

# International commerce:

A snapshot of eCommerce in the UAE, Mexico, India, the USA and Australia



With a weakened pound following the Brexit vote, many retailers have seen an increase in shoppers from foreign markets. As a result, existing internationalisation strategies and plans are being re-evaluated to capitalise on the opportunity for global retail.

However, deciding which markets to invest in can be a challenge, as online shoppers around the world have different motivations and behaviours.

So, what should UK retailers be aware of when trying to appeal to new markets? We took a look at five countries that are worth considering when establishing an international presence.

## THE OPPORTUNITY FOR UK RETAILERS

- ▶ **43%** of UK online retailers get 21 to 30% of their revenue from international orders
- ▶ **3rd** most popular destination for cross-border shoppers, thanks to the popularity of British brands and the widespread use of the English language
- ▶ **71%** of UK online retailers offer delivery outside of the UK
- ▶ **£28 billion** in global cross-border sales expected by 2020 with the UK representing a 60% share of that market

# 1. The UAE

Commonly seen as the easiest place in the Middle East for western countries to do business, thanks to free trade zones and the widespread use of English, the UAE lags behind developed markets when it comes to eCommerce. However, with a large population of tech-savvy youth, this is growing fast at 11.7% year on year.

## THE OPPORTUNITY IN THE UAE

- ▶ **55%** of UAE consumers made an online cross-border purchase in 2015, with clothing and accessories being the leading category
- ▶ **96%** of the population has access to the internet, one of the highest penetration rates in the world (91% in the UK)
- ▶ **Up to 50%** of Souq.com sales, the most popular website in the UAE, come through mobile devices
- ▶ **68%** are active social media users, a very high social media penetration compared to other markets (59% in the USA, 36% in Germany)

## 2. Mexico

eCommerce is growing in popularity in Mexico, driven by the growth of Internet access, smartphone ownership, seasonal shopping events such as El Buen Fin, and discounts.

In the twelve months prior to October 2015, 67% of digital buyers in Mexico had made a cross-border purchase, making it a potentially attractive market for UK brands and retailers.

### THE OPPORTUNITY IN MEXICO

- ▶ **4.67m** unique visitors a month to Mercado Libre, an online marketplace. This is over double the monthly unique visitors of Mexican Amazon
- ▶ **29%** have used OXXO, a payment method that enables consumers to make an offline cash payment at a convenience store
- ▶ **45.5%** are under 25. Its young population is driving Mexico's rapid eCommerce growth (only 13.96% of its population is over 55)
- ▶ **El Buen Fin**, celebrated in November, is the world's third-largest shopping event, the equivalent to the UK's Black Friday

## 3. India

eCommerce is growing at an unprecedented rate in India, thanks largely to increased Internet and mobile penetration, growing trust in online shopping, and a young and tech-savvy population.

But despite the growth of mCommerce in particular, retailers looking at expanding into India face several challenges in the areas of fulfilment, customer loyalty and online payments.

### THE OPPORTUNITY IN INDIA

- ▶ **113%** growth in eCommerce year on year
- ▶ **19%** growth in active Internet users in 2015
- ▶ **4 of the top 5** eCommerce sites in India are marketplaces (Amazon.in, Flipkart, Snapdeal, Jabong)
- ▶ **70%** growth in smartphone users driving eCommerce
- ▶ **50-70%** of retail traffic comes from mobile for larger eCommerce players

## 4. The USA

For many UK brands and retailers, the US market represents the most obvious opportunity when expanding globally, given their common language, economic ties and love of eCommerce.

But entering the US eCommerce market is not without challenges due to the country's size, its cultural differences and the highly competitive landscape.

### THE OPPORTUNITY IN THE USA

- ▶ **20.4%** of global online sales come from the US, making it the world's second-largest market
- ▶ **60%** of time spent on shopping online is through a mobile
- ▶ **12.9%** of the US population speaks Spanish as their primary language
- ▶ **31%** of US shoppers bought clothing and footwear from an international online shop at least once in 2015

## 5. Australia

With some of the highest disposable incomes in the world, strong eCommerce penetration and a comparatively limited availability of products due to the country's isolated position, Australians tend to be keen cross-border shoppers. This presents plenty of opportunities for brands and retailers wanting to expand into the market.

### THE OPPORTUNITY IN AUSTRALIA

- ▶ **63%** of Australians shop cross-border, ranking them first in the world, ahead of Canada and Russia
- ▶ **3.1** is the average number of connected devices per person, making Australians highly connected
- ▶ **13%** of smartphone owners and 15% of tablet owners have shopped online via their device
- ▶ **3%** of purchased products are returned, making the returns rate much lower than the global average
- ▶ **43%** media (books, CDs, DVDs & video games) and **40%** clothing and footwear - these are the two most popular categories for online cross-border shopping



Although online international success should be relatively easy in theory, the challenges are many and the reasons for failure complex.

Not only do consumers expect to shop on websites in their own languages and pay in their own currencies, they also want delivery and returns to be convenient, and to be able to shop through their preferred channels.

Your domestic model will need to be carefully mapped to the new market and reflect its disparities in terms of customer expectations and local regulations, as well as operations and logistics.

If you'd like more advice on how you can optimise eCommerce for international markets, contact us today.

## SOURCES

- ▶ Confederation of British Industry
- ▶ The Paypers
- ▶ IMRG
- ▶ eCommerce Foundation, Sensis
- ▶ Google Barometer
- ▶ emarketer
- ▶ Forbes
- ▶ PayPal
- ▶ Comscore
- ▶ Euromonitor
- ▶ Internet Retailing
- ▶ KPMG
- ▶ We are Social



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