

White paper



Global Ecommerce

2016 Pitney Bowes Global Online Shopping Study

Global ecommerce continues to rise.

Shoppers are dedicated brand advocates
for products found around the world.



At one time, creating a global brand was visionary. Shoppers purchased in-country and in-store, brought goods home, made returns in-person, and found discounts and coupons through print, email and social methods.

As both technology and advanced delivery capabilities continue to rise, global consumers are now more than ever, within reach to retailers around the world.



The 2016 Pitney Bowes Global Online Shopping Study found that online shopping is now a weekly habit for consumers across the globe. Online shopping is a part of their lifestyle. While results vary by country, the majority of consumers are now shopping cross-border—a grand departure from just a couple of years ago.

Study highlights

Using a growing variety of methods and devices, consumers around the world craft their own shopping journey. This creates a multitude of challenges—and opportunities—for retailers to pursue exceptional customer engagement, meaningful social outreach and easy mobile visibility. To add to the complexity, consumers' interests and expectations vary by country, including device usage, sales, where and how they shop. To meet these nuanced requirements, retailers can use these differences as an opportunity to reach more consumers with a more focused approach. Analysing country-specific consumer data and considering options that draw more consumers in such as special discounts, ship-to-store options and in-store return opportunities are great places to begin building loyalty.

While retail sites are critical to the ecommerce ecosystem, marketplaces are emerging as a 'must-have' channel to broaden the universe of buyers. Personalisation, brand loyalty and trust continue to be strong factors bringing consumers back to the retailer's website. Free shipping and delivery, loyalty programs and one-click shopping are the factors attracting more consumers to marketplaces.

This year's study also found that "In-store Global. Online Local." shopping is quickly trending upward. This refers to the significant surge in consumers shopping cross-border online after visiting a physical store during their travels.

Merchants can seize this opportunity to capitalise on the tourist demographic and convert these consumers into loyal cross-border shoppers upon their return home.

Results: Shopping around the world

Online shopping is prevalent globally whether in-country or cross-border. While consumers shop more frequently through domestic marketplaces and online retailers than their cross-border counterparts, there is still strong growth in the cross-border opportunity. 94% of consumers have made an online purchase domestically within the last year, and most often on a monthly (48%) or weekly basis (26%).



94% made an online purchase domestically within the last year



48% purchase online on a monthly basis



26% purchase online on a weekly basis

When it comes to cross-border shopping, two-thirds of consumers have made a cross-border purchase, most often on an annual (34%) or monthly (24%) basis. This year's survey added countries where there is a strong propensity to cross-border shop to expand understanding. Singapore (89%), Hong Kong (85%) and Mexico (78%). Top countries for monthly/annual cross-border shoppers are Australia (78%), Singapore (77%), Canada (72%), Mexico (71%), and Hong Kong (70%).

In-store Global. Online Local

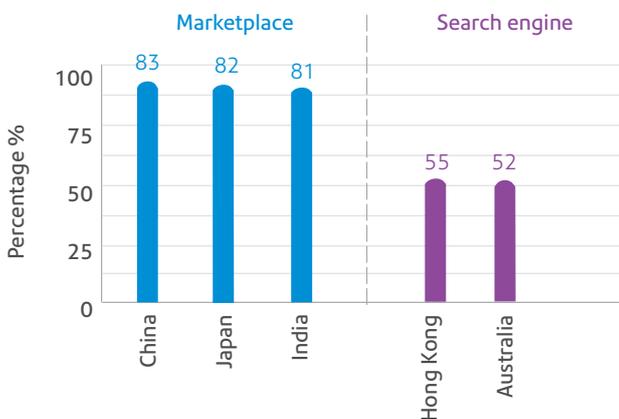
The increase of "In-Store Global. Online Local." shopping suggests retailers who have bricks-and-mortar stores can create a future cross-border shopper with the tourist who visit their locations. About two-thirds of consumers (63%) who have shopped across border are now participating in this trend.

The top countries in this category include China (84%), India (82%) and South Korea (75%). Retailers in these countries can create a future cross-border shopper who visit their locations. To succeed, retailers should concentrate on being active on social media (many shoppers purchase products they see on their social feeds), localise their websites, create specific online campaigns to drive engagement and offer special discounts to maintain the relationships established in-store.

How the world finds products online

When it comes to consumers finding products to purchase online, close to two-thirds are using marketplaces. Search engines are the second most common channel for consumers to find new products this year (43%), followed by consumers using a retailer's website to find new products (39%).

Consumers in China (83%), Japan (82%) and India (81%) were the most likely to use a marketplace. Hong Kong (55%) and Australia (52%) buyers were more likely to find products through search engines than through a marketplace.



Almost 20% of consumers also use social media to find products. Survey findings show that consumers in Hong Kong are just as likely to search via social media (45%) as they are a retailer's website (45%), while Mexico was more likely to search via social media (32%) than they were a retailer's website (13%).

Email was noted as a popular way to find new products, with countries like Hong Kong (26%), Australia (24%) and Singapore (22%) relying on channel to discover new products.

Nearly 10% of consumers in Hong Kong have used augmented reality to find new products. With the explosion of AR through interactive games, we may expect that number to increase globally over the next year.

Mobile has become a 'go-to' for global shoppers

Behaviours vary among countries on how consumers shop from browsing to purchasing to tracking. There are wide variations between countries on what devices they will use.

Mobile devices are playing an increasing role in the shopping experience and are commonly used by many consumers.

Consumers from Singapore (51%), India (50%), Mexico (49%) and China (47%) were most likely to use mobile devices for browsing. For tracking a package, mobile is the first choice for over half of shoppers in China, Hong Kong, India and Singapore. Over a third of consumers in South Korea use mobile apps to track.

Shoppers in India (72%), China (62%) and Mexico (62%) believe they receive relevant mobile notifications based off of their current bricks-and-mortar location. This isn't the case for other countries, where about half of the shoppers in France (52%), Australia (51%) and UK (50%) answered no.

Data suggests that consumers worldwide are still more likely to use a computer/laptop than a mobile device or mobile application at every stage throughout the customer journey: browsing product information (60%), selecting a product to purchase (64%), providing profile and payment information (67%), completing a purchase (67%), writing a customer review (63%), and tracking a package (55%).

Customer journey computer/laptop usage



Where the world shops:

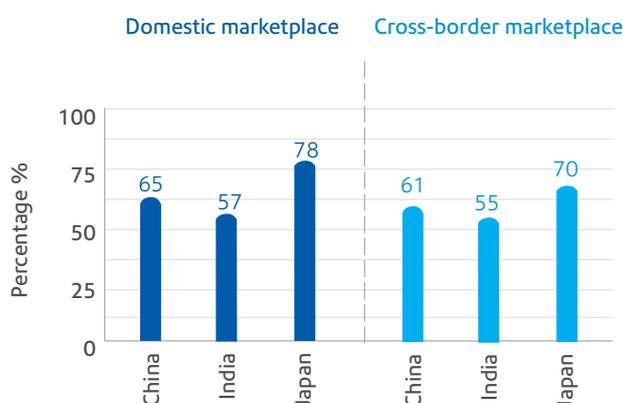
Direct to retailer's site vs through marketplaces

When it comes to marketplace vs. retailer, consumers say they use both platforms to shop online. In fact, consumer preferences suggest that it's no longer an either/or decision. Instead, they want both options—regardless of whether it's a domestic or cross-border purchase.

For domestic online purchases, 45% of consumers do most or all of their shopping through marketplaces, compared to 24% through online retailers.

For international online purchases, 46% of consumers do either most or all of their shopping through marketplaces, compared to 22% through online retailers. 8% of respondents cite that none of their shopping is done through marketplaces, while that number is 11% for retailers.

In order to meet consumer expectations, retailers should consider having both a direct online presence and a marketplace presence. Consumers in China (65%), India (57%) and Japan (78%) were the most likely to make a domestic purchase in the past year through a marketplace, as well as when making a cross-border purchase (China 61%, India 55%, Japan 70%).



About a quarter of shoppers go directly to retailers. The top countries, Australia (43%) and South Korea (36%), show a preference to shop direct on a retailer's site for domestic purchases. They also do the same for cross-border purchases (Australia 33% and South Korea 34%).

Canada has split preferences between both. Of those surveyed, 39% went directly to retailers and 36% chose marketplaces domestically. For cross-border, 40% chose marketplace and 35% chose retailers.

Consumer expectations:

Online retailers vs marketplace

This year's survey results highlight a distinction between why consumers shop via online retailer versus marketplace. For consumers, marketplaces are all about quantity, whereas online retailers are about quality. Marketplace benefits like product assortment (34%), better deals (33%), one-click checkout (31%), quicker delivery time (29%), loyalty points (26%) and free shipping (28%), consumers are all factors driving marketplace activity.

If consumers want a personalised customer experience (28%), brand loyalty and trust (27%) and better quality products (25%), they turn to an online retailer.

For online retailers to appeal to those who choose marketplaces, retailers may want to consider promotions, loyalty programs and easier checkout.

Ship and return: Continues to be problematic

The need for seamless physical and digital customer experiences was evident through consumers' responses around shipping and return preferences from online purchases. Combining the ease of online and the immediate gratification of bricks-and-mortar, 68% of consumers have picked up a package they ordered online in a store location. Of those global consumers, 28% say they always or often pick-up in-store when shopping online, with Hong Kong (62%), India (41%) and the UK (40%) most likely to pick-up in store.

When it comes to returning unwanted purchases, over half of consumers (57%) have chosen not to return a package because it was either too inconvenient or didn't understand how to do so. Hong Kong (79%), South Korea (77%) and Singapore (71%) are the least likely to return unwanted purchases. Yet, 66% of consumers do return packages in-store.

Holiday shipping and returns continues to be troublesome for many consumers. It does not matter if the shopper's main holiday is Diwali, Single's Day, Chanukah, Christmas or Boxing Day. Despite retailer's efforts, consumers still have experienced issues with their holiday orders, creating a major pain point in their overall shopping experience.

In fact, 42% of consumers say they faced challenges related to shipping when making holiday purchases last year. Issues like tracking inaccuracies, non-transparent return policies, wrong shipping items, items shipped to the wrong address or duty and tax miscalculation contributed to the pain points. Hong Kong (65%), India (59%), South Korea (55%), Singapore and China (54%) were among the countries with the greatest headaches for holiday shopping.

**Shopping incentives:
What online shoppers want this holiday season.**

When asked if they are more willing to shop online with a coupon code, 67% of consumers said they would be. Coupons are most attractive to consumers in India (83%), Mexico (79%) and Singapore (79%).

The majority of consumers indicated they'd be more willing to shop online with a coupon code.

Over half of consumers are also more likely to shop online with retailers offering loyalty programs and premium memberships (58%), and 54% are more likely to shop during a sale event.

Common benefits—and deterrents to cross-border shopping.

While consumers have become more open to making international purchases in recent years, there are a number of benefits and deterrents affecting those purchases.

Price (47%), quality (27%) and better selection (26%) lead the charge in benefits to making international purchases.

However, Chinese and Indian consumers most value product authenticity and brand names over a better selection of products when choosing to make an international purchase.

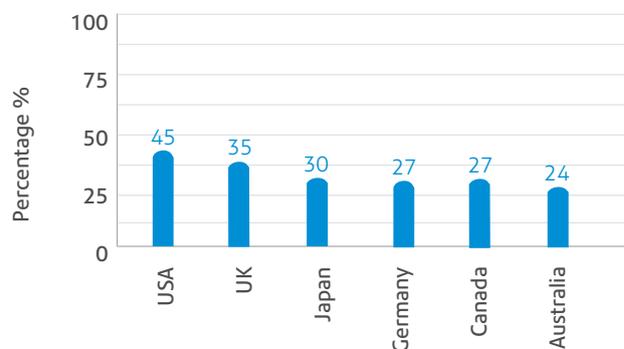
Shipping costs (60%) and return policies (40%) were the leading factors deterring consumers from making international purchases.

**Cross-border safety:
Consumers need to be protected.**

Safety of personal information is a concern for consumers, especially in the US (41%) when compared to the global average (30%).

Consumers care about the country they're making an online purchase from. Consumers ranked the safest countries for online purchasing to include US (45%), UK (35%), Japan (30%) Germany (27%), Canada (27%) and Australia (24%). Mexico (4%), India (9%) and China (16%) were ranked as the least safe countries to make an online purchase from.

Surveyed consumers perceive these as the safest countries



Nearly one-quarter of German consumers (24%) and more than one-third of Mexican consumers (38%) felt that no countries were safe to make online purchases from.

Each country that participated in the survey, ranked its own country as the safest to make an online purchase from except South Korea who ranked US (45%) higher than South Korea (42%).

Online payment options: Choices preferred.

A quarter of consumers identify a lack of payment options as a deterrent to making online international purchases. Those who do are most likely to use either a credit card (45%) or e-wallet (34%) to make a purchase. Offering a credit card option to cross-border shoppers is not enough, as e-wallet and debit are important options in some countries. Preferences between the options are split with Canada, France, Japan, Singapore, Hong Kong, South Korea and the US preferring credit cards. Australia, China, Germany, India, and Mexico preferring to pay via e-wallet. UK just as likely to use a credit card (38%) as they were an e-wallet (38%), and shoppers in India prefer debit or bank cards (39%).

When choosing payment options for an online international purchase, the biggest areas of considerations for consumers are around service fees/total cost of purchase (33%), value of purchase (25%) and purchase protection plan offered (25%) The top reasons for selecting a particular payment method did not depend upon payment preference. Service fees/cost of purchase was important in both Canada (41%) and Japan (41%). The value of the purchase was important in Germany (38%) and Japan (35%). Purchase protection was important for over a third of respondents in France, Mexico, Australia, and UK.

Conclusion

Retailers need to understand and serve up personalised and relevant shopping experiences for both domestic and international consumers at the moment they start their search—whether at the bricks-and-mortar location or online, through to the moment their goods are delivered.

A personalised experience will more likely lead the consumer to make more purchases, which will result in higher revenue for the retailers.

Depending on your target market, retailers may also need to consider translating web content, promoting offers that resonate with your clientele, personalising customer support or working with partners so that your website can support new or alternative forms of payment, as well as ensuring your shipping and return options are easily understood.

Succeeding in this world of global ecommerce is a matter of understanding country-by-country distinctions and capitalising on them as appropriate. Creating the most profitable global ecommerce strategy starts with recognising that a one-size-fits-all approach won't work in every country. Retailers need to find the right technology and solution partners that can help them build a strategy and meet the needs of every customer where ever they are.

Methodology

The 2016 Pitney Bowes Global Online Shopping Study was conducted online by ORC International and surveyed approximately 13,000 adults across 13 countries regarding their perceptions, habits and preferences for making online purchases. This year's survey polled Singapore, Hong Kong and Mexico for the first time, where they joined survey participants from Australia, Canada, China, France, Germany, India, Japan, South Korea, the United Kingdom, and the United States. The survey was conducted in August 2016.

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