Turn shifting values into cross-border opportunities.
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Executive Summary

Discover how shopper values affect how they buy, and how global merchants should sell in the growing world of cross-border commerce.
With great change comes great opportunity.

When the COVID-19 pandemic hit, we didn’t know what the global markets had in store for us. While public health may have since improved, the economic impact is sticking around. From inflation to supply chain issues, shoppers worldwide are feeling the strain.
The future of cross-border commerce is still looking strong. With people becoming increasingly comfortable shopping beyond their borders, the time to sell internationally is now.\(^5\)

Our 2022 PayPal Borderless Commerce Report provides a deep dive into 14 different markets, explores how shopper values and behaviours have changed — and how they could spell opportunity for your business.

The price of potatoes in Germany rose by 43\(^\%\). And that’s just the start of it. The culprit? A sharp and sudden wave of inflation reaching highs we haven’t seen in over 20 years. As you can probably guess, this isn’t a problem unique to Germany. Shoppers around the world are feeling the effect of inflation on their wallets, from the grocery store to the gas pump and beyond.

Beyond inflation, we are seeing supply chain issues arise as well. Shoppers can no longer count on fast and reliable shipping, and not much else takes a toll on consumer confidence like delays. It dipped so low in March 2022 that it challenged the 97.56 mark set in May 2020, the lowest point during the COVID-19 pandemic.\(^4\)

But this hasn’t put a halt to cross-border shopping. It’s the lifeline many businesses need right now, and an opportunity to minimise their risk in a volatile market. With the rise of remote working, it’s no surprise that online sales skyrocketed by US$700B between 2020 and 2021 alone.\(^6\) And despite some of the global economic challenges we’re facing today, the future of eCommerce remains bright, with cross-border sales expected to grow by 50\(^\%\) to reach a staggering US$74T by 2025.\(^5\) That’s more than the GDP of the UK, Germany, and Hong Kong SAR, China combined.

So, what does this have to do with the price of potatoes in Germany? Everything.

With the financial pressures for daily life mounting, what shoppers value is more important than ever. And understanding them is the key to unlocking a huge global opportunity for retailers. The events over the last few years have reshaped the perspective, behaviours, and actions of many shoppers. In this report, we’ll outline what these changes are, and what they mean for your business.

Online retail sales around the world are expected to grow by 50\(^\%\) by 2025.\(^1\)
Executive Summary


Getting comfortable with cross-border shopping
An enormous 42% of online shoppers surveyed said they were more comfortable with shopping cross-border than they were in 2020. So, what’s behind such a dramatic change? Beyond the general impact of the pandemic moving more purchases online, cross-border shoppers point to features like fraud protection, paying in local currency, and having a range of payment methods for easing their nerves when it comes to international shopping.

With shoppers increasingly overcoming their initial hesitation to cross-border shopping, businesses now also need to live up to their expectations. From faster site load times to localisation and intuitive user experiences, it’s time to grow shopper confidence with an experience that goes above and beyond.

Putting price first
Security, convenience, and overall customer experience will always be on a shopper’s mind, but price still takes the cake as the most important metric for cross-border shoppers. If rising costs in their bills, at the pump, and at the grocery store weren’t enough, shoppers are now worried about prices rising across the board. Price is even taking precedence over instant gratification, with 61% of surveyed shoppers saying they’ll endure longer shipping times for a better deal. One thing retailers shouldn’t wait for is attracting customers with lower prices.

A focus on brand purpose
Your brand’s purpose carries more weight than you might think, especially in markets that aren’t as cost-effective. In fact, over half of shoppers are willing to pay more for brands they feel are more socially responsible. This mindset is massive in Mexico, with most shoppers saying they won’t even make a purchase without first considering the company’s values. With a bumpy past couple of years, more businesses have adopted this idea of transparency around their values, as it’s an increasingly effective way for brands to differentiate themselves.

Prioritising what’s new and now
Trends don’t just affect what customers buy; they affect how they buy too. As eCommerce becomes more ingrained in our daily lives, retailers are using novel shopping experiences like livestream commerce, voice commerce, or shopping through augmented reality (AR) or virtual reality (VR) apps to stand out—and shoppers are noticing.

For example, voice commerce is an AI-based technology that enables you to use voice commands to shop online with just a smart device. Seeing the appeal of these novel interactions, 46% of surveyed online shoppers said they’re more likely to buy from retailers that offer virtual or digital experiences. And if that doesn’t move the needle, 72% of shoppers in China are more likely to buy when virtual or digital experiences are involved.

46% of surveyed online shoppers said they’re more likely to buy from retailers that offer virtual or digital experiences.

Executive Summary

Why are these shopping experiences so popular though? Industry giants in social commerce, like Facebook, TikTok, and Pinterest, have taken huge steps to expand their shoppable experiences and make them a normalised way to shop. TikTok even announced a partnership with Shopify to boost its eCommerce presence. AR also helped tackle online shopping pain points that were particularly noticeable during lockdowns, with features like virtual try-on and product visualisations. With companies like Meta making huge bets on these virtual experiences, we can expect them to be the future of online interaction.

As shoppers continue to seek out these innovative experiences, it goes to show you don't need 'real' interactions to deliver real sales. Retailers can seek out partnerships that will help them elevate their eCommerce experience and keep up with the trends.
Key Shifts

See real examples of how shifting values and shopping trends are affecting shoppers around the world.
Three Key Shifts

46% of online shoppers prefer retailers that offer flexibility with the option to spread payments.

How shoppers are making their purchases

Changes in how consumers live and work influence how they buy.

In the past few years, shoppers have been living more flexible lives than ever before. 23% of global online shoppers started working either entirely from home or embraced a hybrid model. And some decided to opt for more freedom and take their work on the road as digital nomads. In the U.S. alone, 15.5 million people were embracing this lifestyle—that’s almost double the population of New York City.

Some cut to the chase and took their work/life balance into their own hands by freelancing, which quickly turned into what’s now called ‘the great resignation.’ As people traded in job security for flexibility, 71% have contemplated a major career move this year, and 4.4 million people in the U.S left their jobs in February 2022 alone. As consumers started enjoying more flexibility in how they live, they have also started to expect more flexibility in how they shop. For instance, shoppers appreciate having a clear return policy that would give them the option to purchase first and decide later. 28% of shoppers surveyed even said it would boost their confidence in cross-border shopping overall.

With their eyes wandering to what international markets have to offer, having innovative shopping experiences and a variety of payment options is a sure way to attract their wallets too.

Key Shifts

What are shoppers buying?

Economic uncertainty is playing a leading role in what shoppers spend on.

The COVID-19 pandemic shook up shoppers’ mindsets and their priorities. Some even said they came to a realisation that they need to focus more on others than themselves. But most of all, they’re ready to get back to normal after a long period of going in and out of lockdown.

As mindsets shift, new shopping behaviours are not far behind. In China, we saw pent-up demand and years’ worth of savings add up to a wave of ‘revenge shopping.’ Although this isn’t expected to be a long-standing shopping trend, China’s luxury goods industry benefitted from a major boost. The Hermès boutique flagship in particular sold US$2.7 million worth of goods on the first day the lockdown restrictions eased in April 2020.

However, not every market hopped on the heavy consumerism trend. Shoppers also started spending more on products and experiences they could share with friends and family. In fact, Disney+ hit 100 million subscribers in just 16 months since launching in 2019—a feat its competition needed decades to achieve.

57% of surveyed online shoppers spent more on products they could enjoy with friends and family.
59% of shoppers are willing to pay more for brands they feel do give back to society.

As shoppers started to re-evaluate what was important to them, the brands they chose and why began to change as well.

Shoppers have never been greener. Their desire to shop sustainably and socially responsibly has spiked as they are starting to consider economic impact more. Over half of surveyed shoppers are more eco-conscious and it’s starting to impact their purchasing decisions. And it doesn’t stop at sustainability—they have also shown more love for their local communities as 48% say they consider whether a retailer supports local communities before buying from them.

Now that shoppers are focusing more on aspects like their communities, sustainability, accessibility, and price, they’re switching up their shopping habits as well. For example, when it comes to sustainability, 59% are also willing to pay more for brands that do give back to society. Even luxury brands are taking note and investing in sustainable materials to make products like shoe soles from upcycled flip-flops. But just because shoppers are willing to compromise on price in some circumstances, that doesn’t mean it’s not a strong factor in buying decisions. Inflation and supply chain issues were the big curveballs of 2021 that kept price and availability at the top of shoppers’ minds.

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1. PayPal commissioned Ipsos PayPal Cross-border Insights 2022, n=14,000, 14 markets. Online survey of adults aged 18+ who have purchased online in the past 3 months. Fieldwork was conducted in Q1 2022. Ipsos is the world’s largest independent market research company, in business for over 90 years. For more information, please visit www.ipsos.com. 2. PwC, A time for hope: Consumers’ outlook brightens despite headwinds, December 2021. 3. Vogue, Inside the Luxury Fashion Industry’s Big Sustainability Push, February 20, 2022.
We may have started this decade off with economic uncertainty, but the future of cross-border sales is looking promising.

As shoppers look beyond their own borders, retailers have an opportunity to expand their horizons, make up for lost sales, reach new audiences, and boost their business overall. The first step is getting to know your global audience and understanding their values and local nuances.
A nation of local shoppers discovers a love for foreign markets and products.
Australia - Macro-Economic Snapshot

6. Statista, Active internet users as percentage of the total population in Australia from 2015 to 2022, February 2022.
7. Statista, Total number of mobile connections in Australia from 2015 to 2022, February 2022.
8. OECD, Purchasing power parities (PPP), January 5, 2022.
Australia - Narrative

Global supply chains have come undone, giving rise to new opportunities for markets around the world.

After some hard border closures, Australia has opened up to vaccinated travellers and visa holders. However, two years of lockdowns have dramatically changed its commerce landscape. Consumers as well as retailers have gravitated online, with 49% of Australian shoppers surveyed saying they shop online more than they did before the COVID-19 pandemic.

Online retailers have benefited from this shift to online shopping, but they have also had their fair share of struggles trying to meet demand. The biggest issues faced so far are related to capacity and delivery service. Since delivery times were so heavily affected, Australians started to shop locally more. As these delays eventually subside in the future, global retailers have an opportunity on the horizon to boost cross-border sales.

With this uptick in online shopping Australia’s economy is expected to continue on a path to recovery.

Shoppers are now estimated to spend $1,600 more a year online, adding an extra $167 billion into the economy, and 41% of shoppers expect these habits to only increase as the year goes on. Although there’s more money to be spent, retailers should still expect more competition thanks to the newly diversified commerce landscape.
### Australia - Consumer Snapshot

<table>
<thead>
<tr>
<th>What They Buy Cross-Border</th>
<th>How Cross-Border Shoppers Find You</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Access to items not available locally (48%)</td>
<td>49% Search Engines</td>
</tr>
<tr>
<td>2. Better prices (44%)</td>
<td>35% Social Media Advertisements</td>
</tr>
<tr>
<td>3. Discovery of new and interesting products (34%)</td>
<td>28% Friend / Family Recommendations</td>
</tr>
</tbody>
</table>

### Why They Choose

1. Prefer to support local online businesses (64%)
2. Prefer large global marketplaces when purchasing from another market (56%)
3. Prefer to put up with longer shipping times from global merchants if a product is less expensive (35%)

### WHERE THEY SHOP CROSS-BORDER

1. Online marketplace (65%)
2. Store / retailer website (44%)
3. Brand website (33%)

<table>
<thead>
<tr>
<th>WHERE THEY BUY CROSS-BORDER</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA 39%</td>
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<tr>
<td>UK 17%</td>
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<tr>
<td>CHINA 27%</td>
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</tbody>
</table>

### HOW THEY PAY FOR CROSS-BORDER PURCHASES

<table>
<thead>
<tr>
<th>Payment Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>PayPal 47%</td>
</tr>
<tr>
<td>Debit Card 26%</td>
</tr>
<tr>
<td>Credit Card 22%</td>
</tr>
</tbody>
</table>

### HOW MANY SHOP CROSS-BORDER

62% Shop Cross-Border

### WHO THEY ARE (AGE)

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>17%</td>
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<tr>
<td>25-34</td>
<td>25%</td>
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<tr>
<td>35-44</td>
<td>20%</td>
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<tr>
<td>45-54</td>
<td>22%</td>
</tr>
<tr>
<td>55-64</td>
<td>16%</td>
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</tbody>
</table>

### WHAT LANGUAGE THEY PREFER

English

### HOW THEY SHOP ONLINE

<table>
<thead>
<tr>
<th>Device</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shop via Laptop</td>
<td>53%</td>
</tr>
<tr>
<td>Shop via Smartphone</td>
<td>69%</td>
</tr>
</tbody>
</table>

### WHERE THEY SHOP CROSS-BORDER

1. Online marketplace (65%)
2. Store / retailer website (44%)
3. Brand website (33%)

### PayPals commissioned Ipsos PayPal Cross-border Insights 2022, n=14,000, 14 markets. Online survey of adults (aged 18+) who have purchased online in the past 3 months between December 2021–January 2022. |
Australia - Spotlight

Data privacy and security win the trust of Australian shoppers.

Key Drivers

76% of shoppers aware of livestream shopping are comfortable\(^1\).

51% care if products are produced in a traceable, transparent manner\(^2\).

72% of Australians are actively seeking the best deal\(^3\).

Technology

Already comfortable using social media platforms for leisure or for work, Australians are now adopting them for commerce. 76% of shoppers that are aware of social commerce are also comfortable shopping on social channels\(^1\). This presents opportunities for global retailers seeking to market to Australian consumers via social media and emerging shopping channels.

Behavioural / Cultural

Australian shoppers are increasingly eco-friendly, and this is reflected in their purchasing habits. 46% are specifically concerned about whether companies use biodegradable and eco-friendly materials\(^2\). 39% now frequently purchase products made from these materials\(^2\). Retailers should see this as an opportunity to shift their focus and marketing efforts toward sustainability to grab the attention of Australian consumers.

Consumer Expectations

Global supply chain issues, coupled with shutdowns of major international ports due to COVID-19, put extreme pressure on retailers to fill orders, keep shelves stocked, and avoid delivery delays. Subsequently, 38% of online shoppers surveyed said they would settle for a lower-quality product if it meant they received it sooner\(^1\). Once these delays start to subside, retailers should expect more opportunity to boost their cross-border sales\(^1\).

\(^1\) PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+) who have purchased online in the past 3 months between December 2021–January 2022.

\(^2\) PwC, A time for hope: Consumers’ outlook brightens despite headwinds, December 2021.

\(^3\) PwC, Where next for retail and consumer?, 2020.
Australia - Top 3 Takeaways

1. Product pricing and convenience are key.

**Australians shop conscientiously and locally.** Yet, product pricing and convenience remain their most important considerations. Merchants must acknowledge these preferences as they have been consistent for years. As 31% of surveyed shoppers are more comfortable buying cross-border than before the COVID-19 pandemic, global retailers have an opportunity to break into the Australian market through competitive pricing and a convenient experience.

2. Social is a must.

With an increasing number of Australians aware of shopping on livestreams and social channels, the majority of those shoppers are also comfortable with making purchases through them. Global merchants can seize this opportunity to tap into a growing market of social shoppers by looking beyond traditional eCommerce channels.

3. Win trust to win customers.

**Data privacy is top-of-mind for the Australian shopper.** To win consumer trust, international retailers can partner with leading payment brands that consumers trust with their sensitive data at checkout. For example, PayPal’s reputation for security and convenience has made it the most popular online payment methods in Australia for both domestic and cross-border purchases.

41% expect their overall online spend to increase in 2022.
Despite an economic downturn, Brazilians are shopping internationally like never before.
Brazil - Macro-Economic Snapshot

1. Statista, Brazil: Gross domestic product (GDP) in current prices from 1986 to 2026, October 2021.
4. Statista, Retail e-commerce sales CAGR forecast in selected countries from 2021 to 2025, May 2021.
5. Statista, Number of internet users in Brazil from 2017 to 2026, July 2021.
6. Statista, Share of population in Brazil that use a smartphone from 2015 to 2025, July 2020.
7. OECD, Purchasing power parities (PPP), January 5, 2022.
Brazil - Narrative

Shopper confidence is returning to Brazil.

Brazil’s shopper confidence started to turn for the better in December 2021 after hitting a seven-month low in November. This may be a sign of a stronger economy to come and could indicate an opportunity for merchants looking to enter the Brazilian market.

This hopeful market comes despite its fair share of economic challenges brought on by the COVID-19 pandemic.

Even with recovery efforts underway, Brazil’s market—like many others around the world—was subject to a rise in inflation. The central bank has pursued a rate-hiking cycle, which is predicted to create an economic slowdown in 2022. This economic shift has also led to a noticeable gap between high-income and low-income consumers, which as of 2021 was the largest it has been in 17 years.

Moreover, Brazil maintains a sizable population of high-income consumers, and those consumers still shopping are doing so internationally in record numbers. Almost 72% of Brazilians who are shopping online are buying internationally, which is a rise of nearly 14% from 2020.

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1. Nasdaq, Brazil’s consumer confidence rises ahead of challenging 2022, December 22, 2021.
2. Nasdaq, Brazil retail sales fall for third month in row in October, December 8, 2021.
Brazil - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER

72% SHOP CROSS-BORDER

WHAT LANGUAGE THEY PREFER

Portuguese

HOW THEY SHOP ONLINE

87% SHOP VIA SMARTPHONE

47% SHOP VIA LAPTOP

WHO THEY ARE (AGE)

19% 18-24
28% 25-34
22% 35-44
18% 45-56
12% 55-66

WHY THEY SHOP CROSS-BORDER

1/ Better prices (62%)
2/ Discovery of new and interesting products (47%)
3/ Access to items not available locally (43%)

HOW THEY PAY FOR CROSS-BORDER PURCHASES

CREDIT CARD 57%
PAYPAL 33%
BOLETA BANCARIO 21%

WHERE THEY SHOP CROSS-BORDER

1 Online marketplace (80%)
2 Store / retailer website (38%)
3 Social media marketplace (29%)

WHERE THEY BUY CROSS-BORDER

USA 31% CHINA 57% JAPAN 8%

WHY THEY CHOOSE

1/ Prefer to support local online businesses (76%)
2/ Prefer large global marketplaces when purchasing from another market (75%)
3/ Prefer to put up with longer shipping times from global merchants if a product is less expensive (74%)

WHAT THEY BUY CROSS-BORDER

CLOTHING 43% COSMETICS 25% CONSUMER ELECTRONICS 21%

HOW CROSS-BORDER SHOPPERS FIND YOU

SOCIAL MEDIA ADVERTISEMENTS 52%
SEARCH ENGINES 40%
FRIEND / FAMILY RECOMMENDATIONS 37%

PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022.
Brazilians are undeterred by economic conditions, but merchants should consider strategic buying options.

Shopping in Brazil is strong, even in the face of a potential market slowdown in 2022\(^1\).

In fact, two-thirds of consumers are expecting a rise in their online spending through 2022/2023\(^2\).

Yet the economic challenges mean that merchants looking to succeed in Brazil will need to be open to such options as spread payments, which are enticing to shoppers who aren’t comfortable spending large sums at once anymore. 68% of Brazilian online shoppers have said that spread payments are a desirable buying option and can influence their purchasing decisions\(^3\).

36% of Brazilians are digital natives aged 24 or younger\(^1\).

68% of Brazilians buy based on company values\(^4\).

58% of shoppers expect brands to protect their data\(^4\).

Brazilian shoppers have embraced mCommerce as a preferred method of shopping\(^2\).

Behavioral / Cultural

As the keepers of the largest portion of the Amazon Rainforest, Brazilians are particularly mindful of their environmental impact. Three-quarters of Brazilians are willing to pay more for companies that do more good than harm\(^2\). Shoppers expect their companies to support the environment, their staff, and their customers\(^2\). Therefore, merchants entering the Brazilian market should also remain eco-conscious.

Consumer Expectations

Brazilians take their data protection seriously, and three-quarters of the market’s shoppers surveyed are growing increasingly protective of their data\(^4\). The government is cracking down on its General Data Protection Law, which global merchants should review carefully before entering the market\(^4\). Brands looking to succeed in Brazil should favour payment options that take data encryption, monitoring, and protection seriously.

Brazil - Top 3 Takeaways

1. Paying in instalments will put you ahead.

The market’s spending keeps rising despite economic challenges, which means that the need and desire to purchase an item may be affected if shoppers’ financial situations change. Paying in instalments may be a wise strategy to find favour with a market of consumers that have faced economic uncertainty, but are still willing to buy.

2. Brazilians care about ethical values, and your company should too.

Brazilians feel a social responsibility for the world around them, and their purchasing decisions reflect those feelings. Brands looking to enter the market should highlight not only their commitment to environmental sustainability, but also the initiatives they’re taking to support their customers, their team, and the world. That extra transparency will go a long way with customers.

3. Take data protection and data security seriously.

Data protection is a serious issue in most markets, and Brazil is no exception. Companies looking to attract buyers need to focus on secure payment options, and the additional measures that they are taking to protect their clients’ sensitive data. A relaxed or carefree approach to data security might erode the confidence of Brazilian consumers.
A market of savvy online shoppers looks for total cost transparency.
Canada - Macro-Economic Snapshot

GROSS DOMESTIC PRODUCT

$2T USD

ANNUAL ECOMMERCE REVENUE

$29.9B USD

ANNUAL ECOMMERCE GROWTH

13.9% 4

POPULATION

38.2M

SMARTPHONE PENETRATION

80% 5

INTERNET PENETRATION

95.6% 6

PURCHASING POWER INDEX

1.3

COMPOUNDED ANNUAL MCOMMERCE GROWTH RATE

3.2%

2. Statista, Canada: Total population from 2016 to 2026, October 2021.
5. CRTC, Annual highlights of the telecommunications sector 2020, December 2021.
7. OECD, Purchasing power parities (PPP), January 5, 2022.
Canada - Narrative

Economic uncertainty and inflation have Canadian shoppers tightening their purse strings.

With one of the longest COVID-19 pandemic lockdowns, Canadians are largely sceptical of an economic recovery. Although their economy is still holding strong, an inflation hike could signal a cool-down. This has caused some shoppers to turn away from higher-priced goods and prioritise reasonably priced options.

They’re also focusing on quality time with family. In the past year, almost half of online shoppers claim to have spent more on products and experiences that they can enjoy with friends and family1.

With the U.S. as its primary trading partner, Canadians are habitual cross-border shoppers—and they’re not slowing down. In the past three months, 32% of cross-border shoppers surveyed branched out and made purchases from new international sites1.

Although many Canadians are comfortable with eCommerce, they have some reservations. Shoppers have to deal with the service issues that come with international shopping—delivery costs and duties and taxes being the main ones. These concerns end up being a major barrier to purchase for Canadian shoppers; last year 44% of online shoppers surveyed abandoned their carts once they realised the website was based internationally1. And if those issues weren’t enough to turn them away, 80% who have had bad experiences with returns stopped business with that retailer altogether2.

Canada - Consumer Snapshot

Canada - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER

SHOP CROSS-BORDER

63%

WHAT LANGUAGE THEY PREFER

English and French

HOW THEY SHOP ONLINE

SHOP VIA SMARTPHONE

66%

SHOP VIA LAPTOP

56%

WHO THEY ARE (AGE)

17% 18-24
23% 25-34
19% 35-44
21% 45-54
20% 55-64

WHY THEY SHOP CROSS-BORDER

1/ Better prices (48%) 2/ Access to items not available locally (47%) 3/ Discovery of new and interesting products (38%)

WHY THEY PAY FOR CROSS-BORDER PURCHASES

CREDIT CARD 55%
PAYPAL 40%
DEBIT CARD 19%

WHERE THEY SHOP CROSS-BORDER

1 Online marketplace (67%)
2 Store / retailer website (42%)
3 Brand website (33%)

WHERE THEY BUY CROSS-BORDER

USA 58% UK 9% CHINA 27%

WHAT THEY BUY CROSS-BORDER

CLOTHING 35%
TOYS AND HOBBIES 16%
CONSUMER ELECTRONICS 13%

HOW CROSS-BORDER SHOPPERS FIND YOU

SEARCH ENGINES 47%
SOCIAL MEDIA ADVERTISEMENTS 36%
FRIEND / FAMILY RECOMMENDATIONS 28%

PayPal commissioned Ipsos PayPal Cross-Border Insights 2022, in 14,000, 14 markets. Online survey of adults aged 18+ who have purchased online in the past 3 months between December 2021 - January 2022.
In Canada, large online marketplaces like Amazon are the most common ways to make an international purchase. And although it may seem like this behaviour is driven by customers’ trust and familiarity with these companies, transparency around taxes and duties plays a major role as well.

Every online transaction through an international retailer will be subject to import duties like the GST and HST.

For shoppers looking for a deal, these extra costs are a significant caveat to lower initial prices.

Global sellers may need to keep this in mind and provide the purchase cost in CAD and any additional taxes or duties incurred upfront—otherwise they could risk losing conversions.

### Consumer Expectations

As supply chain issues continue, Canadian shoppers are feeling the impact of rising costs and inconvenient shipping delays. Lately, they have been turning to online marketplaces that don’t have inventory issues. Sellers should consider being transparent about their product availability or even partnering with marketplaces who can provide efficient stock management—especially since shoppers are more likely to return to websites that were consistently stocked.

### Technology

Although 74% of those aware of social marketplaces are comfortable shopping there, they prefer long-standing platforms. 24% shop on Facebook, 17.1% on Instagram, and 16.5% on YouTube. And although social media is heaviest among younger consumers, only 1.1% of customers shop directly from TikTok—an incredibly popular, but newer platform.

Global retailers should look to long-standing social media platforms as a way to win over Canadian shoppers.

### Behavioural / Cultural

After nearly two years of lockdowns and restrictions, Canadians missed quality in-person time with family and friends. This drove them to re-evaluate their priorities, and as a result, spending quality time with loved ones is now a top priority. They’re no longer focusing on buying things just for themselves. Instead, many purchased items that they could enjoy with others.

### Key Drivers

- **36%**
  - who purchased from a new international site discovered it via social media.

- **46%**
  - spent more on products to enjoy with friends and family.

- **53%**
  - are worried about the availability of products they frequently use.

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5. Statista, Most important factors in online shopping experience according to Canadian consumers in 2020, 2021.
Canada - Top 3 Takeaways

1. Transparency is the new necessity.

Canadian shoppers have delivery costs, duties, and taxes to consider while shopping cross-border. These extra costs are one of the main barriers to international shopping—especially if they come as a surprise. Businesses need to provide total cost of purchase transparency; otherwise Canadians may back out.

2. Find the perfect partnership.

Online marketplaces remain the most common place of purchase for international purchases across all of the top categories. Global businesses can partner with these marketplaces to easily provide prices in CAD and ensure product availability—two major issues Canadian shoppers face today.

3. Get on board with social.

While some Canadians take time to adopt new shopping experiences, they’re excited to explore ones that they trust. Retailers should put their sales efforts into tried-and-true social media marketplaces such as Facebook and Instagram.
China has its finger on the pulse of digital commerce, and when it adopts new shopping habits, the world soon follows.
China - Macro-Economic Snapshot

1. Gross domestic product (GDP) at current prices in China from 1985 to 2020 with forecasts until 2027, Statista, April 2022.
2. Total population of China from 1980 to 2021 with forecasts until 2027, Statista, April 2022.
4. eCommerce China, June 2021, Statista.
7. Devices used to access the internet by users in China in 2018 and 2021, Statista, February 2022.
Although consumer confidence is still rebuilding in China, consumers are expected to start shopping in a big way.

China’s comeback from the COVID-19 pandemic is gradual compared to other markets, and consumer confidence may still fall below pre-pandemic levels. The consumer confidence index has stabilised at 155.1, which is down from mid-2021¹. However, the Chinese economy is still a global leader in eCommerce, and is only expected to grow throughout the decade.

While sitting at almost $2T, double-digit growth is projected through 2024². Chinese eCommerce is largely conducted through ‘super-apps,’ which integrate shopping, social media, banking, and other daily necessities. They also offer fun shopping options, such as livestreaming and augmented reality².

The message to merchants is clear: for those looking to succeed in the Chinese market in the coming years, the mobile experience is paramount.

Businesses do not need to convince consumers of the convenience of online shopping as the patterns are already there. Rather, they need to look at the next stages of online shopping – designing an engaging and entertaining mCommerce experience that drives traffic and, in turn, drives revenue.

79% of Chinese shoppers surveyed made an online purchase last week³.
**China - Consumer Snapshot**

**How Many Shop Cross-Border**

43% shop cross-border

**Who They Are (Age)**

- 18-24: 15%
- 25-34: 30%
- 35-44: 30%
- 45-54: 15%
- 55-64: 10%

**How They Shop Online**

96% shop via smartphone

51% shop via laptop

**Why They Shop Cross-Border**

1/ Access to items not available locally (52%)
2/ Trust in product authenticity (e.g., Levi’s jeans originating from U.S.) (44%)
3/ High product quality (41%)

**Why They Choose**

1/ Prefer large global marketplaces when purchasing from another market (73%)
2/ Prefer to support online businesses in my own market (72%)
3/ Prefer to shop globally from a brand that I trust (59%)

**How They Pay for Cross-Border Purchases**

- AliPay 47%
- Credit Card 34%
- China UnionPay 29%

**Where They Shop Cross-Border**

1/ Online marketplace (85%)
2/ Retailer website (59%)
3/ Brand website (57%)

**Where They Buy Cross-Border**

- USA: 38%
- South Korea: 27%
- Japan: 34%

**Search Engines**

- 65% social media advertisements
- 55% friend/family recommendations
- 53% search engines

**What They Buy Cross-Border**

- Cosmetics: 44%
- Clothing: 43%
- Groceries: 30%

PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+) who have purchased online in the past 3 months between December 2021–January 2022.
China - Spotlight

Offering a lesson in the future of eCommerce and mCommerce.

China is leading the way in mobile commerce, and it could take the rest of the world months or even years to catch up.

If you want to know what’s coming next, pay attention to Chinese trends, such as the affinity for shopping in groups for better deals, as well as social-based apps that integrate multiple parts of daily living into one place.

The good news for new merchants is that there is little barrier to entry – Chinese shoppers are always willing to try new things.1

Technology

65% of mobile shopping is done on apps1.

Chinese shoppers are open to newer methods of commerce. While other markets prefer more traditional methods, 90% of Chinese shoppers reported trying something new to them in the last three months, such as shopping through mobile apps like Taobao, Douyin, JD, Pinduoduo, and others1. Their open-mindedness leaves limited barriers to new entries in the market, allowing merchants to easily pivot as needed.

$77B

Behavioural / Cultural

of mobile shopping is done on apps1.

resale market expected by 20252.

Ethical purchasing is becoming a high priority in the Chinese market, with 3 out of 5 online shoppers surveyed saying they are willing to pay more for brands that do more good than harm to society3. Part of the move to sustainability includes buying used items. In the fashion market, for example, ‘re-commerce’ is expected to overtake fast fashion by 20284.

62% of shoppers care about their product’s origin5.

Consumer Expectations

While Chinese buyers are open to cross-border shopping, many worry aboutprocuring counterfeit goods5. Building trust in the Chinese market means ensuring that items are traceable and authentic, and Chinese shoppers surveyed who use PayPal do so for the added level of security, purchase protection, and trust6.

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China - Top 3 Takeaways

1. mCommerce is dominating shopping habits across the board.

Chinese consumers are spending more time on their smartphones, and their shopping habits are changing as a result. With 65% of smartphone transactions carried out through mobile apps, consumers are routinely using smartphones to procure staples, such as groceries, pet care, and home improvement services. Sellers should take this opportunity to optimise their operations for mCommerce to reach the Chinese market.

2. In the world of Chinese eCommerce, everything old is new again.

Sustainability has become a dominant trend in the Chinese shopping consciousness. In the fashion world, online re-commerce is expected to overtake fast fashion purchasing in the next decade. The country’s trend towards buying used items represents a shift in purchasing patterns. Sellers should either find new ways to make buying retail attractive or weave re-commerce alternatives into existing purchasing models.

3. Chinese shoppers are hungry for the real deal.

Counterfeit goods are a sizable concern amongst Chinese consumers, especially when it comes to international cross-border shopping. Shopping trends strongly value ethical purchasing as consumers hunt for products with a traceable origin. Vendors should ensure that not only are their eCommerce platforms secure, but that Chinese customers can have confidence in the origins of their purchase and the authenticity of those goods.
Hong Kong is home to tremendous wealth, with buyers shopping with their values first.
Hong Kong SAR, China - Macro-Economic Snapshot

- **Gross Domestic Product**: $370B
- **Population**: 7.6M
- **Annual Ecommerce Revenue**: $2.64B
- **Annual Ecommerce Growth**: 17.9%
- **Compounded Annual Mcommerce Growth Rate**: 13.2%
- **Internet Penetration**: 91%
- **Smartphone Penetration**: 92%
- **Purchasing Power Index**: 6.1

Sources:
1. Statista, Gross domestic product (GDP) at current prices in Hong Kong from 2010 to 2020 with forecasts until 2026, October 2021.
2. Statista, E-commerce share in total retail sales in Hong Kong from January 2020 to August 2021, by month, September 2021.
5. Statista, Number of internet users in the Asia Pacific region as of January 2021, by country, February 2021.
6. Statista, Penetration rate of smartphones among people over ten years old in Hong Kong from June to October 2020, April 2021.
7. OECD, Purchasing power parities (PPP), January 5, 2022.
Hong Kong SAR, China - Narrative

In a rapidly growing eCommerce market, personalised shopping experiences may best suit local tastes.

While Hong Kong may have been slower to adapt to the eCommerce trend, it has quickly taken over the consumer market. Adoption of eCommerce was catalysed by the COVID-19 pandemic and now the majority of purchases made in Hong Kong are now done online.\(^1\)

Online retail has more than doubled in Hong Kong between January 2020 and October 2021, with eCommerce now making up more than half of all shopping.\(^2\)

The good news for merchants is that such a rapidly growing online market offers plenty of opportunities for entry. 77\% of online shoppers have made purchases from international websites at the end of 2021.\(^3\) Merchants looking to enter the Hong Kong market can do so now at a prime time, when most of the population is ready to buy from abroad.

The challenge that international businesses will face in selling to Hong Kongers is standing out in what is quickly becoming a crowded market. Businesses can go the extra mile to leave a positive impression by offering a great shopping experience and personalising to their needs. A well-designed website that’s easy to navigate, easy to browse, and offers an intuitive customer the shopping experience they’re looking for can help go a long way with buyers.\(^4\)

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\(^1\) Visa, Visa Study: Pandemic propels digital commerce in Hong Kong, with over half of all purchases made online and increased awareness of personal data, December 10, 2020.

\(^2\) Statista, Retail in Hong Kong - statistics & facts, December 16, 2021.

\(^3\) PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022.

\(^4\) 52\% of all shopping is now done online.
Hong Kong SAR, China - Consumer Snapshot

WHAT LANGUAGE THEY PREFER

English and Traditional Cantonese

HOW THEY SHOP ONLINE

SHOP VIA SMARTPHONE 85%
SHOP VIA LAPTOP 48%

WHO THEY ARE (AGE)

18-24 24%
25-34 23%
35-44 22%
45-56 21%
55-64 21%

WHY THEY SHOP CROSS-BORDER

1/ Better prices (47%)
2/ Higher product quality (45%)
3/ Access to items not available locally (41%)

WHAT THEY PAY FOR CROSS-BORDER PURCHASES

CREDIT CARD 64%
PAYPAL 36%
ALIPAY 18%

WHY THEY CHOOSE

1/ Prefer to put up with longer shipping times from global merchants if a product is less expensive (75%)
2/ Prefer large global marketplaces when purchasing from another market (73%)
3/ Prefer to buy from a website based in another market if I can’t get what I want from my market (68%)

WHERE THEY SHOP CROSS-BORDER

1/ Online marketplace (71%)
2/ Brand website (53%)
3/ Store / retailer website (49%)

WHERE THEY BUY CROSS-BORDER

USA 38%
CHINA 45%
JAPAN 40%

WHAT THEY BUY CROSS-BORDER

40% CLOTHING
24% GROCERIES
23% COSMETICS

HOW CROSS-BORDER SHOPPERS FIND YOU

47% SOCIAL MEDIA ADVERTISEMENTS
46% FRIEND / FAMILY RECOMMENDATIONS
43% SEARCH ENGINES

PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022.
Fast internet and a wealthy population create the perfect environment for eCommerce.

With some of the fastest internet speeds in the world, Hong Kong’s eCommerce market is well-positioned for growth. Hong Kongers have the third-highest median wealth per adult in the world, but they can be conservative in their spending, suggesting opportunities to drive up basket spend.

When Hong Kong shoppers look to buy, they’re turning towards social media for ideas. 48% of online shoppers discover new international websites for cross-border shopping using social media. Cross-border shoppers use social media marketplaces frequently to acquire cosmetics, consumer electronics, household goods, and even apparel.

45% of online transactions will soon use digital wallets.

57% of cross-border purchases in Hong Kong were apparel.

73% of buyers are looking for brands that give back.

While credit card purchases are still the primary payment method for international purchases, digital wallets are quickly edging them out, and expected to dominate the market by 2024. Competition may be fierce, however. Hong Kong online shoppers love credit card cashback/rewards, although PayPal’s enhanced security features are still an appealing offer.

As Hong Kong is a relatively small market, one-quarter of items purchased through eCommerce are from outside the region. Online shoppers are searching internationally for everything from clothing and cosmetics to electronics and even groceries. International brands may have an opportunity to court the market by offering items that are simply not available locally.

Hong Kong shoppers are incredibly conscious about a brand’s values, and are specifically looking for those that demonstrate integrity in how they do business. Roughly 66% of online shoppers are willing to pay more for brands that do more good than harm, and 48% will overlook flaws in a brand if they believe in supporting a company’s cause.

Technology

Behavioural / Cultural

Consumer Expectations

Hong Kong SAR, China - Top 3 Takeaways

1. Customer data can take a brand to the next level.

Buyers are committed to mobile shopping, and it means that businesses are gaining insights from freely-provided customer data which can be used for future targeted marketing. Brands looking to succeed in Hong Kong should utilise this opted-in customer data where possible so that they can offer a more attractive and personalised shopping experience for consumers.

2. Customer loyalty is crucial and should be rewarded.

When Hong Kong buyers are making decisions, they’ll often lean towards the brand that recognises and rewards their loyalty. Brand loyalty programs can be as simple as accruing points for free rewards, or as complex as partnerships with other leading merchants, but even a simple reward program can be enough to attract buyers’ attention and keep them coming back.

3. Shoppers are also buying with their conscience first.

While Hong Kongers are hungry to buy, they want to do so ethically, and care about the impact and values that brands possess. Merchants should not be shy about promoting their brand’s values, such as a commitment to sustainability and their efforts towards environmental sustainability, in order to win the hearts and minds of consumers.
Find success in a market as regulated as it is lucrative.

FRANCE
France - Macro-Economic Snapshot

7. OECD Purchasing power parities (PPP), January 5, 2022.
France - Narrative

French consumers are catching on to eCommerce, but not quite ready to let go of in-store shopping.

Consumer optimism is returning to France, even if they don’t know it yet. While only two-thirds of French consumers are optimistic about the economic recovery, that’s still the highest it’s been since March 2020. And while many shoppers may be reporting a negative net intent to spend, spending is actually up across most categories compared to February 2021.

Although eCommerce spiked quickly during the COVID-19 pandemic, over half of French consumers went back to in-store shopping after the lockdowns lifted.

This doesn’t necessarily mean France is fully reverting to its pre-pandemic ways. In fact, there is a unique opportunity for brands to merge their digital and in-person experience so they can interact with shoppers on a broader scale and with more touchpoints.

Although France’s eCommerce market is highly regulated, multiple lockdowns drove both buyers and sellers online. In fact, there were 17,400 new online merchants last year. 70% of the population now shops online, spending at one of the highest rates in Europe, with Amazon being the biggest online store by net sales. To help ensure a competitive cross-border marketplace, the French government continuously evolves business-to-consumer regulations.

51% of those surveyed say they shop online more now than 2020.
France - Consumer Snapshot

**HOW MANY SHOP CROSS-BORDER**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>18-24</td>
<td>22%</td>
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<tr>
<td>25-34</td>
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<td>35-44</td>
<td>21%</td>
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<tr>
<td>45-54</td>
<td>20%</td>
</tr>
<tr>
<td>55-64</td>
<td>15%</td>
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</tbody>
</table>

**WHAT LANGUAGE THEY PREFER**

French

**HOW THEY SHOP ONLINE**

78% shop via smartphone

53% shop via laptop

**WHY THEY SHOP CROSS-BORDER**

1/ Better prices (48%)

2/ Access to items not available locally (38%)

3/ Discovery of new and interesting products (33%)

**PAYPAL 44%**

**DEBIT CARD 36%**

**BANK TRANSFER 9%**

**WHERE THEY SHOP CROSS-BORDER**

1/ Online marketplace (74%)

2/ Store / retailer website (37%)

3/ Brand website (32%)

**WHAT THEY BUY CROSS-BORDER**

- Clothing 37%
- Toys and Hobbies 19%
- Consumer Electronics 14%
- Other 37%

**WHY THEY CHOOSE**

1/ Prefer large global marketplaces when purchasing from another market (69%)

2/ Prefer to put up with longer shipping times from global merchants if a product is less expensive (77%)

3/ Prefer to put up with less convenience when shopping globally if the brand is trusted (50%)

**WHERE THEY BUY CROSS-BORDER**

- USA 20%
- UK 14%
- CHINA 35%

**HOW THEY PAY FOR CROSS-BORDER PURCHASES**

- PAYPAL 44%
- DEBIT CARD 36%
- BANK TRANSFER 9%

**CONSUMER INSIGHTS**

1/ Better prices (48%)

2/ Access to items not available locally (38%)

3/ Discovery of new and interesting products (33%)

PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022.
France - Spotlight

Navigating France’s regulated market.

Although France is a high-spending market, it’s also highly regulated. When retailers create a local site, French language, sales, tax, and return rules must be followed. They also must be ready to work around France’s strict rules around sales—or ‘les soldes’.

Retailers can only sell sale items at certain times of the year, and they must advertise them ahead of time.

Get access to specific country resources with up-to-date information on regulations so you can be well equipped to expand into this lucrative market at The International Trade Administration website.

Key Drivers

76%

used Facebook to make a purchase, followed by Instagram and Snapchat.

60%

are willing to pay more for brands who do less harm to society.

65%

of French consumers actively seek out the best deal.

Technology

Social marketplaces are some of the newer shopping channels—a shift fueled by Gen Z. While search engines have typically been the status quo for discovering new retailers, social media advertising has crept up to second place. Retailers should consider investing in their social media channels to entice this new wave of consumers.

Behavioural / Cultural

Price is still a primary purchase driver among French shoppers, but sustainability and transparency are becoming increasingly important. In 2021, the French market had a 42% increase in the purchase of eco-friendly products. France’s fashion industry is also seeing an uptick in ‘slow fashion’ where retailers develop collections made in small quantities, with higher-quality materials.

Consumer Expectations

The convenience of online shopping has become a part of day-to-day life in France—however, price remains their top key driver for online cross-border shopping. Shoppers will even endure longer shipping times from global merchants if the price is right. 62% of online shoppers surveyed said it’s worth it for a cheaper product, and 42% will overlook things they don’t like about a brand for a lower price.

References:
France - Top 3 Takeaways

1. Merge digital and social experiences.

With such a lucrative and established market, consumers are enjoying new ways to shop, including quick commerce, social media marketplaces, and in-store. Global retailers looking to break into this market should consider a multi-channel approach to sway these shoppers and provide an innovative experience that will hold their attention.

2. Compete with convenience.

French consumers adjusted their behaviour and shifted toward online shopping. As local retailers pivoted to selling online, the quick commerce market also surged. Now that consumers are used to the convenience of delivery in under an hour, global merchants must stay competitive with sustainability, brand purpose, or price to win over new customers in the French market.

3. Play by the rules with local regulations.

When creating a local website, retailers must adhere to French language, sales, tax, and returns rules. And although Amazon is the biggest online store in France, the government is actively trying to introduce new global digital sales taxes on multinational tech giants. Retailers can work with local or online social marketplaces to handle this highly regulated market.

A nation of shoppers ready to embrace eCommerce, but in the local language.
Germany - Macro-Economic Snapshot

2. Statista, Germany: Total population from 2016 to 2026, October 2021.
5. Statista, Number of internet users compared to general population size in Germany in May 2021, September 2021.
7. OECD, Purchasing power parities (PPP), January 5, 2022.
Germany - Narrative

Despite a dip in consumer confidence, Europe’s strongest economy sees a rising interest in cross-border shopping.

Germany was set to see a rise in consumer confidence this year, but new waves of variants and restrictions slowed that projection. In fact, the Omicron variant was expected to push Germany, Europe’s largest economy, to the brink of a recession this winter¹.

Before the COVID-19 pandemic, Germans were hesitant to adopt new ways to shop, particularly with mCommerce.

However, after multiple lockdowns and uncertainty, shoppers started to embrace new methods.

For example, mobile commerce is now expected to expand at a compound annual growth rate of 14.9% by 2024². As of now, 42% of German shoppers surveyed prefer to use their phones to make purchases³. At this rate, mCommerce will outpace overall eCommerce growth².

When making cross-border buying decisions, German shoppers remain characteristically practical about their choices. They have a strong preference for known brand names purchased from global marketplaces, like Amazon. They also gravitate toward global payment providers, as 60% of surveyed shoppers used PayPal to complete cross-border online transactions³.

Germany - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER
43% shop cross-border

WHAT LANGUAGE THEY PREFER
German

HOW THEY SHOP ONLINE
72% shop via smartphone
53% shop via laptop

WHO THEY ARE (AGE)
- 18-24: 15%
- 25-34: 25%
- 35-44: 19%
- 45-56: 23%
- 55-64: 18%

WHY THEY SHOP CROSS-BORDER
1/ Better prices (50%)
2/ Access to items not available locally (46%)
3/ Discovery of new and interesting products (38%)

WHY THEY PAY FOR CROSS-BORDER PURCHASES
- PayPal 60%
- Credit Card 22%
- Klarna 17%

WHERE THEY SHOP CROSS-BORDER
1. Online marketplace (73%)
2. Store / retailer website (38%)
3. Brand website (36%)

WHERE THEY BUY CROSS-BORDER
- USA: 22%
- UK: 14%
- China: 30%

WHAT THEY BUY CROSS-BORDER
- Clothing: 38%
- Consumer Electronics: 15%
- Toys and Hobbies: 15%

HOW CROSS-BORDER SHOPPERS FIND YOU
- Search engines: 46%
- Social media advertisements: 41%
- Friend / family recommendations: 33%

PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+) who have purchased online in the past 3 months between December 2021–January 2022.
Key Drivers

42%

of surveyed shoppers prefer mCommerce².

63%

of social sales are apparel³.

75%

of online shoppers in Germany expect prompt delivery times¹.

Technology

As mCommerce connects German shoppers, Millennials and Gen Z are especially influenced by social media. In fact, a quarter of all shoppers now purchase from social media marketplaces, and 37% of those shoppers say social media ads are as powerful as personal recommendations¹. However, shoppers are still hesitant to purchase from newer platforms. Retailers who can provide familiarity will grab the attention of the German market.

Behavioural / Cultural

As Germans return to their social lives, they’re showing a revived interest in apparel. Not only is it the top category for online sales, but 38% of apparel purchases are from cross-border transactions⁴. Gen Z, in particular, is a key factor in this trend of shopping apparel. Shoppers gravitate toward platforms they’re already used to, like ASOS and Zalando, so global retailers can benefit from providing a familiar user experience³.

Consumer Expectations

Throughout the buying cycle in the German market, reliability has been pushing shoppers toward large global stores¹. And as they expand further into cross-border shopping, their expectation for delivery is also high. Many shoppers say the maximum acceptable delivery time is 3-5 days¹. Retailers trying to break into the German market might consider partnering with a major local marketplace to meet these expectations.

While they are increasingly embracing digital payments, German shoppers still hold on to traditional payment methods like open invoice payments, which accounted for 30% of all payments in 2021¹.

As shoppers start to embrace online shopping, they’re putting more trust in online payments as well.

In fact, out of the surveyed shoppers, PayPal usage has increased by 60% in the last three months of 2021¹. Germans are becoming increasingly sophisticated online shoppers, but global merchants must focus on language localisation and partnerships with established local marketplaces to win these customers at checkout.

Germany - Spotlight

mCommerce quickly becoming the German shopper’s second language.

63%

of social sales are apparel³.
Germany - Top 3 Takeaways

1. Digital advertising is your gateway to new customers.

Younger generations remain increasingly engaged with social media. In addition to having a strong presence on social media, global merchants should consider placing advertisements on social media platforms and investing in search engine marketing.

2. Win the customer’s loyalty with fast, reliable fulfillment.

While German shoppers have been quick to adopt mCommerce on online marketplaces, they have higher expectations from global merchants when it comes to delivery speeds and choice. Global merchants should partner with a local service to meet these high expectations.

3. Trust and reliability win the sale.

German shoppers have become increasingly comfortable with digital payments, so offering multiple secure payment options is paramount for global merchants in 2022. Today, the most popular online payment method for German shoppers is PayPal due to its security, quick payment processing, and convenience.
Italian shoppers are leaving lockdown but keeping home in mind.
Italy - Macro-Economic Snapshot

GROSS DOMESTIC PRODUCT

$1.92T USD

ANNUAL ECOMMERCE GROWTH

16% 3

ANNUAL ECOMMERCE REVENUE

$53.5B USD

SMARTPHONE PENETRATION

60% 4

INTERNET PENETRATION

83.7% 4

POPULATION

59M 2

ANNUAL ECOMMERCE GROWTH

COMPOUNDED ANNUAL MCOMMERCE GROWTH RATE

17% 4

Purchasing Power Index

0.66 5

Italian shoppers are coming out of lockdown with a newfound love of all things local.

The COVID-19 pandemic hit Italy hard, but in the last quarter of 2021, a new consumer optimism started to emerge. Spending intent rose with more than one-third of consumers ready to treat themselves. Although overall optimistic, Italian consumers also came out of lockdown with an increased sense of caution and refined values.

They’re now more focused on their homes and neighbourhoods and have a newfound concern about sustainability, proximity, efficiency, and more.

One specific shift was their new approach to apparel after embracing the work-from-home lifestyle. In the past three months, clothing was the most purchased category both cross-border and domestically.

Although Italians still prefer to shop locally, they may be motivated to purchase from cross-border sites with Italian language support, faster delivery times, and the option to use their preferred payment methods. Those who already do shop cross-border say price, access to goods, product variety, and discovery are the key reasons why. They also prefer to make their cross-border purchases through online marketplaces. When it comes to payment methods, PayPal is the most widely used for both domestic and international purchases and is preferred more than 43% of the time among surveyed cross-border shoppers because of the security and protection it offers.

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31% shop the same or more from international websites over domestic ones.
Italy - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER

75% shop cross-border

WHAT LANGUAGE THEY PREFER

Italian

HOW THEY SHOP ONLINE

84% shop via smartphone
60% shop via laptop

WHO THEY ARE (AGE)

12% 18-24
19% 25-34
23% 35-44
23% 45-54
22% 55-64

WHY THEY SHOP CROSS-BORDER

1/ Better prices (48%)
2/ Access to items not available locally (42%)
3/ More variety / availability of different products and styles (35%)

WHY THEY CHOOSE

1/ Prefer large global marketplaces when purchasing from another market (76%)
2/ Prefer to support local online businesses (68%)
3/ Prefer to support small businesses (63%)

WHAT THEY BUY CROSS-BORDER

35% clothing
23% consumer electronics
15% cosmetics

12% cosmetics
19% clothing
23% consumer electronics
25% furniture
22% home

COSMETICS

HOW THEY PAY FOR CROSS-BORDER PURCHASES

PAYPAL 51%
CREDIT CARD 26%
POSTE PAY 21%

WHERE THEY SHIP CROSS-BORDER

1 Online marketplace (72%)
2 Brand website (36%)
3 Store / retailer website (32%)

WHERE THEY BUY CROSS-BORDER

USA 26% UK 22% CHINA 35%

HOW CROSS-BORDER SHOPPERS FIND YOU

45% search engines
44% social media advertisements
27% friend / family recommendations

PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022.
Lockdowns prompted Italians to re-examine their values regarding family and community. This caused them to refocus on the home—including cooking, quality time, and more. For example, surveyed Italians said that they would “continue to devote myself to cooking at home.”

They’re also showing more appreciation for their own arts and culture—and expect retailers to also.

In fact, 42% of shoppers say language support was the top reason that would make them more comfortable in cross-border shopping. Retailers should consider these expectations if they want to boost conversions in Italy.

Focuses are shifting closer to home.

Key Drivers

44% surveyed who purchased from an international site found them from social media ads.

37% of fashion executives expect occasion wear to be a top category post-pandemic.

58% will pay more for brands that do more good than harm.

Technology

Italy is synonymous with fashion so it’s no surprise that its top selling category is apparel. Italy’s fashion industry also features some of the biggest influencers, whose advice informs 35% of purchases. This consumer landscape prioritises discovery over price, so retailers should harness the power of social media, from partnering with local micro-influencers to grabbing attention with Italian language posts.

Behavioural / Cultural

Italian shoppers are purchasing with home in mind. As they started to work from home, they bought more casual clothing, making apparel a top-selling category. The online and home delivery grocery market also increased, as Italians have replaced out-of-home activities with alternatives. Global sellers can capitalise on this opportunity by aligning their offerings with these new trends.

Consumer Expectations

Younger generations are pushing fashion brands to incorporate more sustainable materials and practices. The grocery market also saw a surge of eco-conscious consumers, pushing Italy to the forerunner in the demand for sustainable brands. If global sellers want to sway Italians away from shopping local, they must appeal to their values—especially sustainability.

Italy - Top 3 Takeaways

1. Keep it close to home.

From apparel to groceries and hobbies, Italians are shifting their purchasing behaviours to incorporate their home life. They’re buying more groceries and going to fewer restaurants in lieu of toys and hobbies that facilitate quality time with friends and family, sellers should see how they can appeal to these trends by finding ways to make their products and services complement buyers’ homes and neighbourhoods.

2. Sell with local flair on social media.

Whether you’re leveraging micro-influencers to working with local artisans or posting local language content, social media is a useful tool for global retailers to connect with and support the Italian market. Even cross-border sellers can use it to catch the eye of locally focused shoppers.

3. Shine the spotlight on sustainability.

When global brands establish themselves as brands with purpose, with sustainable products and services, they can gain the favour of current and future generations of shoppers. Global sellers should consider ways to meet this demand so they can break into a market of conscious consumers.

26% saved on food while also wanting healthier, sustainable products.
Young Japanese consumers are eager to shop cross-border, both throughout Asia and around the world.
Japan - Macro-Economic Snapshot

ANNUAL ECOMMERCE REVENUE
$166B
USD

COMPOUNDED ANNUAL MCOMMERCE GROWTH RATE
13.7%

ANNUAL ECOMMERCE GROWTH
14.7%

INTERNET PENETRATION
92%

SMARTPHONE PENETRATION
79%

GROSS DOMESTIC PRODUCT
$5.1T
USD

POPULATION
126M

PURCHASING POWER INDEX
101.3

7. Statista, Smartphone penetration rate in Japan from 2017 to 2020 with a forecast until 2026, July 2021.
8. OECD, Purchasing power parities (PPP), January 5, 2022.
Japan - Narrative

Despite having one of the world’s oldest populations, Japan’s youth are powering an eCommerce giant.

The Japanese economy has long been regarded as a world force. When it comes to eCommerce, Japan is the fourth-largest market in the world. And it’s only growing larger, up 6.24% per annum, and expected to be worth $143B USD by 2025.

Despite this growth, the nation’s economy was placed under strain by the COVID-19 pandemic. A surge of cases resulting from the Omicron variant led to a dip in consumer confidence, with a 2.4 point decline between December 2021 and January 2022. The drop represented a five-month low, indicating that despite a path to recovery, the market may be vulnerable to any future outbreaks of the virus. While the pandemic impacted the economy, it also impacted the online habits of the country’s youngest consumers.

Japan is also home to one of the world’s oldest populations. However, the country’s younger population is the next driver of eCommerce.

Younger Japanese, and those with higher incomes, have already indicated a desire to spend more time online this year. The younger generation also seems to be looking past the pandemic. 80% of Japanese consumers are imagining a ‘return to normal’ in 2022, with Gen Z leading the charge.

31% of online shoppers have shopped internationally in 2021.
Japan - Consumer Snapshot

31% shop cross-border

Japanese

77% shop via smartphone
41% shop via laptop

Japanese

HOW THEY SHOP ONLINE

HOW THEY PAY FOR CROSS-BORDER PURCHASES

CREDIT CARD 53%
PAYPAL 12%
CONVENIENCE STORE 12%

WHAT THEY BUY CROSS-BORDER

1/ Access to items not available locally (53%)
2/ Better prices (47%)
3/ Discovery of new and interesting products (37%)

WHY THEY CHOOSE

1/ Prefer to support local online businesses (68%)
2/ Prefer large global marketplaces when purchasing from another market (66%)
3/ Prefer to put up with longer shipping times from global merchants if a product is less expensive (54%)

WHERE THEY SHOP CROSS-BORDER

1 Online marketplace (76%)
2 Store / Retailer website (43%)
3 Brand website (34%)

WHERE THEY BUY CROSS-BORDER

USA 31%
CHINA 31%
SOUTH KOREA 31%

WHAT THEY BUY CROSS-BORDER

34% clothing
21% cosmetics
16% entertainment

HOW THEY SHOP CROSS-BORDER

SHOP CROSS-BORDER

WHO THEY ARE (AGE)

18-24 20%
25-34 27%
35-44 24%
45-56 16%
55-64 14%

SEARCH ENGINES

SOCIAL MEDIA ADVERTISEMENTS

FRIENDS / FAMILY RECOMMENDATIONS

PayPal commissioned Ipsos PayPal Cross-border Insights 2022, n=14,000, 14 markets. Online survey of adults (aged 18+) who have purchased online in the past 3 months between December 2021–January 2022.
Japan - Spotlight

Japan’s youngest consumers are shopping right from the palms of their hands.

The priorities of the younger generations are among the key drivers for Japan’s eCommerce future. For example, while quality was once the top priority, younger shoppers are hungry for lower cost options.

There is also a growing trend to buy internationally, with the rate of cross-border eCommerce rising 9% percentage points from 2020 levels.

Additionally, there is an uptake in mCommerce which, while relatively low prior to the COVID-19 pandemic, has doubled since 2020. Smartphone usage is highest amongst youth, with 93% of those between ages 20 and 29 on devices.

Key Drivers

43%

of domestic Japanese buyers prefer a website in their language.

58%

of cross-border purchases in Japan were clothing.

1/3

of online shoppers would pay more for readily available items.

Technology

Japanese shoppers prefer to learn before buying, and so Japanese websites are traditionally heavy in copy. Proper translation for foreign brands is key, as word order and structure are not a straightforward translation from other languages. Japanese buyers want a site that speaks to them, and international merchants benefit from taking this request to heart.

Behavioural / Cultural

It is interesting to note where Japanese buyers are sourcing their latest purchases. Traditionally, the US was the country’s dominant international trading partner. Yet recently, closer Asian nations, such as South Korea, are becoming the preferred sources for online cross-border purchases. Japanese shoppers are also buying cross-border items with ‘heirloom’ cultural significance, such as French wines and Swiss watches.

Consumer Expectations

While the pandemic may have attracted older shoppers online initially, 46% intend to maintain the habit long term. For shoppers of all ages, accessibility of cross-border goods is top priority. Merchants entering the market need to ensure that their supply chains can readily handle the demands of the region, or else consider a last-mile delivery partner locally.

65 2022 PAYPAL BORDERLESS COMMERCE REPORT

PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022.
Statista, Cross-border e-commerce market size in Japan from fiscal year 2016 to 2020, July 2021.
Japan - Top 3 Takeaways

1. **Proper translation and customer support win the day.**

   International brands are unlikely to win favour with Japanese buyers without tailoring their eCommerce offerings to Japanese expectations. This means providing sufficient detail, in professionally interpreted Japanese, that will provide buyers the informed shopping experience to which they are accustomed. This may mean overhauling navigation or mobile experiences suited to a North American or European audience, but the market demands that extra effort.

2. **Younger buyers are the ones setting trends.**

   Even with an older population, younger Japanese consumers are the ones dominating the cross-border shopping market. These buyers have specific expectations from their shopping experience. They are seeking a mobile-friendly experience, discounted prices, and shopping platforms that utilise their growing social media habits. Brands can use this information to build a competitive advantage as they expand in the Japanese market.

3. **Buyers want what they want, and they want it now.**

   Japanese buyers can be eager and are prone to making decisions based on the availability of their desired items. Merchants looking to succeed in Japan need to ensure that their shipping channels are reliable, and ready to meet buyers’ demands. Brands may have a potentially lucrative opportunity if their offerings are more readily available than their competitors'.
High-quality and customisable mCommerce experiences are key to unlocking Mexico’s rising middle class.
### Mexico - Macro-Economic Snapshot

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Domestic Product</td>
<td>$1.3T</td>
</tr>
<tr>
<td>Annual Ecommerce Revenue</td>
<td>$25.6M</td>
</tr>
<tr>
<td>Annual Ecommerce Growth Rate</td>
<td>20.1%</td>
</tr>
<tr>
<td>Smartphone Penetration</td>
<td>93%</td>
</tr>
<tr>
<td>Purchasing Power Index</td>
<td>9.4%</td>
</tr>
<tr>
<td>Population</td>
<td>132M</td>
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<tr>
<td>Internet Penetration</td>
<td>65%</td>
</tr>
<tr>
<td>Compounded Annual Mcommerce Growth Rate</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

#### Sources

6. Statista, Internet user penetration in Mexico from 2017 to 2026, July 2021.
7. Statista, Share of mobile phone users that used a smartphone in Mexico between 2nd quarter 2016 and 2nd quarter 2021, October 2021.
8. OECD, Purchasing power parities (PPP), January 5, 2022.
Mexico’s economy is still recovering post-COVID-19, but the expectations of middle-income shoppers are dictating future commerce in the market.

The Mexican economy is still in a difficult spot following an increase in COVID-19 cases towards the end of 2021, despite a rise in consumer confidence – up 3% from the end of 2020. Regardless of the forward momentum, Mexican shoppers are still being careful with their personal finances.

Yet there is potential on the horizon for those looking to cater to the Mexican market, especially towards the country’s burgeoning middle class. A large number of consumers are making purchases from abroad, and 15% of eCommerce in Mexico involves cross-border shopping.

The other major shift post-pandemic is that Mexican consumers seem to be shopping with their principles guiding purchasing decisions.

Weary from the volatility of the COVID-19 pandemic, shoppers have shifted their priorities to focus on brand values.

This has left retailers of all sizes to promote their corporate social responsibility initiatives in order to entice the market. This focus on values is valuable wisdom for international businesses looking to attract Mexican consumers. The country is looking for international purchasing opportunities, but consumers are doing so with their conscience leading their wallets.
Mexico - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER

71% SHOP CROSS-BORDER

WHAT LANGUAGE THEY PREFER

Spanish

HOW THEY SHOP ONLINE

90% SHOP VIA SMARTPHONE

53% SHOP VIA LAPTOP

WHO THEY ARE (AGE)

18-24
25-34
35-44
45-56
55-64
19%
24%
25%
18%
15%

WHY THEY SHOP CROSS-BORDER

1/ Discovery of new and interesting products (48%)
2/ Better prices (44%)
3/ Access to items not available locally (38%)

PAYPAL 51%
DEBIT CARD 41%
CREDIT CARD 38%

HOW THEY PAY FOR CROSS-BORDER PURCHASES

WHERE THEY SHOP CROSS-BORDER

1 Online marketplace (83%)
2 Retailer website (44%)
3 Brand website (43%)

WHERE THEY BUY CROSS-BORDER

USA 59%  CHINA 43%  JAPAN 13%

46% CLOTHING
23% CONSUMER ELECTRONICS
22% COSMETICS

WHAT THEY BUY CROSS-BORDER

WHERE THEY SHOP CROSS-BORDER

1/ Prefer to support local online businesses (83%)
2/ Prefer to support small businesses (81%)
3/ Prefer large global marketplaces when purchasing from another market (77%)

46% CLOTHING
23% CONSUMER ELECTRONICS
22% COSMETICS

WHAT THEY PAY FOR CROSS-BORDER PURCHASES

HOW THEY SHOP CROSS-BORDER

1/ Prefer to support local online businesses (83%)
2/ Prefer to support small businesses (81%)
3/ Prefer large global marketplaces when purchasing from another market (77%)

1/ Discovery of new and interesting products (48%)
2/ Better prices (44%)
3/ Access to items not available locally (38%)

PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022.
Mexico - Spotlight

Shoppers are looking to feel better, shop better, and do it all safely.

The mCommerce economy is on the rise in Mexico, but there are key considerations that brands need to remember if they want to be successful.

The first is data protection - **75% of consumers are more protective of their data than they were towards the end of 2021,** a percentage significantly above the global average.

Consumers are also looking for a mobile shopping experience that meets their needs. Mercado Libre and Amazon are the biggest eCommerce businesses in the country, in large part because they offer navigation and product descriptions in Spanish.

Shoppers want a retailer with **69%**

want a retailer with strong company values.

**Consumer Expectations**

During pandemic lockdowns, Mexican eCommerce shifted their priorities. For example, they started primarily cooking at home, using online fitness training, and focusing on wellness. Aside from strong brand values, buyers are now interested in the health and wellness industry—a trend retailers can take advantage of for the foreseeable future.

**Technology**

While the country’s fixed-line internet infrastructure made online shopping difficult, Mexico’s mCommerce experience has come to life through smartphones. Mobile commerce is expected to keep scaling up, with a compounded annual growth rate of 20.3% until 2024. For merchants and vendors to succeed, they need to offer Mexican buyers a high-quality mobile shopping experience that’s specifically catered to meet their needs.

**Behavioural / Cultural**

As the country’s middle class grows in size, so does its appetite for high-end lifestyle goods. Global brands can appeal to the rising middle class by providing such solutions as secure online transactions for luxury goods. Businesses should also recognise the country’s strong event-centred approach towards holiday shopping, such as el Buen Fin and Hot Sale.

**62%**

of Mexican shoppers prefer utilising mCommerce.

**64%**

of shoppers want to make better lifestyle choices.

**69%**

want a retailer with strong company values.

**62%**

of Mexican shoppers prefer utilising mCommerce.
Mexico - Top 3 Takeaways

1. Better mobile UX drives more business.

With the rising rates of mobile shopping, Mexican buyers are looking for an experience that works for them. This means that retailers need to focus on offering good user experience (UX), with Spanish-language features and purpose-driven branding, if they wish to succeed in penetrating the country’s growing market.

2. Mexicans take data privacy and security seriously.

With a growing trend in eCommerce, Mexicans care more about their data privacy than most nations, and it’s dictating their shopping habits. Brands winning over the country’s consumers are highlighting their efforts to keep customer data safe and secure. Brands can build loyalty by highlighting their commitment to privacy and security — a commitment long held by PayPal.

3. Mexicans are focused on health and wellness.

Mexican consumers were amplifying their health and wellness focus during the pandemic, and the trend is likely here to stay¹. Merchants looking to succeed in Mexico should focus on promoting health and wellness through products, services, or apps, and buyers respect merchants that take wellness for their own teams seriously as well².
Singaporean eCommerce spending habits are likely to see a boom in the coming months.
Singapore - Macro-Economic Snapshot

5. Statista, Number of internet users in Singapore from 2010 to 2020 and a forecast up to 2025, July 2021.
7. OECD, Purchasing power parities (PPP), January 5, 2022.
Singaporean eCommerce shoppers are making a revival following the COVID-19 pandemic, a trend likely to stay.

Economic concerns brought on by the COVID-19 pandemic had an impact on Singaporean buying habits. Shoppers grew concerned about their economic prospects during the crisis, which ultimately led to a reduction in eCommerce spending during the worst of the pandemic. As public health and economic conditions continue to improve, eCommerce spending is expected to grow 18.3% in 2022, and the compound annual growth rate of 16.2% will continue the trend of economic expansion.

The trend is also well-suited to Singaporeans’ desire for convenience, where merchants can easily provide shoppers with a one-stop shopping experience. The rise in eCommerce has coincided with more cross-border buying as well. International brands are succeeding in Singapore because shoppers are becoming increasingly comfortable with the idea of sourcing products from outside their own borders. Over three-quarters of all online shoppers surveyed now say that they are on board with cross-border shopping, nearly double the number who were keen on the idea pre-pandemic.

The pandemic is also responsible for a movement towards eCommerce. The lockdown restrictions temporarily shuttering brick-and-mortar retail and implementing social distancing requirements were a major driver towards the growth in eCommerce, which is expected to continue post-pandemic.

85% of Singaporeans will be on social media by 2025.
Singapore - Consumer Snapshot

WHAT THEY BUY CROSS-BORDER

HOW CROSS-BORDER SHOPPERS FIND YOU

WHO THEY ARE

WHERE THEY BUY CROSS-BORDER

HOW MANY SHOP CROSS-BORDER

WHAT LANGUAGE THEY PREFER

CREDIT CARD 56%
PAYPAL 33%
DEBIT CARD 27%

WHY THEY PAY FOR CROSS-BORDER PURCHASES

SHOP VIA LAPTOP
SHOP VIA SMARTPHONE

HOW THEY SHOP ONLINE

SHOP CROSS-BORDER

79%

WHERE THEY SHOP CROSS-BORDER

18-24
25-34
35-44
45-54
55-64

WHO THEY ARE (AGE)

SHOP CROSS-BORDER

84%

55%

SHOP VIA SMARTPHONE
SHOP VIA LAPTOP

WHY THEY SHOP CROSS-BORDER

1/ Better prices (54%)
2/ Access to items not available locally (48%)
3/ Discovery of new and interesting products (39%)

WHY THEY CHOOSE

1/ Prefer to support local online businesses (76%)
2/ Prefer to put up with longer shipping times from global merchants if a product is less expensive (72%)
3/ Prefer to buy from a website based in another market if I can’t get what I want from my market (67%)

WHAT THEY BUY CROSS-BORDER

44% CLOTHING
22% CONSUMER ELECTRONICS
18% COSMETICS

SOCIAL MEDIA

ADVERTISEMENTS

PAYMENT METHODS

FRIEND / FAMILY RECOMMENDATIONS

SEARCH ENGINES

USA
CHINA
SOUTH KOREA

PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+) who have purchased online in the past 3 months) between December 2021–January 2022.
Even though smartphones are prolific in Singapore, buyers have been slower to take to shopping through social media¹. 58% of Singaporean shoppers who purchased from a new international website are still learning about brands through search engines instead of through social media advertisements². While usage of social media platforms is up, only 58% of online shoppers surveyed in Singapore are aware they exist, and roughly 81% are comfortable using them³. Yet social media has become more integral in the buying process, as more buyers are using social networks for brand research and for product demonstration videos³.

Shopping through social media is still in its early stages but is likely to grow.

63% surveyed and aware of livestream purchasing are comfortable using it².

44% of online cross-border purchases are apparel related².

44% struggled with work/life balance during the pandemic².

Technology

Singapore’s infrastructure is a perfect fit for mCommerce, as only 8% of residents prefer buying exclusively in person⁴. The market is ripe for new technologies, such as shopping through social media livestreaming. 50% of Singaporeans surveyed were aware of livestreaming, but 45% indicated that they would be fairly comfortable buying items through livestreaming².

Behavioural / Cultural

Shoppers are buying clothing in high numbers – a full 8% above the global average¹. Residents love following major fashion brands in the region through large outlets, such as Zalora, and favour local labels as well⁶. Merchants in the fashion industry may find success in Singapore’s busy market, and can partner with a larger online marketplace for even greater opportunities.

Consumer Expectations

Singapore has a strong work-focused culture, which means that convenience can often win the day. 55% of online shoppers in Singapore are willing to pay more for a convenient buying experience, and prefer easy purchasing methods, such as PayPal, debit cards, or credit cards¹. Quick delivery is also important, with one-third of buyers using services that promote on-demand domestic delivery.

Singapore - Spotlight

Of online cross-border purchases are apparel related².

63%

44%

44%

Singapore - Top 3 Takeaways

1. Mobile friendly experiences are crucial to winning over customers.

The mCommerce market in Singapore dominates the online shopping space, with the highest smartphone penetration in Southeast Asia. If a cross-border merchant is looking to succeed with buyers, they should ensure that every aspect of the mCommerce experience, from browsing to payment options, is optimised to be mobile-friendly. Technology will continue to improve, and brands are going to need to keep up.

2. Make convenience a priority.

Buyers are driven by convenience, so complicated shopping experiences are less likely to win over buyers. Make sure you optimise, enhance, and invest in your mobile user experience and purchasing journey. For example, digital wallet payment options streamline the process and will be recognised in a market that has such a focus on convenience.

3. Social media is the key to mCommerce growth.

Given the high penetration of smartphones, Singaporeans are fans of social media and turn to it for mCommerce. Social network user penetration is parked at 74%, growing annually by 1-2%. Brands looking to penetrate the market can make a big impression on consumers by keeping up a strong social media presence, and ramping up their social presence to gain shoppers’ attention.


Innovative buying experiences win the hearts of Spain’s sophisticated shoppers.
Spain - Macro-Economic Snapshot

- **Gross Domestic Product (GDP)**: $1.44T
- **Population**: 46.7M
- **Annual Ecommerce Revenue**: $23.3B
- **Compounded Annual Mcommerce Growth Rate**: 17%
- **Internet Penetration**: 84%
- **Smartphone Penetration**: 73%
- **Purchasing Power Index**: 0.62

**Sources:**
7. OECD, Purchasing power parities (PPP), January 5, 2022.
Spain - Narrative

Consumer optimism and retail opportunities come together to create the perfect storm.

Since the days of tight restrictions, Spain’s consumer confidence has spiked. In January 2022, it increased 8 points to 89.3 over the previous months, putting it at the highest it’s been since the Omicron variant started to slow down. Currently, 92% of online shoppers surveyed think their spending will hold steady or increase in 2022 and 2023. But as of now, just one in five say they only buy from domestic sites.

Global retailers should take this optimism and steady spending as an opportunity to break into the confident market.

Life in lockdown prompted local retailers to adjust their businesses accordingly, driving change in Spain’s consumer landscape. Although the country has opened again, these changes are sticking around and expecting to be a part of Spain’s new normal.

One change that presents an opportunity for global retailers is how Spaniards now prefer to shop. Since lockdown, nearly half of online shoppers surveyed are more likely to buy from a merchant that offers innovative virtual or digital experiences. Whether via apps, social commerce, or AR/VR, retailers can grab the attention of Spanish shoppers with what’s new now.
Spain - Consumer Snapshot

76% shop cross-border

Spanish

79% shop via smartphone
56% shop via laptop

WHO THEY ARE (AGE)

18-24
25-34
35-44
45-56
55-64

11%
17%
24%
26%
21%

HOW THEY SHOP CROSS-BORDER

1/ Better prices (55%)
2/ Discovery of new and interesting products (38%)
3/ Access to items not available locally (35%)

WHAT LANGUAGE THEY PREFER

Spanish

1/ Prefer to support small businesses (73%)
2/ Prefer large global marketplaces when purchasing from another market (69%)
3/ No preference on whether the online retailer is based abroad (63%)

WHERE THEY SHOP CROSS-BORDER

1 Online marketplace (82%)
2 Store / retailer website (36%)
3 Brand website (33%)

WHAT THEY BUY CROSS-BORDER

CLOTHING 43%
CONSUMER ELECTRONICS 23%
TOYS AND HOBBIES 17%

HOW THEY PAY FOR CROSS-BORDER PURCHASES

PAYPAL 55%
CREDIT CARD 32%
DEBIT CARD 29%

WHERE THEY BUY CROSS-BORDER

USA 20%
UK 17%
CHINA 45%

HOW CROSS-BORDER SHOPPERS FIND YOU

37% SEARCH ENGINES
37% SOCIAL MEDIA ADVERTISEMENTS
33% FRIEND / FAMILY RECOMMENDATIONS

PayPal commissioned Ipsos PayPal Cross-border Insights 2022, n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022.
88% used an online marketplace for at least one product category.

46% of Spaniards plan to treat themselves moving forward.

61% agree to longer shipping times from global merchants for a cheaper price.

Key Drivers

Spain - Spotlight

Shoppers seek new experiences from emerging technologies.

Despite being an established online market, innovation in retail was lagging.

After the COVID-19 pandemic took hold and lockdowns started, shoppers started taking interest in new and innovative ways to shop online.

In the past three months, shoppers have reported using a variety of retail innovations. 55% used an app to make a same-day delivery purchase and 44% used deal-finding plug-ins. And when it comes to more emerging technologies, they’re showing a promising amount of comfort. 19% of shoppers are aware of livestreaming commerce, and shopping via AR/VR.

83 2022 PAYPAL BORDERLESS COMMERCE REPORT


Technology

Although Spanish shoppers have typically taken a multi-channel approach across most product categories, online marketplaces are the top choice across all key categories. Social is also gaining traction with an average of 12% of shoppers using it for the same key categories—and that number is only expected to rise.

Behavioural / Cultural

As shoppers’ optimism spikes, there are signs that their spending will follow that lead. Older generations are looking to treat themselves with travel while younger generations focus more on apparel and sporting goods. In fact, for the 61% of people that are shopping more now than they did in 2020, apparel counts for about half of this increase.

Consumer Expectations

Shoppers are coming out of lockdown ready to spend, but not recklessly. They’re still cost-conscious and will take the extra time to find the best quality for their money. 32% of shoppers wouldn’t compromise on quality if a brand is ethically or socially responsible, but those who do end up switching brands are driven by prices and promotions.
Spain - Top 3 Takeaways

1. Make it multi-channel.

Although pandemic restrictions shook up the consumer landscape in Spain, retailers adapted with new ways to shop, including social commerce, livestreams, and AR/VR apps. Spanish customers quickly caught on and haven’t missed a beat since. By adopting these new methods, retailers can keep up with the new—and more exciting—normal in this market.

2. Quality and price-conscious shoppers love promotions.

Spanish shoppers are ready to spend again, especially on apparel, consumer electronics, and toys and hobbies. Global retailers can make the most of this opportunity by offering the right combination of promotions, clear pricing, and preferred payment methods.

3. Innovation attracts the shopper’s attention.

Win over the Spanish market by delivering a differentiated shopping experience with the help of new technologies. The success of recent innovations, like allowing customers to virtually try before they buy through AR/VR, shows how quickly adoption takes place in this market.

*PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults aged 18+ who have purchased online in the past 3 months between December 2021-January 2022.
Online shopping is now the norm for an already digitally savvy market.
United Kingdom - Macro-Economic Snapshot

GROSS DOMESTIC PRODUCT
$2.7T USD

POPULATION
67M

ANNUAL ECOMMERCE REVENUE
$40B USD

ANNUAL ECOMMERCE GROWTH
8.9%

SMARTPHONE PENETRATION
91.4%

INTERNET PENETRATION
92.1%

COMPounded ANNUAL MCOMMERCE GROWTH RATE
13%

PURCHASING POWER INDEX
0.7

5. Statista, Projected compound annual growth rate (CAGR) of e-commerce, mobile commerce and Point of Sale (PoS) in the United Kingdom (UK) from 2018 to 2022, April 2019.
7. OECD, Purchasing power parities (PPP) January 5, 2022.
Brits young and old are all in on online shopping, creating a major shift in the market.

Even though there are still economic issues affecting Brits, such as higher taxes, inflation, and rising interest rates, consumer confidence and pent-up demand are fueling a return to buying. So far, the budgets for online spending have been relatively moderate, with buyers looking to spend some disposable income without overextending themselves. One in three Brits are willing to spend over £200 on an online purchase, which is good news for small and mid-size sellers with higher ticket items to offer. Larger-ticket spending trends in eCommerce may soon lure smaller merchants to improve their online buying options if they are looking to attract a crowd that’s ready to buy.

Priorities have also now shifted among buyers, with shoppers now focused on improving their lifestyle choices, increasing their fitness activity, and utilising do-it-yourself home improvement solutions.

The demographics of online shopping in the UK are changing as well. While the larger shift towards online commerce opened up new buying channels for younger shoppers, older customers also began to see online purchasing as a consumer-friendly option.

53% of Brits are willing to pay more for ethical purchases.
United Kingdom - Consumer Snapshot

HOW MANY SHOP CROSS-BORDER

47%

SHOP CROSS-BORDER

WHAT LANGUAGE THEY PREFER

English

81%

SHOP VIA SMARTPHONE

50%

SHOP VIA LAPTOP

HOW THEY SHOP ONLINE

WHO THEY ARE (AGE)

18-24: 19%
25-34: 23%
35-44: 22%
45-56: 20%
55-64: 15%

WHY THEY SHOP CROSS-BORDER

1/ Access to items not available locally (46%)
2/ Better prices (43%)
3/ Discovery of new and interesting products (36%)

PAYPAL 42%
DEBIT CARD 31%
CREDIT CARD 22%

PAYPAL COMMERCE REPORT

WHERE THEY SHOP CROSS-BORDER

1 Online marketplace (59%)
2 Store / retailer website (43%)
3 Brand website (34%)

WHERE THEY BUY CROSS-BORDER

USA 28%
GERMANY 8%
CHINA 26%

HOW THEY PAY FOR CROSS-BORDER PURCHASES

WHY THEY CHOOSE

1/ Prefer to support local online businesses (69%)
2/ Prefer large global marketplaces when purchasing from another market (67%)
3/ Prefer to support small business (63%)

WHAT THEY BUY CROSS-BORDER

31% CLOTHING
13% ENTERTAINMENT
12% COSMETICS

HOW THEY SHOP CROSS-BORDER

34%

FRIEND / FAMILY RECOMMENDATIONS

SEARCH ENGINES

SOCIAL MEDIA

ADVERTISEMENTS

PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2021–January 2022.
United Kingdom - Spotlight

A change in taxation rules can quickly complicate UK sales.

New laws are affecting how the UK sells online and ships. This means new regulations, services, import taxes, and customs declarations. Up until Brexit, shipping was relatively easy and efficient, and shoppers didn’t have to worry about additional costs.

Although the UK has a new level of complexity with their eCommerce market, the British value-added (VAT) rate on imports dropped from 20% to 5%, with some exempt goods even at 0%1. However, 41% worry about shipping costs, and 37% worry about taxes, fees, and duties2.

International merchants need to keep prices reasonable and transparent.

19% more UK buyers shopped through social media in 20212.

50% of online shoppers surveyed spent more on products they can share with others3.

2/3 of UK consumers want a more sustainable lifestyle5.

Technology

The COVID-19 pandemic highlighted a shift towards older Brits taking to the ease of online shopping, and brands are recognising that a multi-channel approach can have the best traction3. Merchants of all sizes looking to attract British buyers should focus on multiple channels, such as brand websites and social media, in order to reach different demographics of their desired market.

Behavioural / Cultural

Among Brits who already shopped online, spending on online marketplaces dropped across all product categories1. However, their use of social media marketplaces grew an average of 19% over 2020 across the top categories1. They also started showing a significant increase across brand or retailer websites2. Merchants should consider building a multi-channel approach if they want to capture each demographic’s purchase preferences.

Consumer Expectations

Brits are becoming more environmentally aware5. Factors now affecting their purchasing habits include shipping costs, packaging, and unnecessary use of non-sustainable materials4. Merchants should note that buyers are shopping with their ethics, and are looking for brands that focus on doing good and making a positive impact1.
United Kingdom - Top 3 Takeaways

1. A multi-channel approach works best.

   The UK has been a digitally savvy nation for a while, and different demographics show vastly different shopping behaviours. Brands need to establish a multi-channel approach from websites to social media etc. to reach shoppers at the right touchpoint.

2. Sustainability is front of mind.

   UK shoppers are well attuned to the climate crisis and they care about protecting their environment. Unnecessary plastic packaging and non-sustainable shipping practices will do little to attract buyers. Merchants should focus on how they offset the carbon footprint created by packaging and shipping goods to the UK market.

3. Buyers are looking to improve their lifestyle.

   Even though lock downs have lifted and UK shoppers are cleared to return to ‘normal,’ most have adjusted well to spending more time at home and will likely continue to do so. Merchants should take note that shoppers will continue to look for products that contribute to a healthier lifestyle, assist with DIY home repairs, and promote physical fitness.

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60% of shoppers surveyed assess a brand’s impact before buying!
With growing supply chain issues, ‘Made In The USA’ is a different guarantee than it used to be.
United States - Macro-Economic Snapshot

6. OECD, Purchasing power parities (PPP), January 5, 2022.
United States - Narrative

As the U.S. economy gradually recovers, shoppers look across borders for the goods that they want.

While America’s consumer confidence is still slightly rocky in the wake of COVID-19 pandemic recovery and rising inflation, markets are improving. The consumer confidence index was at 110.5 in February 2022, which is above its previous pandemic lows.

As the market changes, Americans continue to spend, but carefully. Lockdowns and reduced gathering limits have meant less spending – a trend likely to reverse as pandemic restrictions continue to lift. American consumers amassed more than $2 trillion in savings during the pandemic, and that money might soon support increased spending.

Challenges with supply chain issues in 2021 have meant that buyers are increasingly worried about the ability to access their preferred products.

Additionally, as they return to shopping in large quantities, U.S. consumers are showing that they are open to cross-border shopping in increasing numbers. 41% of consumers now buy internationally, which is a sizable increase from only 33% polled last year.

The challenge for American manufacturers and producers may be convincing buyers to purchase and prioritise ‘Made in the USA.’ Almost half of consumers who shop cross-border believe that global brands make better products than local producers.

65% of surveyed online shoppers worry about the availability of their favourite products.

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1. PayPal commissioned Ipsos PayPal Cross-border Insights 2022, n=14,000, 14 markets. Online survey of adults (aged 18+) who have purchased online in the past 3 months between December 2021-January 2022.
United States - Consumer Snapshot

**How Many Shop Cross-Border**

41% shop cross-border

**What Language They Prefer**

English

**How They Shop Online**

78% shop via smartphone

50% shop via laptop

**Why They Shop Cross-Border**

1/ Better prices (41%)

2/ Access to items not available locally (38%)

3/ Discovery of new and interesting products (35%)

**Why They Choose**

1/ Prefer to support local online businesses (77%)

2/ Prefer to support small businesses (73%)

3/ Prefer large global marketplaces when purchasing from another market (66%)

**Where They Shop Cross-Border**

1/ Online marketplace (75%)

2/ Store / retailer website (45%)

3/ Social media marketplace (37%)

**Why They Buy Cross-Border**

33% clothing

14% toys and hobbies

11% consumer electronics

**How They Pay for Cross-Border Purchases**

PayPal 35%

Debit Card 32%

Credit Card 28%

**Where They Buy Cross-Border**

Canada 11%

UK 9%

China 27%

**How Cross-Border Shoppers Find You**

43% social media advertisements

41% search engines

37% friend / family recommendations

PayPal commissioned Ipsos PayPal Cross-border Insights 2022. n=14,000, 14 markets. Online survey of adults (aged 18+) who have purchased online in the past 3 months between December 2021-January 2022.
Despite inflation, optimism is strong.

While the COVID-19 pandemic is not completely over, and the lingering effects have taken a hit to consumer confidence, 44% of American shoppers still reported feeling optimistic - a strong showing.

That confidence seems to be highest among high-income consumers and Millennials, with both groups excited for the world to re-open.

Local brands are also competing with their global counterparts. Americans have become increasingly comfortable with cross-border shopping, especially when those brands are making concentrated efforts to target them. Online and social media marketplaces, along with store websites, have all gained traction.

Despite inflation, optimism is strong.

60% of surveyed shoppers experienced out-of-stock items.

37% of surveyed shoppers purchased through social media marketplaces in 2021.

3/5 U.S. shoppers prefer retailers with easy returns.

Technology

More brick-and-mortar retailers are expanding to a multi-channel approach. Brands can take advantage of multi-channel shopping, which is quickly gaining popularity. Purchasing through a social media marketplace, for example, doubled in the last year. International brands see this growth as well, with slightly over 40% of Americans finding international brands online – largely through social media and search engines.

Behavioural / Cultural

The supply chain shortages of 2021 shone a light on consumer behaviour and showed that buyers are quick to go elsewhere to find what they want. 65% of consumers worried about the availability of their favourite products, and that often led to online shoppers switching brands or retailers. 38% of cross-border shoppers turned to international shopping when their desires weren’t available domestically.

Consumer Expectations

A history of brick-and-mortar shopping has left Americans comfortable with straightforward return policies, and they’re keen to see this behaviour move online. Difficult returns are often a barrier to cross-border shopping. Moreover, higher-net worth shoppers expect easier returns on their luxury items. Brands should make easy and free returns a priority to win over online shoppers.

3/5

U.S. shoppers prefer retailers with easy returns.

60%

37%
United States - Top 3 Takeaways

1. Meet consumers where they are.

With cross-border shopping on the rise, a multi-channel approach to marketing appears to be the most effective way to target consumers, especially as they remain open to trying new brands. A combined approach of social media advertising, search engine optimisation (SEO), and search engine marketing (SEM) ensures that consumers are seeing your brand in the places that they’re already looking.

2. When it comes to demand, supply is key.

While American shoppers are known for their focus on price, supply chain issues highlighted the importance of stock availability. Buyers grow frustrated when products are not available, and their desire to buy can outweigh brand loyalty so long as products are authentic and of at least comparable quality. Retailers can take advantage of this shift by prioritising supply and attracting new U.S. shoppers.

3. Easy to buy, and easy to return.

If American consumers are going to avoid brick-and-mortar shopping, they need to have the return process made just as easy. Hassle-free returns that aren’t costly or complicated will maintain brand loyalty. A free return process that’s kept simple is advantageous, and allowing customers to interact with the product with AR technology can help avoid returns where possible.

39% of shoppers changed brands/products during shortages1.
4 ways to turn insights into action

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Cross-border opportunities are yours for the taking, so tap into them with insights into the global eCommerce landscape. Now you can turn these insights into action with the 2022 Cross-Border Commerce Playbook, where we share four key considerations when breaking into new markets abroad, and show how having a global collaboration with PayPal can help.

To learn more, visit PayPal.com/hk/enterprise

Questions?
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