

RETAIL

Luxury sees 50pc growth y-o-y in cross-border ecommerce

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Direct-to-consumer (DTC) online purchases increased by 17 percent in 2021. Image credit: Unsplash

By NORA HOWE

While uncertainty regarding the pandemic and its residual effects remains, it has altered consumer and brand dynamics, accelerating the shift to cross-border ecommerce, primarily led by millennials.

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According to new data from **ESW**, one in four global consumers purchased apparel online internationally in 2021. With international purchasing, however, brands and retailers must be transparent in regards to pricing, shipping costs, return policies and delivery timelines as this will encourage trust and loyalty from consumers.

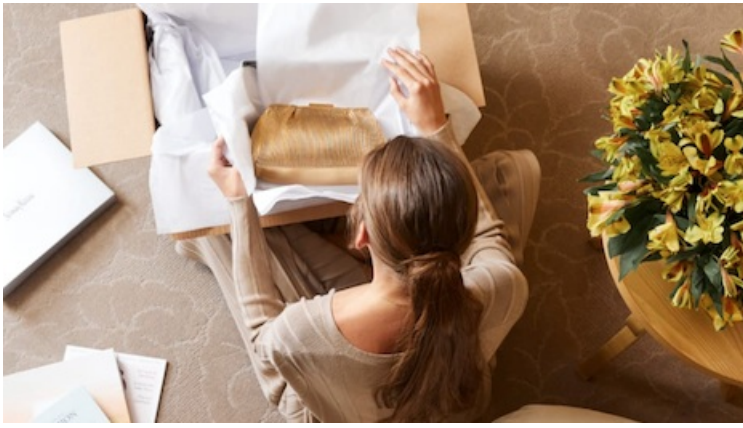
ESW conducted the **Global Voices 2022** survey in November 2021, fielded from more than 14,000 consumers across 14 countries. From the data, ESW examined generational shopping habits, behaviors and attitudes, specifically related to the cross-border shopping experience.

Shopping around the world

The top reasons consumers make cross-border purchases are that they have had a positive experience in the past buying from a foreign website at 26 percent, they pay less than they would domestically at 26 percent and discover products they may not find locally at 25 percent.

Secondary reasons include product variety and lack of local availability.

Gen X and Boomers are more likely to purchase internationally based on price, while Gen Z is more likely to buy something they cannot find locally. Millennials are split between the two.



Despite being unsatisfied with a product, many consumers opt out of international returns. Image credit: Neiman Marcus

That being said, some consumers remain wary of buying from foreign websites. Twenty-seven percent of consumers cite shipping costs and extended shopping times as the main deterrents.

Further, concerns regarding product quality, return policies and whether the product would be received at all were each cited by 18 percent of consumers, followed by taxes and duty fees.

With concerns over high shipping costs come lower return rates. Boomers are significantly more likely than others to cite the cost of the return at 56 percent and the insignificant cost of the item at 48 percent as the main reasons to not return.

These shoppers, as well as Gen X consumers, are less concerned with the environmental impact of a product return than Gen Z and millennials.

The typical cross-border shopper is a millennial woman, married without children from China or the United Arab Emirates.

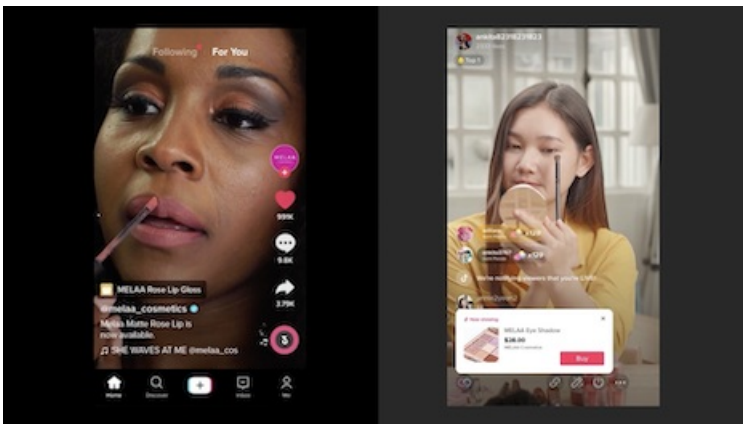
Other characteristics vary depending on geography. While gender is largely split in half in most markets and leans female, South Africa is the only market where more than half of survey respondents are single or have never been married.

In Germany, the U.S., Canada and Australia, cross-border consumers are less likely to have kids, with more than half of all respondents stating they do not have children.

Cosmetics, fragrances and luxury goods saw the largest increases in online purchases due to new customers who had previously never purchased such items online. Since February 2021, millennials increased their cross-border purchases in these three categories by more than 5 percent.

Channels for discovery

When it comes to discovering new brands and products, YouTube leads across generations, with 55 percent of Gen Z and 53 percent of millennials citing it as a driver of discovery.



Social media is a top destination for younger consumers to engage with new brands and try new products. Image credit: TikTok

Almost half of millennials also rely on Facebook and Instagram, while Gen Z increasingly turns to TikTok.

According to a 2021 [survey](#) by Forrester, Instagram weekly usage by Gen Z, ages 12-17, fell 4 points from 2020 to 2021, while TikTok weekly usage increased by 13 percent.

Gen Z youth members cited entertainment value, short-form variety and positive self-expression as the top reasons why they prefer TikTok over other apps like Instagram and Snapchat, with Facebook having seemingly disappeared from this young cohort's cultural zeitgeist ([see story](#)).

With the push to online, media formats like television and magazines are losing influence over all generations, especially as younger consumers gravitate toward social influencers or platforms where they may be inspired.

Digital platform Pinterest continues to encourage creativity and discovery with integrated shoppable features. In October, it introduced "Takes" hoping to improve shoppable content and offer new monetization opportunities, ultimately driving community engagement ([see story](#)).

Although social commerce is becoming more popular, ESW found that 66 percent of online shoppers still prefer to buy from online marketplaces, such as Amazon, eBay and Alibaba.

Only 20-25 percent of customers purchased directly from other channels, including multibrand retailers, single-brand retailers, luxury retailers and specialty stores.

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