

Frictionless Commerce for International Success



Filippo Battaini
Research Manager,
IDC Retail Insights



Sofia Poggi
Senior Research Analyst,
IDC Retail Insights

Executive Summary

Cross-border ecommerce and payment technology are evolving to remove barriers and drive business growth.

In today's competitive retail landscape, expanding into new markets and geographical regions ranks as a top priority for European retailers. In July and August of 2024, IDC surveyed over 300 merchants across Belgium, Denmark, Ireland, Finland, the Netherlands, Norway, and Sweden and more than 4,000 consumers in France, Germany, the Netherlands, and the U.K. to find out more about consumers' expectations and preferences when shopping across borders and merchants' strategies to expand their international business. According to the research, **83% of retail merchants consider cross-border ecommerce essential** for tapping into larger markets, underscoring its importance in their growth strategies.

Still, selling to consumers abroad remains a challenge for many local sellers. Nearly half of consumers surveyed abandon their purchases at checkout when buying from international sellers. This behavior is driven primarily by concerns about payment security and unexpected costs at checkout, both of which are significant contributors to online cart abandonment.

Payment solutions play an important role in addressing these barriers and improving international purchase success rates, as they streamline the online customer journey and enhance security, particularly at the checkout and payment stages.

The research finds that merchants implementing advanced payment platforms see substantial improvements in key business metrics, including revenue growth, gross profit margins, and payment success rates. By adopting robust payment solutions, retailers can achieve their strategic objectives more effectively. These include generating new revenue from international sales and improving the online shopping experience by increasing payment success rates, boosting conversion rates, and enhancing customer loyalty.



Consumers' Appetite for Cross-Border Shopping

Consumer purchasing behavior is rapidly evolving, driven by the convenience of shopping online. The widespread use of mobile technology is also reshaping how consumers shop, enabling them to buy on the go and access global marketplaces via their smartphones.



40% of consumers buy products and services online at least once a month.



55% of consumers that shop online mostly do so through their smartphones.

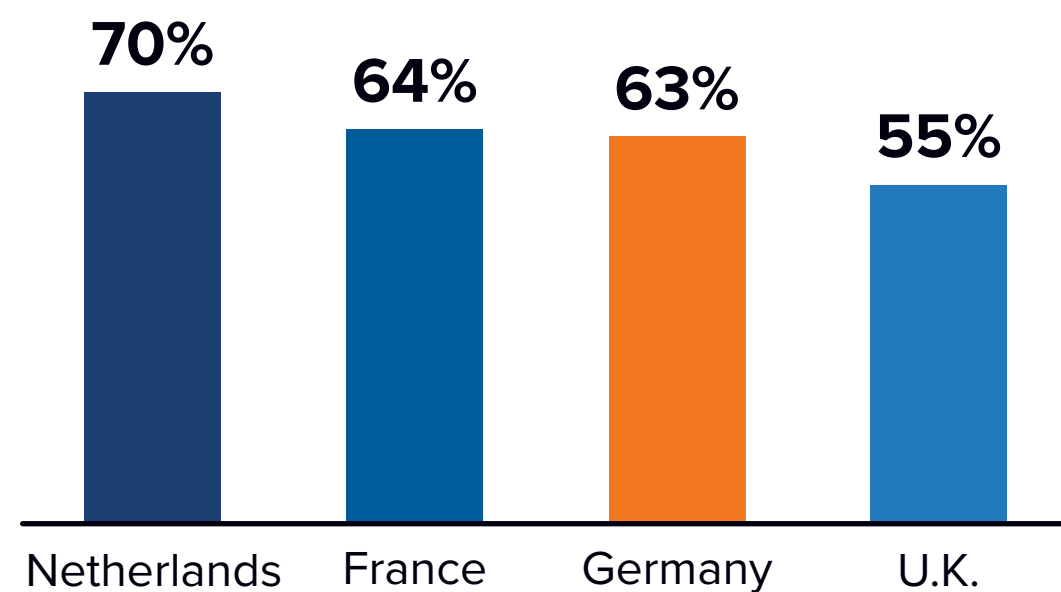
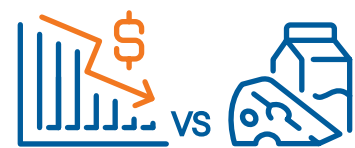
Some 54% of consumers surveyed spent more than €50 on online purchases from international sellers in the month before the survey. While this is lower compared with the 79% of consumers who spent at least €50 on online purchases from domestic merchants, it still represents a significant portion of the market. This considerable share of shoppers buying from overseas highlights a substantial opportunity for international merchants to tap into a growing consumer base that is willing to spend on cross-border ecommerce.

Today's consumers purchase from international sellers to access unique products, broader selections, and attractive pricing and promotions. The digital age has empowered shoppers to explore options beyond their local markets, particularly when domestic retailers do not fully meet their needs or offer competitive pricing.

Key reasons that consumers are choosing to shop online with sellers based abroad:

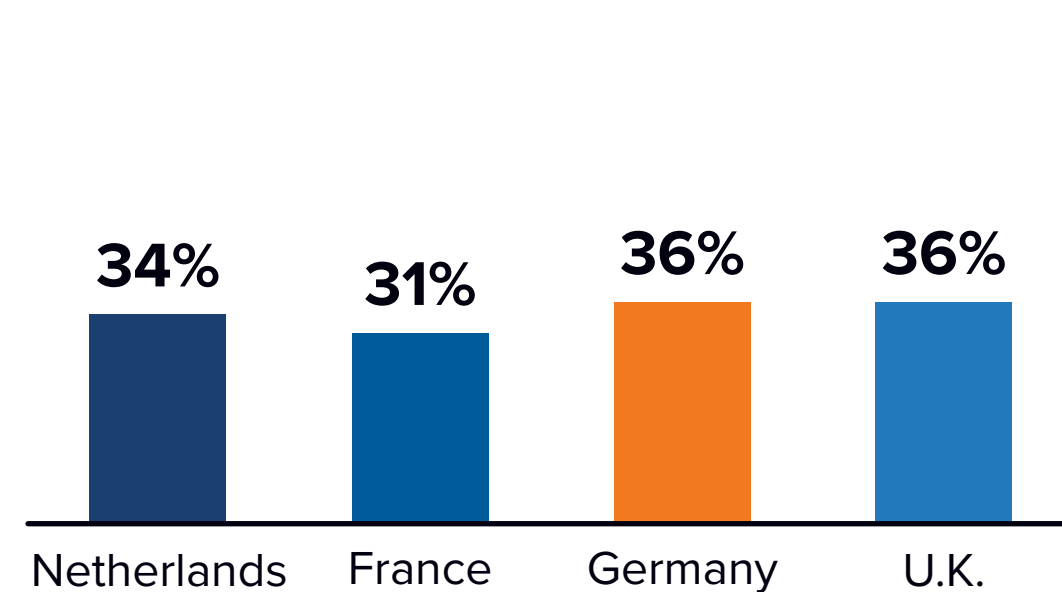
#1

Lower prices versus those available in the domestic market:



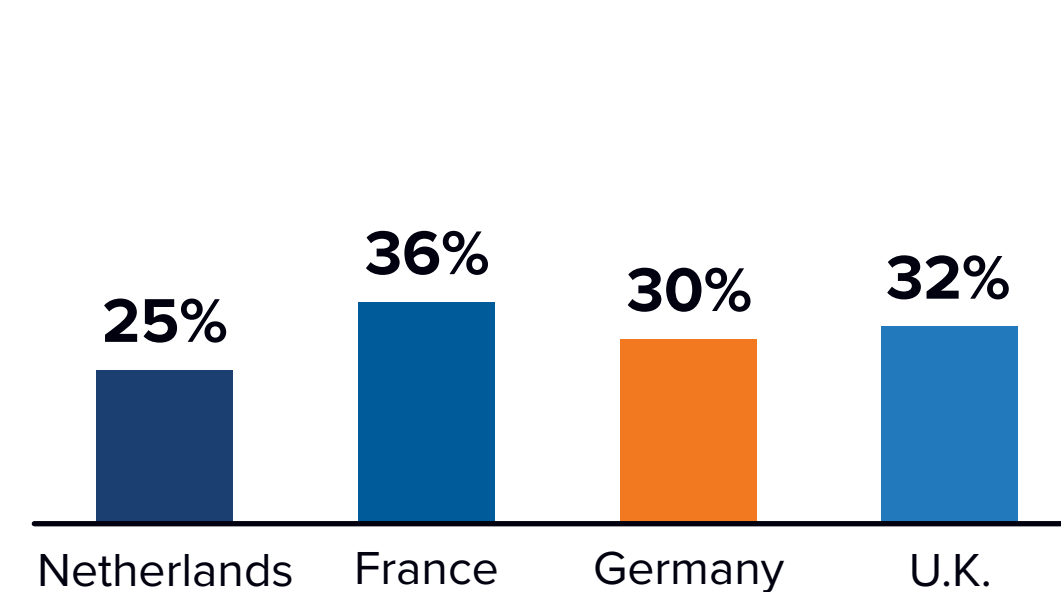
#2

Unique products unavailable in the domestic market:



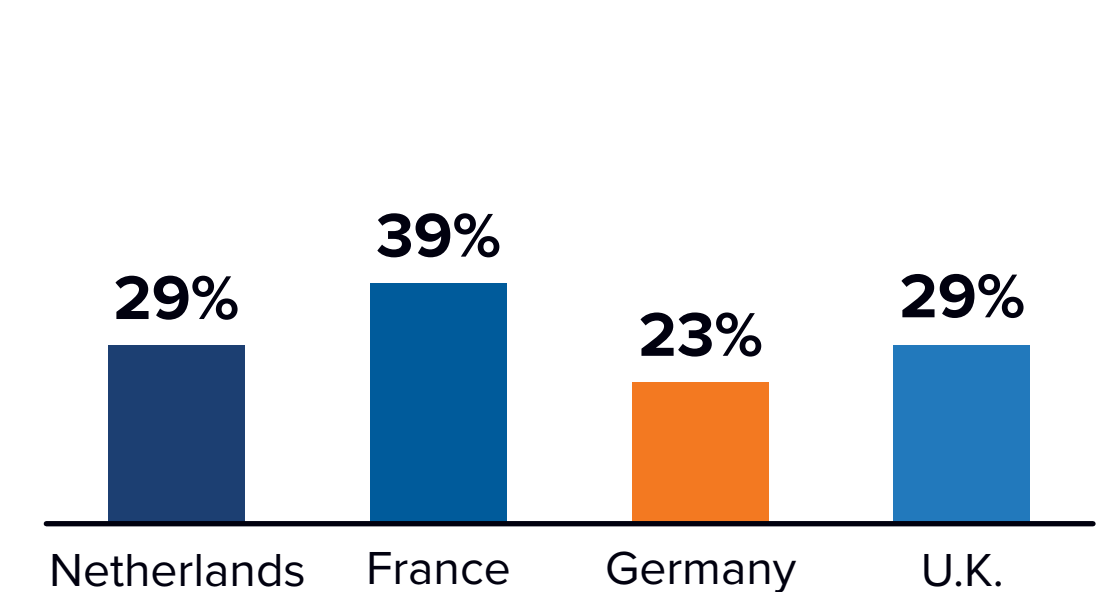
#3

Greater variety of products:



#4

Access to promotions and discounts:



Younger Consumers Leading in Cross-Border Shopping

Fashion is the leading category for cross-border purchases, driven largely by younger consumers who are more adventurous and willing to explore international markets. The variety of products being bought from international sellers, including everyday essentials and health and beauty items, reveals the broad opportunities available to merchants. Younger consumers (aged 18–34) are more active in cross-border ecommerce across multiple categories, indicating a strong potential market for international sellers targeting this demographic.

Top 3 product categories for shoppers' purchases from international sellers:

#1

Fashion and apparel:



- Bought frequently or very frequently by 33% of consumers surveyed in France, 30% in the U.K., 29% in Germany, and 28% in the Netherlands
- Younger consumers spend more in this category than older consumers, with 49% of shoppers aged 18–24 buying in this category frequently or very frequently from international sellers vs. 21% of consumers aged over 45.

#2

Everyday essentials (e.g., personal care and household supplies):



- Bought frequently or very frequently by 23% of consumers surveyed in the U.K., 19% in France, 17% in Germany, and 14% in the Netherlands
- Consumers aged 25–34 are the top buyers in this category, with 35% of shoppers in this age bracket buying frequently or very frequently in this category from sellers abroad.

#3

Health, beauty, and wellbeing:

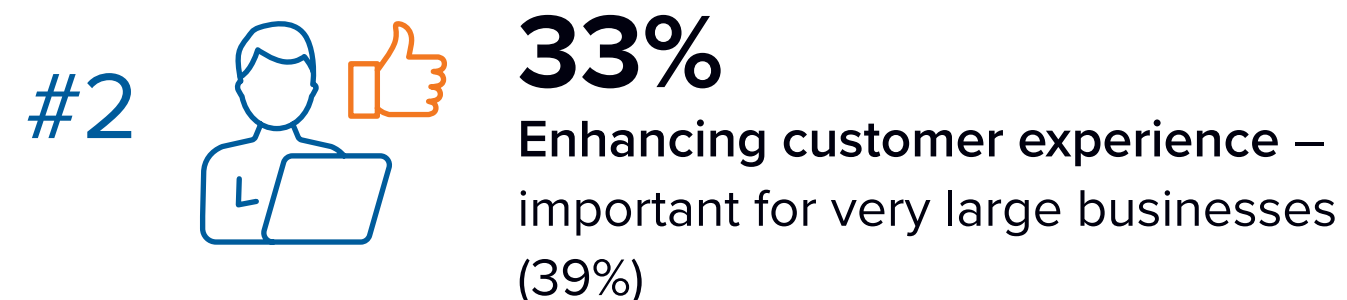
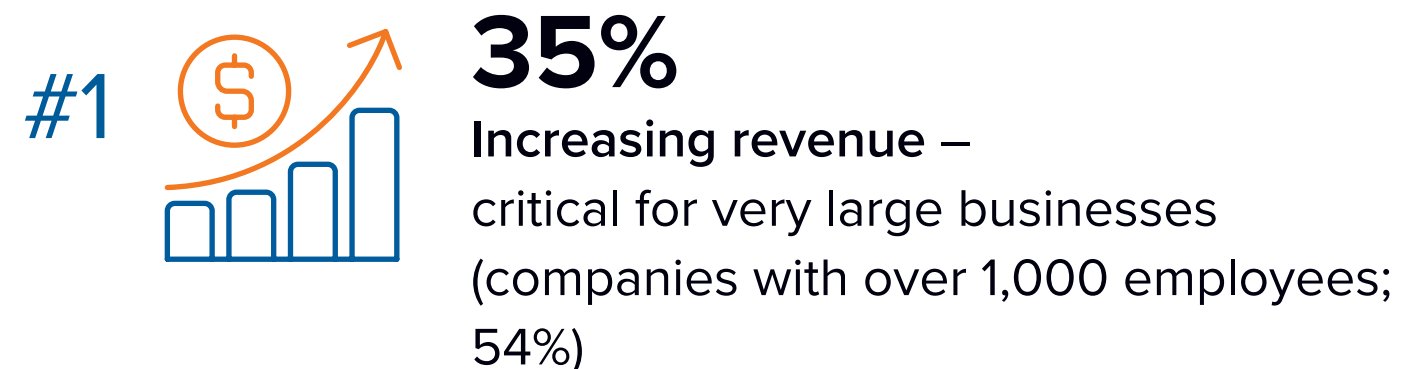


- Bought frequently or very frequently by 22% of consumers surveyed in the U.K., 16% in France, and 14% in Germany and the Netherlands
- Consumers aged 18–34 spend more in this category, with 33% of shoppers in this age bracket buying frequently or very frequently in this category from sellers abroad.

Seizing Cross-Border eCommerce: A Strategic Growth Path for Merchants

In today's competitive ecommerce landscape, merchants prioritize rapid growth and continuous innovation to stay ahead. Expanding into new markets boosts revenue by accessing profitable customer segments. Enhancing the customer experience is crucial for retaining and attracting new customers.

Top 3 business priorities for merchants:



With a focus on growth, merchants are increasingly integrating cross-border ecommerce into their strategies. This approach allows them to access new customer segments, diversify revenue streams, and mitigate risks associated with economic instability and market disruptions in their existing markets. Additionally, cross-border ecommerce drives the optimization of supply chains and logistics, leading to better economies of scale and more flexible operations.

The strategic role of cross-border ecommerce in supporting merchants' key business priorities:

Access to larger markets:



83% of merchants believe cross-border ecommerce is essential for reaching larger, more profitable customer bases, allowing them to scale their businesses beyond domestic markets.

Optimizing supply chains:



81% of merchants consider cross-border ecommerce as a key driver in their growth strategies, as it enhances and streamlines supply chain operations and logistics, enabling better deals with suppliers.

Revenue diversification:



79% of merchants view cross-border ecommerce as crucial for diversifying revenue streams, providing a safeguard against economic downturns, and addressing market-specific challenges in their home country.

Technology and Customer Trust Driving Cross-Border eCommerce, Despite Headwinds

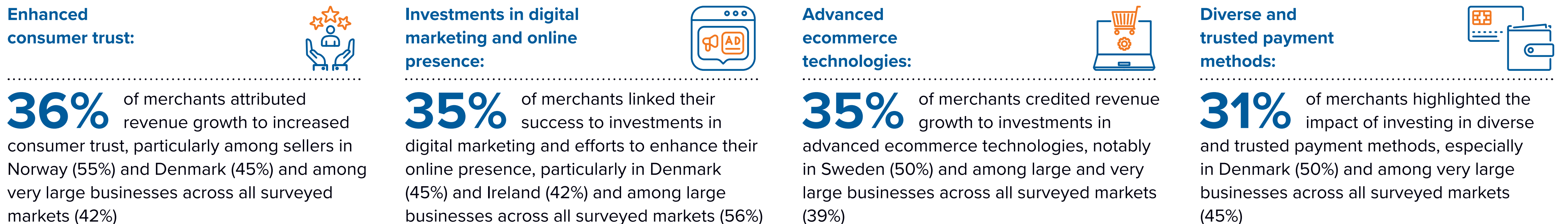
Merchants engaged in cross-border sales encounter numerous challenges. Economic headwinds and geopolitical tensions bring uncertainty, impacting average consumer spending across various product categories. Furthermore, supply chain disruptions and logistical issues make shipping and fulfillment processes for international transactions more complex.

Key external challenges companies have faced in cross-border ecommerce in the last 12 months:



Despite these obstacles, cross-border ecommerce is showing resilience; 60% of merchants experienced an increase in cross-border sales in the 12 months before the research. This positive trend results from the impact of several key drivers contributing to revenue growth for merchants engaging in cross-border ecommerce, including investment in technology and enhanced consumer trust.

The main drivers of cross-border ecommerce revenue growth:



Aligning Strategies: Capturing Cross-Border Shoppers

For merchants selling across borders, being present where international shoppers are searching for you is crucial. Shoppers begin their cross-border shopping journeys by looking for product information across various platforms, including search engines, marketplaces, and customer review sites. Online marketplaces are central to product discovery. Consumers appreciate the variety these platforms offer and the convenience of purchasing items directly on the same site.

Where shoppers start their cross-border shopping journeys:



Younger consumers rely significantly more on social media for international shopping vs. other age groups. **Among shoppers aged 18–24, 68% use social media and online influencers for product discovery.** While search engines remain the primary channel for initiating their cross-border shopping journeys (46%), social media is a close second, with 45% of shoppers in this age bracket starting their international shopping journeys on social media.

Merchants are focusing their marketing efforts to attract international shoppers in the key channels used most by customers shopping across borders, including marketplaces, social media, and search engines.

Top marketing channels used by merchants to attract international customers:




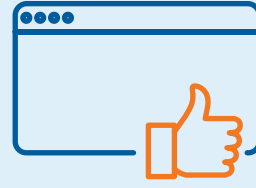
There is scope for the closer alignment of merchants' efforts and shoppers' preferences. By aligning their marketing strategies more closely with shopper behaviors, merchants can more effectively attract and retain international customers, driving growth in cross-border ecommerce. Merchants may want to continue to invest in search engine optimization (SEO) to capture a significant portion of cross-border customers starting their shopping journeys on search engines, maintain a strong presence on marketplaces, and increase investments in social media marketing and influencer partnerships to capture younger shoppers buying internationally.


Trust and Seamless Shopping to Drive Conversion Rates

While today's consumers are increasingly looking at buying from international sellers, converting this interest into actual sales requires merchants to build trust and deliver a seamless shopping experience. The digital landscape has made it easier for consumers to explore global options, but it has also raised consumers' expectations. To compete with established international marketplaces and domestic players, merchants must ensure secure payment processes to meet consumer demand for safety and reliability and create a trustworthy website experience that instills confidence in international customers, positioning the merchants' sites as preferred shopping destinations.

Top 3 factors influencing purchase decisions from international merchants:

- 





Secure payment processing:
a top priority across all regions, with 88% of consumers considering it very or extremely important when deciding to purchase
- 

Website trustworthiness:
essential for 85% of consumers, reflecting the need for a credible and reliable online presence
- 

Shipping costs:
a critical factor for 78% of consumers, significantly influencing their decision to buy from international sellers

The checkout phase remains a critical moment of truth in the shopping journey. Obstacles such as unexpected costs, additional complexities, or cumbersome steps can rapidly lead to frustration and cart abandonment:

Key factors causing cart abandonment among consumers shopping across borders:

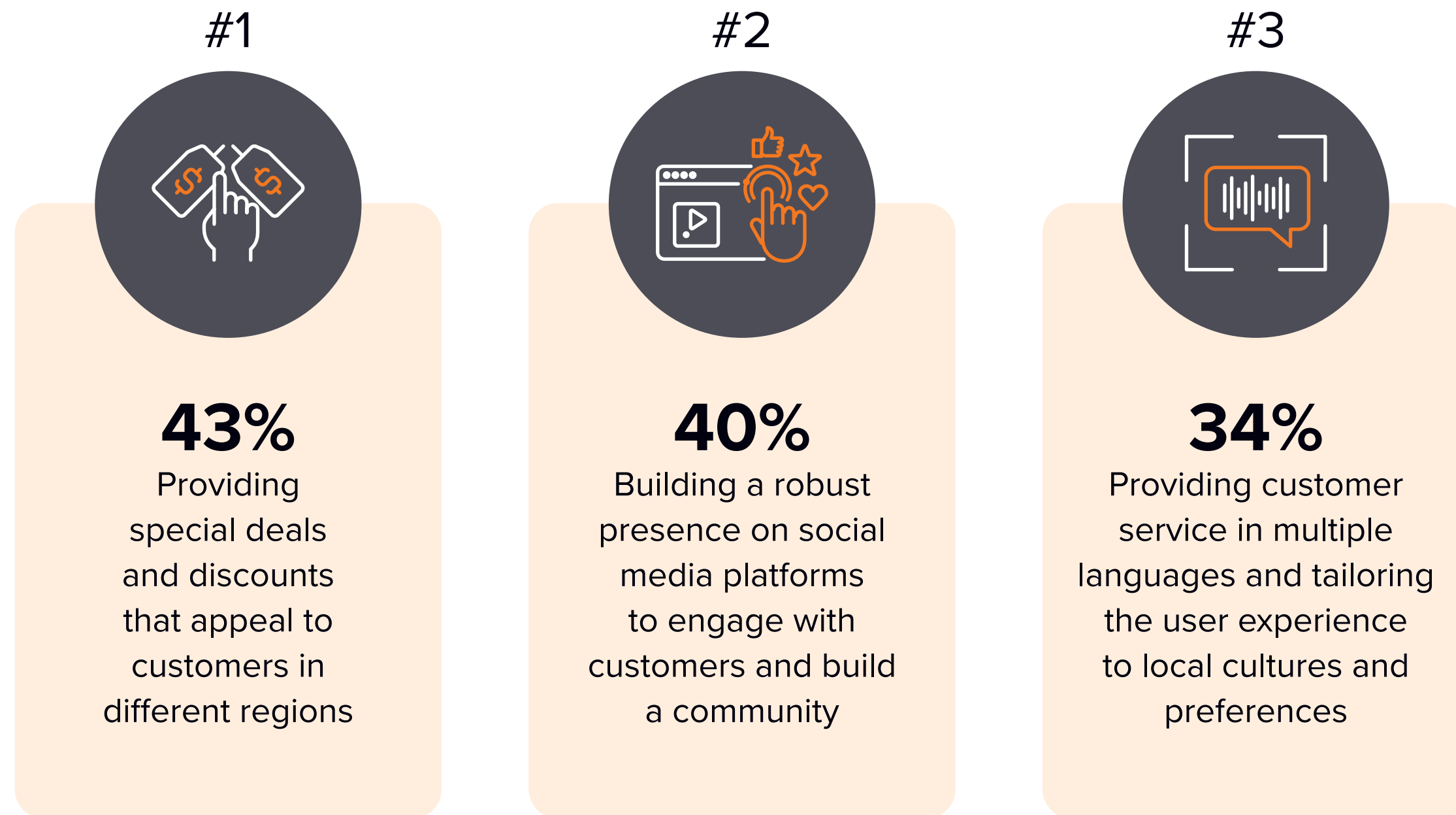
 <p>Lack of cost transparency:</p> <p>75% of consumers would abandon their cart if final costs were not transparent, particularly if shipping fees or hidden charges were shown late in the process.</p>	 <p>Security concerns:</p> <p>73% of shoppers are likely or extremely likely to abandon their cart if they are not offered secured payment options.</p>	 <p>Complicated checkout process:</p> <p>71% of consumers would abandon a purchase if the checkout process were too complex, including too many steps, unclear instructions, or technical problems.</p>	 <p>No preferred payment method:</p> <p>65% of consumers would abandon a purchase if their favorite payment method were not available.</p>
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“
If you don't have the right [payment and delivery] methods, there's first of all a lack of trust and people are not going to convert.”
COO, Global Fashion and Apparel Brand

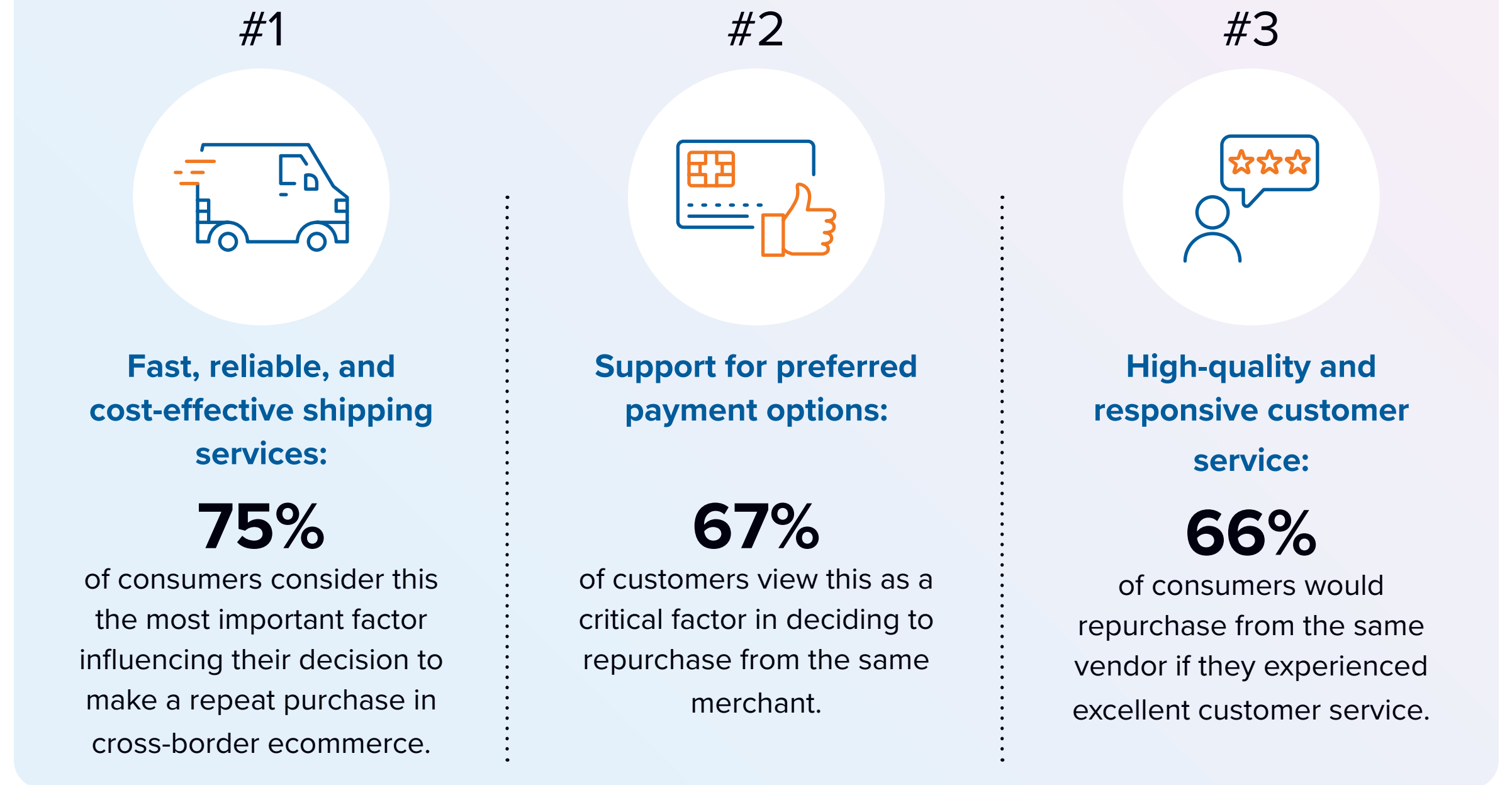
Enhancing Retention: Focusing on Experience, Not Just Discounts

Retaining international customers in cross-border ecommerce requires more than just loyalty programs and promotions. While these tactics remain valuable, the key drivers of repurchase are rooted in providing a seamless and positive shopping experience.

Top 3 strategies used by merchants to retain international customers:



Top drivers of repurchase for international customers:

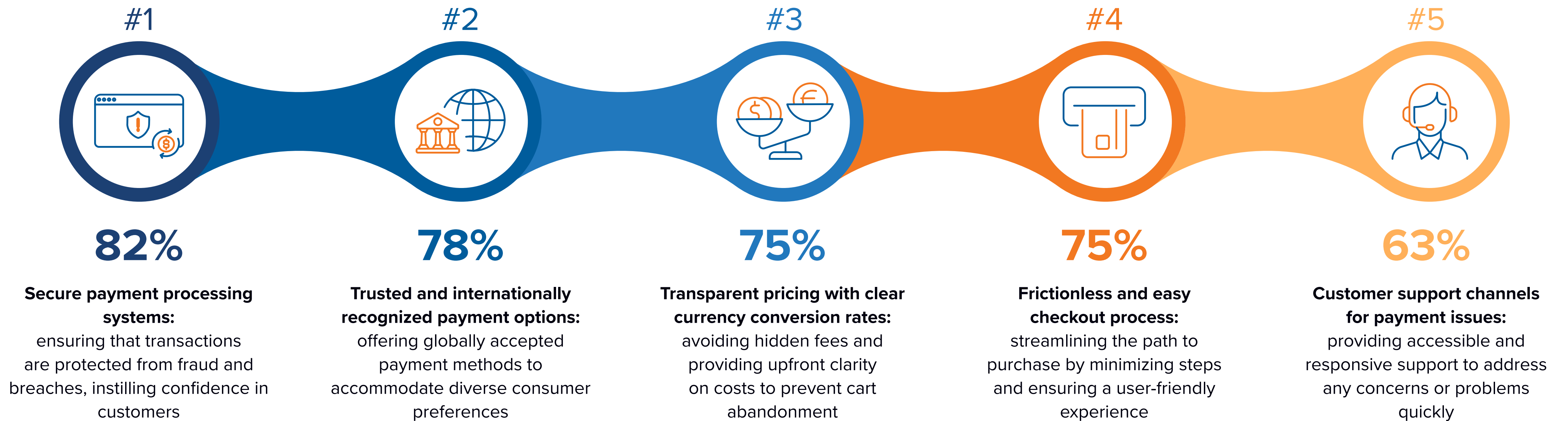


There is a notable mismatch between merchants' retention strategies and the actual drivers of consumer repurchase behavior. While many merchants prioritize promotions and discounts to encourage loyalty and repeat sales, consumers place greater value on a seamless and convenient shopping experience — particularly in areas like shipping, payment options, and post-purchase support. Merchants may want to consider optimizing these aspects to complement their current investments in discounts, promotions, and loyalty activities, which were identified as important factors for repurchase by 41% of consumers. Aligning strategies more closely with consumer preferences can significantly enhance customer retention and loyalty in international markets.

Secure, Simple, and Trusted: Keys to Cross-Border Payment

When buying from international merchants, consumers prioritize convenience and security. The availability of multiple trusted payment options is essential for completing a purchase, as it reassures customers about the security of their transactions. In an increasingly competitive ecommerce landscape, merchants must ensure a seamless and straightforward checkout process. This includes offering features like guest checkout options to prevent unnecessary delays and reduce friction, thereby enhancing the overall shopping experience.

Top 5 consumer expectations for cross-border payments:



By addressing these expectations, merchants may be able to facilitate smoother transactions and build lasting trust with their international customer base, fostering loyalty and encouraging repeat business.

Digital Checkout Leading Cross-Border Payments

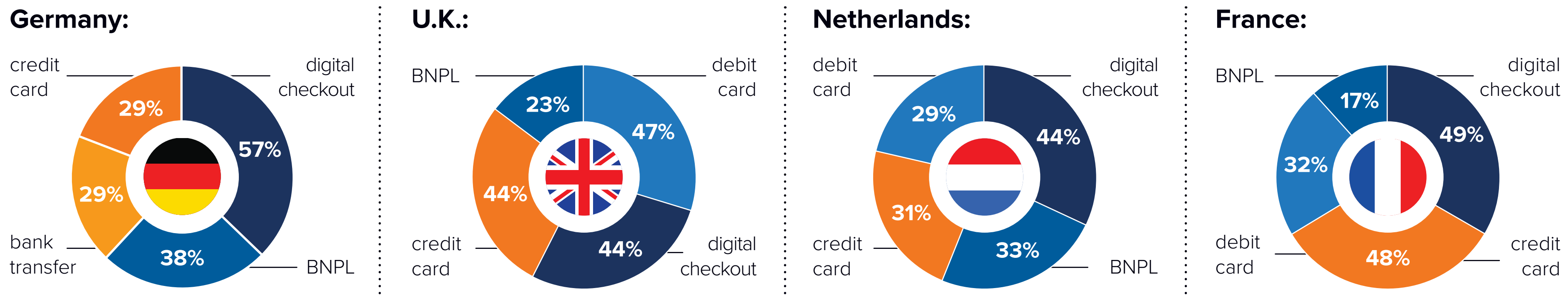
For cross-border online purchases, the choice of payment method is crucial, as consumers see some payment options as safer than others. Digital checkout (such as PayPal), is considered a secure option by respondents, with **70% of consumers saying digital checkout is the most trusted payment method to keep the payment secure when shopping across borders**. Credit cards feature as a distant second, with 55% of shoppers saying that they trust or completely trust this payment method when shopping across borders.

Most trusted payment options by consumers shopping cross-border:



Consumers' adoption of payment methods varies significantly by country. In Germany, digital checkouts are the most popular option for international shopping. Interestingly, buy now, pay later (BNPL) options, such as Klarna and PayPal pay later, are more widely used than debit and credit cards. BNPL is used extensively by shoppers based in the Netherlands. U.K. consumers use debit cards more for cross-border purchases.

Top payment options used by consumers shopping across borders in the last 12 months by country:



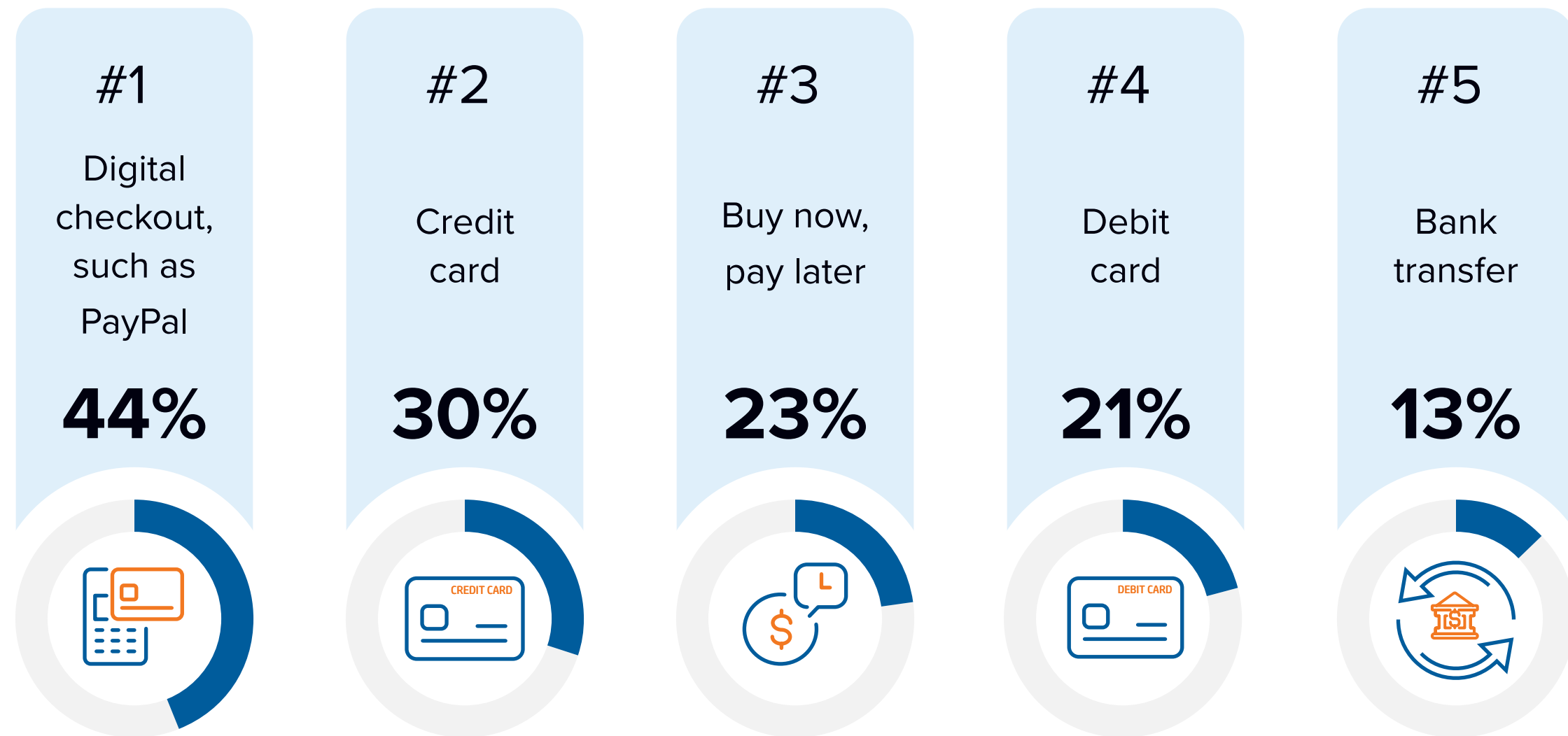
“When selling across borders, it's essential to consider country-specific preferences. For example, the popularity of BNPL payment methods in the Nordics must be effectively addressed and managed to succeed in these markets while maintaining profitability.”

Senior Product Manager,
Global Sportwear Brand.

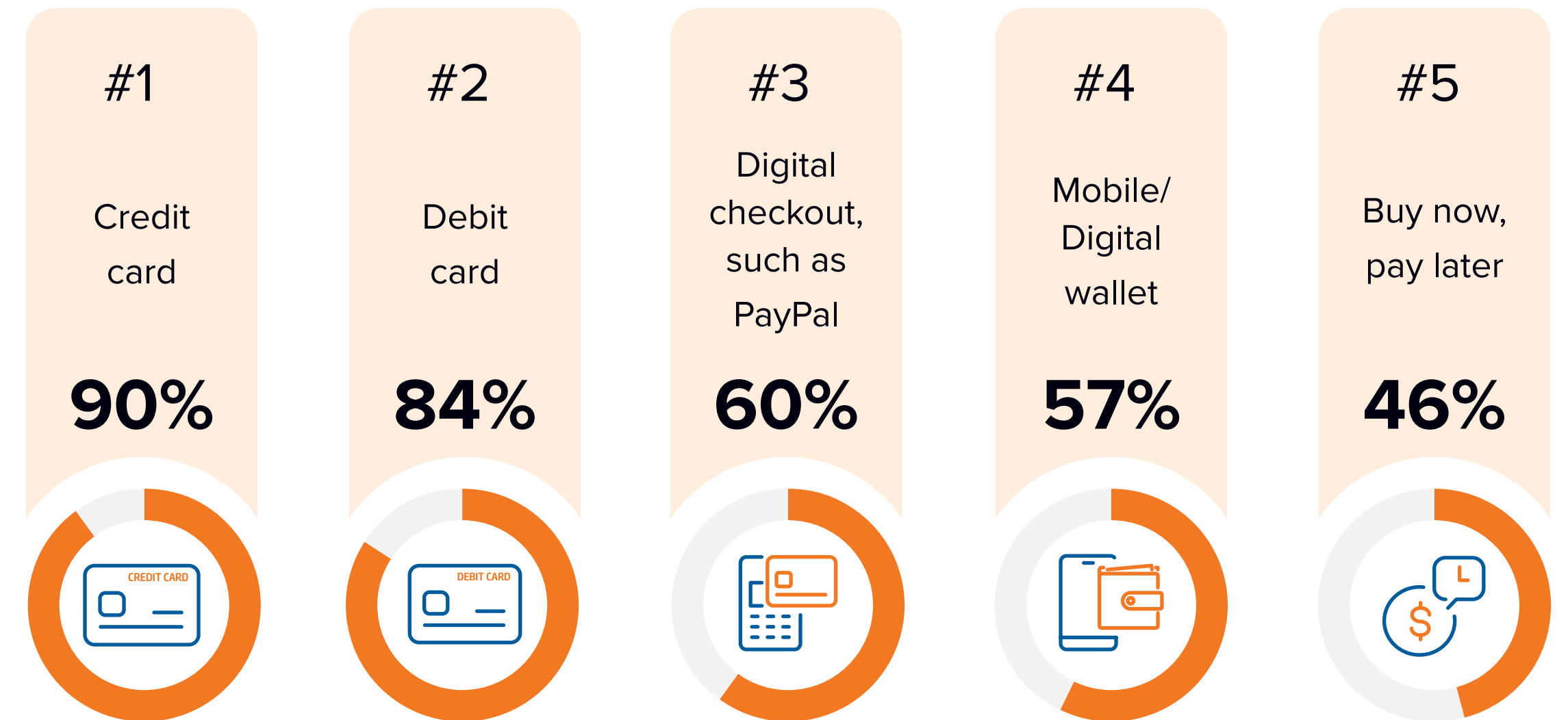
Mind the Gap: Aligning Payment Options with Consumer Preferences

To succeed in cross-border ecommerce, merchants must align their payment options with consumer preferences. Meeting shoppers' payment expectations may not only enhance the shopping experience but also build trust and encourage repeat business. The following data highlights the preferred payment methods of consumers and the current offerings by merchants, underscoring the importance of bridging any gaps to optimize customer satisfaction and conversion rates.

Preferred payment methods when purchasing from or making payments to international merchants across countries:



Payment methods offered by merchants to international customers:



There is a notable gap between the payment methods offered by merchants and the preferences of consumers. **Although digital checkouts are the preferred payment method across countries, only 60% of merchants surveyed currently support them.** By contrast, 91% accept credit cards, and around 84% of merchants offer debit card payments. Additionally, the growing consumer interest in BNPL solutions highlights the need for its rapid adoption by merchants, as fewer than 50% of merchants currently offer BNPL options, except those in the Netherlands, where adoption is significantly higher, at 69%.

Best Practices for Cross-Border eCommerce Expansion

Best practice #1: Invest in technology to improve security and streamline operations.

As cross-border ecommerce continues to expand, merchants must strategically invest in technology to remain competitive. Merchants may need to adopt a comprehensive approach that integrates robust technology solutions across all areas of operations, including ecommerce platforms, payment processing, shipping, and logistics.

Key technologies for cross-border ecommerce over the next 12 months:



Fraud detection and prevention tools:

96%

of merchants consider investing in advanced fraud detection and prevention tools essential for safeguarding transactions, protecting customer data, and maintaining brand trust in cross-border ecommerce. With the increase in cross-border transactions, the risk of fraud may also arise.



Inventory and order management systems with global tracking:

90%

of merchants believe that investing in technology for effective inventory and order management is critical for meeting customer expectations in cross-border ecommerce. Systems with global tracking capabilities help businesses optimize inventory levels, streamline order fulfillment, and provide accurate delivery timelines to customers.



eCommerce platforms:

83%

of merchants view robust and scalable ecommerce platforms as extremely important for optimizing cross-border operations. These platforms can help successful online operations, enhancing merchants' ability to customize the shopping experience to meet the diverse demands of international markets.



Payment platforms with advanced payment:

79%

of merchants see investing in seamless payment processing as crucial for improving their cross-border ecommerce. Advanced payment platforms that support multiple currencies, localized payment methods, and secure transactions help reduce cart abandonment rates and ensuring a smooth checkout experience for international customers, thereby enhancing the overall customer experience and boosting sales.

Best Practices for Cross-Border eCommerce Expansion

Best practice #2: Diversify payment offering and capabilities.

Payment processing is a key challenge for merchants in cross-border ecommerce. Merchants are tackling exchange rate fluctuations, high transaction costs, regulatory compliance, and customer concerns about payment security by leveraging different payment methods and payment solutions, as well as collaborating with third-party providers and investing in payment platforms.

Key strategies to address payment processing challenges:



Offering diverse payment methods:

a key strategy across countries, particularly among merchants in Belgium, Denmark and the Netherlands



Utilizing third-party services (e.g., payment processors):

seen as particularly important by merchants in Sweden and the Netherlands



Investing in technology and software solutions:

considered very important across geographies, particularly among very large businesses

Best Practices for Cross-Border eCommerce Expansion

Best practice #3: Adopt advanced payment platforms for international business growth.

Advanced payment platforms are key for merchants looking to excel in cross-border ecommerce. By prioritizing secure and effective payment solutions, merchants may be able to grow their business internationally by improving cross-border shopping experience and enhancing customer trust.

Merchants that have invested in advanced payment platforms report significant improvements in key business metrics:



95%

of merchants have recorded a notable increase in revenue growth rates.



90%

have experienced a substantial rise in gross profit margins, indicating more efficient and cost-effective payment processing.



89%

have reported an increase in payment success rates, which has reduced the number of failed transactions and enhanced customer trust.

Despite the advantages, some merchants, especially small and medium-sized businesses (SMBs — fewer than 500 employees), have yet to prioritize investments in advanced payment platforms. Only 46% of merchants have adopted such platforms. SMBs lag behind, with just 35% adoption, compared with 84% among very large businesses. Additionally, 36% of SMBs are currently in the process of implementing an advanced payment platform. This may highlight substantial scope for improvement in cross-border ecommerce growth, particularly among SMBs, as they catch up with the adoption of advanced payment platforms.

Key Takeaways: Sales Growth and Customer Loyalty via Seamless Cross-Border Shopping Journeys

To thrive in cross-border ecommerce, merchants may need to focus on delivering a seamless shopping experience, aligning marketing strategies with consumer behavior, offering preferred payment options, and investing in advanced payment technologies. **Here are four key strategies that may help achieve these goals:**



Enhance global customer loyalty through a seamless shopping experience:

To turn global customer interest into actual sales, delivering a smooth and frictionless shopping experience is important. While many merchants prioritize promotions and discounts to drive sales, consumers value a seamless and convenient shopping experience. Therefore, optimizing cross-border ecommerce involves building website trustworthiness, offering transparent pricing, and simplifying the checkout process. By addressing major friction points at checkout — such as providing preferred payment methods, eliminating unexpected costs, and offering clear shipping information — merchants may be able to significantly boost conversion rates and foster long-term customer loyalty.



Refine marketing strategies to align with consumer behavior:

By aligning marketing strategies with how consumers discover and interact with international brands, merchants may be able to boost brand awareness and drive sales conversions. Search engines and online marketplaces are the primary channels for cross-border product discovery. Therefore, improving visibility on these platforms through targeted SEO and marketplace optimization is important for brands aiming to succeed in cross-border sales. Social media a very effective channel for engaging younger demographics, making it crucial for targeting this increasingly important audience.



Align payment options with consumer preferences:

Offering digital checkout options, the preferred payment option for most consumers, may allow merchants to better cater to the consumer buyer journey. Despite the popularity of digital checkout across geographies, only 60% of merchants currently support it. By expanding support for digital checkout and other preferred payment methods, merchants may be able to reduce cart abandonment, build trust, and enhance the shopping experience.



Support business goals with advanced payment technologies:

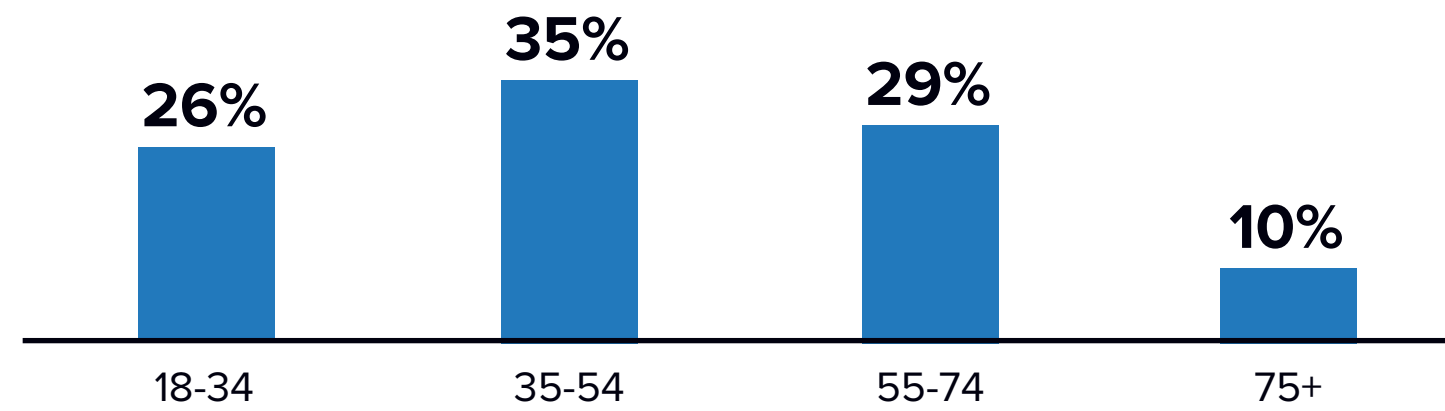
Investing in advanced payment technologies that help secure, seamless, and efficient transactions aligns with merchants' broader business goals and objectives. Integrating payment platforms that offer multi-currency support and localized payment methods is crucial to succeed in meeting diverse consumer preferences. With 95% of merchants reporting increased revenue growth after implementing advanced payment systems, investing in these technologies is important for driving business growth and enhancing customer satisfaction.

Consumer Survey Methodology

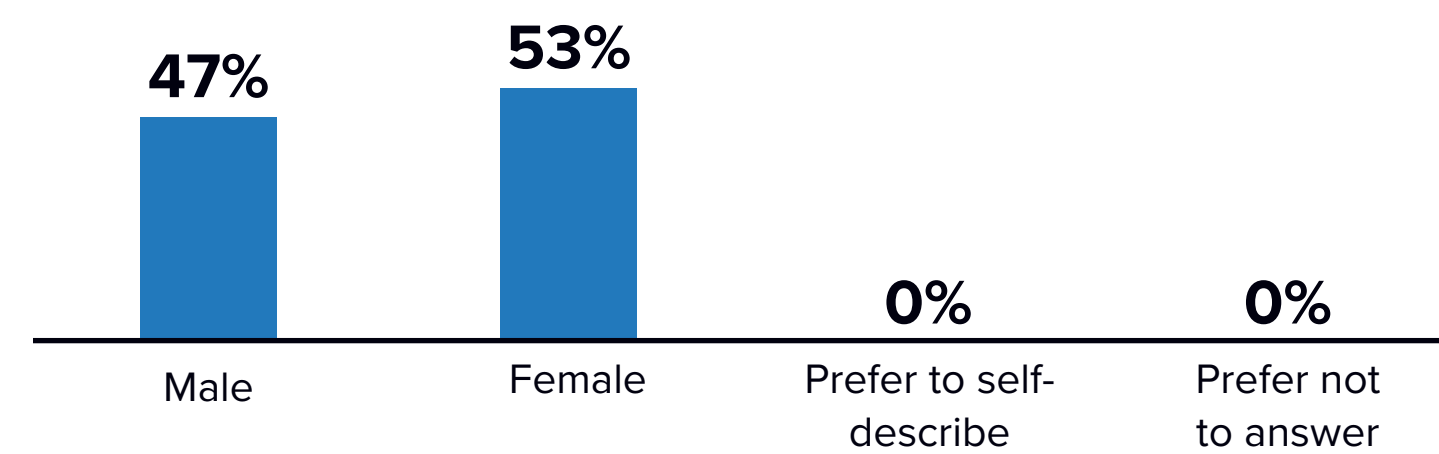
Total Sample Size	Sample Size by Geography			
	France	Germany	Netherlands	U.K.
n = 4048	n = 1022	n = 1018	n = 1002	n = 1006

Note on weighting: The final results in the consumer survey are weighted by the size of the general population in each geography. This standard procedure ensures that distribution in the sample better reflects distribution in the real world.

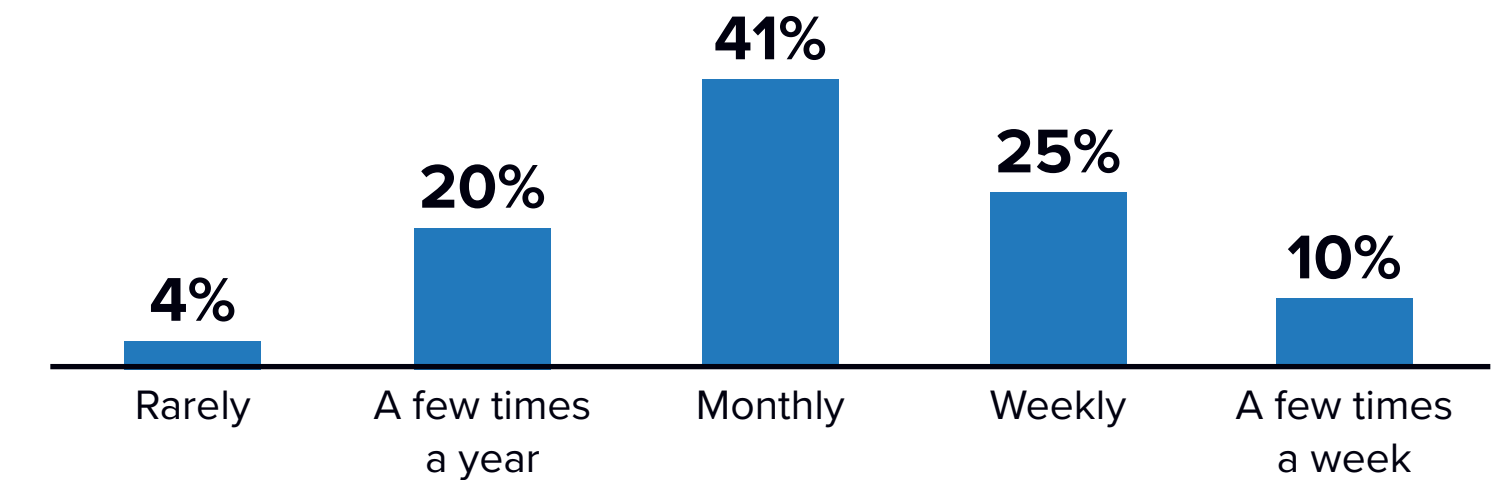
Respondents by Age
% respondents



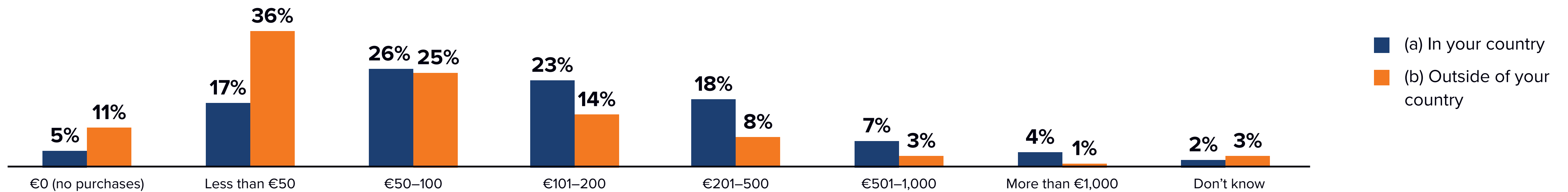
Respondents by Gender
% respondents



Frequency of Buying Products online
% respondents



Money Spent on Online Purchases in the Last Month
% respondents



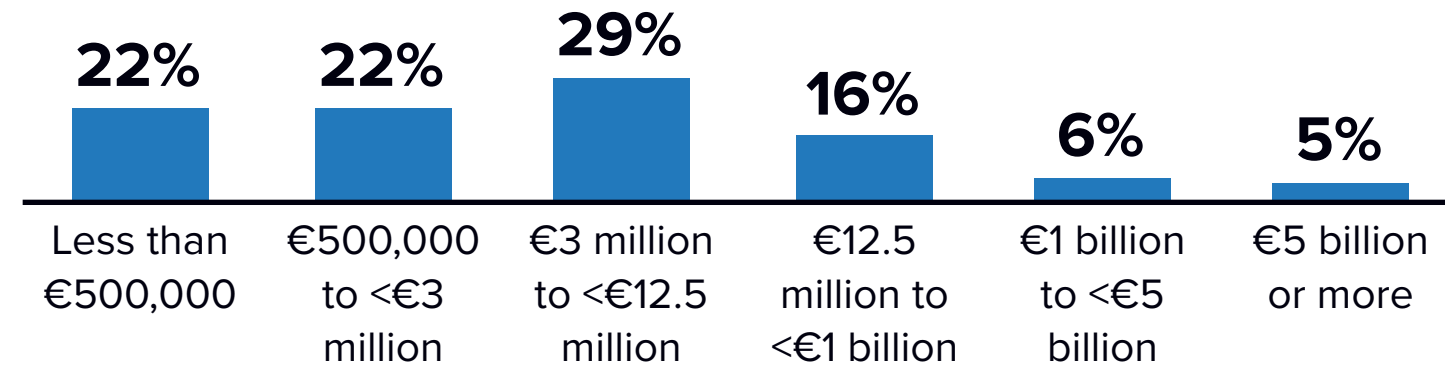
Merchant Survey Methodology

Total Sample Size	Sample Size by Geography						
	Belgium	Denmark	Ireland	Finland	Netherlands	Norway	Sweden
n = 330	n = 51	n = 37	n = 80	n = 40	n = 49	n = 37	n = 36

Note on weighting: The final results in the merchant survey are weighted by IT spending in each region. This standard procedure ensures that distribution in the sample better reflects distribution in the real world.

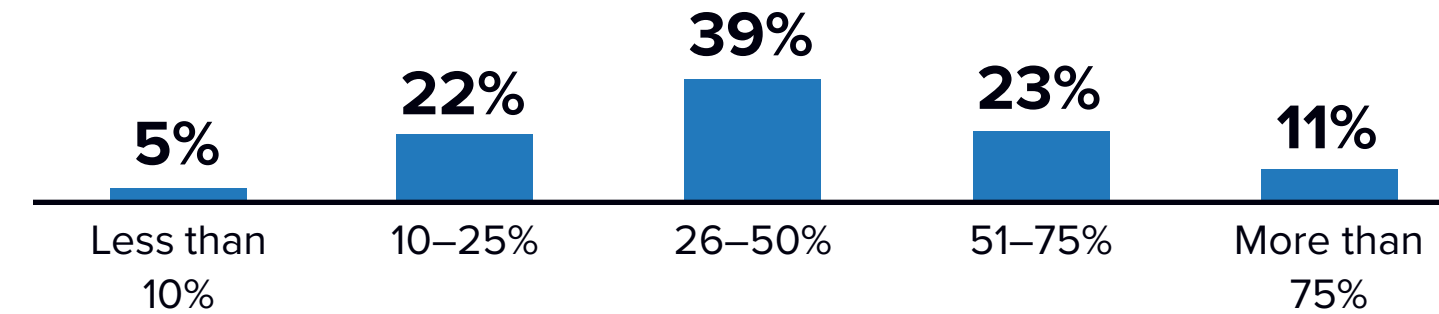
Business Size (Total Annual Revenue)

% respondents



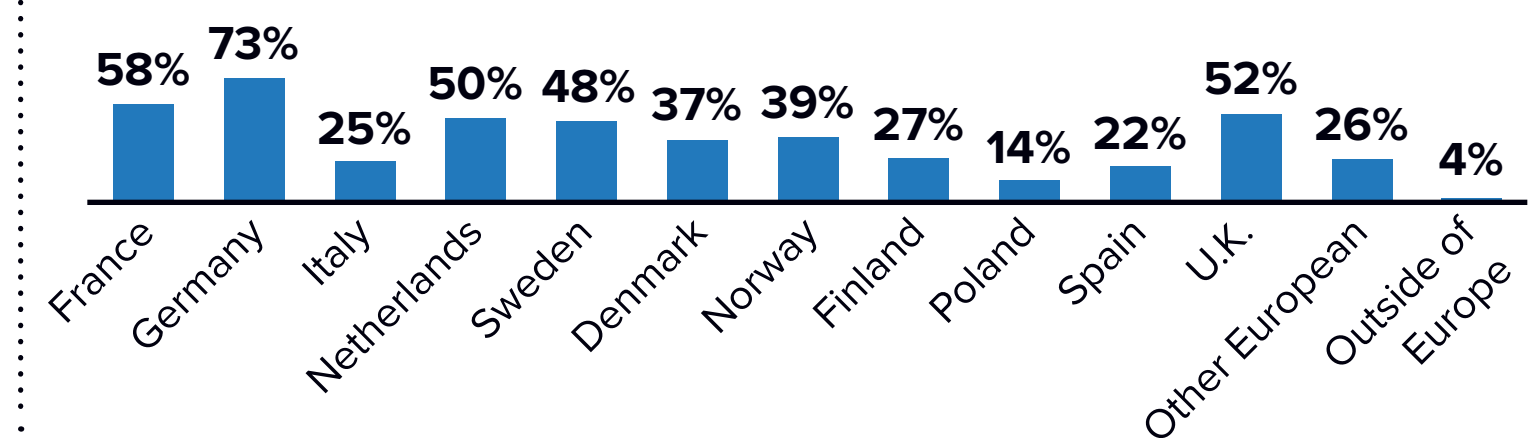
Share of Revenue from Cross-Border Sales

% respondents



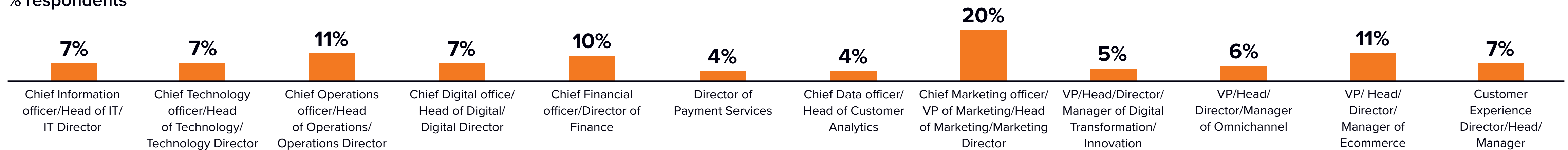
Primary Markets for Cross-Border Sales

% respondents



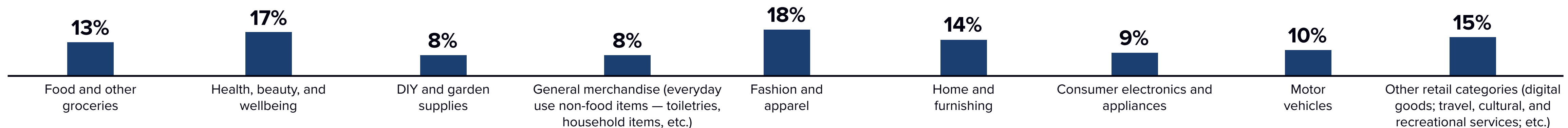
Respondent Job Roles

% respondents



Products/Services Sold by Respondents

% respondents



Message from the Sponsor



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*Availability may vary depending on merchant's integration method and geographic location.





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IDC UK

5th Floor, Ealing Cross, 85 Uxbridge Road, London, W5 5TH, United Kingdom

T 44.208.987.7100

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