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# **CULTURAL DIFFERENCES IN ECOMMERCE**





## CULTURAL DIFFERENCES IN ECOMMERCE

The retail landscape has undergone a huge transformation. Ecommerce retail sales worldwide have hit \$3.53 trillion USD with no sign of slowing down. In fact, it is believed that 95 percent of purchases will be made online by 2040.

Yet, country-specific laws, regulations, customs, and shopping norms have led to highly differentiated online shopping experiences around the globe. What does this mean for brands and retailers operating across borders or looking to take their business international?

Because, the more you know...here are some interesting facts and cultural differences in ecommerce from select countries around the world:

## NORTH AMERICA

### CANADA

Although it's only the 39th largest country in terms of population, Canada ranks as the **ninth** largest market for ecommerce with a revenue of \$31 billion in 2020. Their **retail ecommerce grew 75 percent** in 2020 greatly due to the mandated distancing pivoting shoppers online. Canadians are considered one of the most diversified cross-border ecommerce purchasers. **Forty-five percent of ecommerce spend goes to non-Canadian websites** with the US being the primary destination. Canadians shop internationally because of lower prices and better product selections made available through a robust US supply chain and international trade relationships.

### MEXICO

Mexico's ecommerce market has been steadily growing each year. Statista forecasts that total online sales in Mexico will reach \$21.2 billion in 2021, which would be a 13% increase compared to 2020. Consumers in Latin America rely heavily on word-of-mouth marketing. **Seventy-eight percent of Colombian and Mexican consumers admit to telling friends and family about products they like at least once a week.** And 23 percent share their favorite products daily.

The Mexican Association of Online Sales found that **48% of people surveyed believe that shopping online is unsafe, making payment methods like cash on delivery, e-vouchers, or gift cards more desirable** for shoppers in Mexico.

## SOUTH AMERICA

### ARGENTINA

Argentina has the highest percentage of internet users in Latin America mainly due to more widespread access to computers and the internet. **78% percent of the Argentine population engages in online shopping.** But, Argentine consumers care a lot about brand impact and reputation with over **50% preferring to buy from local businesses or those that support social causes.**

In terms of payment, approximately **8 in 10 Argentine households report paying for online purchases in installments**, which places them at the forefront of the buy-now-pay-later trend.

### BRAZIL

As Latin America's largest economy, Brazil accounts for **one-third of the region's ecommerce market.** However, its **average annual spending is lower than in other countries.**

The average Brazilian customer is known for searching for product reviews across various platforms, especially social media. **Free shipping is a huge factor when it comes to buying online.** Brazil is the fifth largest country in the world, and the distances between stores and customers can be long, making freight shipping costs expensive. In an Ebit | Nielsen survey, **70% of respondents said freight cost is a huge opportunity for improvement** when it comes to online shopping.

**Seasonal dates are the most popular times for Brazilians to be shopping online.** While Black Friday remains the most important date for Brazilian retail, Mothers Day 2020 grew 64% in orders, bringing in many new online shoppers for Brazil.

## EUROPE

### GERMANY

Germany is the **fifth-largest market** for ecommerce renowned for having cost-effective shipping options. In fact, Germany is **the third most active country worldwide both in import and export ecommerce**, right behind the US and the UK.

Germany also has a **2.2% conversion rate and a 138 euro average order value** (both of which are above industry averages). However, it also has **one of the highest return rates reaching 70%** in certain sectors.

Historically, shoppers in Germany preferred using invoices for their online payment method. More recently, Germans have **shifted their favor toward e-wallets, credit cards, and debit cards**.

### RUSSIA

Russia has the largest population of internet users in Europe. Yet, they are not big online shoppers. **Ecommerce sales account for only 2% percent of total retail sales**. Russian consumers distrust the safety of online transactions and around **80% prefer cash on delivery** as their main payment method.

Social commerce is growing in Russia, with 55% of Russian internet users have made a purchase via social channels. However, where Facebook, Instagram, and TikTok lead the way in the U.S. and Western Europe, Russian-centric social networks Vkontakte, Avito, and Youla dominate the local market.

## UNITED KINGDOM

The UK has one of the most active ecommerce markets with **87% of the population buying online**, and **ecommerce accounting for over 20% of all retail sales**. The UK retail ecommerce market is the **third largest in the world**. Plus, British consumers spend **on average more money than any other country**.

When it comes to online payment methods, **PayPal is by far the most popular form of payment**. **73% of the UK's online purchases are made within the UK**, 16% from EU markets, and 11% from outside the EU. A large majority of online shoppers in the UK are using their mobile phones for purchases. In fact, **2020 was the biggest mobile shopping year to date with consumers collectively spending 82 billion hours using shopping apps** (30% increase from 2019).

## SPAIN

The Spanish ecommerce market has been developing relatively slowly compared to other countries. And **Spain actually has the highest cart abandonment rate at 86%**.

Consumer trends suggest that Spaniards are very price-sensitive and don't trust the online shopping process. Specifically, **they feel uncomfortable providing personal information online and not being able to physically see the product**. Businesses will need to instill more buying confidence within the experience to attract Spanish shoppers.



## FRANCE

France is ranked as the **sixth biggest ecommerce market worldwide**. Quite like the UK, consumers in France like shopping on their mobile phones with **40% of online purchases happening on mobile phones**. When ordering online, **bank cards are the most popular payment method, and PayPal is a second favorite**. There is a lot of cross-border shopping occurring in France. In fact, **52% of online shoppers order products from other countries like the UK, China, and Germany**.

## SWITZERLAND

Switzerland has very high internet penetration, with **95% of the population (ages 16-65) using the internet regularly, and 90% of them have shopped online once or more**. When it comes to forms of payment, **Swiss shoppers prefer credit cards and invoices as their top form of payment**. Switzerland is also a top-three market in Europe for cross-border shopping, **61% of online purchases are dedicated to cross-border purchases**.

## ITALY

**Italy is the third largest economy in Europe** but ranked much lower when it comes to the size of their ecommerce market. **The country is the largest market for luxury goods in Europe**, but has **one of the lowest rates of ecommerce penetration at 5% of total retail revenues**. When it comes to payment methods, **online shoppers in Italy prefer credit cards as their top form of payment**, followed by PayPal, and Cash on Delivery.

## ASIA

### CHINA

China is **the most dominant market in digital commerce worldwide**. It has the highest ecommerce revenue with approximately \$656.3 billion in online sales. However, **its population is less inclined to make international purchases and prefers to buy locally**. China is also **leading the pack when it comes to social commerce**. Social apps, such as WeChat, have encouraged and grown social shopping amongst consumers.

Singles Day (which actually runs for 11 days from November 1-11) easily eclipses Black Friday / Cyber Monday in the U.S. as the largest shopping event of the year. **2020 Singles Day ecommerce sales topped \$115 billion.**



### INDIA

India is predicted to have the **highest ecommerce growth rate in the world at 27 percent** this year. India suffered immensely due to the pandemic which made it a difficult year for brick-and-mortar retail sales and pushed consumers to adopt shopping online. Prior to 2020, ecommerce growth was slow-moving in India, but thanks to the increased adoption of smartphones and access to the internet within the country, online is starting to boom.

While online adoption is rapidly growing in India, **83% of consumers prefer cash-on-delivery (COD)** as a payment method as opposed to inputting their card information. COD is very popular amongst middle-class families in India; not having to immediately make a payment and not having to worry about your information being stolen are a few of the things that make COD so appealing.



## JAPAN

**Japan is leading the mobile commerce market** with more and more Japanese customers using smartphones to make purchases online. The **internet penetration for Japan is above 93%**, even for older generations. Something that makes Japan's ecommerce market unique is the fact that **the older generations are a key driver of online sales**, as opposed to many other countries where younger generations tend to be the key online shopping demographic.

The **most popular form of online payment in Japan is via credit or debit card, followed by bank transfers, then cash**. Digital wallets have yet to gain traction in Japan, accounting for only 2% of payments. And Japan, which originally dominated the B2B space, is now growing its B2C market. In fact, their B2C market has doubled within the last decade.

## SOUTH KOREA

South Korea is reputed for **having the fastest wireless internet speed in the world, with an internet usage rate around 92%**. This has helped the country become among the largest ecommerce markets in the world. The most **preferred payment method for shoppers in South Korea is by credit card**. Mobile ecommerce is the main driver of explosive ecommerce growth in South Korea, in fact, **91% of South Koreans own a smartphone**.



## AUSTRALIA

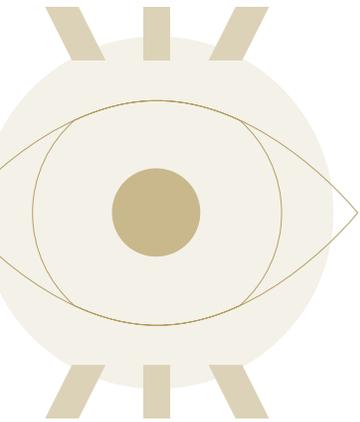
### AUSTRALIA

Australian shoppers generally have lower expectations of the online shopping experience compared to other major ecommerce markets. **Ecommerce only represents 10% of its overall retail market.**

**Cards are the main form of payment for Australian shoppers, accounting for 48% of total payments.** And the “buy now, pay later” payment option is becoming increasingly popular amongst online shoppers.

## FINAL THOUGHTS

Even though ecommerce is a global phenomenon with explosive growth, it varies from country to country due to changes in consumer habits and cultural norms. So for retailers to succeed on a global scale, getting a lay of the (ecommerce) land is an integral part of doing business.



Sources: E-Commerce Nation, EcommerceDB, Euromonitor, Ecommerce News Europe, Statista, Sales Layer, Spaceshop, Search Laboratory, Influencer Marketing Hub, IThink Logistics, Barilliance, Easyship, Hubspot, Business.com, J.P. Morgan, Webinterpret, The Paypers, My Total Retail, Osome, Americas Market Intelligence, Entrepreneur, McKinsey, Payments Industry Intelligence, and Growcode.