



**CROSS BORDER IS EN VOGUE:  
HOW TO SELL IN FRANCE**



## INTRODUCTION

For cross border retailers, the French market offers considerable expansion potential. France is the sixth largest e-commerce market in the world, with 88% of its population connected to the internet,<sup>1</sup> 67% identifying as “active online shoppers” and 44% identifying as online apparel shoppers.<sup>2</sup> With its population of younger, savvy, digital-first consumers who are open to making purchases from cross border retailers, France can be an attractive expansion market, particularly in the fashion and health and beauty sectors.<sup>3</sup>

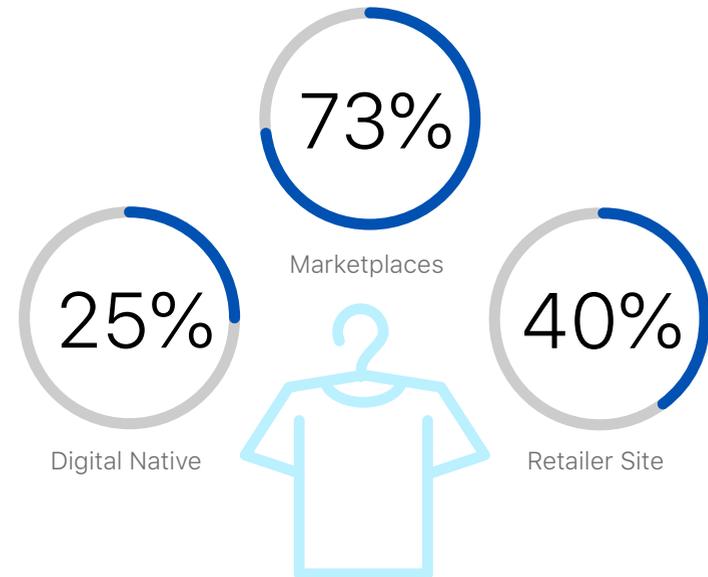
But brands and retailers must overcome consumers’ loyalty to domestic brands by understanding how French e-commerce shoppers prefer to interact and engage online (read: on their smart-phones, and in French). To ensure a frictionless market entry and continued success with your international business, Flow has created this e-book to help with key considerations and risks.

## THE FRENCH MARKET

E-commerce growth in France is on the rise, and has been for several years. E-commerce in France was worth €81.7 billion in 2017, a 14% increase over 2016.<sup>4</sup> There are approximately 173,00 e-commerce websites in France.<sup>5</sup> E-commerce in France is expected to reach \$168.33 billion by 2023, recording a CAGR of 10%, over the forecast period of 2018-2023.<sup>6</sup>



What type of websites do French shoppers typically purchase clothing from?<sup>7</sup>





## THE CROSS BORDER E-COMMERCE OPPORTUNITY

Openness to cross-border e-commerce is strong in France. In a recent survey conducted by Flow experts, 79% of respondents in France said they have shopped online from a retailer outside of their country.<sup>8</sup>

Brands and retailers should take note of consumers' preferences for local French retail sites when it comes to such purchases as travel arrangements and electronic media such as music, books and film.<sup>9</sup> However, French consumers have no problem making purchases from international businesses when it comes to fashion, cosmetic products, and technology such as smartphones, laptops and tablets.<sup>10</sup>



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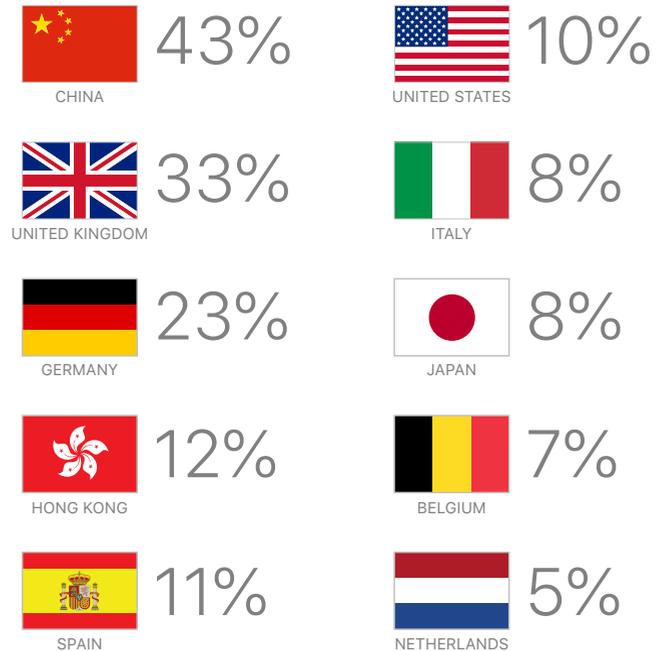
# THE CROSS BORDER E-COMMERCE OPPORTUNITY

Entering the French market requires cross border retailers to present localized offers. Retailers must be sensitive to French consumers' cultural, linguistic and customer engagement preferences.

Logistics in France are less complex than in other countries and distribution is high.<sup>11</sup> For this reason, France is usually the first country accessed by cross border retailers in Europe when they want to expand further into the EU.<sup>12</sup>



Which countries do French consumers purchase products from.<sup>13</sup>





## THE CROSS BORDER E-COMMERCE OPPORTUNITY

The top-performing category for e-commerce in France is:

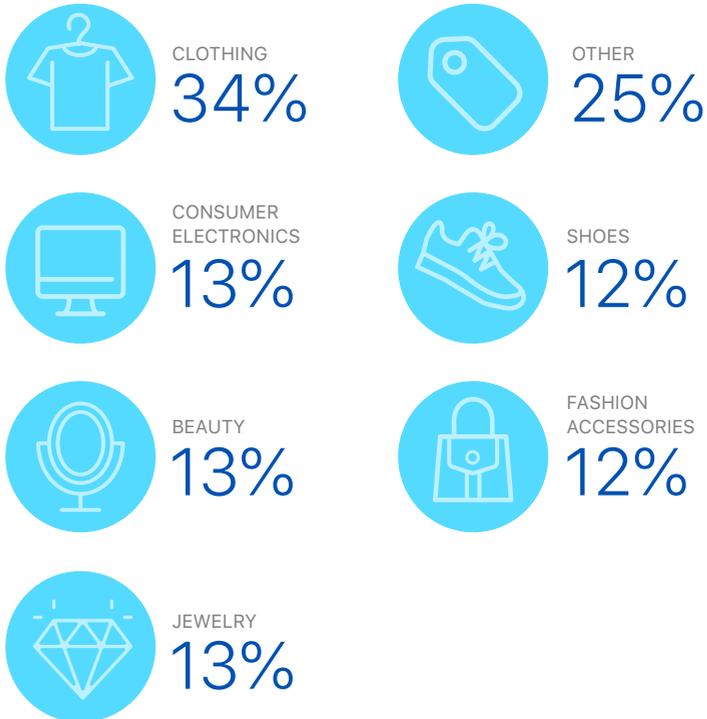
- **Clothing:** Fashion is a deep-rooted aspect of the French culture, as shown by the explosion in global demand for respected brands such as Chanel, Hermès and Louis Vuitton. But there is room in this market for cross border brands. Apparel and footwear dominates market share, representing a value of around £4.8bn in 2016.<sup>14</sup> Consumers in France are particularly interested in purchasing shoes online from cross border retailers.<sup>15</sup>

Other product category highlights:

- **Health & Beauty:** The personal care e-commerce sector is consistently strong in France, even in economic downturns.<sup>16</sup> Often, France is a strategic destination for any player in the health & beauty/personal care sector. Those who succeed in this sector have managed to overcome the highly competitive health and beauty domestic market in France, as well as the challenge of high shipping costs on small packages, by offering competitive pricing and convenience.<sup>17</sup>
- **Children's goods:** Clothing, toys and games for kids are increasing in popularity, as a majority of the population in France is in its childbearing years.<sup>18</sup>

# THE CROSS BORDER E-COMMERCE OPPORTUNITY

Of surveyed active online apparel shoppers in France, who have made an online purchase within the last 6 months, their most recent purchase was in one of the following categories.<sup>19</sup>



In addition to online stores dedicated to one brand or retailer, French shoppers often turn to shopping apps such as Wish.<sup>20</sup> Online marketplaces account for 9% of online purchases, translating to more than \$3.3 billion (€ 3 billion) in sales.<sup>21</sup> Popular marketplaces in France include Amazon, eBay, Zalando, Vente-Privée, SHEIN, ROMWE, Joom and AliExpress.<sup>22</sup> Amazon has been making considerable investments in this market since 2017, when it opened physical stores and a 142,000 square-foot delivery warehouse in Bretigny-sur-Orge to serve online order fulfillment in the Paris region.<sup>23</sup>



## KEY CONSIDERATIONS

When preparing for market entry in France, U.S. retailers need to understand that they will be navigating both national and European Union (EU) regulations and standards. In essence, your competitors and barriers to entry aren't just domestic French retailers, but EU retailers and regulations as well.<sup>24</sup> The top holidays for gift-selling opportunities in France include Christmas, Mother's Day (last Sunday of May), Father's Day (second to last Sunday in June), and Valentine's Day.<sup>25</sup> The retail market in France is also known to hold seasonal sales ("les soldes"), which run for six weeks in the winter and again during the summer.<sup>26</sup> French Trade Law determines the dates for these sales both online and in stores and retailers who offer sales outside of these chosen dates can be subject to fines.<sup>27</sup>

The top holidays for gift-selling opportunities in France include:



Christmas Day



Mother's Day



Father's Day



Valentine's Day

## KNOW YOUR CUSTOMER

What influences French apparel shoppers to visit a particular website to make a purchase.<sup>29</sup>

- 46%** Have shopped before through the website or app
- 23%** Received an email notification about a sale or promotion
- 22%** Discovered the brand through online search
- 14%** Saw the brand featured on social media
- 14%** Heard about the brand through word of mouth
- 12%** Saw an ad on another website
- 10%** Received gift card or store credit
- 8%** Received a text or push notification about a sale or promotion
- 7%** Saw an ad on TV or in magazine
- 5%** Received coupon in the mail
- 3%** Searched the app store
- 2%** Other

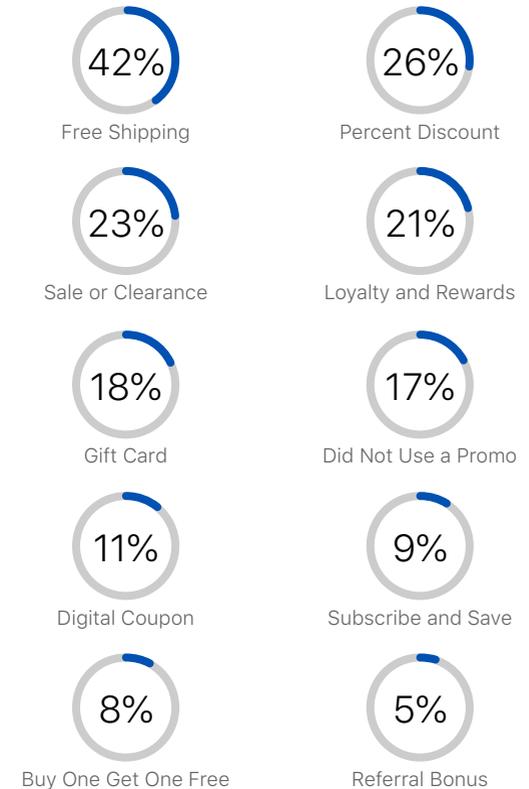


- **Curious, but loyal:** French buyers are receptive to new and innovative products, but there is also a tendency to remain loyal to known local suppliers.<sup>28</sup>
- **Price and speed:** The three top considerations for French consumers when making an online purchase are product prices, availability of promotions or discounts, and delivery options prioritizing speed and cost.<sup>30</sup>
- **Frequent buyers:** French online shoppers enjoy making purchases, with 54% shopping online at least once a month and 28% shopping online at least twice a month.<sup>31</sup>

## KNOW YOUR CUSTOMER

- **Mobile-first:** 93% of the population in France uses a mobile phone.<sup>32</sup> And 25% of all online sales are now made via mobile.<sup>33</sup> Given that mobile ecommerce is an increasingly popular choice for French consumers, successful cross-border retailers must ensure their sites are responsive or mobile-enabled.
- **Young and digital natives:** The population in France is younger and growing. The group with the largest population numbers is aged 25-54; nearly double the size of the Baby Boomer generation in this country.<sup>34</sup> And the most frequent e-shopper demographic are consumers aged 35-49.<sup>35</sup>
- **Price-savvy:** When surveyed, more than 38% of French consumers said "price and promotions" were the top two factors influencing their most recent product choice.<sup>36</sup> 28% of French consumers say they use their mobile phones while shopping in a physical store to make sure they are getting the best deal on an item.<sup>37</sup> This presents an opportunity for cross border e-commerce retailers to take market share from physical retail locations in France by competing on price.

Which offer, promotion, or discount did you use on your most recent online order?<sup>38</sup>





International firms entering the e-commerce market in France will have to deal with the highly concentrated retail distribution chains and networks in the country.

Logistics in France, however, is relatively less complex than in other countries, which is why many cross border retailers choose to expand into France as one of the first countries beyond their borders.<sup>39</sup>



## ■ ■ | CUSTOMS, PRICING AND LANDED COSTS

The landed cost of cross border goods largely depends on the country of origin – namely, a EU vs. non-EU retailer. Goods imported into France from non-EU countries may be subject to non-EU import duties, largely based on the tariff classification, customs value and origin of the goods.<sup>40</sup>

It is also important to understand TARIC. According to Export.gov, "The Integrated Tariff of the Community, referred to as 'TARIC (Tarif Intégré de la Communauté),' is designed to show the various rules which apply to specific products being imported into the customs territory of the EU." Cross border brands and retailers will need to stay on top of any changes to the TARIC by the EU and any EU member countries.



## THE 20% VAT



When selling to customers in France, brands and retailers must factor the 20% French VAT rate into the landed cost of the product. The standard VAT rate applies to all supplies of goods or services, with few exceptions.<sup>41</sup>

France oversees two VAT-free territories off the European continent: French Guiana and Mayotte.<sup>42</sup> The goods and services tax is not applicable for goods imported into these regions.



## RESTRICTED ITEMS

France has strict laws about certain plants and animals from outside the country and particularly outside the EU entering its borders. Certain types of pharmaceuticals, chemicals, cosmetics and communications equipment such as smartphones, televisions and laptops may be restricted or, depending on country of origin, require a special license to enter the country.<sup>43</sup>



## En Français: Preserving the French Language

France fiercely protects its official language, French. The use of French is mandatory for e-commerce websites, as well as post-purchase communications and even packaging of consumer goods. The Act of August 4, 1994 and its implementing regulations have established that the use of French language is a fundamental element of the heritage of France.<sup>44</sup>

France has strict data privacy laws. Even before the EU ratified the General Data Protection Regulation, known as GDPR, France was an early adopter of data privacy laws. Today, cross border retailers must be sure to comply with GDPR when it comes to collecting, storing and disposing of consumer data in this region.



## PAYMENTS

Together, debit and credit cards are still the most popular choice for French e-commerce consumers. The three main credit cards used in France are MasterCard, Visa and Cartes Bancaires, and of these three, Cartes Bancaires takes the largest proportion at 52.5%.<sup>45</sup>

Closing in on traditional debit and credit cards are alternative payment methods, with PayPal in the lead. Offering these payment options, in addition to more traditional methods, can help boost onsite conversion for French consumers. Some other alternative payment methods that are becoming more common in France include:

- Allopass
- CM-CIC Paiement
- Hipay
- Moneo
- Paysafecard
- Slimpay

What payment method did you use on your most recent purchase?<sup>46</sup>

- 32%** Credit Card
- 30%** PayPal
- 20%** Debit Card
- 10%** Gift Card
- 3%** Bank Transfer
- 3%** Installments
- 1.5%** Cash on Delivery
- .5%** Other Alternative Payment Methods



## DELIVERY

Which shipping options do you expect to see when shopping online?<sup>52</sup>



French consumers are sensitive to shipping and delivery costs: 25% of e-commerce retailers selling in France say that free shipping boosts loyalty with this market.<sup>47</sup> Options such as Amazon's "premium delivery" through a subscription service are gaining traction.<sup>48</sup>

According to a recent study completed by the Flow team, 54% of French shoppers surveyed said they abandoned their shopping carts because shipping costs were too high.<sup>49</sup> Further, 21% of French shoppers who have never shopped cross border said it was because shipping was too expensive.<sup>50</sup>

### **Bienvenue?**

A study found that French consumers are more open to new delivery methods than consumers in the U.K. Research found that 58% of French consumers would allow couriers temporary access to their homes to let them deliver parcels. Whereas, in the UK, only 36% of consumers would do this.<sup>51</sup>

## ■ ■ | CHECKOUT

One of the greatest challenges for cross border retailers in France is providing an end-to-end localized shopping experience, and that includes checkout and customer service. Website localization is a “must-have” in this market.

French shoppers expect a high degree of personalization from retailers.<sup>53</sup> In fact, 54% of French consumers confirm that a personalized experience online would encourage them to buy more.<sup>54</sup> Cross border retailers must present relevant offers to French consumers to show they understand this market’s needs and preferences. Cross border retailers will need ways to better leverage CRM systems to present personalized offers at the right time, all while staying compliant with French data privacy laws and the country’s strict rules around when retailers can offer sales.

How do French Customers Prefer to Get in Touch?<sup>55</sup>

**72%** Email or via a contact form on the website

**66%** Toll free number

**46%** Live chat or messenger apps

**26%** Local number





## SUMMARY

Doing business in France is worth considering for international online retailers. With its convenient geographical location in the heart of the EU and a receptive audience for cross border e-commerce, France can be a lucrative market and a key target for your international business expansion. Understanding the preferences, costs, and regulatory requirements of doing business there will ensure a seamless market entry and provide the opportunity to build a strong relationship with French shoppers.



To find out more about how to establish your localized online store in France, [request a demo](#) with the cross border e-commerce experts at Flow.



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