

PayPal Unveils the Modern Spice Routes

US\$105 billion global cross-border shopping market

Cross-border payments between six key markets expected to grow 200% by 2018

Argentina, Russia and Israel are fastest growing export markets on PayPal platform

Five new types of cross border shoppers identified

Protection and trust are key drivers for cross-border transactions

SAN JOSE, Calif.--With the global economy still struggling, businesses and exporters can help increase their revenue by waking up to cross-border sales opportunities as revealed by new PayPal and Nielsen data released today.

The report titled **‘Modern Spice Routes: The Cultural Impact of Cross-Border Shopping’** analyzes cross-border online shopping and spending behavior in six major markets — the United States, the United Kingdom, Germany, Australia, mainland China and Brazil. It maps for the first time the new spice routes — those corridors of online trade between consumers buying directly from merchants in different parts of the world. The research report and video testimonials are available for download at www.paypal.com/spiceroutes.

The report reveals amazing insights about cross-border shoppers, and their payments preferences, to enable businesses and exporters to take advantage of this multi-billion dollar opportunity:

- In the six markets analyzed, cross-border online shopping will be worth \$105 billion this year, with 94 million consumers regularly buying from overseas websites.
- By 2018, this will increase nearly 200% to \$307 billion with 130 million cross-border online shoppers.
- Online merchants from the United States (45%) are the most popular market for those surveyed to buy from, followed by the United Kingdom (37%), mainland China (26%), Hong Kong (25%), Canada (18%), Australia (16%) and Germany (14%).
- Top purchase categories for cross-border shoppers across these 6 markets are: clothes, shoes and accessories (\$12.5 billion); health and beauty products (\$7.6 billion); personal electronics (\$6.0 billion); computer hardware (\$6.0 billion); jewelry, gems and watches (\$5.8 billion); and home electronics (\$5.4 billion).
- Top reasons for shopping online from overseas merchants are: “buying online to save money” (80%) and “more variety that cannot be found locally” (79%). Cross-border shoppers are not just looking for an online discount, but also searching overseas for high-quality, authentic items.
- Safety and trust are key drivers with 9 out of 10 claiming buyer protection is critical.

“Cross border trade is nothing new. Our local stores are filled with goods from around the world. What is new is how easy it has now become for consumers to shop online directly from merchants around the world and the massive opportunity that represents,” said **David Marcus, President, PayPal**. “The emergence of these ‘modern spice routes’ is great news for businesses the world over. Our message to merchants is if you are looking for new ways to grow your sales, especially in an economic downturn, start selling directly to 94 million cross-border shoppers in these 6 markets and own a piece of this \$105 billion market. For consumers, paying for items in a different currency or country has never been easier and we help make it safer with our buyer protection policy* available in 193 markets worldwide.”

Mike Walsh, an independent futurist, has analyzed the research findings. He says: "Throughout history, wherever goods have been traded, their exchange has had a cultural, as well as a commercial impact. And while in ancient times spices and silks from the East influenced the food and fashions of the West, today's picture is more complex, with micro-cultures springing up side by side as individuals express themselves in different ways by shopping in a virtual, global marketplace."

KEY FACTS & FIGURES:

Wake-up call for US businesses to sell and export online to cross-border shoppers

The research shows that cross-border shopping demand for American products from the other five surveyed markets is worth \$23.2 billion in 2013 and expected to grow to \$83.4 billion by 2018. American businesses can use cross-border e-commerce to meet overseas demand from key markets this year as follows:

- 84% of Chinese cross-border shoppers buy from US websites and will buy \$12.4 billion of American goods.
- 70% of British cross-border shoppers buy from US websites and will buy \$5.5 billion of American goods.
- 48% of German cross-border shoppers buy from US websites and will buy \$2.4 billion of American goods.

PayPal's own data, released for the first time, shows that online exports on its global payment platform continue to grow strongly as traditional export sectors for many economies slow down. Cross border trade today is about a quarter of PayPal's total payment volume with new online export corridors fast emerging.¹

- Argentina is the number 1 or 2 fastest growing opportunity for exporters in the US (72% growth); China (103% growth) and Brazil (117% growth).
- Russia is one of the five hottest export opportunities for businesses in the US (41%), UK (36%), Germany (75%), Australia (67%), China (55%), and Brazil (168%).
- Israel is one of the fastest growing markets for exporters in the US (34%), UK (51%), Australia (55%), China (73%), and Brazil (77%).

New Cross Border Shopping Tribes Identified

- **Fearless Adventurers:** Like to be different and are always on the hunt for new overseas websites. Love shopping on their mobile devices and are happy to pay more for unique items not available locally. Do 30% of their shopping on overseas websites.
- **Efficient Explorers:** Busy people, so convenience is very important. Mostly buy from overseas sellers whom they know and trust, and will spend a lot for an online purchase, like entertainment or air tickets.
- **Value Voyagers:** Love shopping and keeping track of the latest trends. Check and compare overseas purchases using their favorite online tools to ensure they find the best quality and good value products.
- **Safety Seekers:** Shop online more for leisure, but like the variety and brands found on overseas websites. Careful about what they buy and only shop from trusted online sellers or those with a return policy.
- **Deal Hunters:** Don't shop online very often and when they do, they mostly buy from their own country's websites. But if they spot a bargain or lower price on overseas websites, they will snap it up.

Be Safer, Not Sorry

The research also highlighted the top concerns for consumers buying from overseas merchants:

- Nearly 7 out of 10 (69%) cross-border online shoppers cite fear of identity theft and fraud as the main deterrent against making a cross-border online payment.
- Meanwhile, 9 out of 10 (88%) cross-border online shoppers believe that buyer protection is important or very important when making an overseas online purchase, with the highest response rates from shoppers in emerging markets.

Survey Methodology

Commissioned by PayPal, The Nielsen Company conducted a research study to develop a greater understanding of the cross-border online shopping market and habits of consumers in six key markets around the world: the United States, the United Kingdom, Germany, Australia, mainland China and Brazil. The research was conducted online and surveyed more than 6,000 cross-border online shoppers across these six markets, aged 18 and above, from May 27 to June 12, 2013.

About PayPal

PayPal is the faster, safer way to pay and get paid online. The service allows people to send payments without sharing financial information, with the flexibility to pay using their account balances, bank accounts (where available), credit and debit cards in various markets. PayPal is an eBay company and enables global e-commerce with over 132 million active accounts in 193 markets and 25 currencies around the world. PayPal is headquartered in San Jose, California and its international headquarters is located in Singapore. More information about the company can be found at www.paypal.com.

* Buyer protection is available for eligible purchases if you meet our requirements.

Notes:

- 1 Growth data compares full year 2012 to 2011

<https://newsroom.uk.paypal-corp.com/2013-07-22-PayPal-Unveils-the-Modern-Spice-Routes>