



GLOBAL RESEARCH REPORT

# Cross-Border E-Commerce Consumer Report:

English-Speaking Markets

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# Overview

The state of e-commerce has been rapidly evolving, and it has become increasingly challenging for retailers to keep pace with technological innovation, consumer expectations, and local laws and regulations. As the e-commerce industry repositions itself to support consumers during this global public health crisis, these insights become even more valuable. While the findings from our research were gleaned in the months prior to the pandemic, the data in this report can help cross-border e-commerce merchants optimize their localized websites to better serve their customers during this challenging time.

Many e-commerce merchants today are looking at going global as a way to diversify their consumer base, grow sales, and offset lost revenue caused by the resulting market disruptions. It's common for brands and retailers originating in English-speaking countries to consider expansion into other English-speaking markets as a first step in the cross-border e-commerce journey. It's true that entering an English-speaking market is often less complex. However, every market is different. Despite their similarities, retailers must have a solid grasp on the local preferences to ensure success.

To that end, Flow commissioned a multi-market research report in order to:

- **Understand the current shifting landscape of e-commerce websites from a supply-side and demand-side perspective for the top English-speaking global 11 markets: Australia, Brazil, Canada, China, France, Germany, India, Japan, South Korea, the UK, and the USA.**
- **Evaluate all aspects of the e-commerce experience in these English-speaking markets to establish "best practices" in each market.**
- **Unearth opportunities in high-demand areas that are not currently fulfilled by those e-commerce sites in respective markets.**

# Research Methodology

The research methodology for this project included two phases:

**Supply-Side:** The first phase of the project included crowd-sourced data collection across 122 variables for 137 websites in 11 markets (10-15 websites per market). The data pertaining to the top English-speaking markets was curated from this research. Retail websites included brand.coms, department stores, and marketplace sites. The researched variables ranged from Homepage features and Product Description Page to the Shopping Cart and Checkout.

**Demand-Side:** This phase included an in-depth survey of 44 questions related to consumer attitudes and behaviors toward e-commerce sites. The sample was defined as ages 18-54 who had shopped for apparel online in the past year. Each of the English-speaking markets included in the report had a total of 385 respondents. The data was analyzed and reported at a 95% confidence level. Survey questions covered 4 major areas:

- Cross-border shopping behavior (e.g. categories, barriers, expectations, etc.)
- General shopping behavior (e.g. apparel shopping, promotions used, etc.)
- Customer service and shipping (e.g. delivery windows, free shipping, out-of-stock handling, etc.)
- Retail website user experience and checkout preferences (e.g. product description page, currency display, payment, navigation, etc.)

# 44

The demand-side phase included an in-depth survey of 44 questions related to consumer attitudes and behaviors toward e-commerce sites.

# Cross-Border Shopping in the Top English-Speaking Markets

This report will explore the demand-side of the research and examine online cross-border shopping across English-speaking markets, including Australia, Canada, the UK, and the USA.

This report seeks to understand:

- Who are cross-border shoppers in these English-speaking markets?
- Which countries do English-speaking cross-border shoppers buy from?
- What are the primary barriers to cross-border shopping for English-speaking shoppers?
- Do English-speaking cross-border shoppers care about localized language?
- How do these cross-border shoppers prefer to remit taxes and duties?
- What should retailers do about the findings?

By “cross-border,” we are referring to an online retailer that is located outside of the shopper’s home country.

# Who Are Cross-Border Shoppers in English-Speaking Markets?

Overall, cross-border shopping was quite common among English-speaking shoppers ages 18-54.

- In fact, more than 4-in-5 shoppers in Australia and Canada said they had purchased from retailers outside their home country (85% and 83% respectively).
- This incidence rate in Australia and Canada was notably higher than in the UK and USA, where two-thirds said they purchased cross-border (66% and 61% respectively).

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## Cross-Border Shoppers

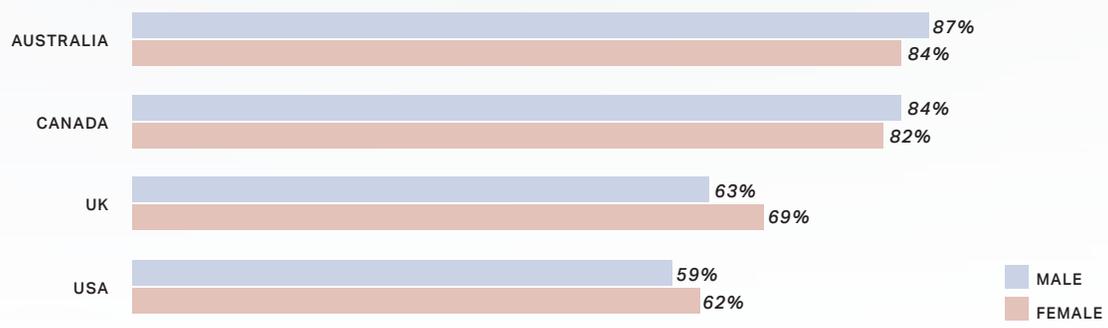


There were minor differences in each market when looking at gender demographics and households where a child is present. However, there were variations in responses when examining household income and different age groups between the markets.

- Of note, the rate of females purchasing cross-border in the UK and USA was slightly higher while in Australia and Canada the opposite was true.

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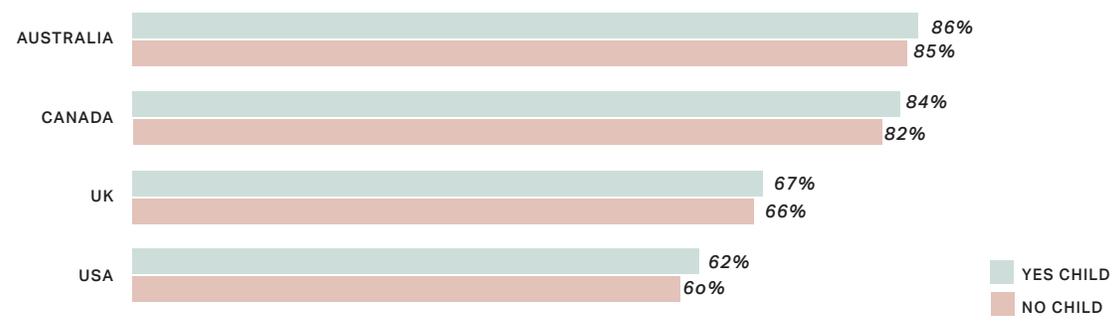
### Cross-Border Shopping by Gender



- Differences in cross-border shopping in households with children was negligible even in comparison to the gender demographics.

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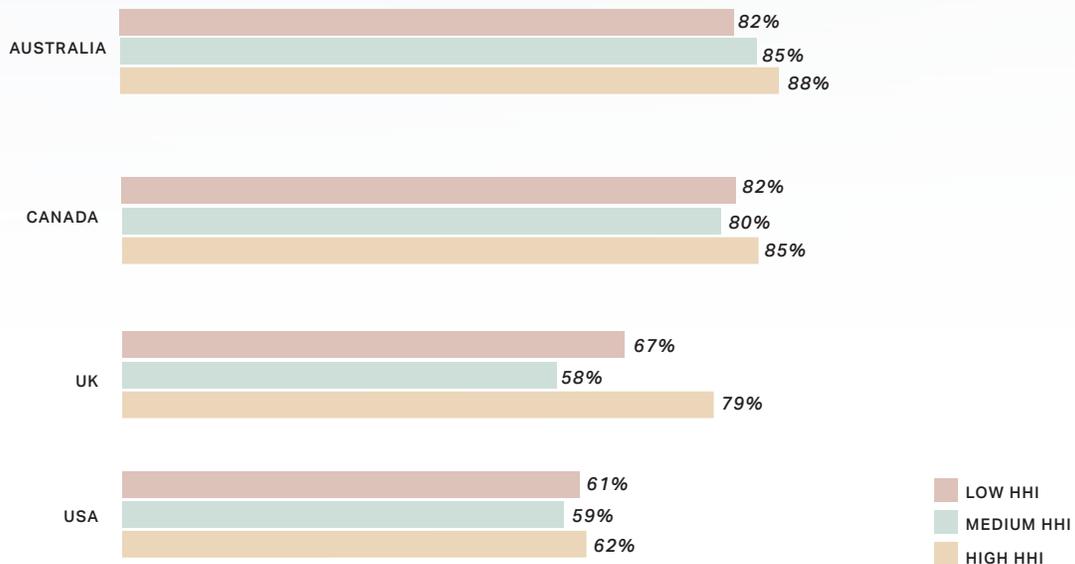
### Cross-Border Shopping by Presence of Child



- UK shoppers showed a broader difference in cross-border shopping behaviors across low, medium, and high household incomes (67%, 58%, and 79% respectively).
- Shoppers in the USA showed the smallest difference between high and low household incomes (62% vs. 61%).

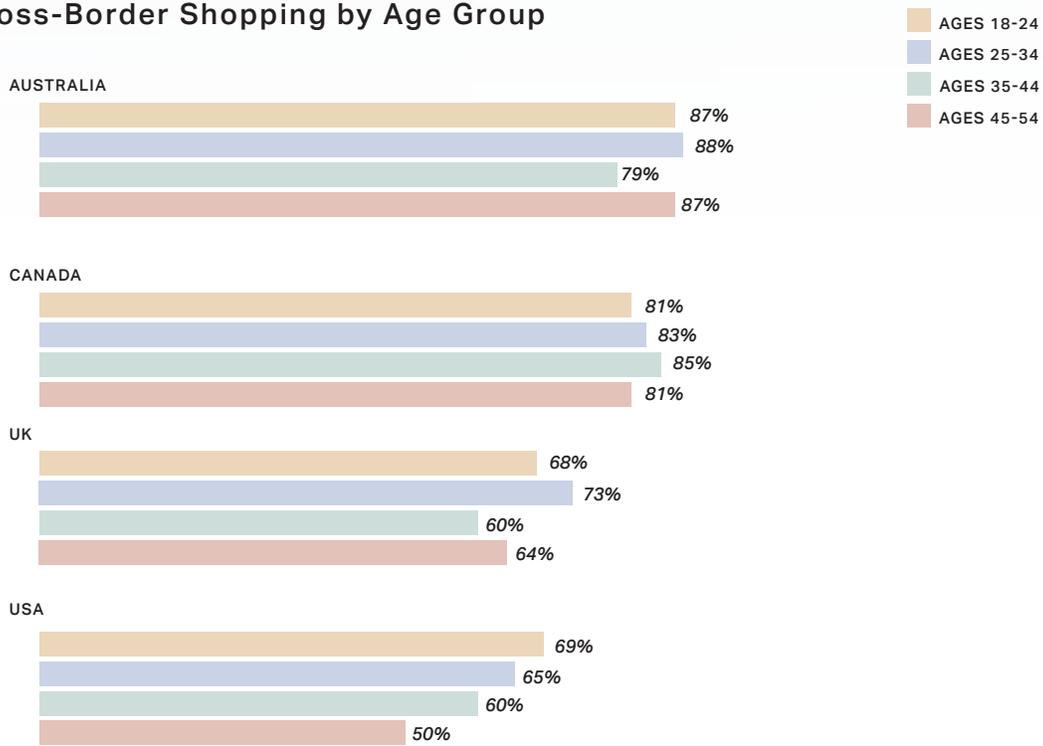
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### Cross-Border Shopping by Household Income



- Surprisingly, the older age groups showed a negative correlation to cross-border shopping in the UK and USA. The older the consumer, the less likely they were to make a cross-border purchase online.
  - » Adults aged 45-54 (GenX) were significantly less likely to shop cross-border than younger Millennials in those countries.
  - » Interestingly, Canada did not share this pattern. In fact, Canadian shoppers ages 35-44 were more likely to shop cross-border than the 18-24 and 25-34 age groups.

### Cross-Border Shopping by Age Group



# What Countries Do English-Speaking Cross-Border Shoppers Buy From?

The USA, China, and the UK consistently ranked among the top 3 countries that purchased from English-speaking markets.

- However, some ranking variations were observed based on geographic proximity. For example, New Zealand appeared in the top 5 for Australia (13%), and Mexico was a top source for cross-border shopping in the USA (22%).
- Additionally, Hong Kong ranked consistently in the top 5, except in the USA.

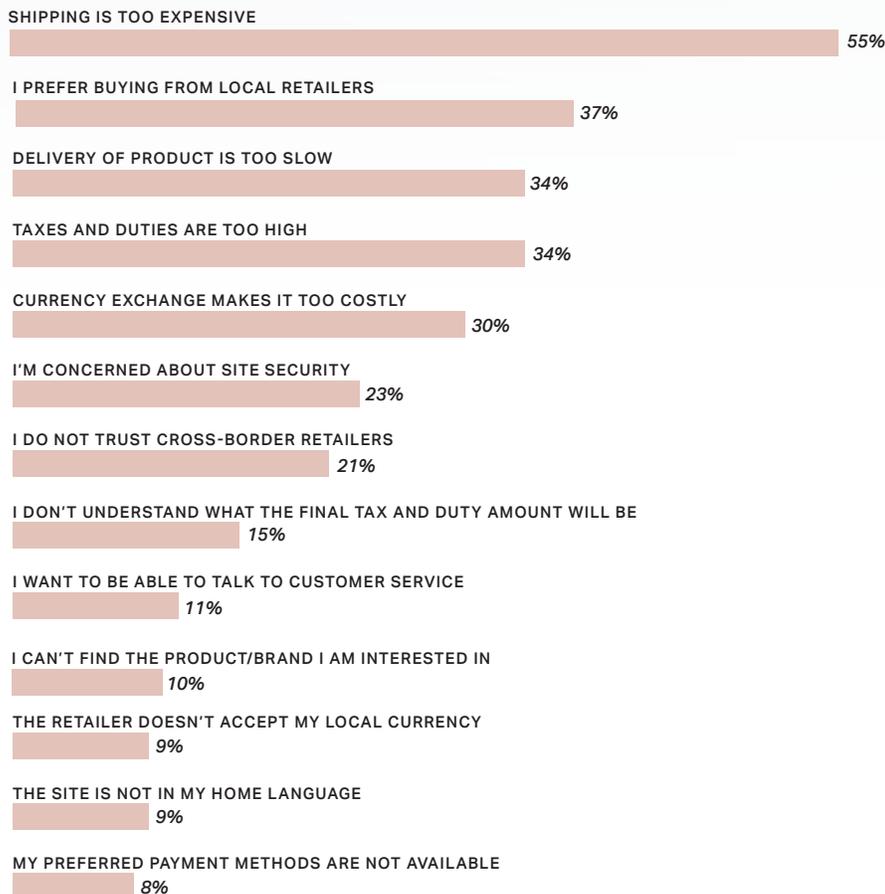


# What Are the Barriers to Cross-Border Shopping?

English-speaking consumers don't want to over-pay, and they don't want long wait times to receive their purchases. High shipping costs were a major concern for English-speaking shoppers who had never purchased items from cross-border merchants, which was noted by over half of respondents (55%).

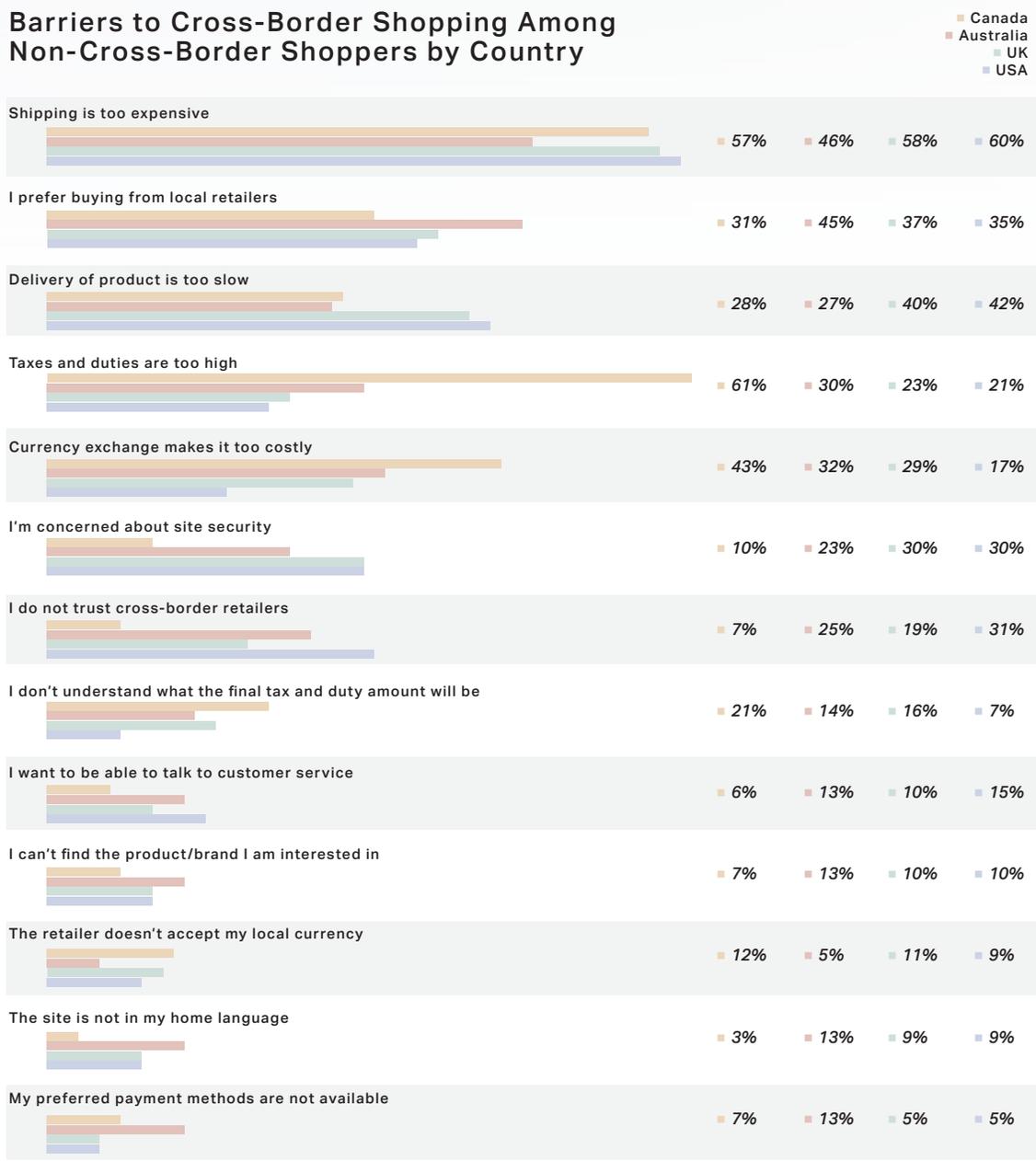
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## What Are the Barriers to Cross-Border Shopping?



- When looking across markets, taxes and duties, as well as currency exchange rates, were significant factors for Canadian shoppers (61% and 43% respectively).
- Among Australian shoppers, preference for local retailers was cited as a major barrier to cross-border shopping (45%).
- Slow product delivery was the second-highest barrier after shipping costs among UK and USA shoppers (40% and 42% respectively).
- Lack of trust in cross-border retailers, site security, and customer service availability remained issues for USA shoppers compared to other English-speaking markets.

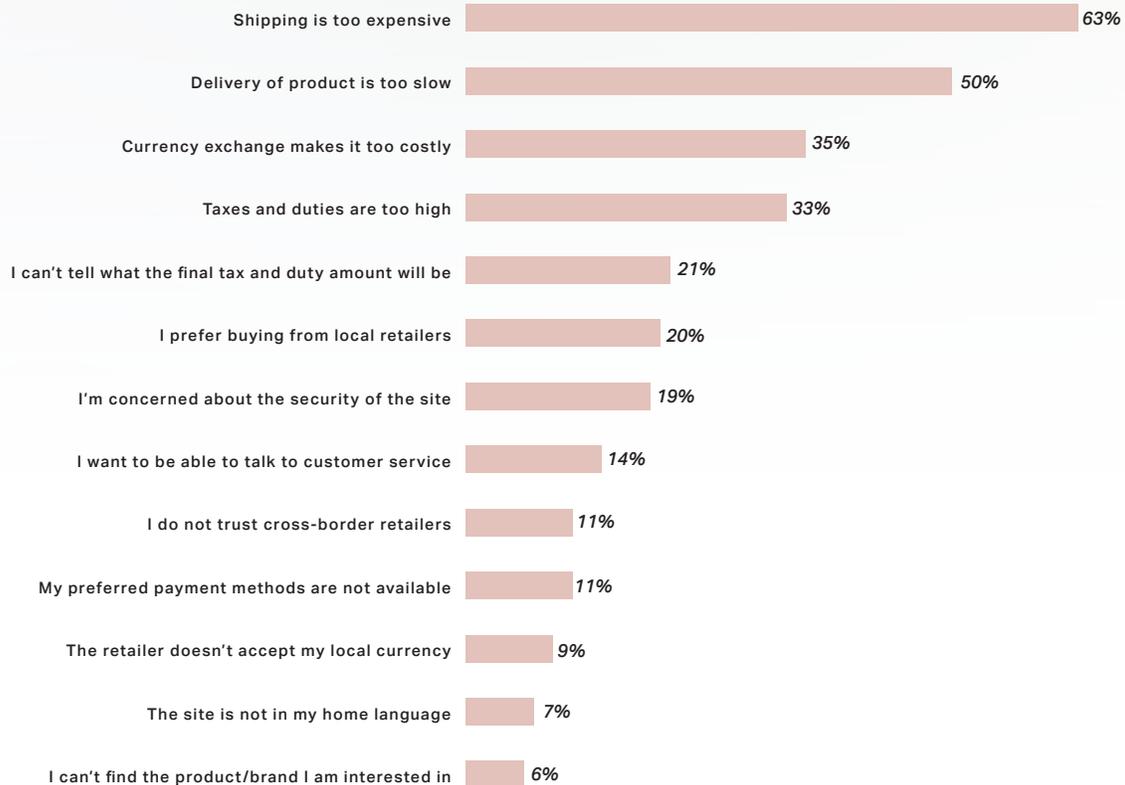
### Barriers to Cross-Border Shopping Among Non-Cross-Border Shoppers by Country



Results for existing cross-border shoppers showed similar themes. Specifically, high shipping costs were cited as a major reason for not purchasing more on average across all English-speaking countries (63%), followed by slow product delivery (50%).

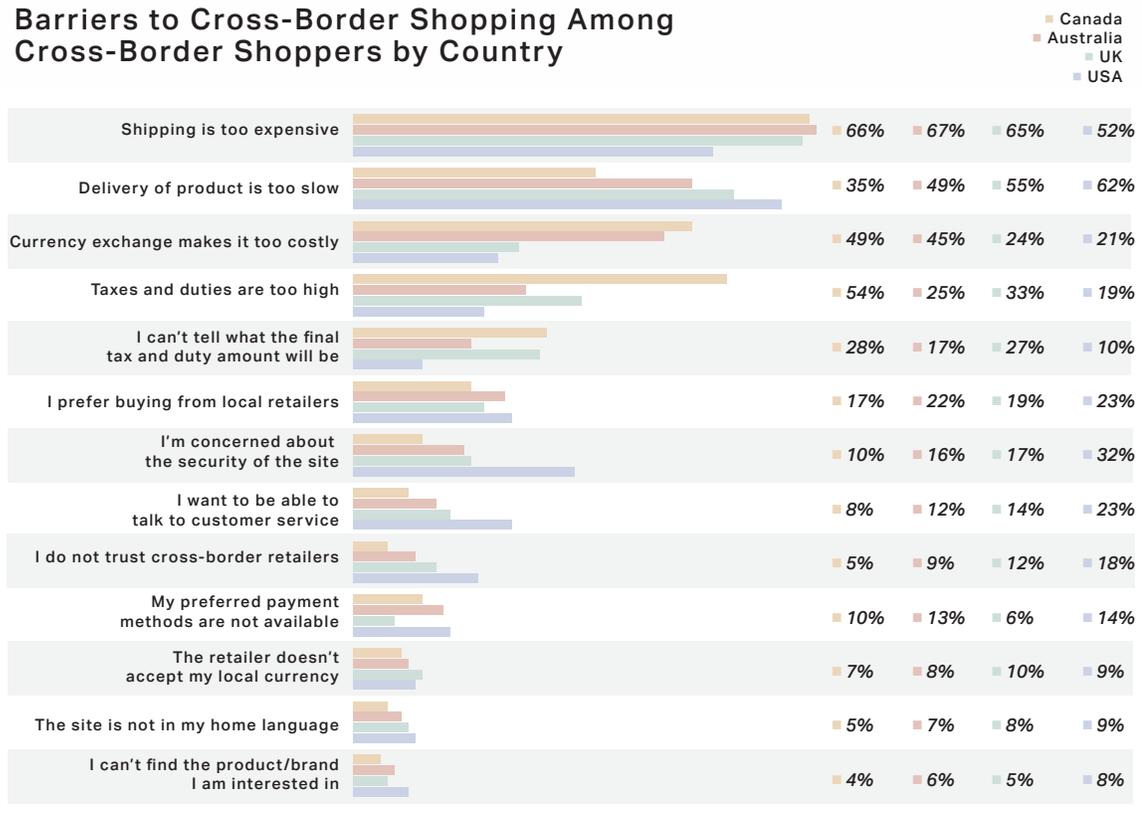
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## Barriers to Cross-Border Shopping Among Cross-Border Shoppers



- Slow product delivery was the highest barrier among USA shoppers (62%).
  - » Similar to non-cross-border shoppers, concerns with site security (32%), customer service (23%), and retailer trust (23%) also remained important for USA cross-border shoppers.
- Taxes and duties along with currency exchange rate ranked highest for Canadian shoppers (54% and 49% respectively), perhaps due to the strength of the US dollar.
- Less than 10% of English-speaking shoppers mentioned language as a barrier, which is interesting given that English-speaking shoppers did say they care about localized language on a site (see next chapter). However, given that the English-speaking shoppers surveyed tend to purchase from retailers in other English-speaking countries could explain why these shoppers didn't note this as a more important barrier to cross-border shopping compared to other factors.

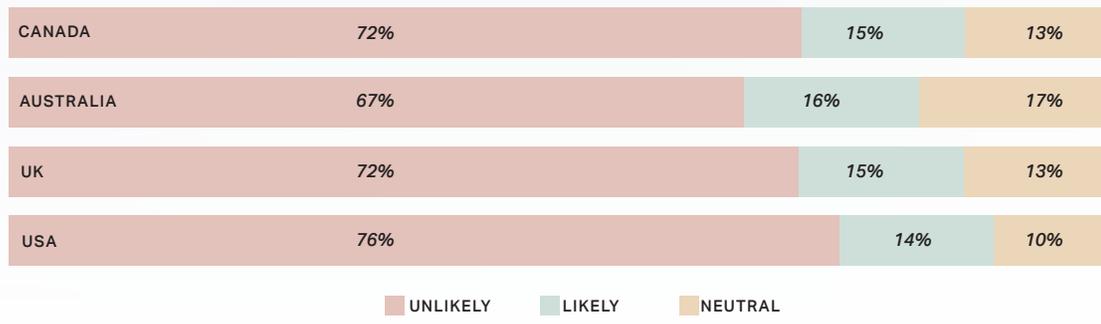
### Barriers to Cross-Border Shopping Among Cross-Border Shoppers by Country



# Do Cross-Border Shoppers Care about Localized Language?

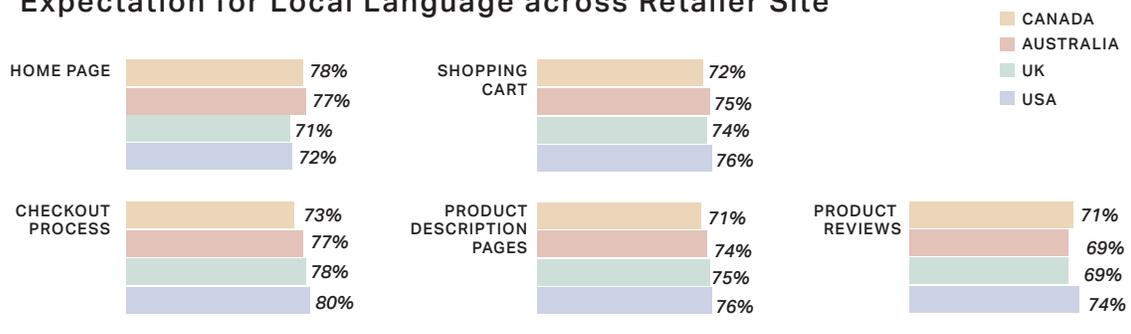
Almost three-fourths of shoppers across all four English-speaking markets (72% on average) said they were unlikely to make a purchase if the site was not in English.

## Likelihood to Purchase if Site Is Not in Local Language



In terms of the website content, on average, English-speaking shoppers agreed that most areas of an e-commerce site are important to have in the local language.

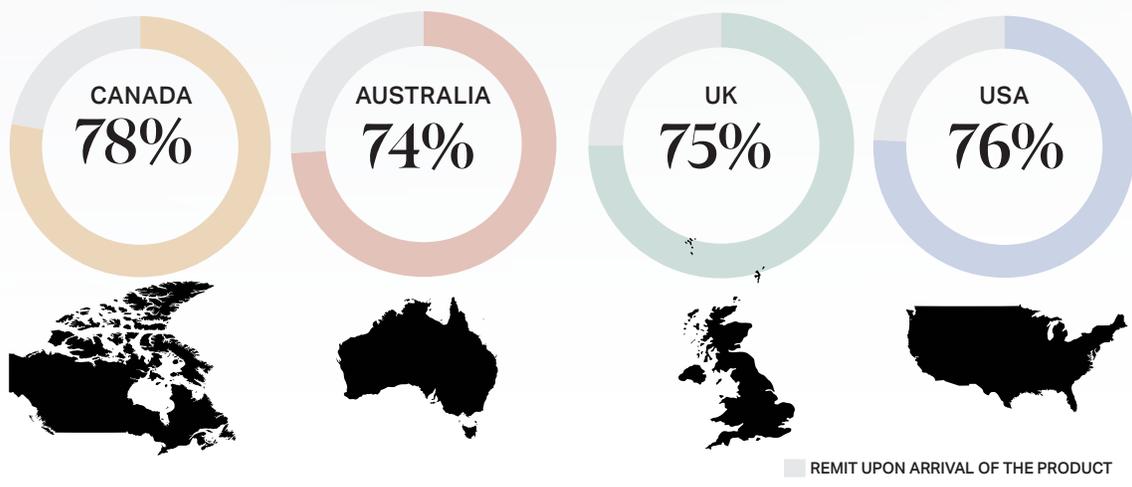
## Expectation for Local Language across Retailer Site



# How Do Cross-Border Shoppers Prefer to Remit Taxes And Duties?

Lastly, English-speaking shoppers prefer to remit taxes at the point of purchase rather than upon product arrival (76% on average). This underscores the need for transparent pricing and real-time calculation of relevant taxes at checkout.

## Expectation for Taxes & Duties



# What Should Retailers Do about the Findings?

The results of this study reveal important implications for cross-border retailers who want to reach English-speaking consumers. Overall, each market has certain specific shopper preferences and behaviors, as well as concerns when shopping cross-border that need to be addressed in a localized fashion.

Some of the localizations to consider for different English-speaking markets include:

- **Optimize the checkout experience with regards to communicating and calculating taxes and duties to ensure that there are no unpleasant surprises for your customer.**
- **Offer special promotions that cover most or all of the cost of shipping.**
- **Consider a more agile order fulfillment and logistics model to improve delivery speed.**
- **Invest in website security to establish customer trust.**
- **Understand the unique needs of cross-border shoppers better, such as popular categories. (See our ebook *Global Consumer Insights: Shopping Expectations for the E-Commerce Experience* for more information.)**
- **For non-English retailers, translating the content on the site into localized English is important. Keep in mind that English in the UK is going to be different from US English language.**

The factors covered in this report are not the only ones that can impact the onsite experience and conversion. To learn how you can maximize revenue and grow your cross-border e-commerce business, contact us today at [hello@flow.io](mailto:hello@flow.io) and speak with a Flow expert.



# FLOW

## SIMPLY GO GLOBAL

Most e-commerce businesses struggle with the complexities of selling their products internationally. The problem is they don't have the tools nor the flexibility they need to sell cross-border, and existing solutions are missing the mark. At Flow, we believe there's a better way and that global e-commerce should simply work. We have first-hand experience with cross-border challenges from our days working at well-known global brands, which is why we built a next-generation engine to power global growth for ambitious e-commerce businesses. Our solution automates and simplifies every aspect of the international e-commerce process for our customers. We remove the barriers of cross-border commerce by offering benefits such as multi-currency pricing, cost-efficient and rapid shipping, international payment options, well-defined taxes and duties, and simple returns. Now global brands like MZ Wallace, Outerknown, Charles & Colvard, and others can increase their customer conversion and grow international revenue starting today. Let it Flow.

**For more information, visit [www.flow.io](http://www.flow.io).**

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