The Current State of Cross-border E-commerce in Europe

Dr. Jesse Weltevreden, Sjoukje Goldman MSc, Julia Keuter BBA
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Strategy and Success (retail insights)

Netherlands versus Neighbouring countries (retail insights)

Drivers and barriers (retail data)

Localisation and performance (retail data)
Introduction

Noordelijke Hogeschool Leeuwarden
BA, Personnel & Organization
1991 - 1995

Postbank / ING
Teamcoordinator / (Senior) Marketeer
2000 - 2009

Hogeschool van Amsterdam
PhD Candidate & Lecturer
2009 - current

Vrije Universiteit
MSc. Marketing
2012 – 2014

PhD Candidate
2016 – current

Alibaba and Amazon Face Rivals in Cross-border E-commerce Race

EU online shoppers shy away from buying outside home country

Europe Seeks More Digital Control

Europe strives to boost cross-border e-commerce


Rising demand for foreign products, new platforms, and a push by the government are propelling the trend.

EU Defends Its Proposal for Single Digital Market

Borders Matter Less and Less in E-Commerce

Retailers’ Troubles: It Isn’t Just Amazon
Cross-border e-commerce, is defined as purchasing from the website of an online shop situated in another country and jurisdiction

(Spierings & Van der Velde, 2008)
Amazon gaat zich vanuit Duitsland op Nederland richten

Amazon gaat zich vanuit Duitsland ook op Nederland en Vlaanderen richten. Nederlandstalige bezoekers van Amazon.de kunnen nu gebruik maken van Nederlandse navigatie en Nederlandse klantenservice met ondersteuning via telefoon en e-mail.

In de eerste fase zijn er al miljoenen vertaalde productnamen beschikbaar in het Nederlands. De komende tijd zullen er nog meer vertaalde pagina’s en functies worden toegevoegd.
Global cross-border B2C e-commerce forecast

Source: Accenture/AlilResearch, 2015
The State of Cross-border E-commerce in Europe

1. Market opportunities (consumer insights)

2. Strategy and Success (retail insights)

3. Netherlands versus Neighbouring countries (retail insights)
Study area:
EU28
+ Iceland, Norway & Switzerland

Research objects:
Companies in b2c e-commerce
Online shops selling products
Online shops with headquarter in the study area
Data collection

1. Web scraping to acquire lists of online shops per country: 67,500 online shops

2. Web visitor data from SimilarWeb to estimate the number of cross-border Web visitors per online shop

3. Content analysis among 10,000 online shops to determine their cross-border e-commerce strategy (double blind coding by 75 student assistants, all native speakers)
Market opportunities

Consumer data
European consumers’ ability to use languages comfortably for online shopping and browsing

- **English***: 64%
- **Native language (excl. English, German & French)**: 49%
- **German***: 25%
- **French***: 22%
- **Other non-native language**: 11%
- **Will use automatic translation when needed**: 11%

* Including native speakers.

Source: GfK Belgium (2015)
Consumers: most important concerns when shopping online domestically and in other EU countries

**Domestic**
1. Misuse of personal data
2. Wrong or damaged products
3. Theft of payment card details
4. Difficult to replace/repair faulty products
5. Difficult to return products/getting reimbursed

**Cross-border intra-EU**
1. High delivery costs
2. High return shipping costs
3. Difficult to solve problems if something goes wrong
4. Long delivery times
5. Difficult to replace/repair faulty products

Source: GfK Belgium (2015)
Strategy and Success

Retail data
Average share of cross-border Web visitors per country (in %)

Figures (EU28 + Iceland, Norway & Switzerland) are weighted by the size of national e-commerce markets (based on 2014 figures of E-commerce Europe) and individual country figures by the weighted average distribution of Web visitor size classes of online shops in the 31 European countries (N=67,372 online shops).

European average: 23,6%

Source: Amsterdam University of Applied Sciences, based on SimilarWeb data.
3 Types of online shops compared in Europe*

1. Online shops with a single website

Examples: Harrods, House of Fraser

Number of online shops (in %): 

Average monthly Web visitors**:  

Cross-border Web visitors share (in %):  

2. Online shops with country-specific websites

Examples: Zalando, Bonprix

3. Online shops with country-specific pages (and websites)

Examples: H&M, IKEA

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* Figures (EU28 + Iceland, Norway & Switzerland) are weighted by the size of national e-commerce markets (based on 2014 figures of E-commerce Europe) (N=67,372 online shops).
** To correct for outliers, a 5% trimmed mean was used to calculate the average monthly Web visitors per type of only shop (figures are rounded on 500 visitors).
Average share of online shops* with direct international ordering (per country**)

European averages:

Purely domestic shipment: 35%

International shipment after contact by e-mail or phone: 5%

Direct international ordering: 60%

Deliver world wide: 46%
Deliver to countries in and outside Europe (but not world wide): 9%
Deliver only to countries in Europe: 44%
Deliver only to countries outside Europe: 1%

* Figures only include online shops with a single website.
** Figures (EU28 + Iceland, Norway & Switzerland) are weighted by the size of national e-commerce markets (based on 2014 figures of E-commerce Europe) and individual country figures by the weighted average distribution of Web visitor size classes of online shops in the 31 European countries (N=8,570 online shops).

Source: Amsterdam University of Applied Sciences
Use of English and German by European online shops who offer direct international ordering per country*

* Figures (EU28 + Iceland, Norway & Switzerland) only include online shops with a single website with direct international ordering and are weighted by the average distribution of Web visitor size classes of online shops in the 31 European countries (N=4,040 online shops).

Source: Amsterdam University of Applied Sciences
Relationship between cross-border Web visitors of online shops and cross-border buyers per country

In countries with a high share of cross-border buyers online shops also have relatively many cross-border Web visitors.

Individual country figures are weighted by the weighted average distribution of Web visitor size classes of online shops in the 31 European countries (N=67,372 online shops).

Source: Amsterdam University of Applied Sciences, based on data from SimilarWeb and Eurostat.
Netherlands versus Neighbouring countries

Retail data
Comparing:
- Crossborder Web visitors
- Crossborder e-commerce
- International shipment
- Language
- Currencies
- Info for foreign customers
- Trust marks
Cross-border Web visitors

- United Kingdom: 33%
- Belgium: 31%
- Germany: 23%
- France: 20%
- Netherlands: 13%

Source: Amsterdam University of Applied Sciences
Average share of Web visitors per country of origin for Dutch online shops*

* Figures are weighted by the weighted average distribution of Web visitor size classes of online shops in the 31 European countries. Weighted figures (N=370 online shops).

Source: Amsterdam University of Applied Sciences, based on SimilarWeb data.
Cross-border Web visitors

- **Top 3**
  - United States
  - India
  - France

- **Top 3**
  - Netherlands
  - France
  - United Kingdom

- **Top 3**
  - Austria
  - Switzerland
  - United States

- **Top 3**
  - Belgium
  - Switzerland
  - United States

Source: Amsterdam University of Applied Sciences
Cross-border e-commerce

88% Cross-border selling
77% Cross-border selling
75% Cross-border selling
55% Cross-border selling
54% Cross-border selling

Only after contact by e-mail/phone
Domestic selling

Source: Amsterdam University of Applied Sciences
Translation & Currencies*

A language & currency switch positively affect the number of cross-border Web visitors

* Only cross-border online shops are included

Source: Amsterdam University of Applied Sciences
Top 4 Languages*

Offering the English, German & French language on the website positively influences the number of cross-border Web visitors

* Only cross-border online shops are included

Source: Amsterdam University of Applied Sciences
## Verzendtarieven buitenland

<table>
<thead>
<tr>
<th>Land</th>
<th>Afkorting</th>
<th>Verzendmethode</th>
<th>Verzendkosten</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nederland</td>
<td>NL</td>
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<tr>
<td>België</td>
<td>BE</td>
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<td>€ 4,95</td>
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<tr>
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<tr>
<td>Denemarken</td>
<td>DK</td>
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</tr>
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<td>FI</td>
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<td>Italië</td>
<td>IT</td>
<td>Worldpack Special Priority</td>
<td>€ 14,95</td>
</tr>
<tr>
<td>Letland</td>
<td>LV</td>
<td>Global Pack</td>
<td>€ 24,95</td>
</tr>
</tbody>
</table>
Samenvatting van je bestelling

**Trui print grijs**
Maat: M
Kleur: Rood
1 stuk

<table>
<thead>
<tr>
<th>Subtotaal</th>
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<tbody>
<tr>
<td>Verzendkosten</td>
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<tr>
<td>Betaalkosten</td>
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</table>

GRATIS VERZENDING  -4,95

Totaal  **39,99**

Vul hieronder je contactgegevens in

Aanhef

Voornaam

Tussenvoegsel  Optioneel

Achternaam

Land

- Nederland
- Selecteer een land
- België
- Duitsland
- Nederland

Postcode

Huisnummer
Trust marks
A West-European phenomenon

Use of Trust marks

- 66% use of Trust marks

Use of international/foreign TMs

- 1% use of international/foreign TMs

* Figures are weighted by the weighted average distribution of Web visitor size classes of online shops in the 31 European countries. Weighted figures (N=370 online shops).

Source: Amsterdam University of Applied Sciences
Info about delivery times for foreign customers

Long delivery times are a major concern among cross-border online shoppers
Drivers & barriers

Retail data
Data

Online survey among online shops in 31 European countries

Response: 430 European online shops
32% of the online shops that say only to sell domestically, offer the possibility to order from abroad.
Drivers to further increase sales from foreign countries*

1. Growth opportunities

2. Foreign customer demand

3. Good past experiences with selling online to foreign countries

* Only cross-border online shops are included
Barriers for (further) online expansion to other countries*

- Logistics
- Domestic agenda
- Limited resources
- Legal/Taxation
- Risk of fraud
- Foreign partners
- Foreign languages

* 7-point scale, ranging from ‘Not at all’ to ‘Very much’

*Purely domestic online shop*  
*Cross-border online shop*
Localisation and performance

Retail data
Localisation elements positively affect cross-border traffic!

But, to what extent do localisation elements boost cross-border online sales and other KPI’s?
Relative performance measures:

Was the average conversion ratio of foreign customers higher or lower than the conversion ratio of customers from your home market in the past 12 months?

- Much lower
- Equal
- Much higher
Effect of **Language switch** on cross-border performance compared to domestic performance

- **Conversion ratio**
  - No language switch
  - Language switch
- **Online turnover**
- **Average basket value**
- **No. of returning customers**
- **Average return rate**

**Comparison:***
- Much higher
- Equal
- Much lower
Effect of offering English language on cross-border performance compared to domestic performance

- Much higher
- Equal
- Much lower

<table>
<thead>
<tr>
<th>Metric</th>
<th>No English language offered</th>
<th>English language offered</th>
</tr>
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<tbody>
<tr>
<td>Conversion ratio</td>
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<tr>
<td>Online turnover</td>
<td>2.0</td>
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</tr>
<tr>
<td>Average basket value</td>
<td>3.0</td>
<td>5.0</td>
</tr>
<tr>
<td>No. of returning customers</td>
<td>3.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Average return rate</td>
<td>2.0</td>
<td>2.0</td>
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</table>
Effect of **Currency switch** on cross-border performance compared to domestic performance for specific KPI’s

<table>
<thead>
<tr>
<th>KPI</th>
<th>Without Currency Switch</th>
<th>With Currency Switch</th>
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<tbody>
<tr>
<td>Conversion ratio</td>
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<td>3.0</td>
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<tr>
<td>Online turnover</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Average basket value</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>No. of returning customers</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Average return rate</td>
<td>1.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>
Effect of Order information for foreign customers on cross-border performance compared to domestic performance

- Much higher
- Equal
- Much lower

<table>
<thead>
<tr>
<th>Metric</th>
<th>No order information for foreign customers</th>
<th>Order information for foreign customers</th>
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<tbody>
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<td>Conversion ratio</td>
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<td>5.0</td>
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<td>Average basket value</td>
<td>3.0</td>
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</tr>
<tr>
<td>Average return rate</td>
<td>2.0</td>
<td>4.0</td>
</tr>
</tbody>
</table>
Effect of Return information for foreign customers on cross-border performance compared to domestic performance*

* Results are indicative, due to limited number of cases.
Marketing activities by cross-border online shops to attract foreign customers

49%

Do not conduct specific marketing activities to attract foreign customers
Marketing activities by cross-border online shops to attract foreign customers

- Search Engine Optimization (SEO): 42%
- Search Engine Advertising (SEA): 29%
- Advertising on (inter)national price comparison websites: 17%
- Banning: 15%
- Advertising on international online marketplaces like eBay or Amazon.com: 14%
- Affiliate Marketing: 13%
- Advertising in the foreign press and broadcasting media: 3%
Effect of **SEO** for attracting foreign customers on cross-border performance compared to domestic performance

<table>
<thead>
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<th></th>
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<th>SEO</th>
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<tbody>
<tr>
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<td><img src="#" alt="Conversion ratio" /></td>
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<tr>
<td>Average return rate</td>
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<td><img src="#" alt="Average return rate" /></td>
</tr>
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</table>
Effect of Affiliate marketing for attracting foreign customers on cross-border performance compared to domestic performance

- Much higher
- Equal
- Much lower

<table>
<thead>
<tr>
<th>Metric</th>
<th>Without Affiliate Marketing</th>
<th>With Affiliate Marketing</th>
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<tbody>
<tr>
<td>Conversion ratio</td>
<td>3.0</td>
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<td>3.0</td>
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Conclusions
Lack of ‘professionalism’ among many ‘cross-border online shops’

Online shops that are **successful** in cross-border e-commerce employ **localisation** elements

Limited resources, domestic agenda and language issues are **import barriers** among cross-border online shops to further expand internationally

Cross-border e-commerce is **serious business** that requires good strategy & planning
Contact us for more information

Dr. Jesse Weltevreden
Professor Digital Commerce
j.w.j.weltevreden@hva.nl
+31 (0)6 10 15 32 68

Sjoukje Goldman MSc
PhD Candidate
s.p.k.goldman@hva.nl
+31 (0)6 21 15 78 08

Julia Keuter BA
Junior Researcher
j.keuter@hva.nl
Thank you for your attention!