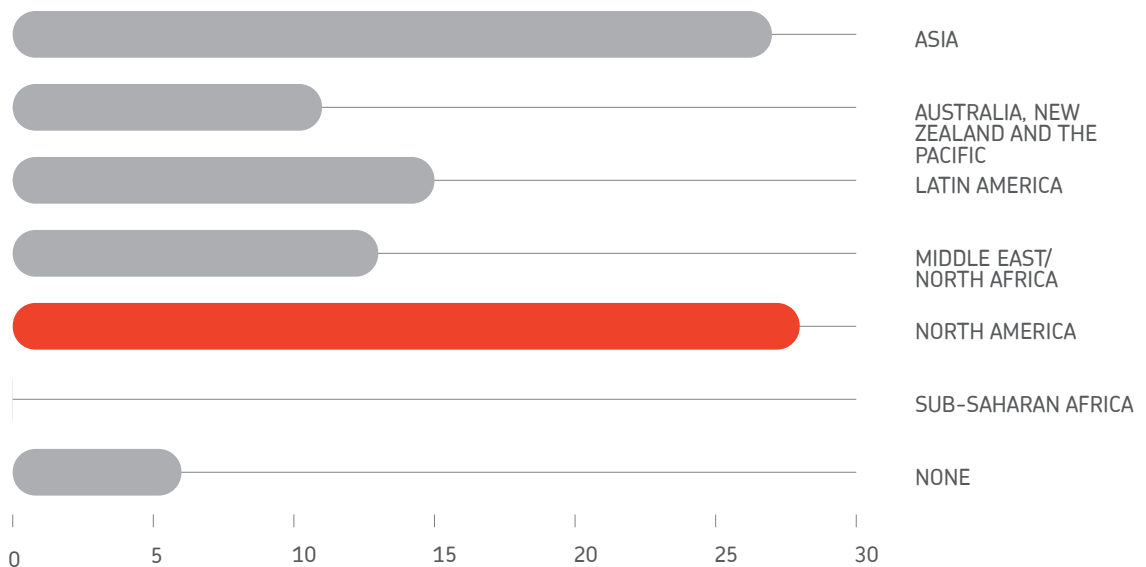
**ON WHICH REGION OR REGIONS OUTSIDE OF NORTH AMERICA DO YOU  
FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)**



A similar percentage of European respondents focus on Latin America – 15 percent. It is,

however, the third most popular destination after North America and Asia.

**ON WHICH REGION OR REGIONS OUTSIDE OF EUROPE DO YOU FOCUS  
YOUR CROSS-BORDER STRATEGY? (IN %)**

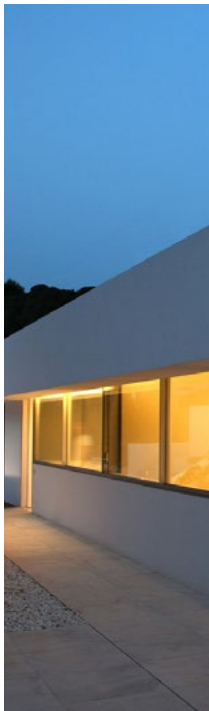


Interestingly, our Asian respondents appear to have little interest in Latin America as a cross-border destination, with minimal focus for overseas expansion. This is despite market indications that more Latin Americans are buying from Asia. The appeal of the online-savvy, established Western markets is a far stronger

driver to expand overseas than focusing on other emerging markets, even if demand is high.



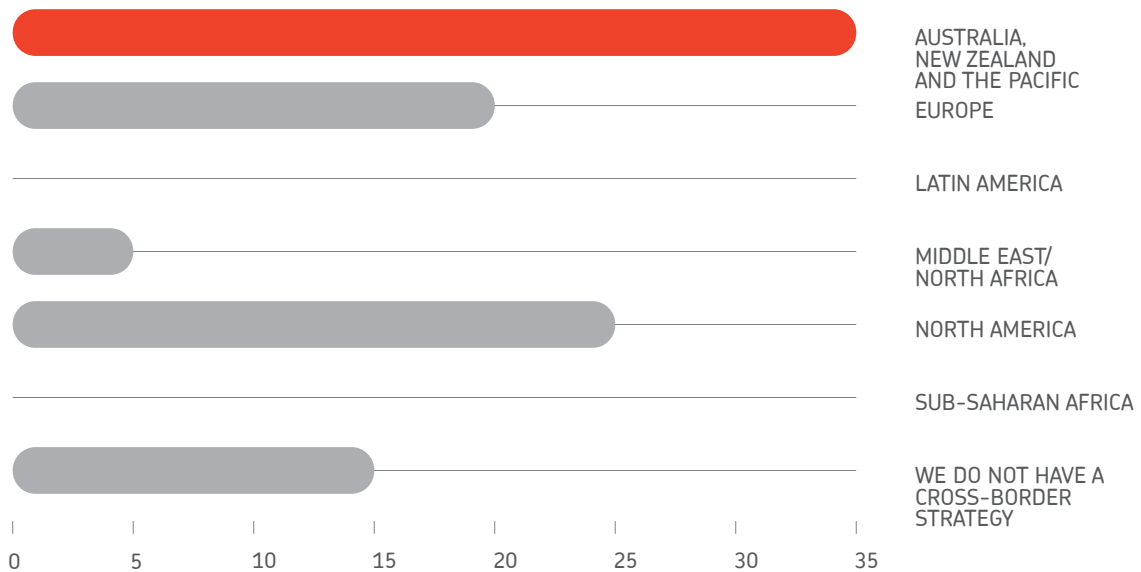
WITH THE GLOBAL  
CROSS-BORDER  
ECOMMERCE  
MARKET SET TO  
INFLATE FROM  
**USD 230 BILLION  
IN 2014 TO USD  
1 TRILLION BY  
2020**, MERCHANTS  
ARE INCREASINGLY  
KEEN TO EMBARK  
UPON OVERSEAS  
EXPANSION.





## 5.5.1

### ON WHICH REGION OR REGIONS OUTSIDE OF ASIA DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)



## 5.5.2.

### OVERVIEW OF ECOMMERCE IN LATIN AMERICA

LATIN AMERICA IS THE REGION OF THE AMERICAS BELOW THE BORDER OF THE UNITED STATES, COMPRISING THE ROMANCE LANGUAGE-SPEAKING COUNTRIES OF THE AMERICAS, AND A COMBINED POPULATION OF ABOUT 600 MILLION PEOPLE.

The most populous of the Latin American countries are Brazil, Mexico, Colombia and Argentina, countries that are seeing increasing levels of middle class citizens seeking out high quality products. Latin America has an ecommerce industry valued at USD 88.3 billion as of mid-2015, growing 24.2 percent annually.<sup>68</sup>

Hampered by less sophisticated infrastructure and access to bank and credit cards, Latin America has the second-lowest level of digital sales worldwide, surpassing only the Middle East and Africa, and making up just over 2 percent of global ecommerce sales.

Brazil and Mexico are the two main contributing ecommerce markets to the regional total, and Brazil stands in its own league – generating alone more than the total sum of the remaining countries.

68.  
eMarketer, 2015

COUNTRY	2014 VALUE USD BN	% GROWTH	ECOMMERCE AS % OF RETAIL
Brazil	34	17	2,6
Mexico	12.2	28	1,2
Argentina	3,55	48	1,6
Colombia	2,5	40	1,5
Chile	1,6	23	< 1
Peru	0,8	20	< 1



## 5.5.2

69.  
[Statista, 2015](#)

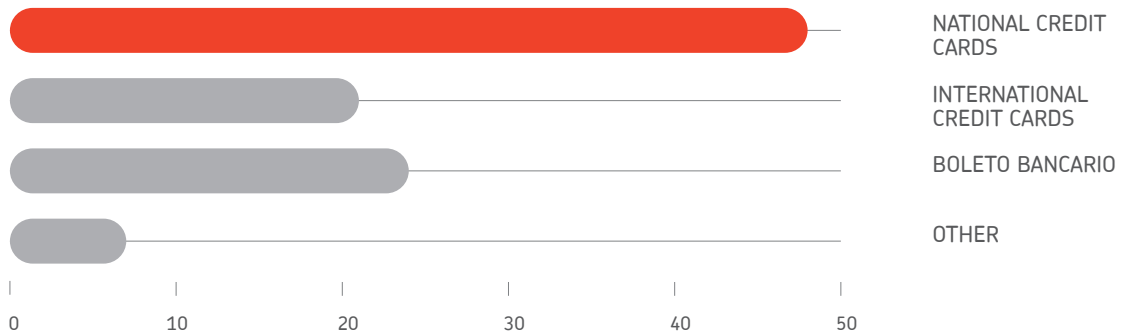
Brazil's ecommerce total for 2014 was USD 34 billion<sup>69</sup>, with the most common online payment method being credit card, accounting for almost 70 percent of transactions. However, it is important to distinguish between national credit cards (making up two-thirds of this figure) and international credit cards in Brazil. National

credit cards can only process in BRL, whereas international credit cards can process in both foreign and local currencies.

Brazil's ecommerce is by far the strongest in the region, but growth is levelling out compared to other Latin American countries.

### PREFERRED ONLINE PAYMENT METHODS IN BRAZIL

(IN %)



70.  
[AMIPCI \(Asociación Mexicana de Internet\) - Estudio Comercio Electrónico en México, 2015](#)

The Mexican ecommerce market was valued at slightly more than USD 12 billion in 2014<sup>70</sup>, with a large proportion driven by mcommerce. According to an Ericsson report, 32 percent of the population makes transactions on their mobile phone, ahead of all other Latin American countries.

In Mexico, the largest proportion of customers still prefer to pay with cash. This is largely because less than 15 percent of adults hold a credit or debit card. Despite this, the second-most preferred online payment method is credit card, indicating that credit card holders are driving ecommerce in Mexico.<sup>71</sup>

71.  
[Euromonitor, 2015](#)

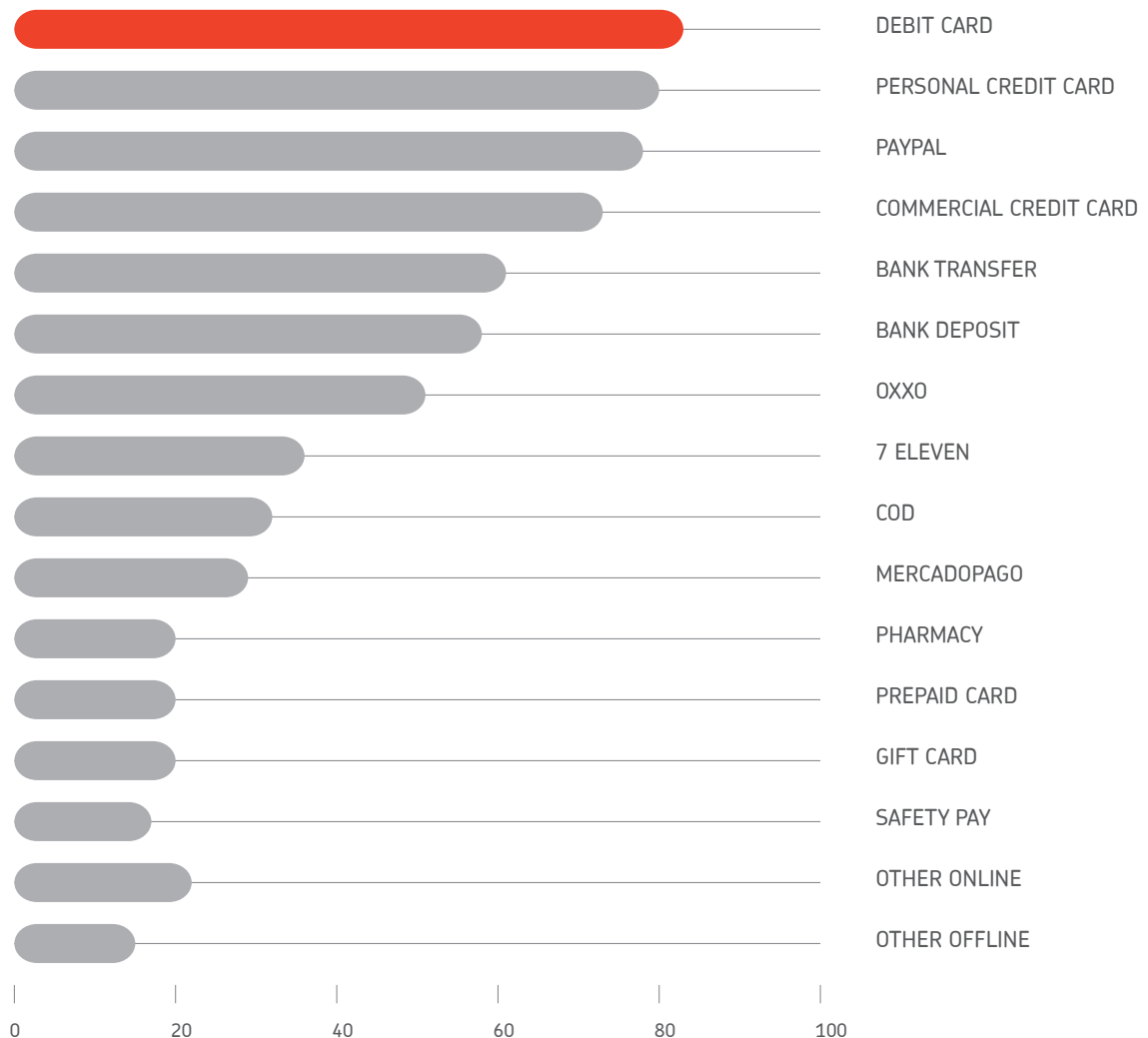
Despite low card penetration, and consumer preference for cash-based payments, Mexican retailers prefer to accept online methods such as debit and credit cards, (83 percent and 80 percent of retailers, respectively), than cash on delivery (32 percent).<sup>72</sup>

72.  
[yStats, 2015](#)



## 5.5.2

### PAYMENT METHODS OFFERED BY ONLINE RETAILERS IN MEXICO (IN % OF ONLINE RETAILERS)



Argentina has a market of 14 million online shoppers, and an ecommerce value of around USD 3.5 billion, but as the fastest growing Latin American market, the value is expected to reach USD 8.3 billion by 2019.<sup>73</sup>

<sup>73</sup>.  
Practical Ecommerce.  
com, 2015

Argentinian consumers are more comfortable with credit cards as an online payment method, used by more than half of online shoppers. Cash is a second choice, but with a considerably smaller 19 percent of online consumers choosing this method.<sup>74</sup> The strong market growth in Argentina could correlate with their preferred payment methods.

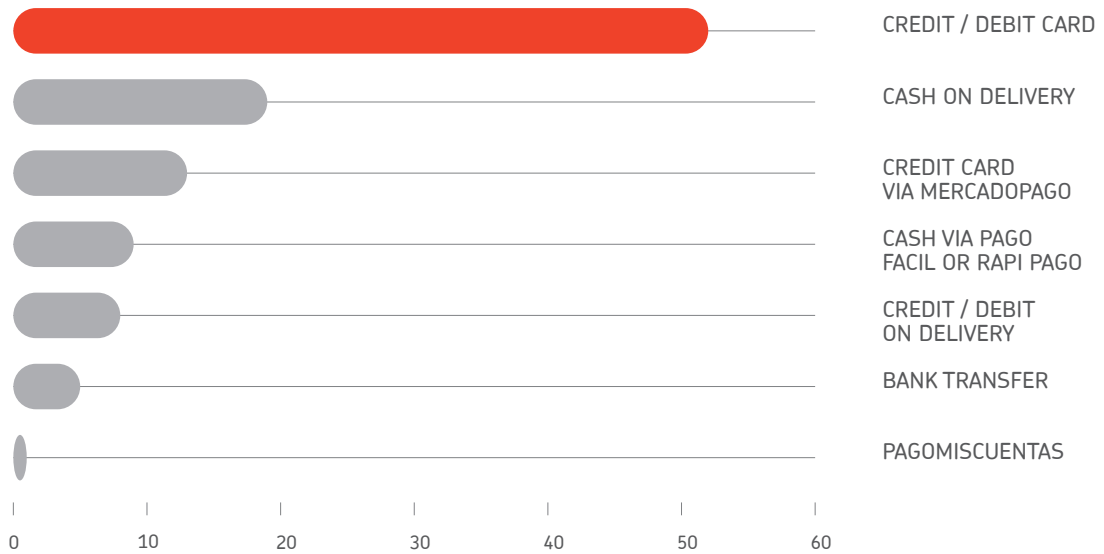
<sup>74</sup>.  
yStats, 2015





5.5.2

## PREFERRED ONLINE PAYMENT METHODS IN ARGENTINA (IN % OF ONLINE SHOPPERS)



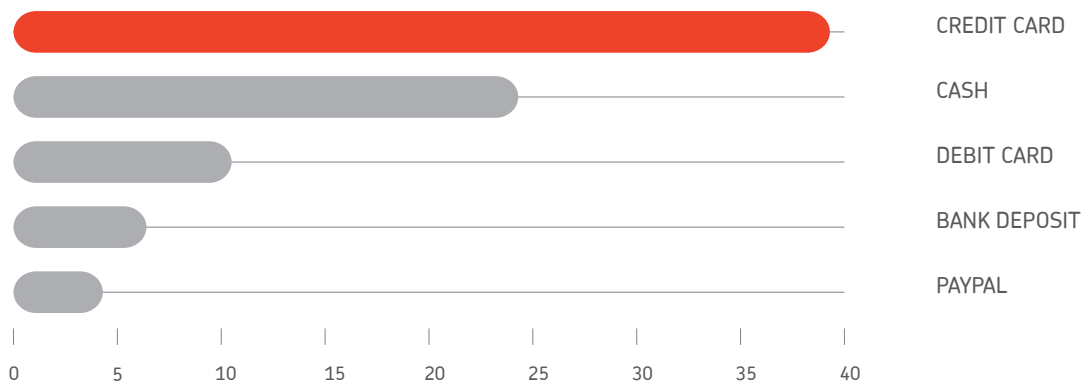
76.  
yStats, 2015

75.  
Latin Link, 2015

Colombia has a smaller but also a fast-growing ecommerce market with USD 2.5 billion in sales in 2014.<sup>75</sup> Similarly to Argentinians, Colombians

prefer to pay online with credit card over any other method, indicating significant potential in the market.<sup>76</sup>

## PREFERRED ONLINE PAYMENT METHODS IN COLOMBIA (IN % OF ONLINE SHOPPERS)



79.  
AtKearny, 2015

77.  
eMarketer, 2015

78.  
yStats, 2015

Chilean ecommerce was valued at USD 1.6 billion in 2014. Despite a small 17.5 million population, the country is seeing steady ecommerce growth rates of 23 percent. Over 70 percent of the 6.4 million Internet users are shopping online.

Despite lower ecommerce turnover, Chile is often referred to as Latin America's 'hidden ecommerce gem'. Consumers in Chile are comfortable purchasing online, and possess

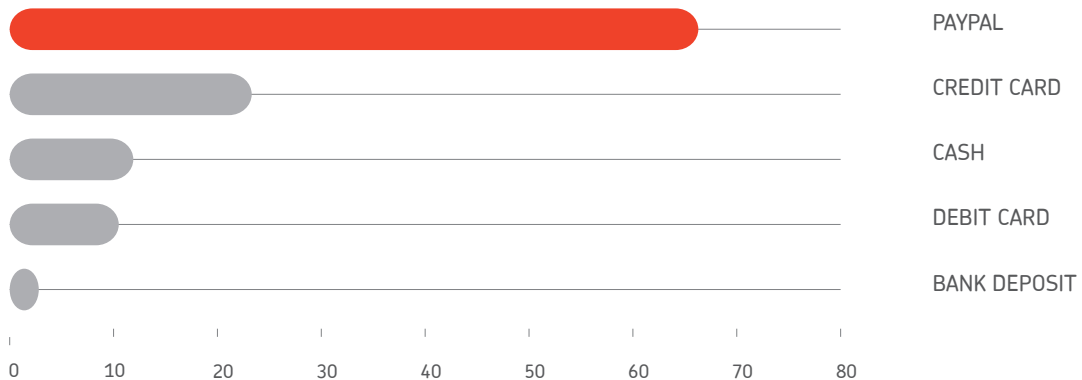
greater disposable income than their peers in any other economy in Latin America.<sup>77</sup>

Additionally, consumers in Chile most prefer to pay online with e-wallet PayPal or credit card, rather than cash, indicating a comfortable adoption of online payment methods.<sup>78</sup> The average Chilean household has four credit cards and spends USD 158 per year online, compared to USD 44 in the rest of Latin America.<sup>79</sup>



## 5.5.2

### PREFERRED ONLINE PAYMENT METHODS IN CHILE (IN % OF ONLINE SHOPPERS)



## 5.5.3.

### CROSS-BORDER ECOMMERCE DRIVERS

AS A FAST-GROWING, INCREASINGLY TECH-SAVVY MARKET, THE OPPORTUNITIES IN LATIN AMERICA CANNOT BE IGNORED BY BUSINESSES THAT ARE SERIOUSLY CONSIDERING INTERNATIONAL EXPANSION.

#### PRICE SENSITIVITY = LESS WEST, MORE EAST

Traditionally, Latin America traded mostly with the US and Europe. Asia, however, is rapidly becoming one of the region's import partners from both a consumer and business point of view. This is largely because goods and services in Asia are available at a lower cost than the ones that can be found in Western markets, and vice versa.

Nearly half of all Brazilian and a third of Mexican online consumers have purchased from overseas, each looking for better quality or better prices. Of those who have not embarked upon overseas online shopping, around half in both markets plan to do so in the future, indicating huge potential for imminent growth.

In Brazil, the US remains the primary destination for cross-border ecommerce. Yet Brazilians are shopping from there less; 72 percent in 2014 compared to 79 percent in 2013. China, as a destination for cross-border purchasing, has increased from 48 percent in 2013 to over

55 percent in 2014. This is in line with regional trends.

AliExpress, part of the Chinese ecommerce giant Alibaba Group, has become one of the most popular online shopping Websites in Brazil. Brazilians mostly purchase inexpensive products from China, the most popular ones being electrical products, garments, glasses, energy-efficient lamps, and other low-value items.

In Mexico, the top destination by far for overseas ecommerce is the US at 87 percent of purchases. Other popular destinations are China and Hong Kong.

#### SOCIAL COMMERCE

Latin American Internet users spend 10 hours on social media a month, on average. This is five more hours than the world average.

This high use of social media for sharing user-generated experiences and content is having a knock on effect on both domestic and overseas brands. Transparency and visibility is increasing all the time, so consumers are more aware of international products with better value, and how to obtain them.



## 5.5.3

83.  
[Ericsson, 2015](#)

Brazilian consumers are the most connected in the world, spending 60 percent more time on social media than the worldwide average. It is estimated that 78.1 million people in Brazil used a social networking site at least once per month in 2014. That equates to almost 73 percent of Internet users, or 38.5 percent of the total population of the country.

84.  
[Latin Link, 2014](#)

80.  
[Statista, 2015](#)

81.  
[Latin Link, 2014](#)

82.  
[TechCrunch, 2015](#)

### MOBILE-FIRST REGION

Latin Americans are incredibly well connected. Mobile penetration is over 120 percent<sup>80</sup> with the biggest markets being Brazil with 112 million mobile users, Mexico with 97.6 million and Argentina with 53 million.<sup>81</sup> When WhatsApp crossed 465 million users, Brazil and Mexico accounted for 70 million, or almost 40 percent of its entire user base.<sup>82</sup>

In Mexico, a quarter of Internet users have made a purchase using their mobile phone with another 48 percent of Mexican online shoppers admitting they would prefer mobile payments over their physical wallets.<sup>83</sup>

The use of tablets in Latin America has also skyrocketed. In Brazil, the number of tablets jumped from 200,000 in 2011 to 5 million in 2012. Now it's estimated that there are more than 11 million tablets in use in Brazil.<sup>84</sup> Most of the tablets are owned by people who have never even used a computer, giving new legs to both domestic and cross-border ecommerce market opportunities.

## 5.5.4.

### THE MAJOR ECOMMERCE PLATFORMS

85.  
[CNBC, 2014](#)

87.  
[Internet Retailer, 2015](#)

88.  
[Ytats - Latin America B2C E-Commerce Market, 2014](#)

86.  
[Marcos Galperin - MercadoLibre Founder, 2014](#)

THE MOST VISITED ONLINE RETAILER IN LATIN AMERICA IS MERCADOLIBRE.COM (MERCADOLIVRE.COM IN BRAZIL AND PORTUGAL), A PLATFORM SIMILAR TO EBAY.COM. IT IS NOW THE LARGEST ECOMMERCE SITE IN LATIN AMERICA, HOLDING A 25 PERCENT MARKET SHARE.<sup>85</sup>

MercadoLibre is currently present in Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Mexico, Ecuador, Peru, Panama, Portugal, Uruguay and Venezuela. Unsurprisingly, twelve percent of the platform's GMV comes from mobile phones, and founder Galerin believes mobile will account for 50 percent in five years' time.<sup>86</sup>

The second biggest player in Latin America is the group B2W, a Web-only online retailer

comprising sites Americanas.com.br, Submarino.com.br and Shoptime.com.br, among others.

B2W has operations in Brazil, Argentina, Chile and Mexico and has plans for expansion into Asia and North America. Mobile devices account for around 32 percent of the merchant's traffic and 18 percent of all online orders.<sup>87</sup>

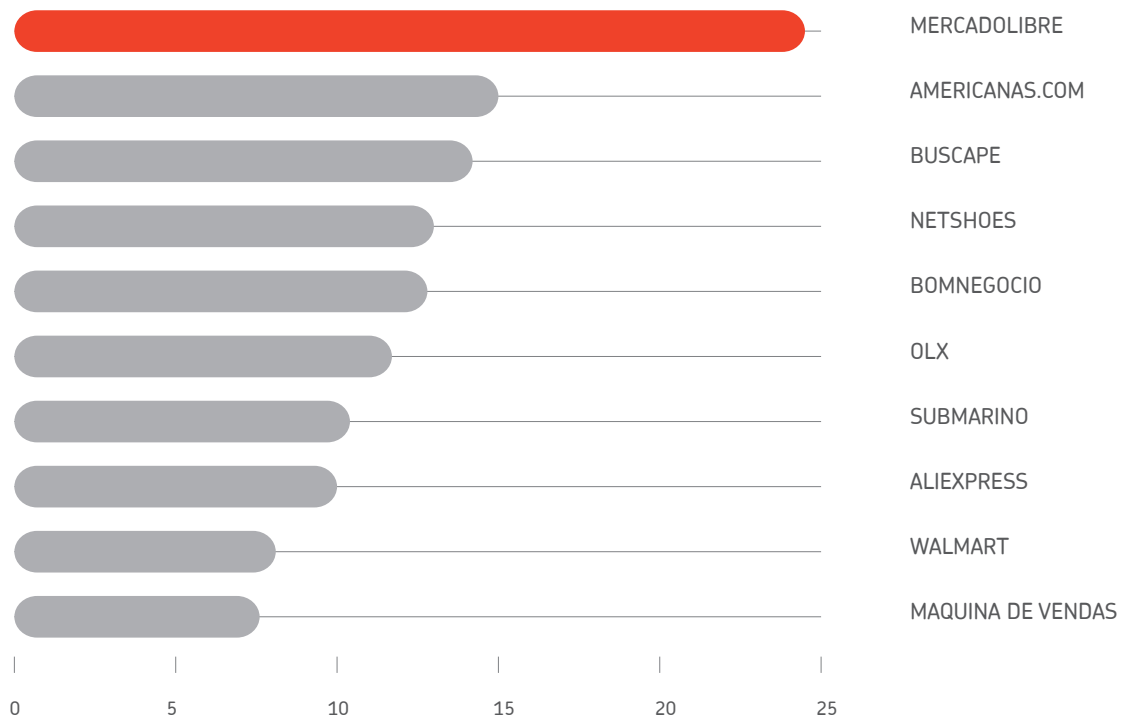
In Brazil, Chinese giant AliExpress is available within the top ecommerce sites in the country.<sup>88</sup> To overcome local obstacles and facilitate growth in the Latin American market, AliExpress has partnered with Correios (the official Brazilian postal service) and local payment processors.



#### 5.5.4

### MOST VISITED ECOMMERCE WEBSITES IN BRAZIL

(UNIQUE VISITORS PER MONTH - MILLIONS, 2014)



## 5.6 OCEANIA

### 5.6.1. THE SURVEY RESULTS

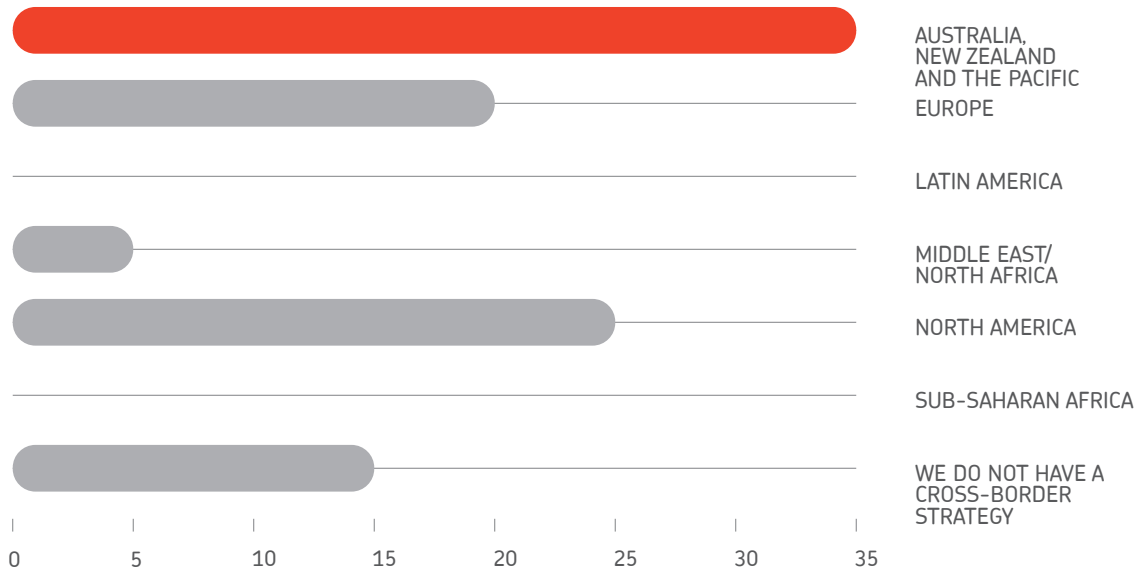
THE ESTABLISHED MARKETS OF AUSTRALIA AND NEW ZEALAND, PRESUMABLY THANKS TO THEIR LOCATION AND PROXIMITY TO ASIA, ARE A FOCAL POINT FOR CROSS-BORDER ECOMMERCE BY 35 PERCENT OF OUR ASIAN RESPONDENTS, 10 PERCENT MORE THAN NORTH AMERICA AND 15 PERCENT MORE THAN EUROPE.





5.6.1

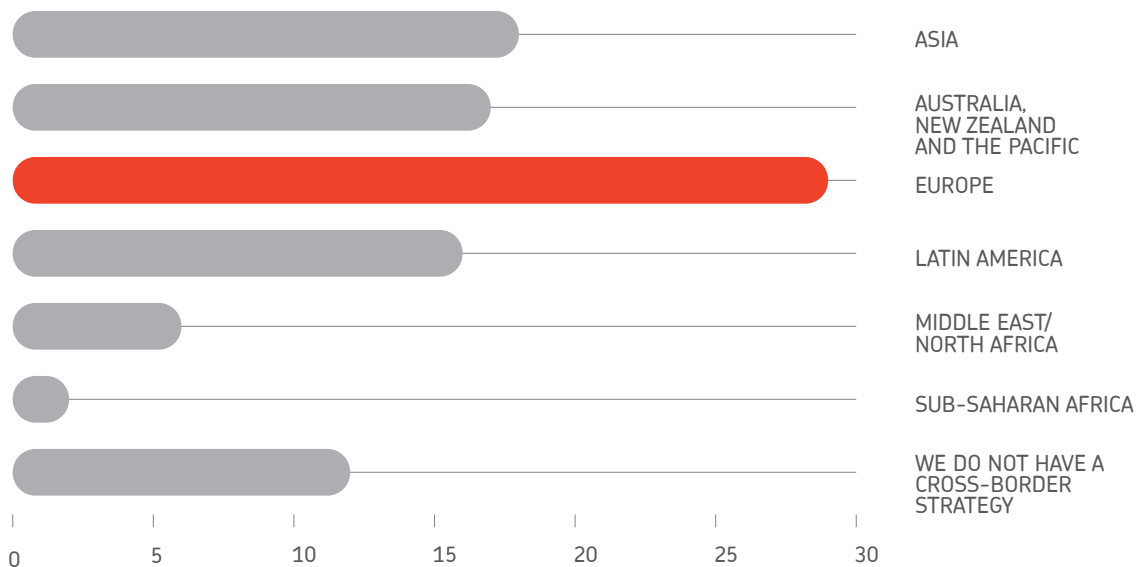
### ON WHICH REGION OR REGIONS OUTSIDE OF ASIA DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)



Seventeen percent of North Americans selected this region as their focus for cross-border

ecommerce, 1 percent more than Latin America and 1 percent less than Asia.

### ON WHICH REGION OR REGIONS OUTSIDE OF NORTH AMERICA DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)

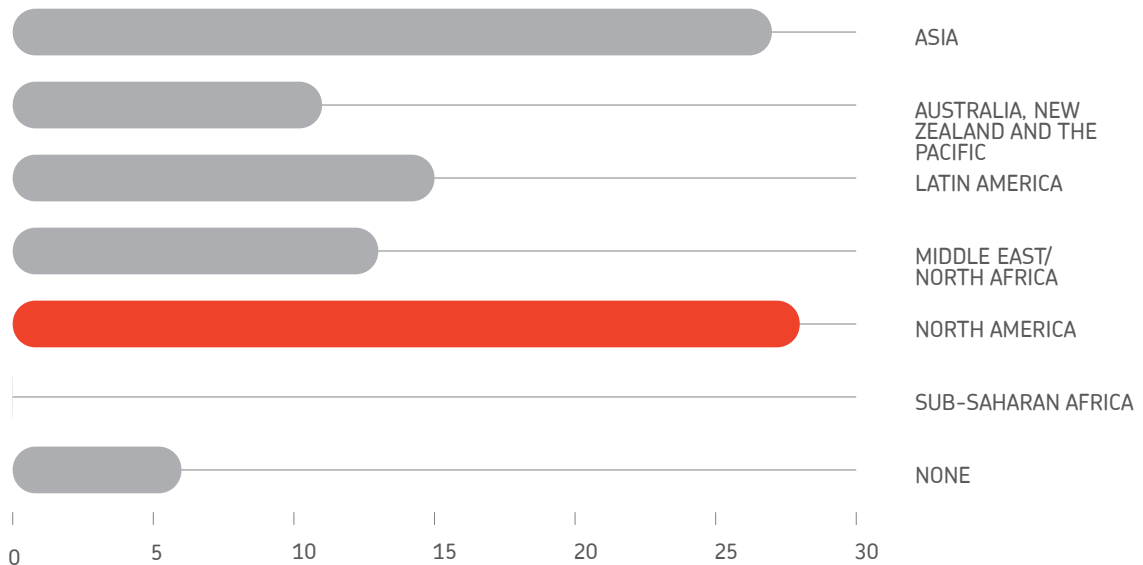


Only 11 percent of European respondents focus on the markets of Oceania, however, considerably less than the preferred markets of North America or Asia chosen by 28 percent and 27 percent, respectively.



## 5.6.1

## ON WHICH REGION OR REGIONS OUTSIDE OF EUROPE DO YOU FOCUS YOUR CROSS-BORDER STRATEGY? (IN %)



## 5.6.2.

## OVERVIEW OF ECOMMERCE IN OCEANIA

THE OCEANIA REGION – THE ENTIRE INSULAR REGION BETWEEN ASIA AND THE AMERICAS – INCLUDES AUSTRALIA, NEW ZEALAND AND THE TROPICAL ISLANDS OF THE PACIFIC OCEAN, AND HAD AN ESTIMATED POPULATION OF 38.82 MILLION IN 2014.

Australia and New Zealand are the power-houses of the region, making up the largest proportion of ecommerce activity. The numbers may be small by global comparison, but the markets are robust in relation to the size of their consumer base.

COUNTRY	2014 VALUE USD BN	% GROWTH	ECOMMERCE AS % OF RETAIL
Australia	16,8	17,3	4,1
New Zealand	2,7	28,8	2,2

Australia had an ecommerce market value of USD 16.8 billion in 2014, a comparable figure to Italy or India, yet holding around a third and fifth of the population sizes, respectively.

New Zealand's ecommerce market was in the region of USD 2.7 billion in 2014, but contains roughly a fifth of Australia's population, so also holds its own in per capita value.

In Australia, more than half of consumers preferred to pay online with credit cards in 2013, with PayPal a second choice. In 2014,

while credit cards were still the favored means for online payment, start-up third party processor eWAY is becoming more popular.

New Zealand has around 2 million online consumers, which equates to more than half the population purchasing online. Uptake is significant; the number of people shopping online increased by more than 100,000, from 2013 to 2014, growing around 6 percent.<sup>89</sup> Still, online shopping makes up just over 2 percent of total retail, indicating great growth potential.

89.  
Nielsen – Online Retail  
Report, 2015



## 5.6.2

Mobile commerce leads the way in this country. Three-quarters of online consumers in 2014 researched a product or service via their mobile device. Consumers are converting via their devices too; almost 60 percent of tablet owners and over 40 percent of smartphone owners made a purchase via their device.

Traditional payment methods like credit cards are preferred in New Zealand. According to MasterCard, two-thirds of Kiwis are open to the idea of using digital wallets, but 43 percent need more information before they'd consider using one. This suggests that the market is still lacking sufficient information on alternative payment methods.

## 5.6.3.

### CROSS-BORDER ECOMMERCE DRIVERS

WITH REMOTE LOCATIONS ON THE GLOBE, ANTIPODEANS UNDERSTAND THAT BEING CONNECTED TO THE REST OF THE WORLD IS IMPORTANT TO THEIR ECONOMIES.

It is no surprise, therefore, that both Australian and Kiwi online shoppers are known for their propensity towards cross-border ecommerce. Consumers from these markets are keen to access new and quality branded goods that are either unavailable or highly marked-up domestically.

Australians are far more likely to purchase from the US than any other country, with 84 percent of consumers choosing this destination, China and the UK are also popular destinations.<sup>90</sup>

Kiwis are also most likely to shop from US with 30 percent preference, but where Australians prefer China, Kiwis choose to shop more from the UK and their bigger neighbor – Australia.<sup>91</sup>

#### CROSS-BORDER ECOMMERCE IS JUST ECOMMERCE

In Australia, cross-border online shopping is actually taken for granted. Over 80 percent of consumers have ordered from abroad, far higher than the global benchmark of 51.2 percent.<sup>92</sup>

In New Zealand, overseas online spending made up over a third of the country's total online expenditure in 2014, a 26 percent increase from the previous year.

In both markets, cross-border ecommerce is so ingrained into online consumer behavior, it is considered just another aspect of shopping online. This is mostly due to limited availability or inflated prices in their domestic market. Being well-connected markets, the tech-savvy consumers living there have no trouble working out that branded items are considerably cheaper when purchased from overseas. Consumers are accustomed to shopping from the US, China or the UK for similar items, and consider this the norm.

In addition, domestic retailers are lagging behind and are less equipped to deal with the high demand from their online consumers, who report experiencing longer delivery times than when shopping from overseas.

#### MOBILE-HEAVY SHOPPERS

With smartphone penetration in Australia and New Zealand 76 percent and 60 percent respectively, and tablets owned by around 50 percent of consumers, it is clear that mobile Internet is driving consumer spending in these markets.

It is estimated that total Kiwi expenditure via mobile devices was USD 2.5 billion in 2014, with physical goods accounting for USD 0.7 billion.<sup>93</sup>

In Australia, purchases via mobile devices grew by 30 percent in 2014, accounting for USD 4.9 billion (just under 30 percent) of all online shopping purchases.

90.  
Pitney Bowes –  
Shopping the World,  
2014

91.  
yStats – Australia &  
New Zealand B2C  
E-Commerce Market,  
2014

92.  
DHL – Shop The World,  
2015

93.  
Frost & Sullivan, 2014



5.6.4. THE MAJOR ECOMMERCE PLATFORMS

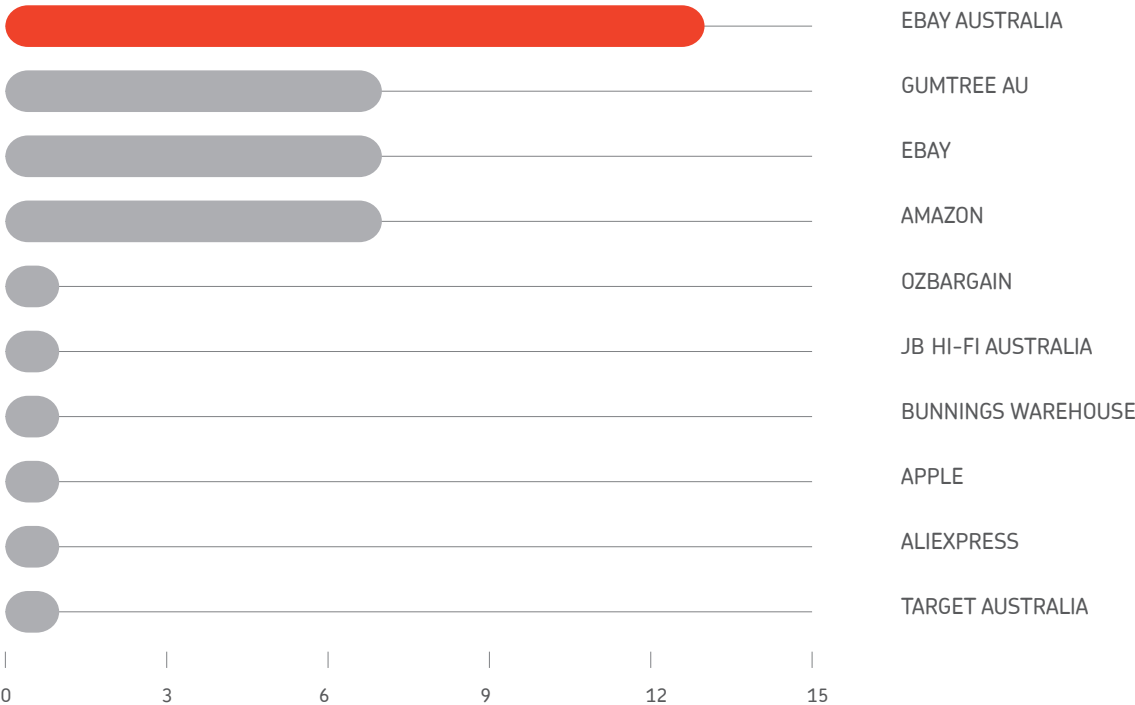
THE MARKETPLACE ECOMMERCE PLATFORMS IN AUSTRALIA AND NEW ZEALAND, AS PER THE GLOBAL TREND, ATTRACT THE HIGHEST LEVEL OF CONSUMERS AND VOLUME.

In Australia, eBay.com (from the US) and eBay.com.au (domestic) are among the top three

most visited sites, indicating the significant influence of the marketplace over Australian online consumers.

Chinese marketplace AliExpress also sits in the top ten of the country, illustrating the increasing level of cross-border opportunities between Australia and China.

TOP 10 ECOMMERCE WEBSITES IN AUSTRALIA  
(IN % SHARE OF VISITS)



In New Zealand, domestic marketplace Trade Me as well as Amazon.com and eBay.com, are among the top ten online platforms, in terms of visitors per month.





**EIGHTY-TWO PERCENT OF THE WORLD'S ONLINE CONSUMERS** HAVE ALREADY SHOPPED FOR PRODUCTS ABROAD. THEY PREFER TO BUY ON GLOBAL MARKETPLACES.

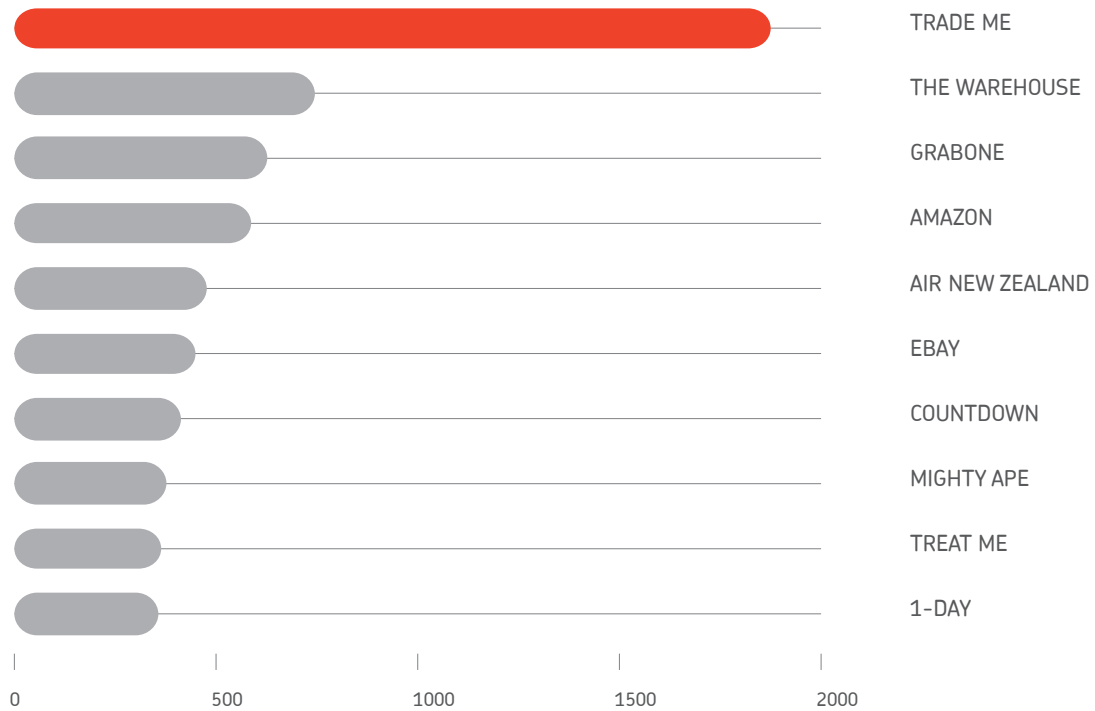
**SIXTY-FOUR PERCENT START BY SEARCHING ON A MARKETPLACE,** FOLLOWED BY THEIR FAVORITE WEBSITES, SEARCH ENGINES AND SOCIAL MEDIA.





## 5.6.4

### TOP 10 NEW ZEALAND ECOMMERCE SITE BY UNIQUE MONTHLY VISITORS (IN THOUSANDS)



The Trade Me marketplace has 3.7 million active members in 2015 – 84 percent of the total population of New Zealand – and an average of 878,000 people visiting each day. <sup>94</sup>

94.

Trade Me, 2015

Although Trade Me was primarily a C2C platform, similarly to eBay, online merchants can sell their goods via the website and can set up their own branded section under the ‘stores’ page of the site.





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## 6. CONCLUSIONS – WHAT NOW AND WHAT NEXT?

TWO YEARS AGO, WHEN WE FIRST BEGAN OUR ANNUAL SURVEY, CROSS-BORDER ECOMMERCE WAS SOMETHING UNDERTAKEN ONLY BY THE MOST AMBITIOUS MERCHANTS.

It was the ‘nice-to-have-one-day’ strategy, not a day-to-day concern. Those who did it properly, did it well. Some watched from the sidelines, bemused by their success, and taking notes. Others actively discouraged foreign custom, deeming it more of a liability than its value was worth.

2014 saw a significant uptake on 2013. Now, cross-border ecommerce is becoming a mainstream activity for merchants. As our annual survey suggests, most merchants are carefully considering what lies beyond their own borders when crafting their business strategy.

Some are looking to grow their online business in new markets, or take advantage of overseas trends, or even simply cater more successfully to their organically grown international consumers. Whatever the motivation, cross-border ecommerce is on more merchants’ minds.

It is commonly agreed by our survey database that doing business across borders is a profitable venture. Now more than ever, with the emergence of China as the top dog of ecommerce, more merchants are focusing on emerging markets when planning overseas expansion.

But the key to making cross-border ecommerce a successful and inspiring venture, rather than a logistical headache or a compliance burden, is to invest time and energy into it. Merchants cannot simply copy-paste their domestic strategy across multiple markets and hope for the best. Resources invested in research, local preferences and consumer nuances will be very well spent.

Our final conclusions on the cross-border landscape in 2015 are outlined below, with next steps for capitalizing on this years’ trends.



## 6.1 EVERYONE IS TALKING ABOUT OMNICHANNEL

MOBILE COMMERCE IS EXPLODING. THE RESULT OF THIS TREND IS A MORE TECH-FOCUSED, ON-THE-GO SHOPPER WITH HIGHER EXPECTATIONS OF HIS FAVORITE RETAILERS. THE DAYS OF SHOPPING BEHIND THE FAMILY DESKTOP COMPUTER ARE A FADING MEMORY.

To cater to this new group, the focus for 2015 is omnichannelling – creating smooth, multi-touch point experiences for mobile consumers, enabling offline and online to unite across desktop, mobile and in-store. Some merchants are doing this particularly well; Starbucks with their online customer loyalty card scheme is an example.

The expectation for seamless experiences extends to cross-border ecommerce, predominantly with the marketplaces operating across borders and driving international consumer spending. Customers should expect to connect to Amazon.com as an Amazon.es customer, for example, and receive the same experience.

Countries such as China are at an advantage for omnichannelling. The integrated model of the ecommerce platform and the PSP means the payments aspect of the customer journey is invisible. This enables merchants to offer an utterly uninterrupted process for checkout. In the West, because of multiple parties in the supply-chain, the process is more disjointed, hampered by legacy systems and complicated integration.

Despite the buzz, offering omnichannel experiences still leaves a number of smaller and medium-sized merchants perplexed. Merchants might know why they should be doing it, but the how is more ambiguous. The technical integration to provide multiple consumer touch-points is regarded as complex and time-consuming.

### **MOBILE COMES FIRST, OMNICHANNEL FOLLOWS**

With such explosive growth in mobile-commerce over the past years, merchants have little justification to not be mobile-friendly today. In many markets, mobile Internet access outweighs desktop, and the levels of mobile-customers are doubling year-on-year.

Clean mobile optimization, responsive design, and hassle-free in-app checkout processes are all necessary adjustments to accommodate the increasing quantities of mobile shoppers, and this is a first step towards being an omnichannel merchant.

Once the mobile experience is optimum, merchants can turn their attention to allowing commonly stored sign-in preferences, payment details and personalized payment options on any device, online and in-store (if relevant).

Although the West is lagging behind Asia for seamless shopping, the landscape is improving. More and more payment providers are coming forward with integrated solutions.

Finding a partner like Acapture that extends their platform to cross-border payments, mobile optimization, instore and online payments, alternative and credit card payment processing, allows a merchant to offer a truly omnichannel experience.



## 6.2

# MORE INTERLINGUAL CROSS-BORDER ECOMMERCE

## WHEN CROSS-BORDER ECOMMERCE FIRST BLOOMED, THE MAIN PURCHASING FLOW EXISTED BETWEEN COMMON-LANGUAGE MARKETS.

This process was partly driven by consumers as Web technology hadn't advanced well enough to allow easy Website translations from different languages, and search engines were less sophisticated to filter out results from overseas, meaning US results often landed on UK machines and vice versa.

It was also merchant driven. They considered it unnecessary to cater to consumers outside their domestic boundaries, and those who did kept to similar markets, unwilling to invest in localization. Moreover, the strongest ecommerce markets were the US and the UK, an obvious passage for ecommerce, despite lack of proximity.

Today, smartphone adoption means consumers are more global and more tech-savvy. Mobile Internet has connected emerging markets to ecommerce, and in turn enabled a far greater level of transparency in cross-border product availability and prices. China has become, by

far, the largest ecommerce market, and the Western world is taking notice.

In response, more merchants in Europe and the US are focusing their efforts on cross-border ecommerce outside of their own verbal boundaries, investing in authentic localization covering language, imagery and payment methods. At the same time, markets like China are actively turning their attention to cross-border import, allowing for favorable trading conditions. The age of interlingual cross-border ecommerce is emerging.

### JUMP ON THE TREND

For Western merchants to capitalize on cross-border ecommerce, when many other merchants are already doing so, the emerging markets are a sensible focal point. Unlike established markets, there is less penetration by Western brands, and consumer demand is still high.

Merchants should ignore their fears about cultural complications and market monopolization. There is still a gap to be filled by merchants offering the best product positioning, enabling the smoothest cross-border experience. This multilingual ecommerce can only be easily facilitated by engaging international partners to help lower the barriers.



## 6.3 MERCHANTS DON'T KNOW WHAT THEY DON'T KNOW

THE KEY BUSINESS DRIVERS FOR CROSS-CULTURAL ECOMMERCE EXPANSION ARE BECOMING MORE OBVIOUS TO MERCHANTS. A WIDER CUSTOMER BASE, EXPLOSIVE TECH ADOPTION, SOLID GROWTH RATES, AND RESPECTABLE LEVELS OF DISPOSABLE INCOME MAKE INTERNATIONAL EXPANSION INTO EMERGING MARKETS VERY INTERESTING.

Naturally, these factors are key to knowing the opportunities to expand a business, but jumping forward without conducting thorough research can generate complications that do not present themselves until it is too late. Until you make your entry, you don't know what obstacles are waiting around the corner.

### **COLLABORATION IS KEY**

More merchants are embarking on multilingual cross-border ecommerce – expansion into markets where language and cultures differ from their own. This can be exciting and very lucrative for businesses, but there are added complexities around culture, preferences and trends.

For this to succeed, it is essential to collaborate with local marketplaces, international payment providers with access to global acquiring, and localization partners. These partnerships give merchants all the necessary insight into a market.

This includes access to the main sales channels to harness local traffic, the preferred payment methods, international payment processing, and local knowledge on how consumers behave. Most importantly, it gives vital transparency on the main challenges and complexities ahead of time.

If a merchant attempts interlingual cross-border expansion alone, he is the vulnerable outsider. With the help from a strategic partnership such as Payvision and Acapture, a merchant can operate more as a domestic entity.

Ultimately, with the correct suite of tools, you can harness the opportunity to be a true cross-border, omnichannel business.

THE CROSS-BORDER ECOMMERCE COMMUNITY (CBEC) IS A GLOBAL KNOWLEDGE HUB TO EDUCATE THE ECOMMERCE MARKET. THE CBEC FOCUSES ON SHARING RESEARCH AND EXPERTISE FROM COLLABORATING PARTNERS, CONNECTING THE DOTS ON ALL REGIONAL KNOWLEDGE PLATFORMS, AND COLLECTIVELY DRIVING CROSS-BORDER ECOMMERCE GROWTH.



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## 7. ABOUT THE PUBLISHERS AND EDITORS

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### 7.1 ABOUT PAYVISION

Payvision is a fast growing, independent Payment Solution Provider specialized in Global Card Payments for the ecommerce market. Payvision offers acquiring banks, agents, Payment Service Providers, ISOs, MSPs and their merchants a secure PCI DSS compliant, PSD Licensed international payment processing network enhanced with innovative technology. Over the past decade, Payvision has consistently expanded its geographical footprint across the continents, resulting in vast knowledge and insight in the complexity of Card Payments and ecommerce in a global market subject to great challenges such as unprecedented technological

innovation, changing business needs and an increasingly demanding regulatory landscape.

Payvision's experience in the different international regions has resulted in a global network of global acquiring banks, connecting over 300 trusted business partners with more than 5000 web merchants worldwide, for which we process over 100 million transactions a year.



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### 7.2 ABOUT ACAPTURE

Acapture designs payment solutions for PSPs and ecommerce merchants looking to expand their business internationally. Headquartered in Amsterdam, it is the daughter company of Payvision, an independent Payment Solution Provider. Acapture's platform provides global card acquiring, 18 ecommerce platform plugins and the ability to handle more than 50 of the most popular alternative payment methods and more than 150 transaction currencies. Acapture also supports reporting customization

capabilities, which can be initiated by the PSP or merchant. This makes it simple for online retailers to maximize their international sales conversions, particularly in the world's top 25 emerging markets. For more information about Acapture visit: [www.acapture.com](http://www.acapture.com).





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## 7.3 ABOUT CARDNOTPRESENT

[CardNotPresent.com](http://CardNotPresent.com) is an independent voice generating original news, information, education and inspiration for and about the companies and people operating in the card not present space—one of the only sources of content focused solely on this growing segment of the payments industry. Our only product is information. Our only goal is to provide it in an unbiased manner to our subscribers. The company's media platforms include the Card-NotPresent.com portal, the hub for news, information and analysis about the payments issues that most affect merchants operating in the space; the CNP Report, an e-newsletter deliv-

ering that focused information directly to your email inbox twice a week with no extraneous clutter; the CNP Expo, an annual gathering of the leading companies in the space from the smallest ecommerce Websites and technology providers to global retailers and payment processors; and the CNP Awards, an annual event honoring the products and solutions CNP merchants rely on most to increase sales.



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## 7.4 ABOUT THE AUTHOR

### KEIRA MCDERMOTT

Keira McDermott is a B2B Content Writer for Payvision. Prior to becoming a part of the Payvision marketing department, she worked for Belkin as an Online Marketing Specialist.

Keira is a graduate in English from Oxford Brookes University. She is the author of the white papers Key Business Drivers and Opportunities in Cross-border Ecommerce 2014, Tapping into China – Comparing Chinese Ecom-

merce Trends and Opportunities with the West, The Mobile Payments Revolution – How to be Ready for the Tipping Point and Payments Optimization – Lowering Back Office Complexity and Increasing Conversion for Acapture. She is also author of the Payvision infographics, available to download on the [Payvision website](http://Payvision website).

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### ROLF VISSER

Rolf Visser is the Vice President of Global Marketing at Payvision, an independent global card processor for the ecommerce industry. In an expanding cross-border ecommerce market, Payvision is one of the fastest-growing global acquiring networks, connecting Acquiring Banks, PSPs, ISOs and their merchants to ONE Global Acquiring Platform, based on a non-competitive partnership model.

Rolf is also the Chairman of the CBEC (Cross-Border Ecommerce Community), a strategic global cross-border knowledge hub for the ecommerce industry. The CBEC focuses on sharing research and knowledge, thus educating the ecommerce market in a variety of disciplines and industries.

Rolf is a graduate in Digital Internet Marketing with Highest Honors from Beeckestijn Business School at VU University of Amsterdam, with 12 years' experience in the retail POS industry prior to 12 further years' experience in international marketing. The last six years of his work have been in the payment industry.

Rolf has a forward thinking marketing vision, introducing multichannel, inbound marketing techniques and an award-winning business model, helping transform and elevate businesses through brand equity.

<http://nl.linkedin.com/pub/rolf-visser/0/473/ab6>

### STEVEN CASCO

Steven Casco is the founder, publisher and CEO of CardNotPresent.com, a leading news source for merchants that accept card-not-present payments and vendors that support them. He also created the CNP Expo, the premier educational and networking destination for the entire card-not-present ecosystem. Casco has spent the past decade creating, building and guiding media properties focused on the payments industry. Prior to CardNotPresent.com, Casco was a co-founder of Paybefore.com and the Prepaid Expo. He is a published author in the field of Internet and software security and has served as a university lecturer at MIT and Northeastern University.

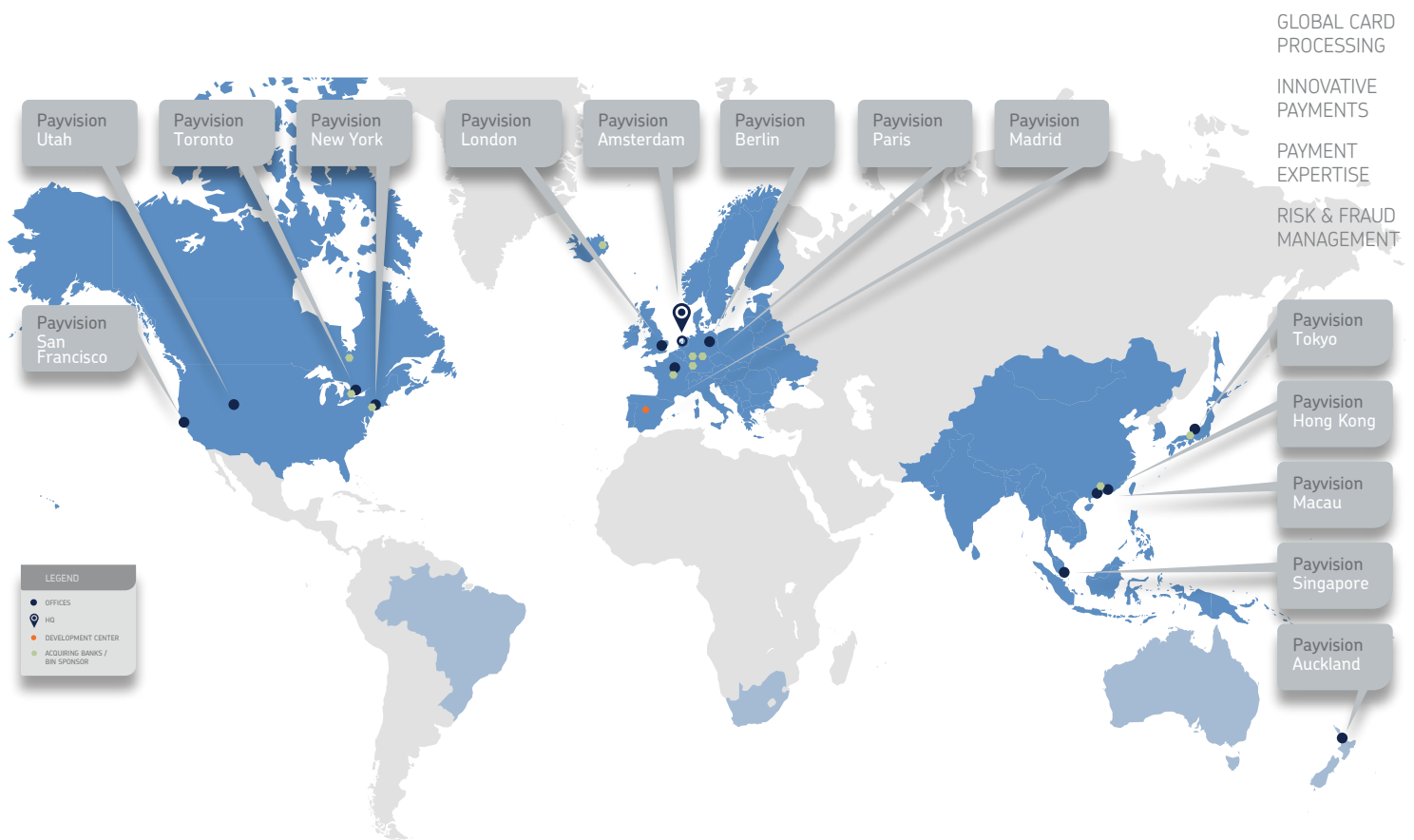
### D.J. MURPHY

As editor-in-chief of CardNotPresent.com, D.J. Murphy has day-to-day control of the editorial content on the Website and leads the publication's reporting and writing staff. He brings more than 15 years of media and editorial experience to the company, having served as an editor and producer at ESPN.com, ABC and Paybefore.com. Murphy has served in a variety of roles in both new and traditional media including as an internal publications writer/editor and corporate communications manager for a U.S. financial institution and as a freelance writer and columnist.



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For more information visit [www.payvision.com](http://www.payvision.com)



# PAYVISION LAUNCHES ACAPTURE, THE COMPLETE GLOBAL PAYMENT PLATFORM

Empowering online merchants to make flawless cross-border transactions

## ACAPTURE

Amsterdam, the Netherlands – Wednesday, September 23, 2015. Payvision, one of the world's fastest growing acquiring networks, is delighted to announce the launch of Acapture, a brand new global omni-channel PSP. Designed specifically to meet the needs of cross-border ecommerce PSPs and merchants, Payvision's daughter company offers the most comprehensive payment solution available for boosting conversion rates in the world's top 25 emerging economies.

“FOR MORE THAN A DECADE NOW, PAYVISION HAS BEEN ONE OF THE MOST DYNAMIC INNOVATORS IN THE PAYMENTS INDUSTRY.”

“THE LAUNCH OF ACAPTURE CONTINUES THAT TREND. IT IS A SOLUTION THAT SMASHES THE BARRIERS THAT HAVE, FOR TOO LONG, SLOWED DOWN INTERNATIONAL ECOMMERCE GROWTH.” RUDOLF BOOKER, PAYVISION CEO AND FOUNDER.

Regardless of the currency being used or the preferred payment method in the region, with Acapture, transactions are handled through a single, simple and secure system. This platform has been used over the last year by Payvision's existing clients, and it has proven to be very flexible, working both in POS and online environments. The customer pays using the method and currency with which they are most comfortable. The merchant gets one dependable process for all their transactions, with customized reporting capabilities, offering clearer data analysis.

“WE KNOW THAT MERCHANTS HAVE BECOME FRUSTRATED WITH THE COMPLEXITY OF THE ONLINE PAYMENT PROCESS, SO WE DECIDED TO APPROACH IT FROM A NEW ANGLE. WE DESIGNED A PLATFORM THAT IS SIMPLE, FAST AND STRAIGHTFORWARD TO USE.”

“AS ACAPTURE IS NOT HELD DOWN BY ANY EXISTING, BLOATED LEGACY PLATFORM, WE BUILT OURS FROM SCRATCH TO SUIT THE MODERN MARKET. DEVELOPERS CAN INTEGRATE OUR SOLUTION IN A DAY AND FINANCE DEPARTMENTS GET A STREAMLINED RECONCILIATION PROCESS. AT EVERY LEVEL OF THE SERVICE WE PROVIDE, FROM OUR WHITE LABEL PLATFORM FOR PSPS TO OUR READY-TO-GO SOLUTIONS FOR MARKETPLACES, ACAPTURE MAKES THINGS EASY.” JOHN SNOEK, VICE PRESIDENT OF ACAPTURE.

Acapture solutions are supported by Payvision's years of experience, deep local knowledge, ability to handle alternative payment methods and proven security. With ecommerce changing at a forceful pace, Payvision and Acapture deliver the payment platform the modern merchant needs to support their growth ambitions and deliver international success.

“OUR AIM IS TO ELIMINATE THE OBSTACLES MERCHANTS ENCOUNTER IN THEIR DAY-TO-DAY PAYMENTS PROCESSES, WHETHER IT'S IN TECHNICAL INTEGRATION, RECONCILIATION OR INCREASING CONVERSION. WE SUM UP ACAPTURE IN FOUR WORDS: ONE SOLUTION. NO BORDERS.” JOHN SNOEK, VICE PRESIDENT OF ACAPTURE.



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