

2017 Key business drivers and opportunities in cross-border ecommerce

2017年跨境电子商务的主要驱动力与机遇

在越来越竞争激烈的市场中向海外扩张

Rolf Visser

Chairman | Co-founder, CBEC (Cross-border Ecommerce Community)

Vice Chairman, WECIA (World Ecommerce Industry Alliance)

Vice President Global Marketing, Payvision and Acapture

CBEC | 全球跨境电子商务联盟
CROSS BORDER ECOMMERCE
COMMUNITY



WECIA | 世界电子商务产业联盟
WORLD ECOMMERCE INDUSTRY
ALLIANCE

CCEAA | 中国跨境电子商务应用联盟
CHINA CROSS BORDER ECOMMERCE
APPLICATION ALLIANCE



CBEC, CCEAA and WECIA will provide assistance for international trading and cooperation for companies globally and promote the e-commerce activities and cooperation for the alliance members to work with business communities and governments all over the world.

全球跨境电子商务联盟 / 世界电商产业联盟 / 中国跨境电子商务应用联盟，将吸纳五十几个经济相对活跃国家的电商企业，建立起遍布全球的服务网络，协助各国企业开展国际性的商务合作及交流，促进联盟成员同世界各国、各地区政府及企业界的交流与合作。

Today's agenda

1. About the market

Key happenings from the last 12 months

2. Global cross-border survey 2017

The results of our annual research. Insights from merchants, acquirers, MSPs, PSPs and consultants across the globe.

3. Consumer Technology & Fraud Protection

4. The regional view

Exclusive facts and figures from major markets.

5. Key takeaways

What does this mean for your business?





About the market

Cross-border e-commerce in 2017: Expanding, exciting and filled with rich opportunities for ambitious merchants.



The market reinvigorated

AFTER GROWTH FLATTENED
IN 2016, THIS YEAR SAW
CONFIDENCE AND
DEVELOPMENT RETURN

Compound Annual Growth Rate
(CAGR) for cross-border ecommerce
2017-2022 is now **17%**.

That's higher than the **12%** CAGR
predicted for ecommerce.

**Cross-border online retail is now
growing quicker than domestic
ecommerce.**

One Belt, One Road (OBOR)

CHINA'S ECOMMERCE MARKET IS NOW
39% OF THE WORLD'S TOTAL ONLINE
RETAIL SALES

The revolutionary OBOR initiative will only
strengthen this position, investing an estimated
USD5 trillion into improving infrastructure in Asia,
Europe, the Middle East and Africa.

This will create the world's longest trade route,
connecting 62% of the world's population and
massively stimulating online sales.



Online marketplace domination

BY 2020, 39% OF THE WORLD'S
ECOMMERCE MARKET WILL BE
CONTROLLED BY MARKETPLACES.

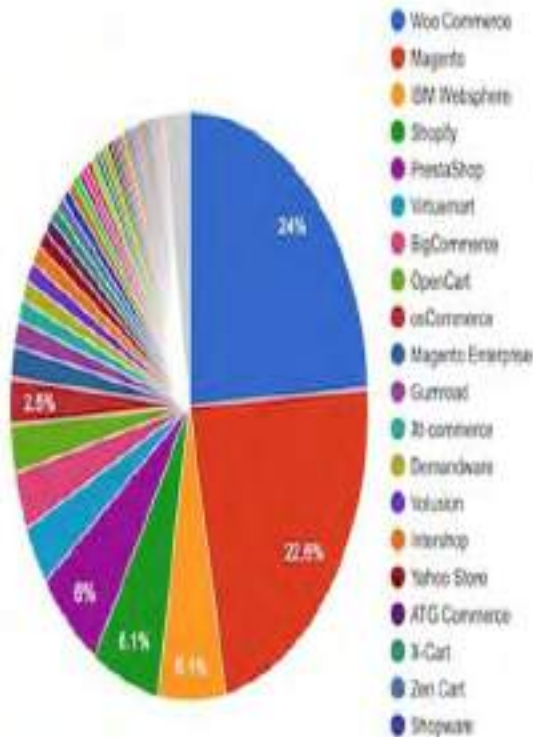
53% OF US CROSS-BORDER SELLERS ARE
MARKETPLACES



Online marketplace domination - Open Source Platforms

Home » Ecommerce Resources » The State Of Open Source Ecommerce Platforms

Catalin Zorzi August 23, 2017 0 Comments



BY 2020, 39% OF THE WORLD'S ECOMMERCE MARKET WILL BE CONTROLLED BY MARKETPLACES. 53% OF US CROSS-BORDER SELLERS ARE MARKETPLACES

Amazon, the US ecommerce giant, purchased supermarket chain Whole Foods this year for USD13.4 billion, signalling a move into physical retailing.

Alibaba Group is now Asia's most valuable company, with market cap of USD442 billion.

Global cross-border survey

Optimism high, growth widespread and merchants feeling confident.

PAYVISION

One of the fastest-growing global acquiring networks in the world, with over a decade of experience in the global payments market and 10 offices across the world.

作为全球增长最快的收购网络之一，
在全球支付市场拥有十多年的经验在全球也拥有十个办事处。



ACAPTURE

A data-driven omnichannel payment solution provider, capable of managing payments at every stage, from checkout to fund collection to settlement.

做为一个数据驱动的全渠道支付解决方案提供商，
能够管理每个阶段的支付，从结帐到资金收集到结算。



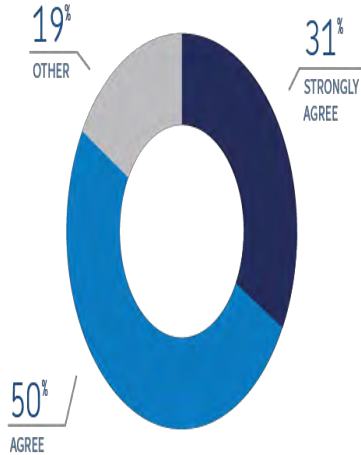
这两家创新支付公司正在共同设立一个新的支付标准。 他们为全球的商家提供服务，简化付款流程并最大化收入。

Together, these two innovative payment companies are setting a new standard in payments. They serve merchants across the globe, simplifying their payment processes and maximizing their revenue.

MARKET OVERVIEW

CROSS-BORDER ECOMMERCE HAS

PROVEN TO BE PROFITABLE

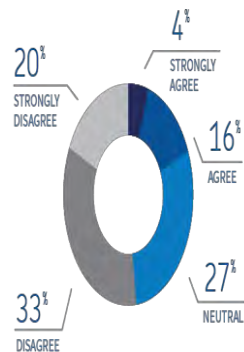


Last year, confidence took a dip with a 5% lower rate of agreement with this statement. In 2017, confidence in international retail has made a notable return, with a record number of our respondents agreeing that cross-border ecommerce has proven to be profitable.

Plus the number of respondents citing complexity as an issue when executing an international omnichannel strategy has gone down too.

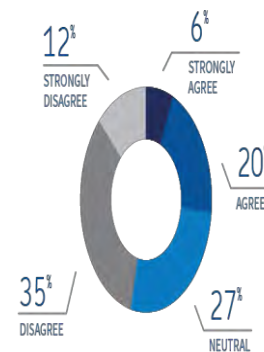
CROSS-BORDER IS TOO COMPLEX SO WE

STICK TO THE DOMESTIC MARKET



OMNICHANNEL SHOPPING IS TOO COMPLEX

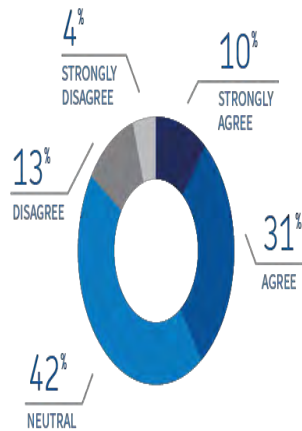
FOR OUR/OUR MERCHANTS' BUSINESSES



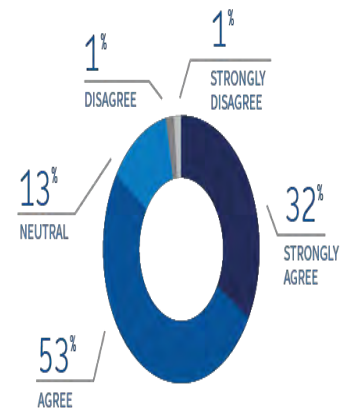
MARKET OVERVIEW

Our respondents report steady growth in both omnichannel and in-store operations in the last 12 months.

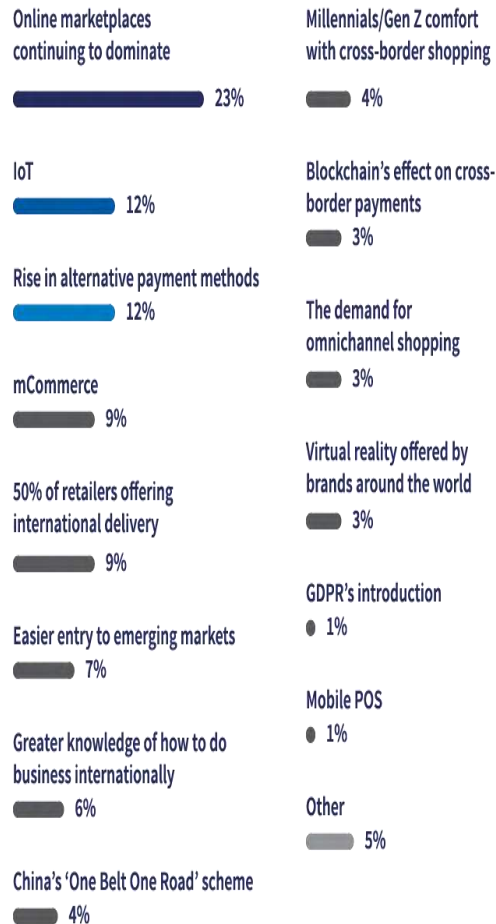
WE HAVE SEEN IN-STORE SALES GROW MORE IN
THE LAST 12 MONTHS THAN THE PREVIOUS YEAR



WE/OUR MERCHANTS HAVE SEEN GROWTH IN
OMNICHANNEL RETAIL IN THE LAST 12 MONTHS



BIGGEST GAME CHANGERS



For the first time in four years, m-commerce was not cited by respondents as the most influential game-changer in cross-border retail.

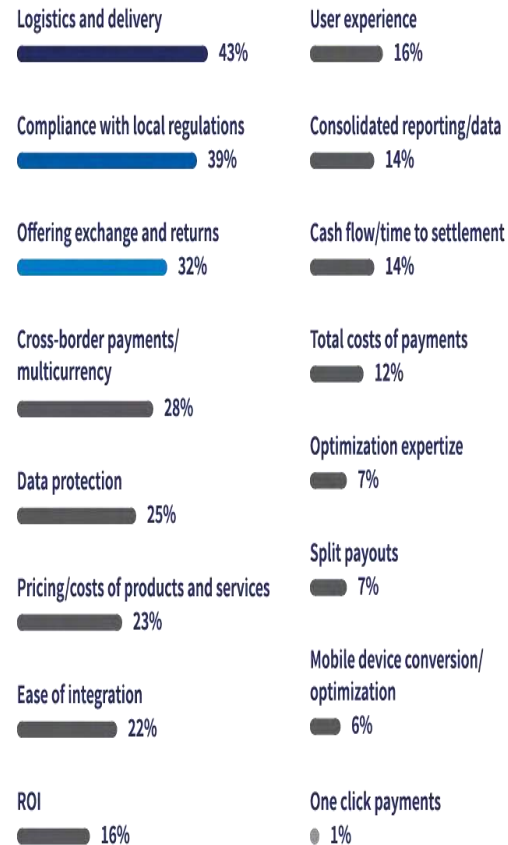
Online marketplace domination is once again in evidence, taking the top spot in this category.

BIGGEST PAIN POINTS

Last year, our respondents cited regulations as the main issue for concern.

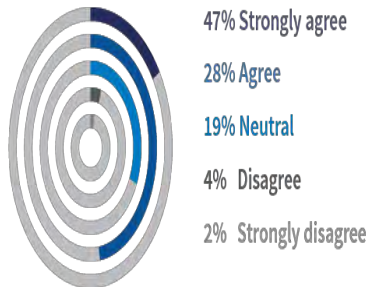
This year, it has been bumped down to number 2 behind logistics and delivery.

Long delivery times and high shipping costs are both regularly cited by consumers when asked what turns them off buying from foreign sites.



BEST PRACTICES FOR MOVING CROSS-BORDER

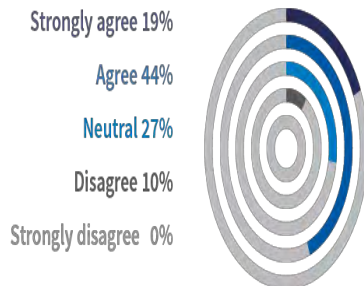
BEFORE WE/OUR MERCHANTS EXPANDED CROSS-BORDER,
WE/THEY INVESTED TIME AND RESOURCES TO UNDERSTAND
THE LOCAL CULTURE AND CONSUMER PREFERENCES



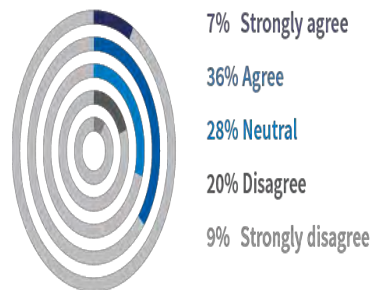
Localization remains a hugely important part of moving cross-border amongst our respondents, while the importance of providing a region's preferred payment methods was underlined.

There was, however, agreement that doing this was not always straightforward

WE/OUR MERCHANTS RESEARCHED PREFERRED
ALTERNATIVE PAYMENT METHODS IN DIFFERENT
REGIONS BEFORE EXPANDING OUR BUSINESS THERE



IT'S COMPLEX TO PROVIDE CONSUMERS WITH A VARIETY
OF ONLINE PAYMENT METHODS



PAYMENT SECURITY MARKET BY SIZE

COMPANIES ACROSS THE WORLD ARE SPENDING
MORE AND MORE ON PAYMENT SECURITY

RETAIL: PAYMENT SECURITY MARKET SIZE, BY REGION, 2015-2022 (USD MILLION)

Region	2015	2016	2017-e	2022-p	CAGR (2017-2022)
North America	979.2	1,062.8	1,164.9	1,985.7	11.3%
Europe	502.0	564.5	643.7	1,448.6	17.0%
APAC	283.3	338.6	410.4	1,263.1	25.2%
MEA	149.7	170.7	197.3	469.7	18.0%
Latin America	158.7	185.1	218.5	578.2	21.5%
Total	2,072.9	2,321.7	2,634.7	5,743.2	16.9%

e: estimated; p: projected

Source: Secondary Literature IEEF-SA, Expert Interviews, and MarketsandMarkets Analysis

The European Union taking action

MAJOR DECISIONS AND REGULATION AIM TO CREATE A FAIRER ONLINE RETAIL WORLD BUT MERCHANTS MUST BE PREPARED

- In July, the EU fined Google a record USD2.7 billion, finding it guilty of deliberately giving prominence in shopping search results to its own services, breaching antitrust laws.
- PSD2: New regulation comes into force January 2018 to make payments safer for consumers but makes big demands of some merchants. ***Want to know if PSD2 will impact your business? Take the quick PSD2 test at the Acapture booth.***
- GDPR: New regulation to protect consumers will have a huge impact on how merchants can use people's personal data and is effective as of May 2018.





Consumer technology trends driving change

MORE CONNECTED CONSUMERS
AND IMPROVED SERVICES

Data science, Internet of Things, AI/machine learning, Virtual Reality/Augment Reality and Blockchain are all changing how consumers shop online and how merchants provide services.

Though these trends make the consumer more available to the merchant, they also raise the expectations of the buyer in terms of personalized services and flawless logistics.



70% of purchases are based on positive brand interaction

CONSUMERS ARE
INVESTING IN
EXPERIENCES

Click and collect is still one of the most efficient means for a retailer to marry their online and offline channels.

Physical presence gives merchants an opportunity to build a *memorable face-to-face service*, gives consumers an added layer of *convenience*, and facilitates *360 degrees brand experience*.



00%

WILL PURCHASE
AGAIN

From a retailer with a positive
return or exchange experience



00%

WILL MAKE ANOTHER
PURCHASE

When they visit a store
for a click and collect
order



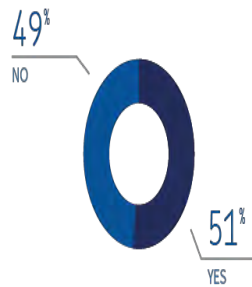
00%

WILL PURCHASE
AGAIN

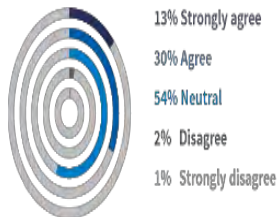
From retailers who enhance and
personalize the buying
experience

IMPROVING THE SHOPPER EXPERIENCE

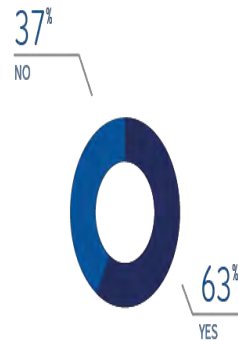
WE/OUR MERCHANTS OFFER CLICK AND COLLECT



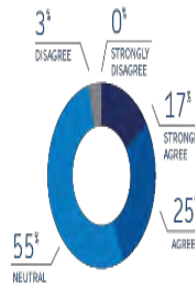
OFFERING CLICK AND COLLECT HAS BOOSTED SALES



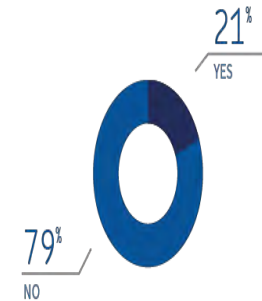
WE/OUR MERCHANTS OFFER FREE DELIVERY



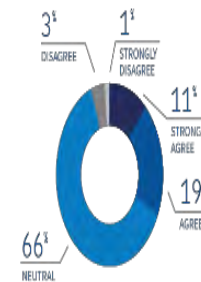
OFFERING FREE DELIVERY HAS BOOSTED SALES



WE/OUR MERCHANTS OFFER FREE INTERNATIONAL DELIVERY

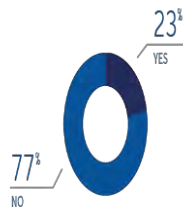


OFFERING FREE INTERNATIONAL DELIVERY HAS BOOSTED SALES



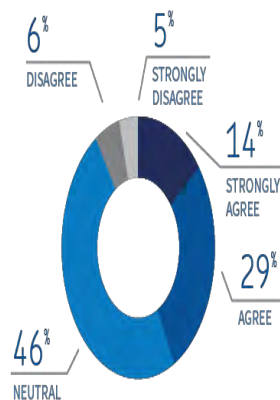
VIRTUAL REALITY AND ONLINE RETAIL

WE/OUR MERCHANTS HAVE USED VIRTUAL REALITY TO PROMOTE OUR PRODUCTS OR SERVICES

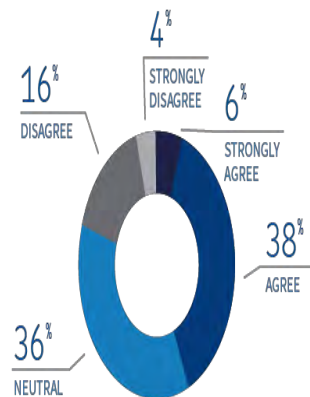


While those using VR actively remain in the minority, more agree than disagree that they would like to use it in future. However, *the majority of respondents do not feel they fully understand the benefits of VR yet.*

WE/OUR MERCHANTS ARE INTERESTED IN USING VIRTUAL REALITY TO CREATE NEW CUSTOMER EXPERIENCES.

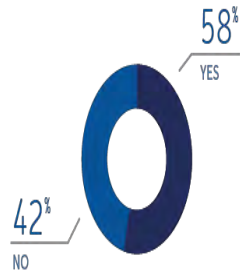


WE/OUR MERCHANTS DO NOT UNDERSTAND THE BENEFITS OF VIRTUAL REALITY TO OUR BUSINESS

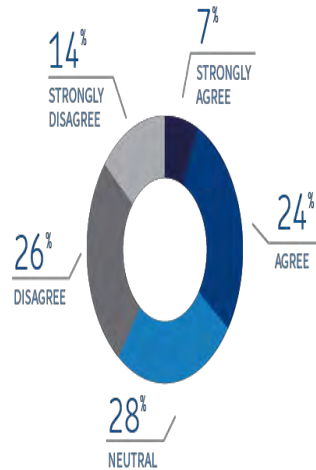


DATA, AI AND MACHINE LEARNING

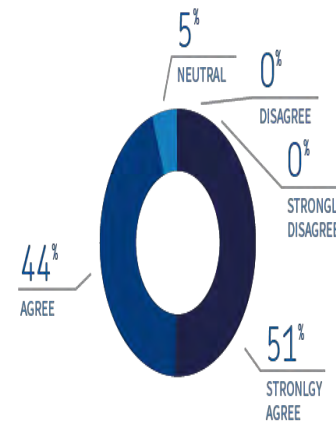
WE/OUR MERCHANTS HAVE INVESTED IN
MACHINE LEARNING AND/OR ARTIFICIAL
INTELLIGENCE TO MAKE USE OF
CONSUMER DATA



WE DO NOT HAVE THE KNOWLEDGE TO
GET VALUABLE INSIGHTS FROM OUR
CONSUMER DATA



ANALYZING CONSUMER INFORMATION
CAN GIVE YOU INSIGHTS ON YOUR
CUSTOMERS AND ALLOW FOR BETTER
PERSONALIZATION





SECURITY CHECKS VIA FISH?

Dubai International Airport is planning on replacing some of its security counters and checkpoints with a walk-through aquarium.

Passengers walk through a corridor surrounded by virtual fish, which attract the passenger's attention and then scan their faces and capture their biometrics.

A dull, often stressful part of air travel is replaced with a pleasant, unique experience for the consumer, without damaging security.

BIOMETRICS:

THE 'SOMETHING YOU HAVE'

While it's simple for somebody to satisfy the 'something you are' step of multifactor authentication, the 'something you have' is trickier.

Biometrics can fulfil this, allowing the buyer to physically authenticate using the device's permanent ID.

User can be flagged as trusted or suspicious based on their device's history.





MACHINE LEARNING FRAUD MODEL

Machine learning fraud solutions are replacing the inflexible rules-based fraud systems that are no longer adequate in the digital age.

They dynamically identify and track fraudulent behavior using the huge amount of data available to merchants.

They learn about fraud patterns in real time, adapting to fraudster behavior.



**Mr. Jason Tan
CEO Sift Science:**

Think about how much customer data travel companies have access to: email addresses, billing and shipping addresses, phone numbers, device fingerprints. You also have behavioral data: the actions a user takes on your site, like where they click and what selections they make.

BY USING HISTORICAL FRAUD
AND MEASURING IT AGAINST
PATTERNS OF REAL TIME
TRANSACTIONS, in mili seconds
via MACHINE LEARNING:

- Accurately identifies and blocks shoppers in automated system
- Allows you to offer a more flexible buying experience to trusted consumers
- Improves revenue: HotelTonight reduced chargebacks by 50% using a smart machine learning solution

This is the future of fraud prevention.





The regional view

Key facts and statistics from some of the world's biggest ecommerce markets



Cross-border opportunities for Chinese business with language as key driver

Language as a key driver

Native China speakers



CHINA



750^B

ECOMMERCE
REVENUE

85^B

CROSS-BORDER
ECOMMERCE VALUE

By the end of this year, China's ecommerce market will have improved 17% on last year.

Alibaba has partnered with merchants across the world to sell on its platform, with more and more Chinese shoppers now looking overseas for products hard to find at home.

35% of cross-border sales are made via mobile.

Top 3 preferred online payment methods



1. ALIPAY

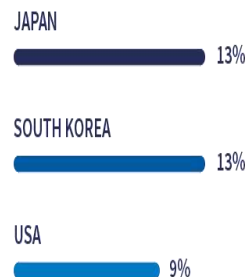


2. CREDIT
CARD

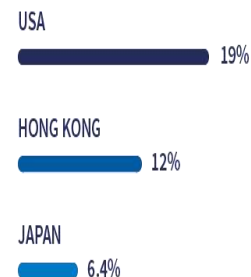


3. WECHAT
PAY

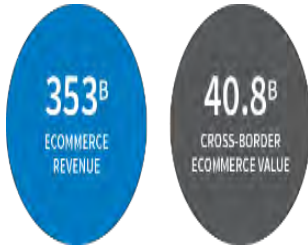
Top 3 import destinations



Top 3 export destinations



USA



77% of US internet users bought online last year. 32% of digital shoppers purchased from foreign sites. The market grew powerfully in 2017, with 13% year-on-year growth.

Donald Trump's 'America First' policy may stifle this growth. His proposed 45% tariff on Chinese electronics and steel would impact one of the world's most lucrative trade routes, while his threat to withdraw from NAFTA will worry ecommerce merchants who sell from the US to Canada and Mexico.

Top preferred online payment methods

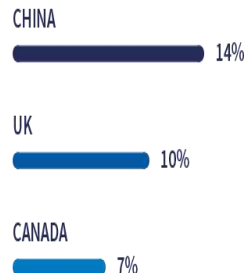


1. CREDIT
CARD

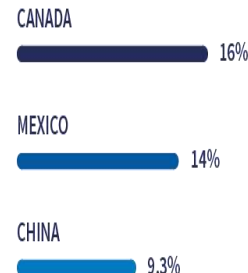


2. EWALLETS

Top 3 import destinations



Top 3 export destinations



UK



204^B

ECOMMERCE
MARKET VALUE

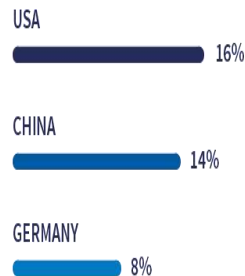
38^B

CROSS-BORDER
ECOMMERCE VALUE

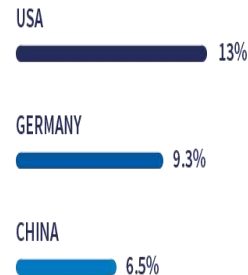
A major ecommerce market with relatively low cross-border activity. 33% of the country's online shoppers make purchases from foreign websites.

When asked why they avoid cross-border purchases, consumers cite payment security and shipping costs as the main drawbacks.

Top 3 import destinations



Top 3 export destinations



Top 3 preferred online payment methods



1. CREDIT
CARD



2. PAYPAL



3. DIRECT
DEBIT

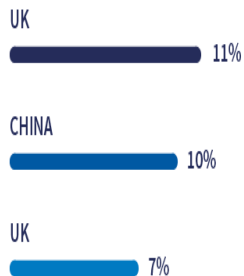
GERMANY



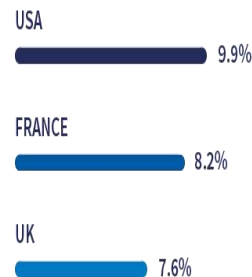
Online sales now account for 10% of all retail in the country and revenues are tipped to hit USD86 billion by 2021.

Only 27% of Germans made a purchase from a foreign website last years, though this is up from 17% on 2011.

Top 3 import destinations



Top 3 export destinations



Top 3 preferred online payment methods



1. SOFORT

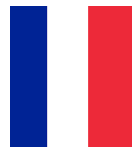


2. INVOICE



3. DIRECT
DEBIT

FRANCE



2017 was a great year for French ecommerce. It is now the 5th largest ecommerce market and, by the end of the year, will have enjoyed an 11% rise in online sales.

25% of online sales are made via mobile and 33% of consumers shopped cross-border last year.

Top 3 preferred online payment methods



1. CARTES BANCAIRES
(INTERNATIONAL)

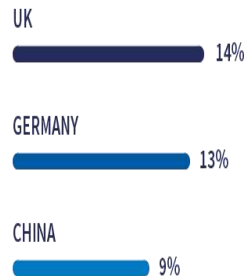


2. PAYPAL

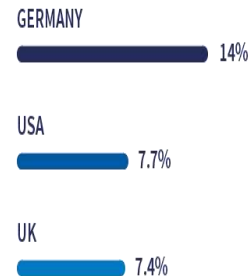


3. CARTES BANCAIRES
(DOMESTIC)

Top 3 import destinations



Top 3 export destinations



RUSSIA



15.7^B

ECOMMERCE
REVENUE

Russia has a huge population but low digital buyer penetration. Only 28.8% of Russians made an online purchase in 2016.

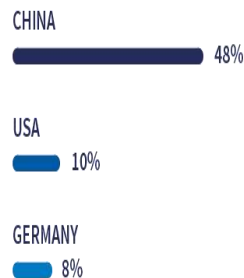
Yet, when they shop online, they tend to shop cross-border. 62% of digital buyers have bought from a foreign site.

Aliexpress.ru is by far the most popular site in Russia, with 22 million unique visitors per month.

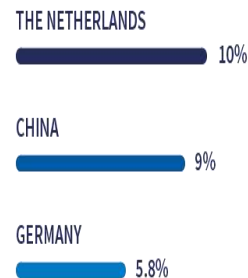
4.48^B

CROSS-BORDER
ECOMMERCE VALUE

Top 3 import destinations



Top 3 export destinations



Top 3 preferred online payment methods



1. CASH ON
DELIVERY



2. CREDIT
CARD



3. EWALLETS

JAPAN



Incredible digital buyer penetration - the world's second highest behind the UK at 82.5%.

Yet they are very reluctant to shop cross-border. Though sources vary on the exact figure, PayPal and Ipsos estimate only 4% of Japanese digital buyers will purchase from a foreign site.

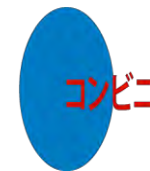
Top 3 preferred online payment methods



1. CREDIT
CARD



2. MOBILE
CARRIER



3. KONBINI

Top 3 import destinations



Top 3 export destinations



BRAZIL



Latin America's biggest ecommerce market, yet only 23% of consumers shop online.

It is growing quickly, however, with a 47% increase in spending forecast by the end of the year.

Most popular ecommerce sites are AliExpress, Amazon and eBay.

Top 3 preferred online payment methods



1. BOLETO
BANCARIO



2. EWALLETS



3. CREDIT
CARD

Top 3 import destinations



Top 3 export destinations



Key takeaways

Cross-border ecommerce is growing faster than domestic ecommerce and ecommerce overall.

Driving this is the biggest game-changer: online marketplace domination.

Online marketplaces take away major barriers when it comes to going international, including localization, regulation, logistics and payments.

This makes it much easier for merchants looking to expand.



Key takeaways



While the US and UK look inward, China is now the hub for globalization of retail.

By pumping huge amounts of investment into the world's *biggest ever trade route, One Belt One Road*, while also owning 39% of online sales worldwide, *it is cementing its place as the world's most important ecommerce power.*

The Chinese shopper is a demanding one, with high expectations regarding consumer experience.

Key takeaways

Consumer technology is the key to better customer experiences and intelligent usage of consumer data.

Data science, VR, AI, machine learning and blockchain are all changing the way cross-border ecommerce works.

Ambitious merchants must be quick to adapt, using these technologies to improve logistics and services.

