

RETAIL

Europe holds opportunities for cross-border ecommerce

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Image courtesy of Saks Fifth Avenue

By SARAH JONES

Ecommerce sales in Europe have been rising around 12 percent each year, a trend that is expected to continue.

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A new report from logistics provider Hermes points to the potential for international retailers in Europe due to factors such as the widespread use of the euro as currency and policies that aim to make cross-border sales easier. Ecommerce has frequently been touted as the answer to luxury's stalling growth, and brands that offer unique items may find themselves in a good place to consumers in Europe.

"Online shopping in other countries and continents is popular among Europeans," said Uwe Bald, vice president of international business development, **Hermes**. "The reason is simple: domestic markets simply do not carry everything shoppers want to buy.

"For international ecommerce companies, rising demand, a common currency and well-developed logistics networks signal that the European market offers solid prospects for growth. Companies that target the market early with appealing offers and top-quality products stand to gain."

Continent of consumers

Quoting statistics from Ecommerce Europe, Hermes notes that 75 percent of Europe's residents are online. Overall in Europe, 43 percent of consumers have made a purchase through digital channels.

Today ecommerce is about 2.59 percent of Europe's GDP, and this is expected to double by 2020.

The steadily growing business to consumer ecommerce market in Europe is projected to reach 660 billion euro, or around \$707 billion, by 2018.

France, Germany and the United Kingdom are the primary markets for ecommerce in Europe.



Image courtesy of Chanel

Germany, with its population of 82 million, also boasts the highest percentage of online shoppers, with 73 percent having made an ecommerce purchase.

While more Germans shop, those in France and the United Kingdom spend more. Compared to Germany's average 1,157 euros spent per capita in 2015, or about \$1,242 in current exchange, France spent \$1,911 and the U.K. spent \$3,891.

One thing that keeps consumers from shopping online is a fear of putting personal data at risk, including worries that payment methods will not be secure.

In the past decade, France has shown a dramatic increase in credit card use. While only 43 percent used credit in 2004, 81 percent had adopted the payment method by 2015.

The European Commission's Digital Single Market strategy launched in 2015 aims to remove any barriers, standardizing online trade across European Union member countries to create a seamless shopping experience for residents. The commission found that while it had knocked down walls in the offline space, more could be done to promote commerce online across member states.



Net-A-Porter ad campaign

While some policy plans are poised to help cross-border, one might hinder it.

A majority of Brits, 54 percent, have shopped online outside of their home country, and about a quarter of British residents have bought items from U.S. companies.

With the devaluation of the British pound and a strong U.S. dollar, British consumers may be deterred from shopping with American vendors.

Crossing the border

Retailers frequently focus on logistical concerns when expanding their ecommerce availability to a new market, but they should also be focused on tailoring their online shopping experience to the local preferences of consumers, according to a new report by Pitney Bowes.

Consumers are becoming more aware and inclined to purchase online from a retailer in another country, making it a missed opportunity if brands do not have a global ecommerce platform. From the ways in which consumers find products to their favored device for completing a transaction, many regional and cultural differences abound that need to be taken into consideration ([see story](#)).

A 2016 report from Pitney Bowes found that 66 percent of global shoppers have completed transactions across borders ([see story](#)).

Across all regions, luxury ecommerce is growing at a faster rate than total sales, according to a senior analyst from Euromonitor International speaking at Luxury Interactive 2016.

Speaking on "Divergence in the Digital Landscape," Ayako Homma noted that while the entire luxury market is expected to see a compound annual growth rate of 2 percent through 2021, luxury online sales are expected to rise at a CAGR of 7 percent in the same timeframe. To capture this growing piece of the luxury pie, brands will need to improve their omnichannel, ecommerce and mobile experiences ([see story](#)).

"Among European countries, personal attitudes toward online shopping vary," Hermes' Mr. Bald said. "And, there are distinct differences in consumer usage and payment preferences.

"According to a market analysis conducted by Asendia, German customers value online shopping for its convenience (57 percent), favorable pricing (52 percent) and broad product offerings (30 percent)," he said. "Yet, many consumers remain cautious when it comes to e-shopping, citing concerns over personal data protection (57 percent) and security of online payment methods (30 percent) as reasons for not shopping online."

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