

2018



MARKET INTELLIGENCE

International **Post**
Corporation

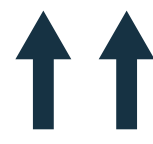
CROSS-BORDER E-COMMERCE SHOPPER SURVEY 2017

Key Findings



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24 pages
January 2018



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MESSAGE FROM THE CEO



I am delighted to present to you the key findings of the 2017 IPC Cross-Border E-Commerce Shopper Survey. This year, our survey has been significantly extended to research over 28,000 consumers in 31 countries in Europe, North & South America and the Asia-Pacific region.

In 2017, our analysis shows that consumers are shopping more than ever online and are most active in China, Korea, India and the United States. When it comes to cross-border online shopping, consumers rate as their most important requirement, the need to have clear information about delivery charges prior to making their purchase.

This year's survey showed a significant increase in the number of consumers reporting they are 'always' offered tracking and that the 'out for delivery event' remains the most valued. As far as postal operators are concerned, the volume of cross-border light weight packets continues to grow, with packets becoming lighter (51% of the goods purchased cross-border weighed up to 500g) and the value of goods decreasing (39% of the goods purchased cross-border cost less than €25).


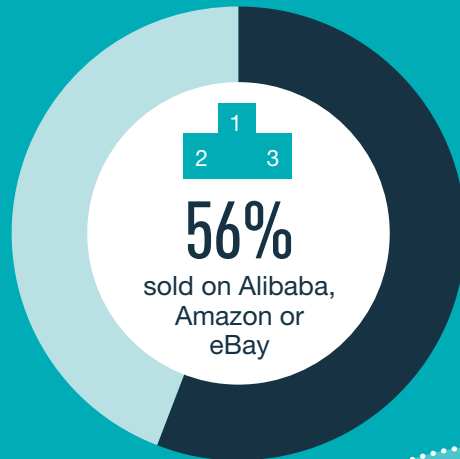
Consumers told us that 62% of their cross-border purchases were delivered for free and identified a concerning issue in terms of long delivery times, with over a quarter of consumers reporting a cross-border delivery time in excess of 15 days. While the majority of cross-border parcels continue to be delivered by posts, we observe a slight reduction in this share due to increased competition.

In response to the issues identified in this study, IPC has developed a suite of in-cart solutions to improve the cross-border e-commerce delivery experience for consumers. Our aim is to embed postal delivery solutions within the shopping carts of leading global e-retailers.

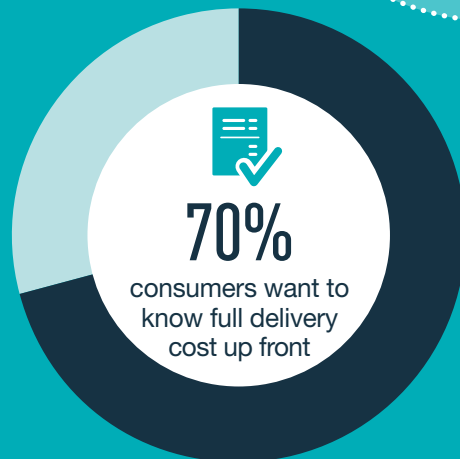


Holger Winklbauer
Chief Executive Officer, IPC

KEY FIGURES



landed cost calculator
increasingly
important



31 countries surveyed

28,892 online cross-border consumers responded



84%

parcels under 2kg (4.4lb)



46%

parcels fit into mailbox



consumers want E2E tracking



70%

parcels delivered by the post



51%

consumers received direct mail from e-retailers

Consumer preferences

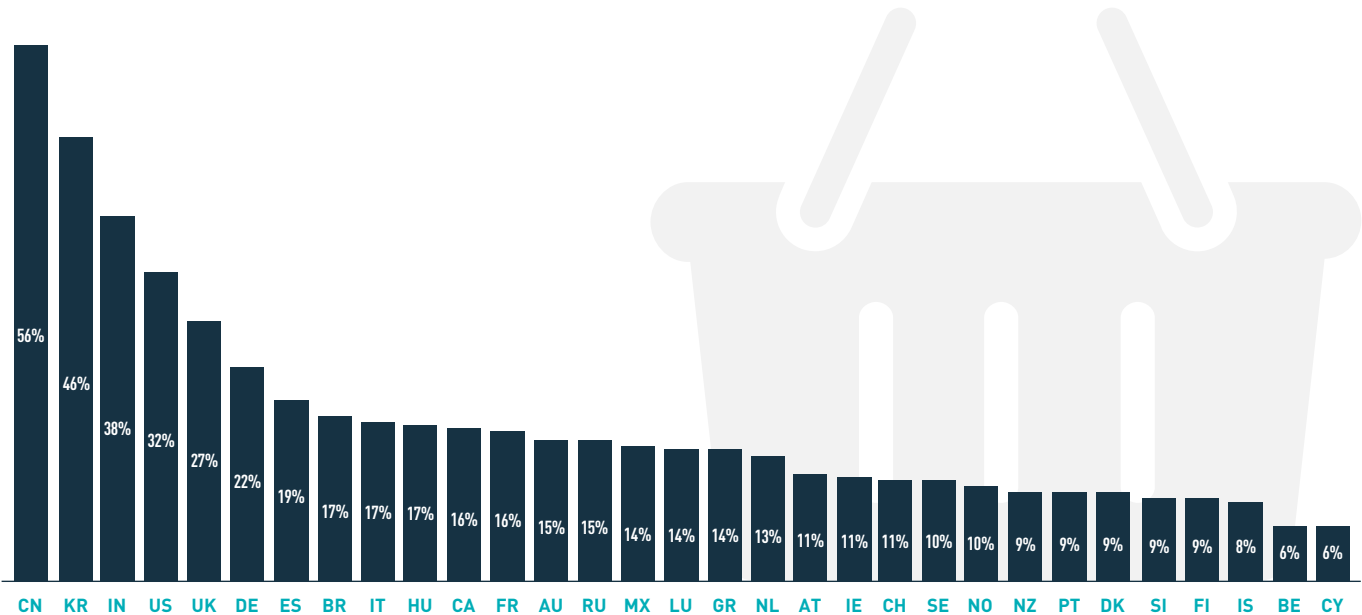
The first section of the key findings relates to the preferences of online consumers.

To qualify for the survey, each consumer had to have purchased physical goods online at least once in the last three months and to have made at least one cross-border online purchase in the last twelve months.

Frequency of online shopping

Based on research undertaken with consumers in 31 countries around the world, consumers in all markets are embracing e-commerce. In particular, consumers in China, Korea, India and the United States are the most active. The high penetration of online shopping in China and Korea is supported by the fact that these are the two most advanced markets in the world for e-commerce, with Euromonitor analysis showing that over 17% of total retail transactions in each market are made online.

As this survey focuses on consumers who bought goods online cross-border in the last 12 months, the results in the chart below show that in many markets such as China, Korea and India, cross-border shoppers frequently shop online in general. In comparison, cross-border consumers in markets such as Cyprus, Belgium, Iceland and Finland buy online less frequently due to geography, the availability of local goods and price among other factors.



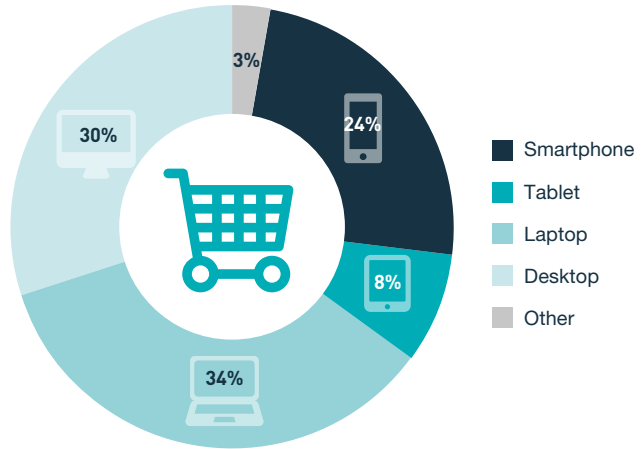
Question: Over the past 12 months, on average how often have you purchased physical goods online (excluding purchasing groceries)?
 Sample: 28,892 (all respondents)

Preferred device

The most popular device used to shop online was a laptop (34%), followed by desktop (30%) and smartphone (24%).

Desktops were more popular among consumers aged 55+, while smartphones were more popular with younger people – notably, over a third (35%) of the 16-34 age group preferred this method to shop online.

When comparing countries, smartphones were most popular in China (53%), India (51%), the US (43%), Brazil and Korea (both 36%). They were less popular in European countries, especially Slovenia (9%).

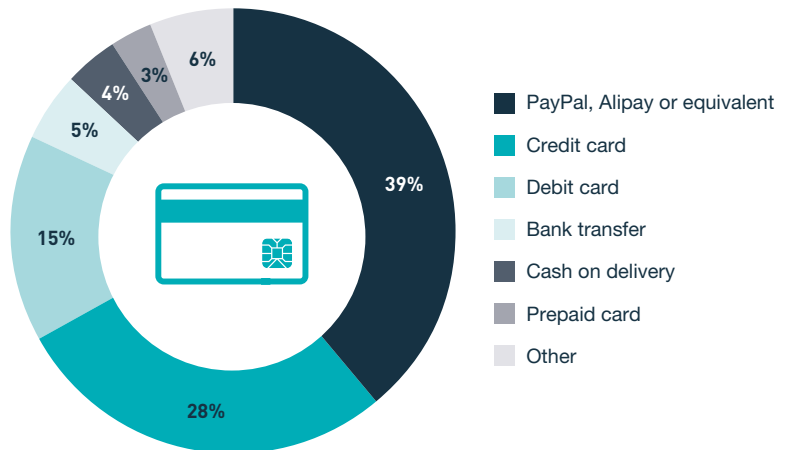


Preferred payment option

PayPal, Alipay or another equivalent payment method was the most preferred payment option for online cross-border shoppers (39%). Credit card (28%) was the second most popular, followed by debit card (15%).

There were major differences between countries, each representing differing financial structures and consumer behaviours.

PayPal (or equivalent) was the most popular choice in 16 of the 31 surveyed countries, being most popular in Australia (70%), China (61%) and Germany (61%). Credit cards were most popular in 13 surveyed countries, and were most popular in Korea (70%). Debit cards were most popular in Russia (55%), while iDEAL was the key payment option in the Netherlands (58%).



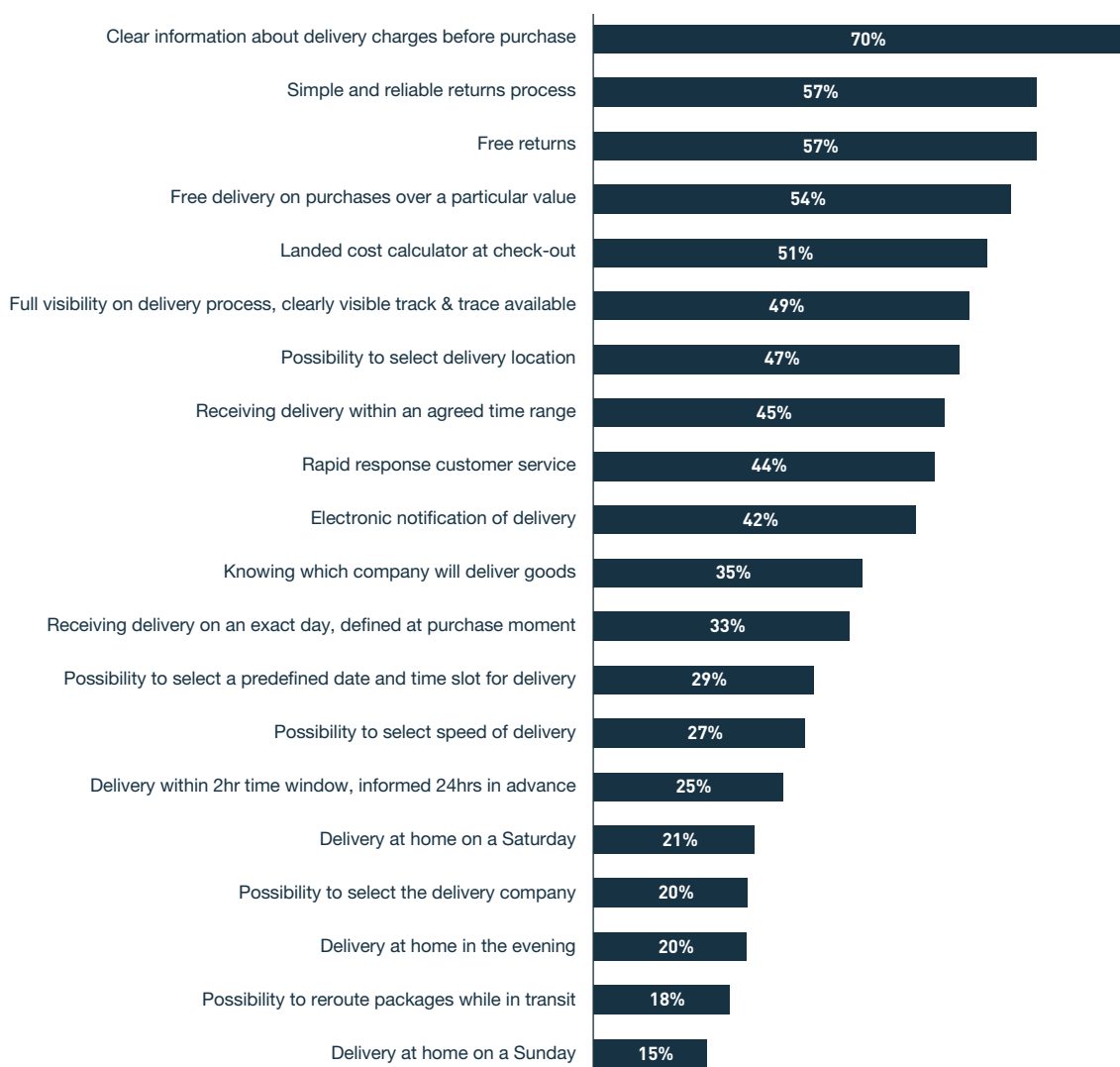
Question: What is your preferred device when placing an order?
 Question: What is your preferred payment option?
 Sample: 28,892 (all respondents)

The relative importance of delivery elements

Respondents were presented with a list of 20 statements about particular delivery elements (e.g. 'Free returns', 'Delivery on a Sunday', etc.) and asked to rate how important each of these elements was to them. Respondents assessed the importance of each delivery element on a 5-point scale, from 'very important' to 'not at all important'. The graph below shows the 'very important' answers.

The most important delivery element for respondents was 'Clear information about delivery charges before purchase', which was seen as very important by 70% of respondents – and rather important / very important by 93%. The next most important elements were 'Simple and reliable returns process' (57% very important), 'Free returns' (57% very important), 'Free delivery on purchases over a particular value' (54%), and 'Free delivery on purchases over a particular value' (54%).

When looking at results by country, fewer delivery elements were considered very important in the Nordic region and in Australia / New Zealand. However consumers in India, Mexico, Brazil and Cyprus tended to put high importance on all delivery elements.

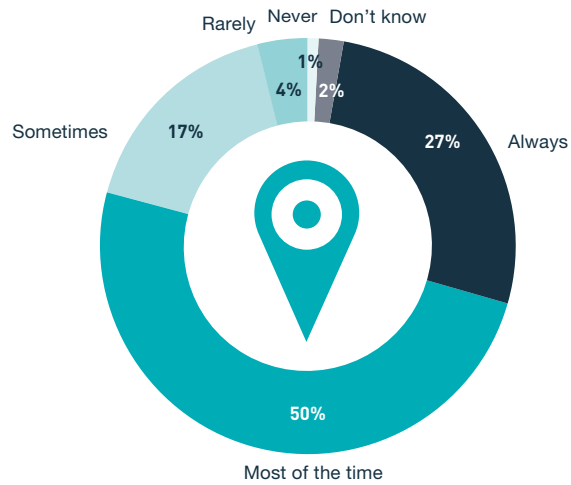


Question: How important are each of the following to you when shopping online?
 Sample: 28,892 (all respondents)

Parcel tracking

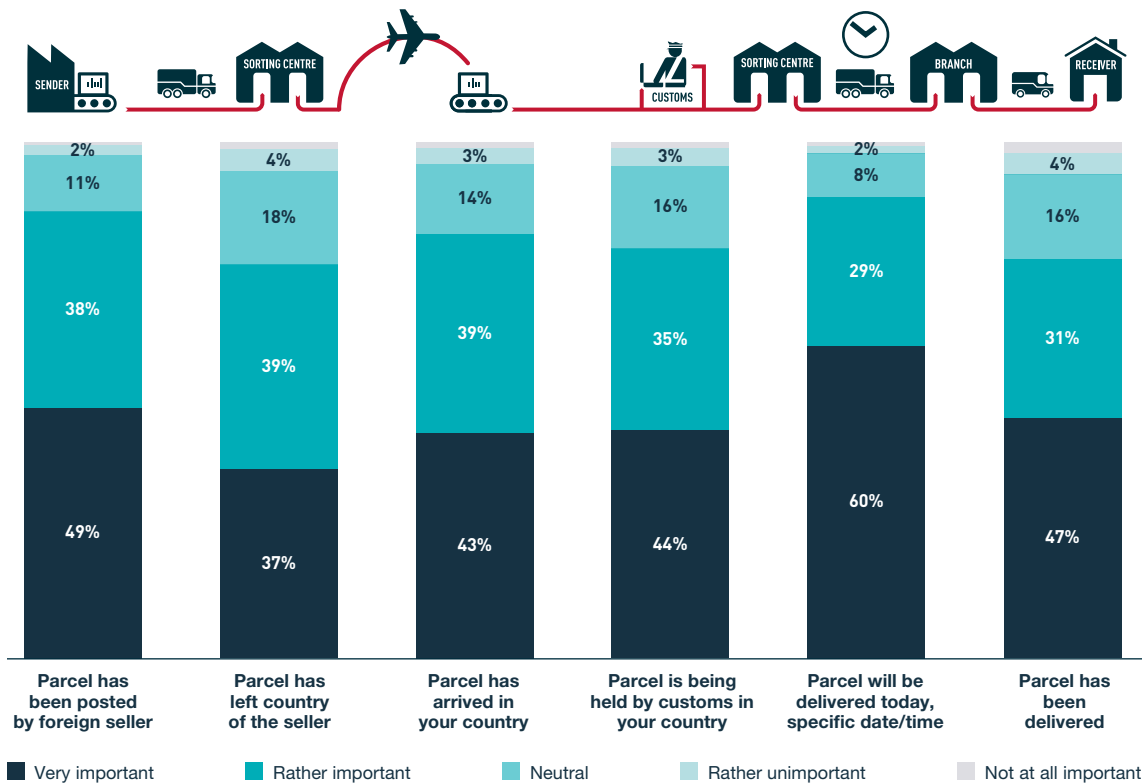
When asked to consider their online shopping experiences over the past 12 months, 27% of consumers stated that parcel tracking was 'always' offered, half said that it was offered 'most of the time', and 17% said 'sometimes'. Only 4% said that tracking was 'rarely / never' offered. Compared to the 2016 survey, consumers are now more likely to 'always' be offered tracking and less likely to 'sometimes' be offered it.

Of those who had been offered parcel tracking, 91% said that they had used parcel tracking at least once in the past 12 months. This tracking usage ranged from 98% in China and 97% in India, to 76% in Korea.



Cross-border parcel tracking

When asked for the level of importance of items being tracked cross-border at key stages of the delivery process, the level of importance was high for all six stages measured. The level of 'very / rather important' ranged from 76% up to 89% for each of these stages. Compared to the 2016 survey, the importance of tracking all six stages increased. Information that the 'parcel will be delivered today, at a specific date/time', had the highest level of importance of all stages tested, being considered 'very important' by 60% of respondents.



Question: Considering your online shopping experiences of the past 12 months, how often has parcel tracking been offered to you?

Question: Did you make use of tracking to track the status of your delivery in the past 12 months?

Question: For each of the below stages of an online cross-border purchase journey, how important is it for you to be informed that a parcel is at each stage?

Sample: 28,892 (all respondents) / 28,128 (those who had been offered tracking in past 12 months)

Delivery locations used in the past year

Three-quarters (74%) of respondents had a parcel delivered to their home in the past year. A quarter (26%) picked a parcel up from a Post Office, 19% from a postal service point, 16% from a courier's parcel shop, and 16% had a parcel delivered to their office / workplace.

In terms of differences by country:

- Delivery to a Post Office was highest in Russia (76%), Iceland (67%), Cyprus (65%), Finland (50%) and Greece (44%)
- A postal service point was most commonly used in Norway (71%), Sweden (70%), Finland (65%) and Denmark (50%)
- An office / workplace was most commonly used as a delivery location in China (44%) and India (41%)
- A courier's parcel shop was most commonly used in France (54%)
- Parcel lockers were most popular in Finland (43%), Denmark (41%) and China (33%)



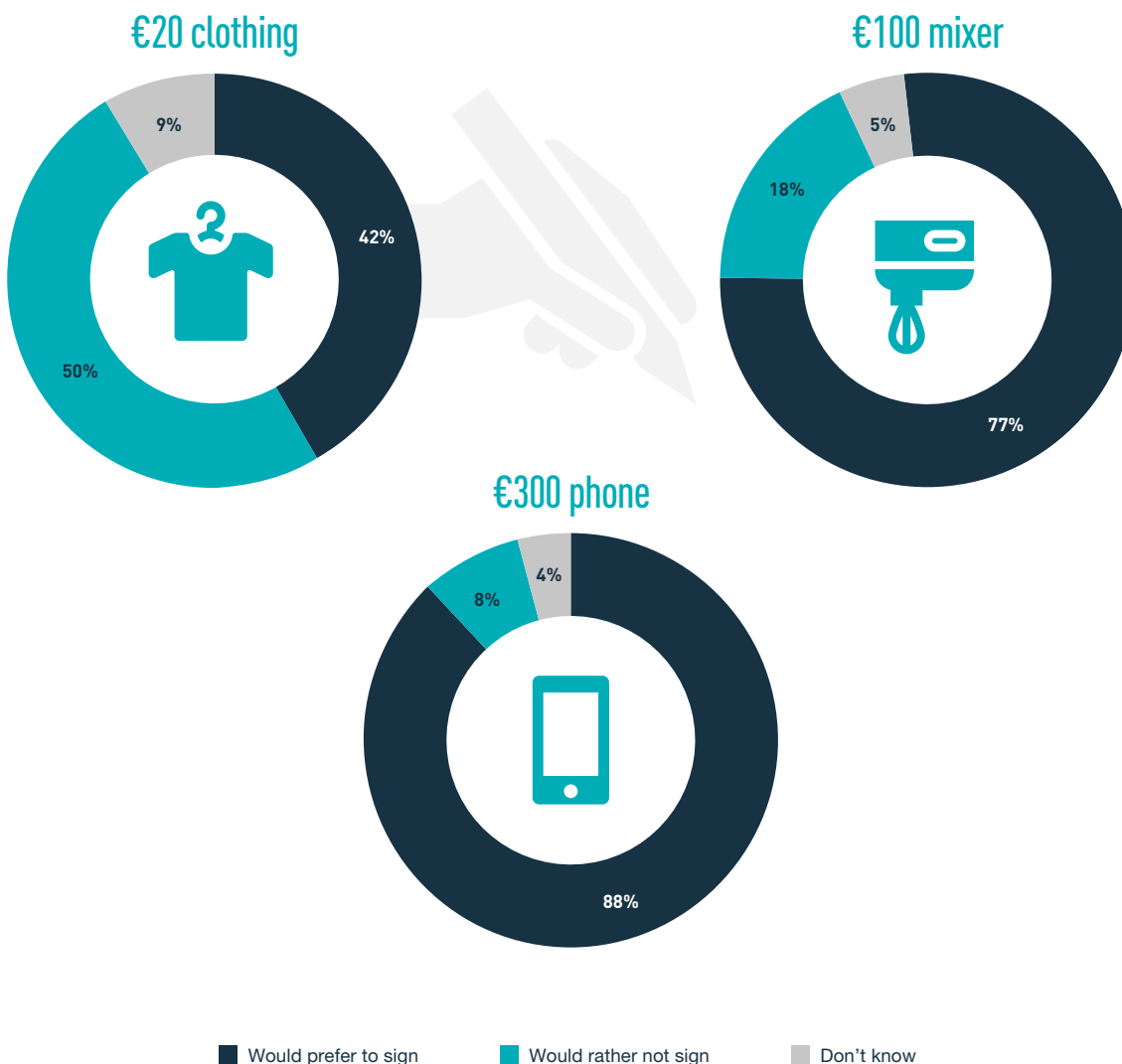
Question: Considering your online shopping experiences of the past 12 months, where have you had your parcels delivered to?
 Sample: 28,892 (all respondents)

Parcel signature preference

When asked to consider their signature preferences, 31% of respondents said that they prefer to sign for all of their parcels, a fifth said that they preferred delivery methods that remove the need for signature (e.g. delivery directly into their mailbox), and almost a half (47%) said that their signature preferences depend on the content of the parcel or value of the goods.

Preference for non-signature delivery methods was highest among younger respondents (24% for 16-34 year-olds vs 14% for those aged 55+). Looking at country differences, preference to sign for all parcels was highest in Cyprus (62%), Mexico (58%), Spain (56%) and India (56%). Preference for delivery methods that do not require signature was highest in the US (37%), Korea (37%), Canada (31%) and Switzerland (30%).

Respondents were asked for their signature preference for three different goods purchased online. The following three graphs summarise the results, which show how signature preference increases with product value.

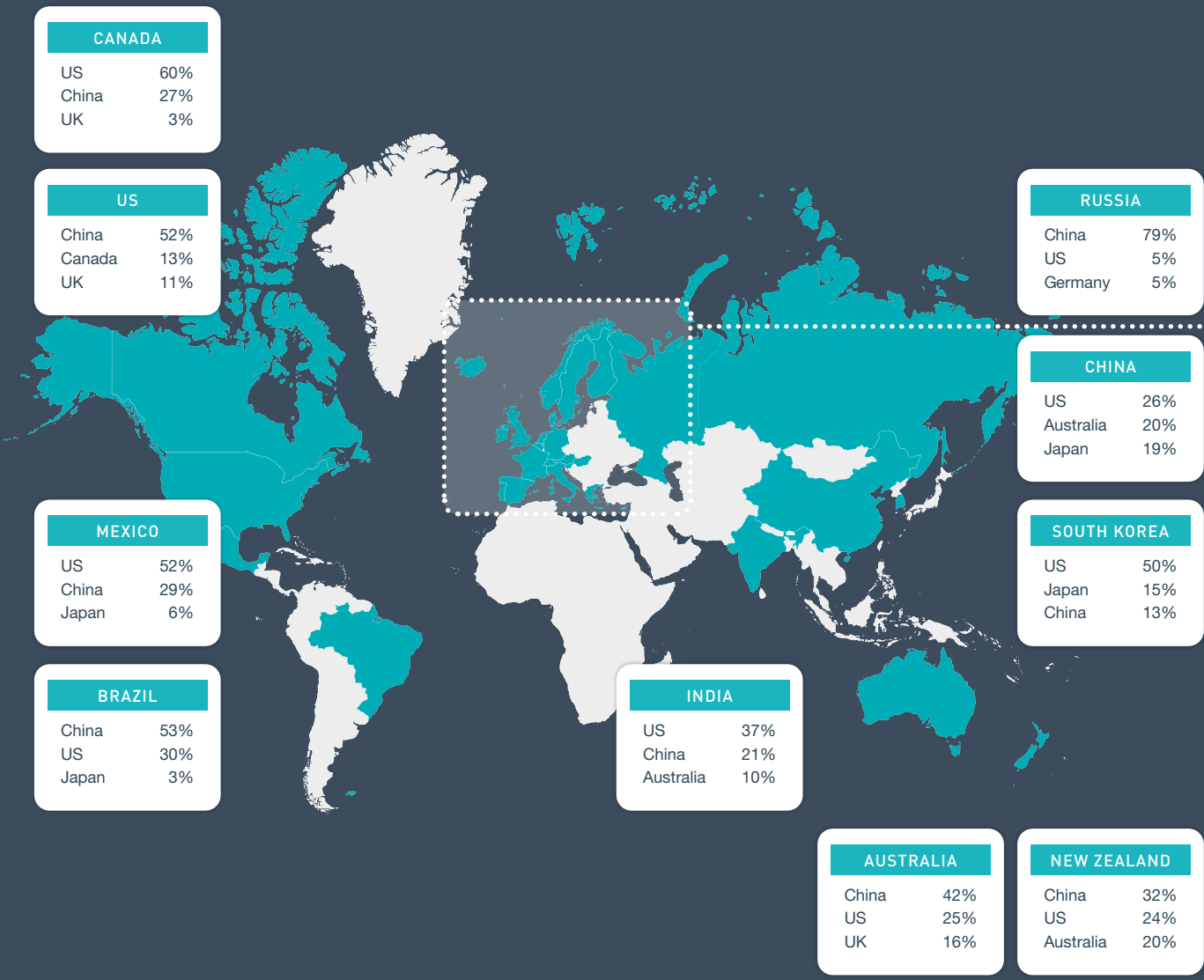


Question: Which of the following statements best reflects your own parcel signature preferences for goods that you bought online?

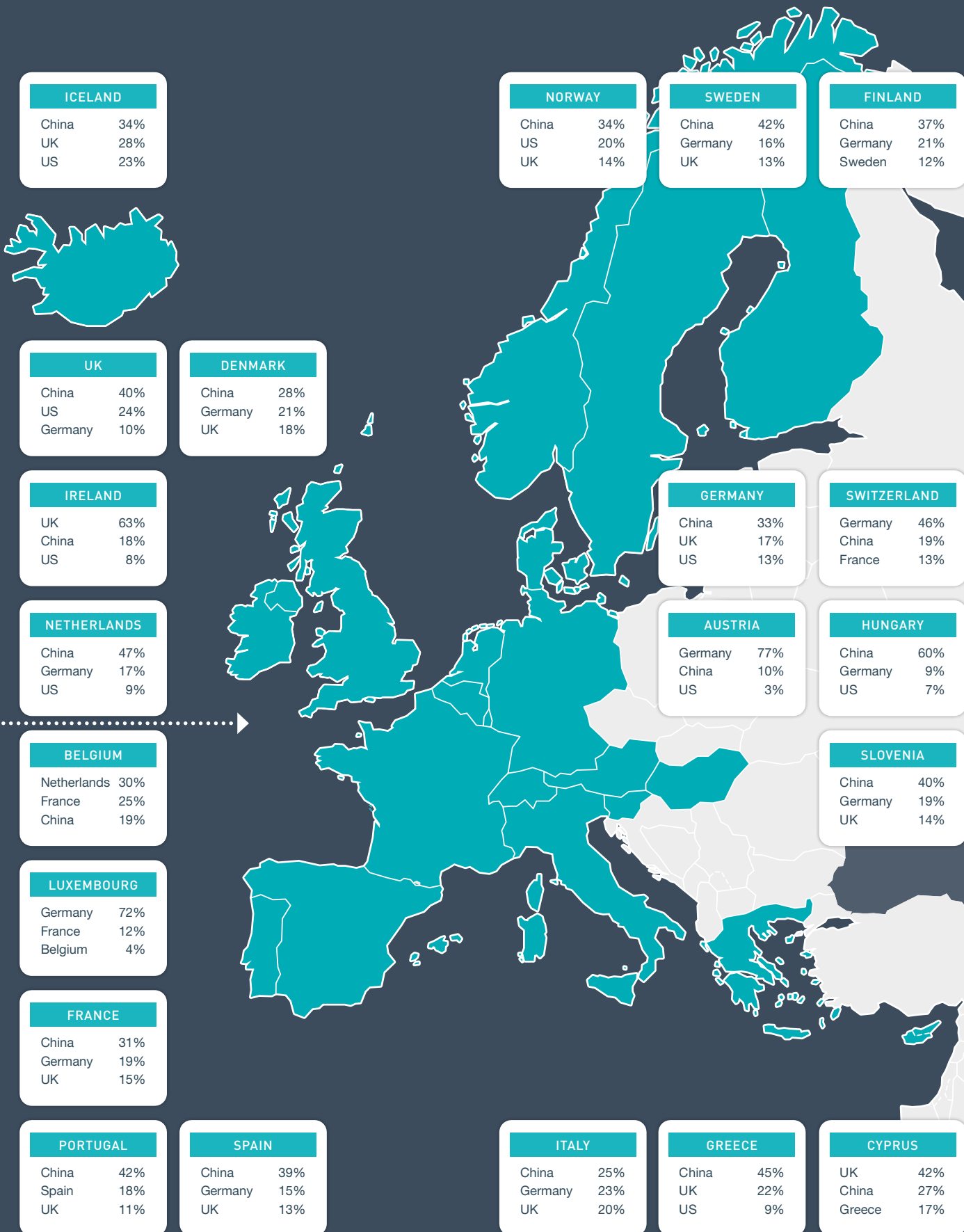
Question: Considering these three products bought online from a seller based in another country, would you prefer to sign for the delivery or not?

Sample: 28,892 (all respondents)

COUNTRY OF MOST RECENT PURCHASE

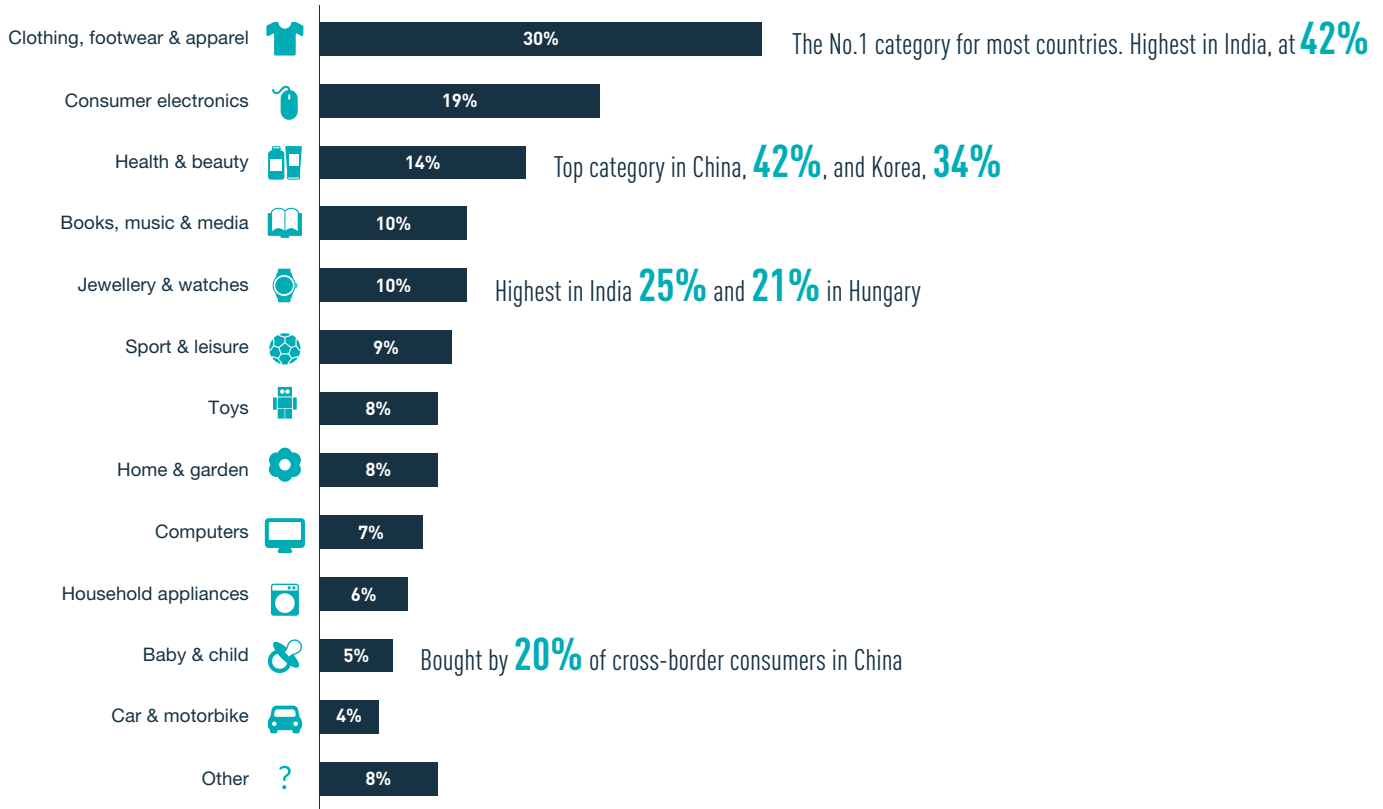


Question: Please specify the country from which you bought your most recent online cross-border purchase?
 Sample: 28,892 (all respondents)



Product characteristics

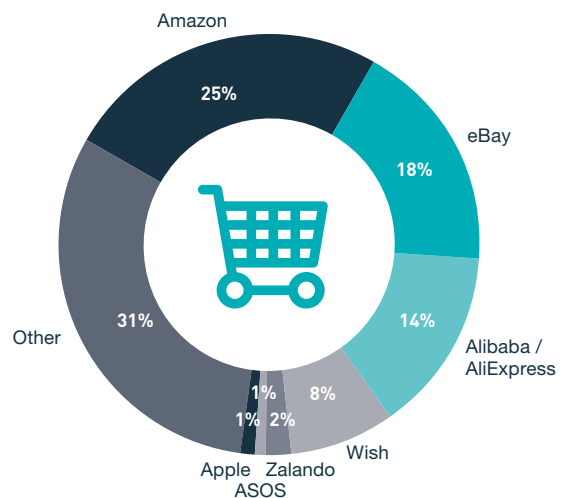
Product category



E-retailer

Based on the 31 markets surveyed, Amazon, eBay and Alibaba / AliExpress accounted for 56% of the most recent cross-border e-commerce items purchased.

- Amazon was highest for consumers living in Luxembourg (72%) and Austria (64%)
- eBay was key in Cyprus (63%) and Australia (44%)
- AliExpress was most popular in Russia (69%), Brazil (37%) and the Netherlands (35%)



Question: For this particular parcel, please specify what category of goods you purchased?

Question: Please identify which retailer you bought this particular purchase from?

Sample: 28,892 (all respondents)

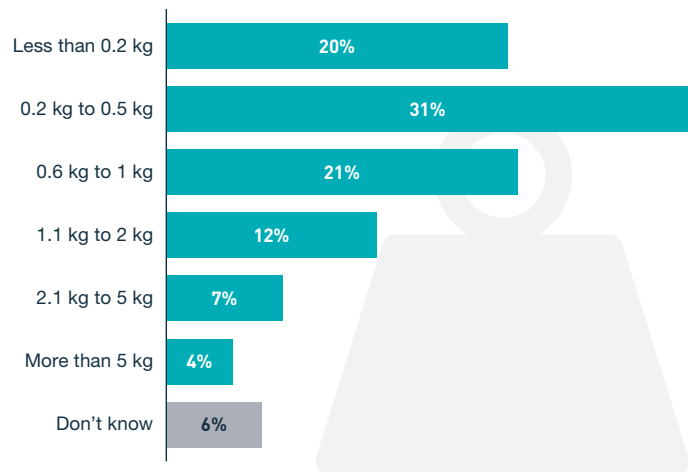
Product weight

The 2017 IPC Cross-Border E-Commerce Shopper Survey shows that 84% of cross-border goods bought online were classified under UPU terminology as packets as they weighed up to 2kg (4.4lb).

The percentage of packets (<2kg) ranged from 91% in Russia to 72% in Luxembourg.

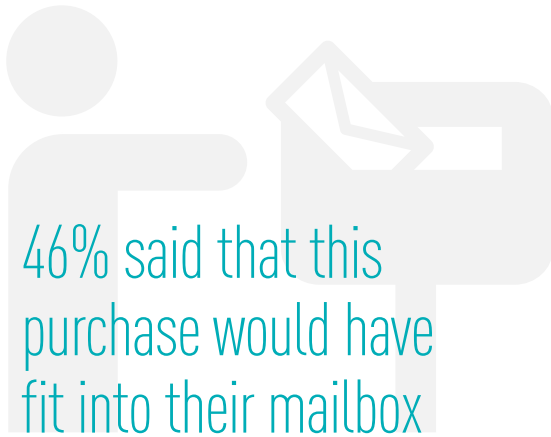
Goods weighing less than 200g were most likely to have been bought by consumers in the UK, US and Greece.

The heaviest cross-border goods were purchased by consumers in India, Korea, China and Luxembourg.



Parcel dimensions

Respondents were asked whether this parcel would have fitted into their mailbox, regardless of where it was delivered.



The proportion of deliveries that would have fit in the mailbox was highest in the US (68%), France (67%), Norway (63%), New Zealand and Switzerland (both 62%). It was lowest in Luxembourg (18%), Austria (25%), Cyprus (27%) and Italy (28%).

The reasons behind these country differences are:

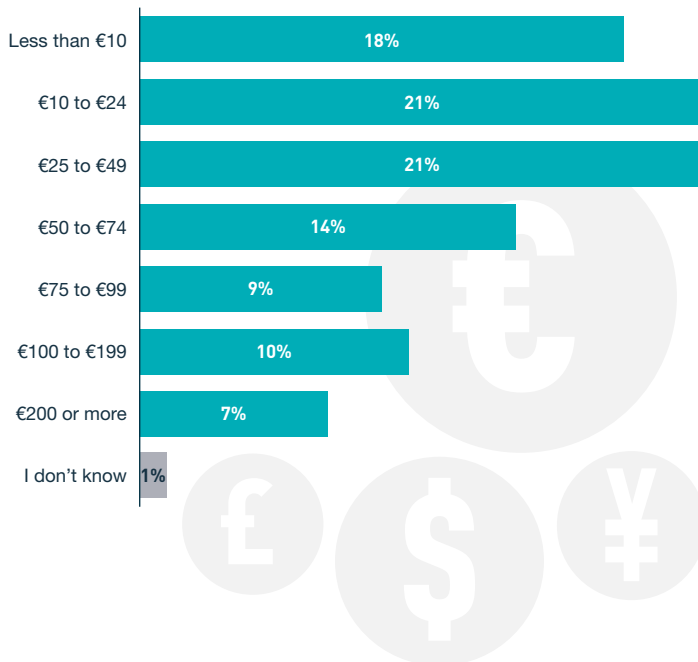
- Mailbox size: US standard mailboxes are larger than those in most European countries
- Country differences in product category and weight: consumers buying more small, low-weight items are more likely to be able to use the mailbox for their deliveries

Question: What was the approximate weight of this particular purchase?

Question: Regardless of where it was delivered, would this parcel have been small enough to fit into a mailbox / letterbox?

Sample: 28,892 (all respondents)

Product value



Thirty-nine percent of all cross-border purchases made by consumers in 31 markets cost less than €25.

The proportion of purchases with a value less than €10 was highest in the Netherlands (32%), the UK (30%), Hungary (30%) and Australia (28%). At the other end of the scale were Luxembourg (1%), Korea (4%), Austria (5%), India and China (both 6%).

Higher valued goods in excess of €100 were most popular in Luxembourg and India, with 31% of consumers buying products in this price range cross-border, followed by Switzerland (28%) and Mexico (24%).

Customs duties

Thirteen percent of consumers paid customs duties or customs clearance fees for their most recent cross-border online purchase.

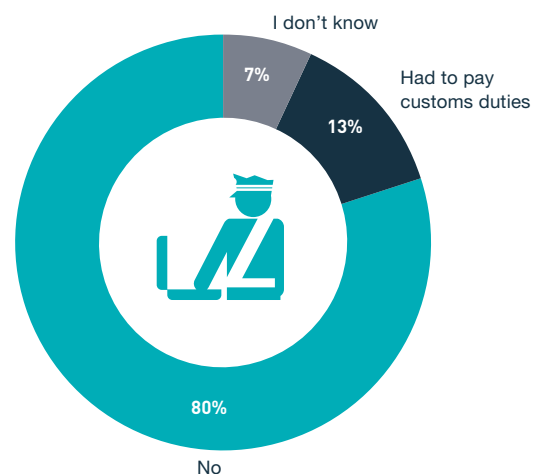
At country level, the countries with the highest proportion paying customs fees were Iceland (58%), China (55%), India (45%), Korea (25%), Brazil (21%), Mexico (18%) and Switzerland (17%). Due to the EU single market, it was much lower for EU member states.

Of those respondents who had to pay for customs, almost half (48%) of them paid it when making the online purchase. 20% paid customs fees when the parcel was en-route, a quarter when receiving the parcel and 6% after receiving it.

When looking at country differences, non-European consumers who are more used to paying customs fees tended to pay up-front. In contrast, European consumers tended to pay for customs at a later stage in the process.

Forty-six percent of online consumers were 'extremely / very' satisfied with their customs experience, and 69% were overall satisfied. Nine percent were 'extremely / very' dissatisfied, and 15% were overall dissatisfied.

It is notable that Europeans – who are less used to paying customs and who tend to pay customs at a later stage – have lower satisfaction levels with the customs process than non-Europeans.



Question: Please specify the approximate cost of goods within this particular purchase?

Question: Did you have to pay customs duty / customs clearance fees on this particular purchase?

Question: At what stage did you pay customs duty / customs clearance fees for this particular purchase?

Question: How satisfied were you with the customs process for this particular purchase?

Sample: 28,892 (all respondents) / 3,715 (respondents who had to pay for customs)

Delivery experience

Delivery cost

This study shows that not only are cross-border goods becoming lighter and cheaper, but the majority are being delivered for free.

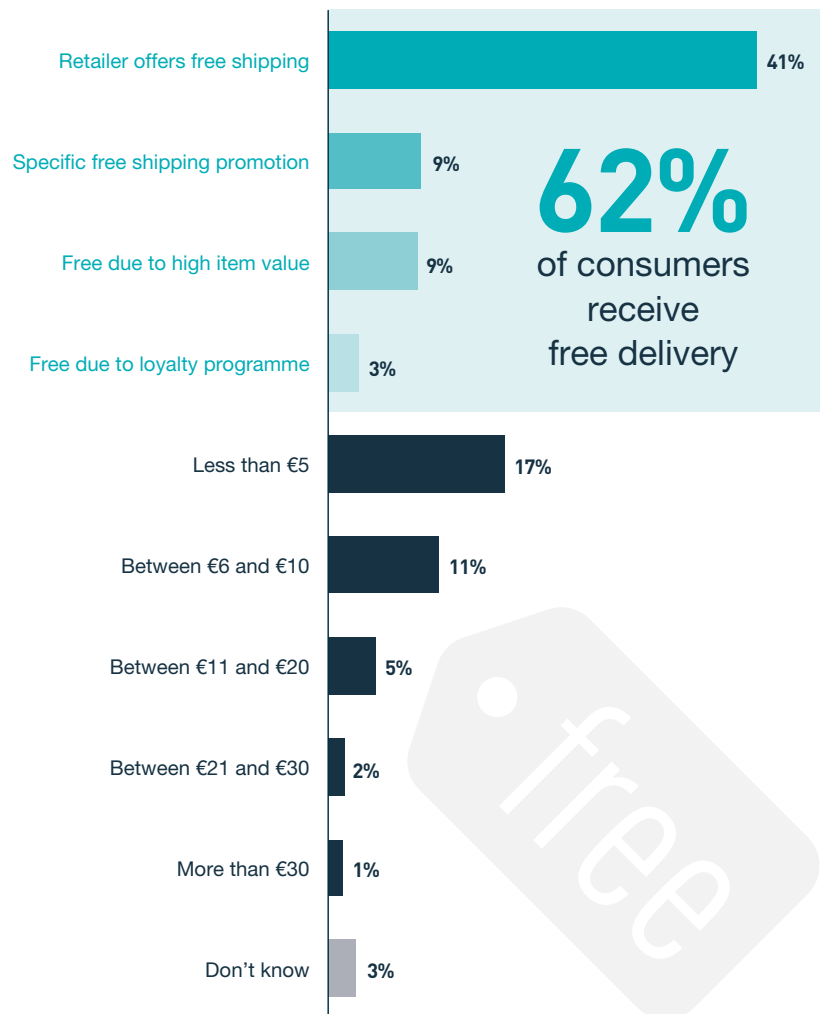
In fact 62% of respondents received free shipping. This can be broken down as follows: 41% due to the retailer's shipping policy, 9% due to a specific promotion, 9% due to the value of the shopping cart and 3% due to a loyalty programme. For consumers who did pay for delivery on their most recent cross-border purchase, 17% paid up to €5, 11% paid between €6 and €10, 8% paid over €11, 11% paid between €6 and €10, 8% paid over €11, and 3% could not recall.

The level of free shipping was highest in Russia (83%) and China (76%), followed by Austria, Hungary and Spain at 70%.

Free shipping in Russia was particularly driven by the 'retailer offer' (71%), which also played a key role in Hungary (60%).

Free delivery due to a 'specific promotion' (e.g. 11.11 in China, or Black Friday in the US) was the most important factor in the emerging markets, while free delivery due to a 'loyalty programme' stood out in Austria. This is likely due to the large presence of Amazon in the neighbouring country of Germany, and therefore a high number of Amazon Prime users for cross-border purchases.

Consumers in the Nordic countries, especially Iceland, were most likely to pay a fee for cross-border parcel delivery.



Question: Please specify the shipping cost for this particular purchase?
Sample: 28,892 (all respondents)

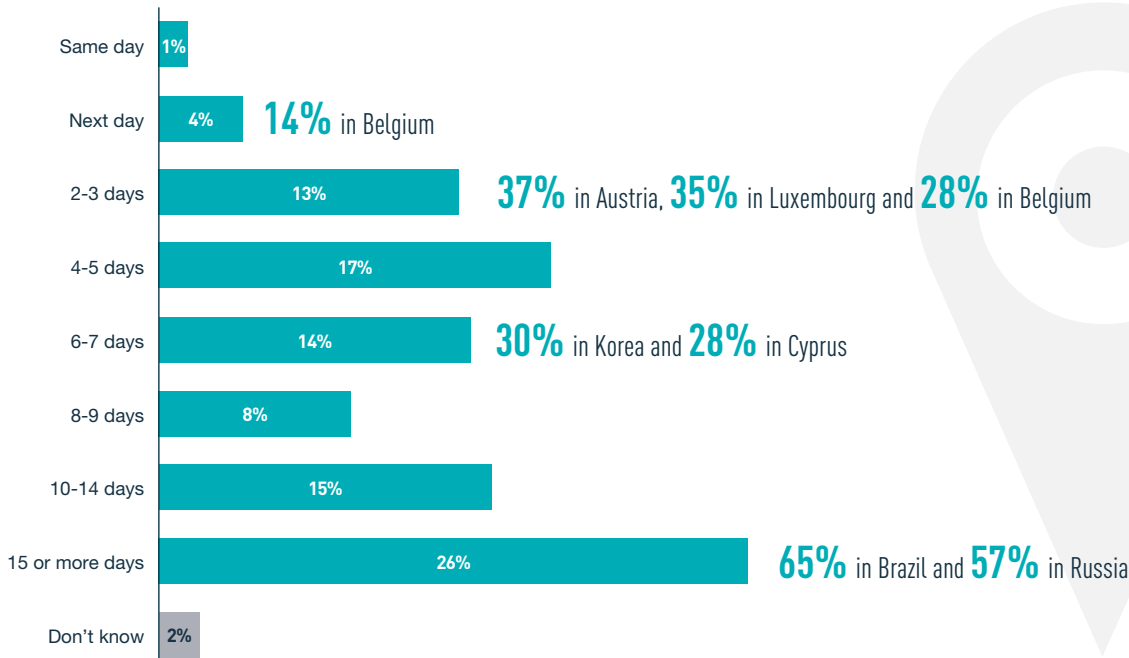
Delivery speed expectations

Consumers provided speed of delivery expectations for products purchased online from abroad. Responses are grouped by region – for respondents based in Europe (including Russia), the Americas (US, Canada, Brazil & Mexico), Asia (India, China & Korea), and Australia / New Zealand. Key findings are:

- Twenty-eight percent of European consumers expected delivery from another European country within 2-3 days, and 79% expected delivery within a maximum of one week. Further afield, deliveries were expected to arrive quicker from the US and Canada (37% within a maximum of one week) than from Asia (26%), Australia / New Zealand (24%) and Latin America (28%).
- Over half (53%) of those in the Americas expected goods from the US or Canada within a maximum of 4-5 days. Further afield, they expected goods to arrive quickest from Latin America (35% to arrive within 4-5 days), followed by Europe (25% within 4-5 days).
- Sixty percent of respondents in Australia and New Zealand expected goods to arrive from each other within 4-5 days. Further afield, they expected goods to arrive quickest from Asia (38% within 6-7 days), expectations of delivery speed from Europe and North America were similar, and deliveries from Latin America were expected to be the slowest.
- Fifty-eight percent of the consumers in China, Korea and India expected goods to arrive from another Asian country within 4-5 days. Further afield, their expectations were rather similar for deliveries from Europe, North America and Australia / New Zealand (all 56% - 59% expected within one week).

Delivery speed experience

The reality is that the most common transit time for consumers' most recent cross-border purchase was 15+ days (26%). This can of course be closely linked to the high volume of parcels coming out of China. The next most common transit times were 4-5 days (17%) and 10-14 days (15%).



Question: How many days would you expect a parcel to take to reach you if it was bought from an online seller based in...?
 Question: How long did it take, from buying the product online until the order was delivered?
 Sample: 28,892 (all respondents)

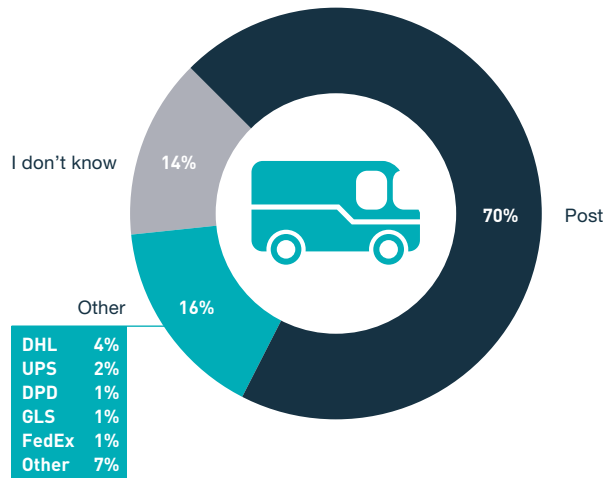
Delivery provider

The post accounted for 70% of most recent cross-border deliveries, 16% of deliveries were with other carriers, and 14% of consumers did not know who delivered their parcel.

Within the 'Other' category, respondents were asked to name the delivery company if possible. The most commonly named courier was DHL (4%), followed by UPS (2%).

Delivery of cross-border goods by the postal operator was highest in Russia (87%), Brazil (86%) and Australia (84%) and lowest in Italy (43%), Luxembourg (43%) and Mexico (56%).

For countries with a lower postal delivery rate, this was due to high competition from courier companies with a strong base in the market. DHL accounted for 18% of deliveries in Mexico, 13% in Austria and 10% in Luxembourg.



Returns

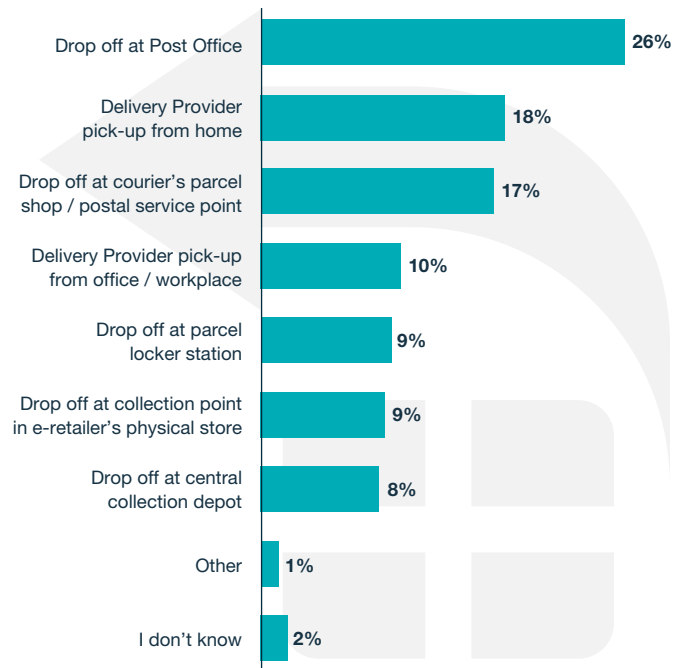
Only 6% of respondents returned their most recent cross-border purchase.

The level of cross-border returns was highest for consumers based in India (25%), followed by the US (10%), China (9%), Austria (9%) and Switzerland (8%). Consumers in these countries often bought more expensive products cross-border – while cheaper products were less likely to be returned.

The post handled 85% of cross-border returns (compared to 70% of deliveries).

Of those respondents who returned their parcel, 71% did so for free and 25% at a cost.

The most commonly used returns method was to drop off the parcel at the Post Office (26%), followed by the delivery provider picking up the parcel from the respondent's home (18%) or dropping off the parcel at a courier's parcel shop / postal service point (17%).



Question: Was this particular parcel delivered by...?

Question: Did you return this particular parcel?

Question: Did you return this parcel by...?

Question: How did you return this parcel?

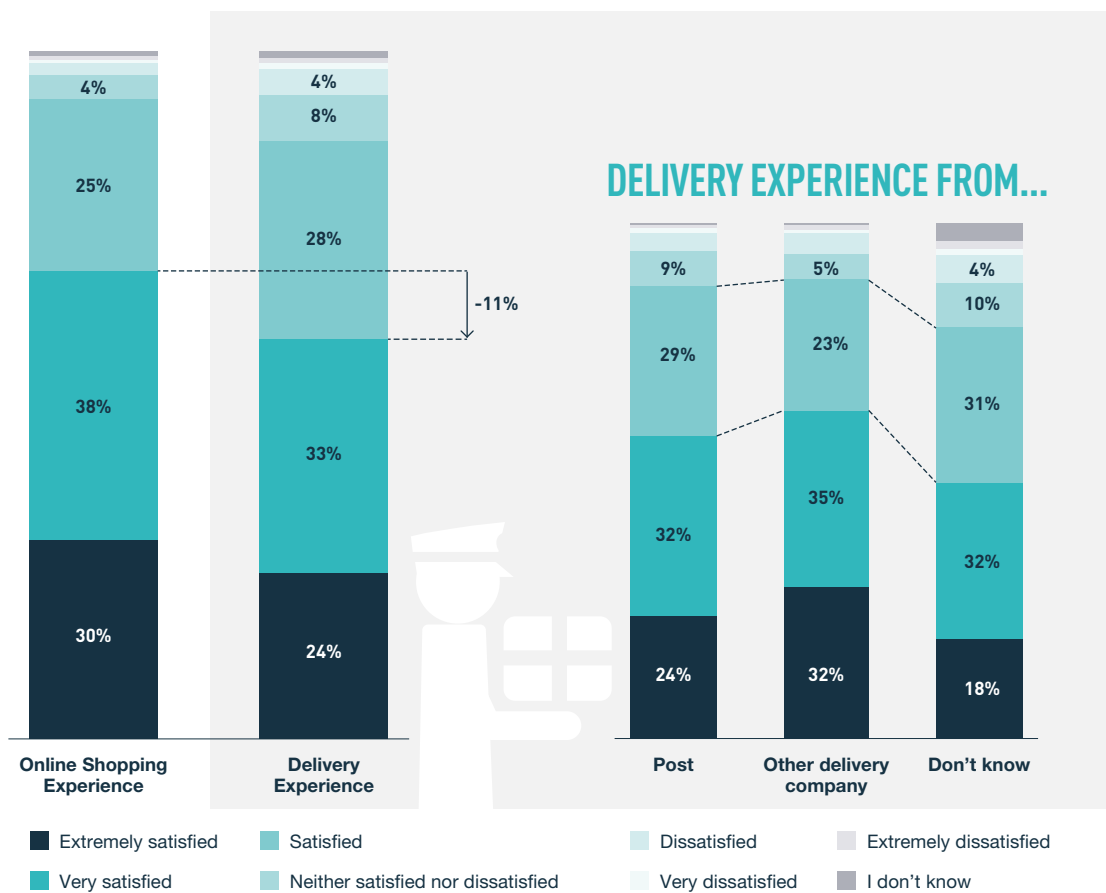
Sample: 28,892 (all respondents) / 1,714 (respondents who returned their parcel)

Overall satisfaction

Ninety-three percent of online consumers were satisfied and 68% were 'extremely/very' satisfied with their online shopping experience. Only 3% of consumers were dissatisfied with their online shopping experience.

Eighty-five percent of online consumers were satisfied and 57% were 'extremely/very' satisfied with their delivery experience. Only 6% were dissatisfied with their delivery experience. There was no difference in answers according to age or gender.

Fifty-six percent of consumers who used the post to receive this parcel were 'extremely/very' satisfied with their delivery experience, compared to 67% of those who used another delivery company and 50% who did not know who the delivery company was.

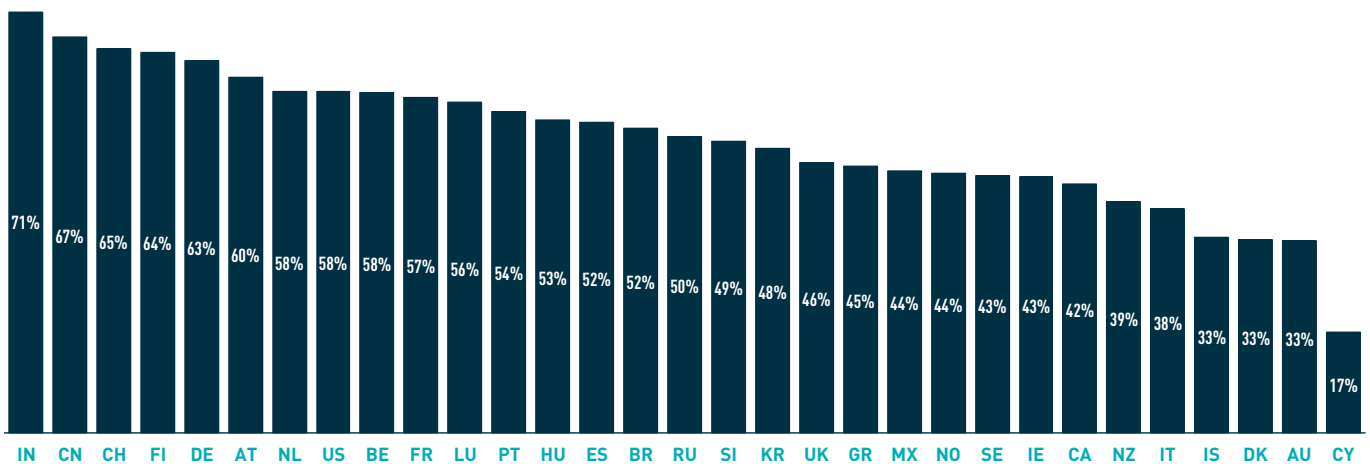


Question: How satisfied were you with the shopping experience / delivery experience for this particular purchase?
 Sample: 28,892 (all respondents)

E-commerce & direct mail

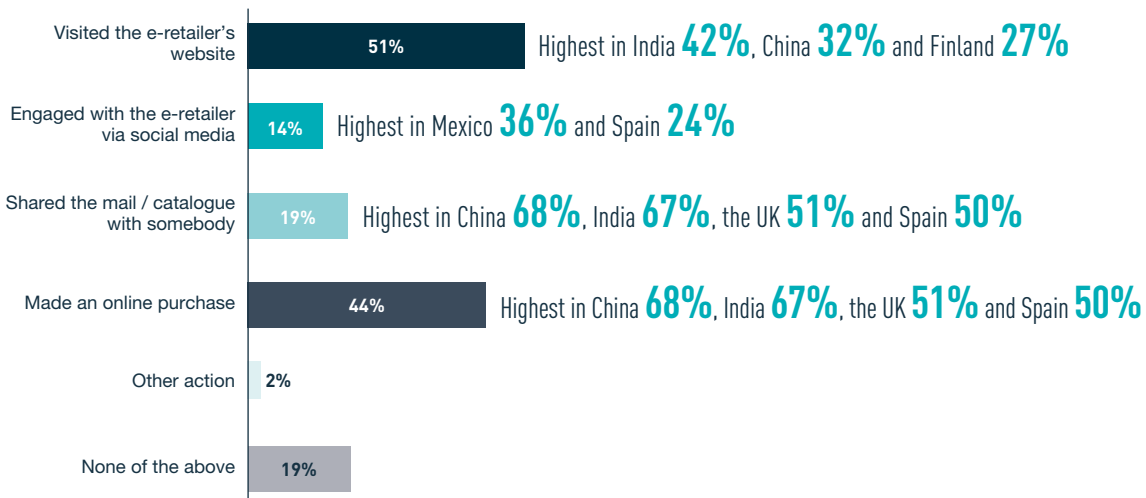
Respondents were asked to say whether they received advertising mail (i.e. paper adverts and catalogues) from e-retailers in the past year, and to identify who those retailers were. On average, 51% stated that they received advertising mail from e-retailers in the past 12 months.

Advertising mail was most widely used by e-retailers in India (71%), China (67%), Switzerland (65%), Finland (64%) and Germany (63%). It was least likely to be received from e-retailers in Cyprus (17%), Iceland, Denmark and Australia (all 33%).



Of the respondents who received advertising mail from e-retailers, half of them (51%) visited the e-retailer's website as a result. A significant 44% made an online purchase as a result of this direct mail from the e-retailer.

Furthermore, 19% shared this mail with someone, and 14% engaged with the e-retailer via social media after receiving this advertising mail.



Question: Have you received any printed advertising mail or catalogues from e-retailers in the past 12 months?

Question: Which of the following have you done in the past year as a result of receiving printed advertising mail or catalogues from e-retailers?

Sample: 28,892 (all respondents) / 14,681 (respondents who have received advertising mail from e-retailers)

IPC MARKET INTELLIGENCE



IPC Global Postal Industry Report

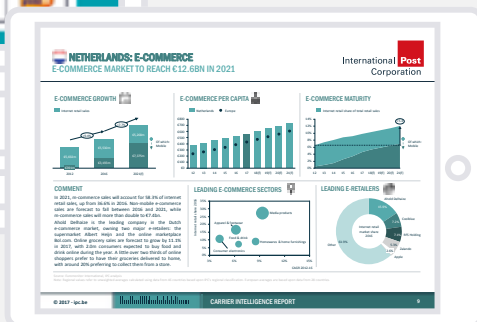
The IPC Global Postal Industry Report is the sector's most comprehensive, holistic and in-depth report on postal industry trends and performance.

- Over 130 pages of industry-specific analysis updated and refreshed each year
- Worldwide coverage of 45 postal operators
- In-depth review and comparison of corporate and business unit performance
- Solid foundation to benchmark performance and better understand industry trends
- 2017 report available for purchase and immediate download



IPC Carrier Intelligence Reports

IPC Carrier Intelligence Reports provide instant access to critical financial, operational, strategic and market information for 50 leading postal and parcel operators from Europe, Asia-Pacific, the Americas and Africa in an easy-to-read, consistent format.



Survey methodology

Scope of the research: The IPC cross-border shopper survey took place in 31 countries: Austria, Australia, Belgium, Brazil, Canada, China, Cyprus, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, India, Italy, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Portugal, Russia, Slovenia, South Korea, Spain, Sweden, Switzerland, the United Kingdom and the United States.

Target group: Frequent cross-border online shoppers, who have bought physical goods online at least once in the last three months and have made a cross-border online purchase in the past year. The target group was determined by quotas based on the age and gender profile of the online population per country.

Methodology: Quantitative research using online access panels supplied by Survey Sampling International (SSI). Fieldwork took place from 29th September to 20th October 2017.

Sample size: 28,892 completed responses for all the markets. The sample size was c.1000 respondents for 27 of the 31 survey countries (a smaller sample size was used in Luxembourg, Cyprus, Iceland and Slovenia).

Access to the full research findings and reports for each of the 31 countries is restricted to IPC members on the Knowledge Centre at www.ipc.be.

About International Post Corporation

International Post Corporation (IPC) is the leading service provider of the global postal industry that provides leadership by driving service quality, interoperability and business-critical intelligence to support posts in defending existing business and expanding into new growth areas. It is a cooperative association of 24 member postal operators in Asia Pacific, Europe and North America. IPC's solutions and services are used by over 180 posts worldwide. Since 1989 IPC has set standards for upgrading quality and service performance and developed technological solutions that help members enhance service for international letters, packets and parcels. IPC engages in industry research, creates business-critical intelligence, provides a range of platforms and programmes for member post CEOs and senior management to exchange best practices and discuss strategy. IPC also manages the system for incentive-based payments between postal operators.

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