The State of Cross-border E-commerce in Europe

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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

Borders Matter Less and Less in E-Commerce

Retailers’ Troubles: It Isn’t Just Amazon

Rising demand for foreign products, new platforms, and a push by the government are propelling the trend.
Worldwide Internet Penetration in 2000

Country development, per region

Internet penetration per region

Gini Index per region

Complete inequality

Complete equality

Africa
Asia
Europe
Latin America & Caribbean
Northern America
Oceania

VIEW THIS INTERACTIVE DASHBOARD VIA: www.cmihva.link/InternetPenetration
Global cross-border B2C e-commerce sales forecast

Source: Accenture/AliResearch, 2015
Amazon’s Global Presence

Global Marketplaces: 11
Fulfillment Centers*: 109
Buying Customers in: 180 Countries

More Than 30 Listing Categories Globally

Source: Amazon Investor Relations (2015)
Rocket Internet’s Global Presence

Source: Rocket Internet (2015)
Rise of global marketplaces will boost cross-border transactions

Source: Amsterdam University of Applied Sciences, 2018
Cross-border e-commerce in Europe
Confidence in domestic and cross-border online shopping among e-shoppers

**Domestic online shopping**
- Less than 50%
- 50% to 60%
- 60% to 70%
- 70% to 80%
- 80% or more
- No data

**Cross-border online shopping**
- Less than 40%
- 40% to 50%
- 50% to 60%
- 60% to 70%
- 70% or more
- No data

Source: GfK (2017)
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

Cross-border intra-EU
1. High delivery costs
2. High return shipping costs
3. Difficult to solve problems if something goes wrong

Source: GfK Belgium (2015)
Cross-border spending of Total online spending within EU* (in %)

Top 4 highest  
1. Malta  
2. Luxembourg  
3. Ireland  
4. Cyprus  

Top 4 lowest  
1. Germany  
2. Netherlands  
3. Czech Republic  
4. Poland

Source: GfK Belgium (2015)

* Figures (EU28) for tangible goods and services.
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
Barriers for (further) online expansion to other countries*

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

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

- Purely domestic online shop
- Cross-border online shop
Average share of cross-border online shops (per country)

European averages:

Purely domestic shipment: 35%

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

Direct international ordering: 60%

Source: Amsterdam University of Applied Sciences
Average share of cross-border Web visitors per country (in %)

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

Examples:

- Harrods
- H&M
- IKEA

Localization is key to success in cross-border ecommerce!

<table>
<thead>
<tr>
<th>Number of online shops (in %):</th>
<th>Average monthly Web visitors</th>
<th>Cross-border Web visitors share (in %):</th>
</tr>
</thead>
<tbody>
<tr>
<td>97% 2,3% 0,5%</td>
<td>64%</td>
<td>23%</td>
</tr>
<tr>
<td>64%</td>
<td>268,500</td>
<td>54%</td>
</tr>
<tr>
<td>838,500</td>
<td>54%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Source: Amsterdam University of Applied Sciences, based on SimilarWeb data
Zalando’s Localization Strategy

15 countries, 12 languages, 7 currencies, zonal pricing

11 local logistic partners

Centralized backend supports scale
- Fulfillment
- Sourcing
- Technology

Hundreds of curated local brands

Over 20 payment methods

Source: Zalando (2014)
Effect of Language switch on cross-border performance compared to domestic performance

<table>
<thead>
<tr>
<th></th>
<th>Conversion ratio</th>
<th>Online turnover</th>
<th>Average basket value</th>
<th>No. of returning customers</th>
<th>Average return rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>No language switch</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Language switch</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Much higher
- Equal
- Much lower

Source: Amsterdam University of Applied Sciences
Effect of offering English language on cross-border performance compared to domestic performance

- Much higher
- Equal
- Much lower

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<th>Average return rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>No English language</td>
<td>3,0</td>
<td>2,0</td>
<td>3,0</td>
<td>3,0</td>
<td>2,0</td>
</tr>
<tr>
<td>English language</td>
<td>6,0</td>
<td>5,0</td>
<td>6,0</td>
<td>6,0</td>
<td>5,0</td>
</tr>
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Source: Amsterdam University of Applied Sciences
Effect of Order information for foreign customers on cross-border performance compared to domestic performance

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</tr>
</thead>
<tbody>
<tr>
<td>No order information for foreign customers</td>
<td>3,0</td>
<td>2,0</td>
<td>4,0</td>
<td>5,0</td>
<td>6,0</td>
</tr>
<tr>
<td>Order information for foreign customers</td>
<td>4,0</td>
<td>5,0</td>
<td>6,0</td>
<td>7,0</td>
<td>8,0</td>
</tr>
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</table>

Source: Amsterdam University of Applied Sciences
Effect of Return information for foreign customers on cross-border performance compared to domestic performance*

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<tr>
<td>No return information for foreign customers</td>
<td>7,0</td>
<td>5,0</td>
<td>4,0</td>
<td>3,0</td>
<td>2,0</td>
</tr>
<tr>
<td>Return information for foreign customers</td>
<td>3,0</td>
<td>2,0</td>
<td>1,0</td>
<td>1,0</td>
<td>1,0</td>
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* Results are indicative, due to limited number of cases.

Source: Amsterdam University of Applied Sciences
There is **much variation** among countries in Europe with regard to cross-border market size, activity and success.

Some countries are already moving in the right direction, but many still have a long way to go.

Many online shops do **not fully exploit** the possibilities to service international customers.

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

**Cross-border e-commerce is serious business** that requires good strategy & planning.
More need for cross-border e-commerce data from Europe? Make your own data selections using our free, interactive online dashboard!

The State of Cross-border Ecommerce in Europe

Cross-border e-commerce adoption
Average cross-border traffic share
Country of origin of cross-border traffic
Localization features
Drivers & Barriers
Cross-border performance
And more...

www.cmihva.link/cross-border-EU