LEVERAGING CROSS-BORDER E-COMMERCE THIS HOLIDAY SEASON

IN PARTNERSHIP WITH:



HOW CAN BUSINESSES BE HOLIDAY-READY AMIDST THE PANDEMIC?

Retailers' digital presence and engagement are key in making the most of the holiday season.

This holiday season is slated to kick off earlier and extend longer than in previous years, thus, as early as now, retailers are posed with the challenge of planning for these make-or-break moments. In its, PayPal emphasises that now is the time for businesses to have solutions in place to respond to the growing holiday demand.

With the shift to digital becoming inevitable, and markets adapting to the "new normal", businesses should pivot to address the dramatically changing consumer behaviour. PayPal recommends five key holiday readiness tips for businesses to ensure that the right strategies and solutions are in place:

- 1. **Maximise sales and reduce cart abandonment** by removing friction from your site
- 2. Align inventory plan with current holiday trends
- 3. **Engage customers** with personalised holiday incentives
- 4. **Stay ahead** of holiday fraudsters
- 5. **Ramp up customer support** to be ready for holiday traffic

PayPal notes that businesses should consider the entire journey of customers who are navigating their online platforms. Knowing their target markets can make a huge difference. This comes with a better understanding of their shoppers' preferences based on demographics, purchase history, or channel preferences.

The holiday season offers retailers a great opportunity to deepen customer engagement by getting personal. By using the data from customers' interaction with their website and online shopping patterns through data-driven personalisation, retailers can creatively explore a variety of special offers and see content preferences per segment.

This can be a powerful tool in engaging consumers who are looking for promotions and incentives during the holidays. Businesses should learn how to optimise their website's SEO or use social media advertising which will allow them to recommend specific products or retarget previous site visitors.

Online merchants also need to ensure that their sites load quickly, offer intuitive and mobile device-adaptive navigation, and provide easy transactions without requiring account creation. The variety of convenient payment options, including buy now/pay later, credit cards, digital wallets, and contactless, are also important, because the ability for retailers to accept payments can directly impact a customer's checkout experience.

However, increased online purchases come with a greater need for customer support and an increased risk of fraud. To meet customer expectations, retailers should consider combining automated tools with proactive customer communication. These include ensuring that the hosting service and infrastructure can handle the deluge of traffic, updating contact information and FAQs, and automating processes where possible—such as chatbots—to ease pressure on staff. Businesses should also know how to combat fraud by implementing enhanced risk management processes and solutions that can detect risky transactions without derailing authentic transactions.

By taking advantage of the above proven tactics and implementing proper solutions, businesses will be able to deliver based on customer preferences, streamline checkout, and keep transactions secure, and will ultimately be poised to grow this festive season. To learn more about how you can be prepared for the holiday rush this 2021, download the now.



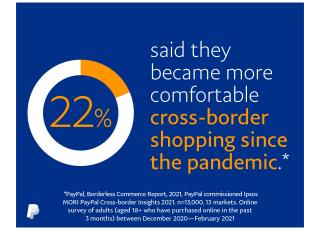


FRESH TRENDS EMERGE AS E-COMMERCE GOES BEYOND BORDERS THIS HOLIDAY SEASON

The increased demand for cross-border trade provides new opportunities for retailers.

The significant uptick in e-commerce is expected to continue through the festive season as the shopping behaviours of consumers are positively changing due to the wide-reaching impacts of e-commerce and cross-border trade (CBT). According to Pay-Pal's 2021 Borderless Commerce Report, the ease of online transactions strengthened the outlook for cross-border sales. Across all 13 markets surveyed, 85% of online consumers said their spending would remain the same or even increase.





With the upcoming holiday rush, business owners and entrepreneurs in Asia are now seizing unique opportunities and creating new market categories by taking advantage of online, cashless, and borderless consumerism. Consumers in the region are now more open to using cashless transactions, with 48% of shoppers scouring international markets for better deals and 39% turning to online platforms for items that they did not have access to from their local haunts.

As the world's most technologically advanced market, China is well-poised to embrace the e-commerce boom. Almost half of the Chinese online shoppers tend to source from international merchants unique products that are not locally available; whilst others consider higher quality and better prices. China's push for the Digital Silk Road project would also provide support for stronger internet connectivity with 5G rollout which aims to cater to the growing livestream shopping trend popular within the region.

This is seen amongst Japanese consumers as well, as cross-border shopping is expected to increase by 20%. Having an option to communicate in their native language directly with the international website's customer support will also further boost CBT in the country.

The online shopping trend is also pushed by the growth of social media amongst the urban-sophisticated Hong Kong population with a significant 37% of Hong Kong online consumers declaring that they are becoming more and more comfortable with cross-border purchases.

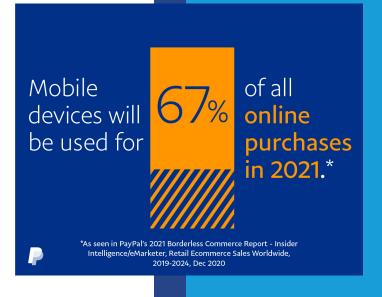
Then there is India, whose consumers have taken online platforms by storm to support regional businesses whilst turning to international providers for unique clothing and apparel, as well as beauty and grocery products that they might not have access to locally. Though internet infrastructure remains intermittent in India, local consumers have shown increased intent to shop for cross-border products from suppliers who are transparent and responsive regarding their wares. Similar to their other Asian neighbours, India prefers digital wallet transactions, heavily favouring PayPal compared to other payment methods.

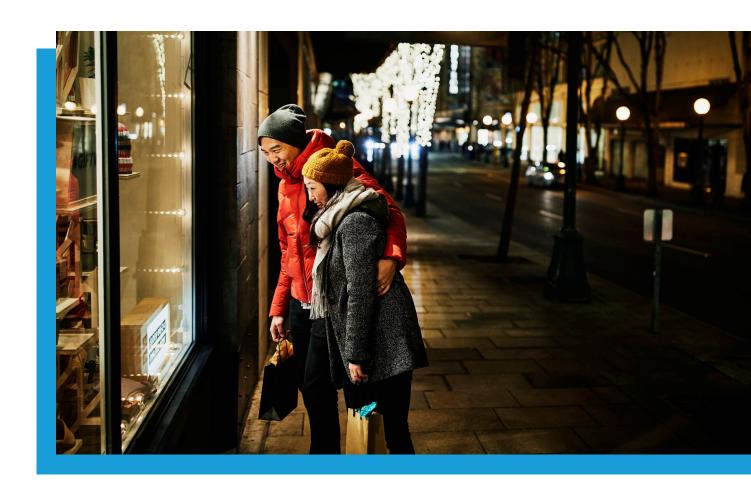
What does this mean for business people and entrepreneurs? It's simple: the future is digital. Today's customers across Asia want to deal with online shops that can provide high-quality products, competitive prices, as well as safe and convenient payment methods amidst the huge amount of transactions during the holiday season.

To identify potential areas of growth for your business, whilst exploring key markets in-depth, download the PayPal Borderless Commerce Report









CONSUMER BEHAVIOUR AWARENESS PAVES THE WAY TO A MERRY HOLIDAY SEASON FOR RETAILERS

Online shoppers from across the world have different buying patterns.

Exciting growth opportunities await retailers who are brave enough to venture overseas especially during this holiday season. In Asia, China-based shoppers have proven to be the biggest spenders during seasonal sales, followed by shoppers in India, Hong Kong, and Japan, according to PayPal's 2021 Borderless Commerce Report.

As cross-border online shopping has risen exponentially, more shoppers have appeared and new behaviours have emerged. Because of this, navigating global trade can be tricky, with each consumer market having different needs and behaviours. Understanding local nuances is, therefore, the key to a successful cross-border strategy. PayPal's report provides sophisticated insights for merchants looking to expand into various global markets.

Retailers targeting the tech-smart Chinese market must be open to new ways of introducing customers to their products, such as by using augmented reality and virtual reality. Shoppers in China also demand reliable shipping methods, as well as secure and seamless payment methods.

In Hong Kong, consumers search cross-border for higher quality goods and products that they cannot find close to home. Sales events around traditional holidays like Chinese New Year and Christmas also have a strong appeal. Even during the pandemic, these price-conscious shoppers have not held back when it comes to seasonal sales.

While in India, over 40% of cross-border online shoppers prioritise high product quality. One way to attract these shoppers is by promoting premium brands, and showcasing superior materials, manufacturing, or artisanal processes, both on-site and in marketing campaigns.

However, international merchants must be upfront about their location. Though consumers are looking at quality, authenticity, shipping costs, speed of delivery, and safe payment methods, shoppers remain cautious when buying from other countries.

Historically, in Japan, international shopping previously accounted for just 10% of e-commerce transactions in the country, which indicated a strong preference for domestic brands. But this behaviour has recently changed as more online shoppers look for unique items not available domestically, with 44% of Japanese online consumers looking to cross-border merchants for better prices. In light of this change, overseas merchants are now better positioned to attract Japanese shoppers with lower prices, an assortment of products not available locally, or a "domestic equivalent" shopping experience. Cross-border merchants should also take advantage of Japan's strong cultural tradition of gift-giving during the holiday season.

Cross-border shopping extends beyond the holiday season, and sellers who want to diversify their business model and maximise their business opportunities will do well by riding this growth curve. A more in-depth look at various consumer behaviours is available in PayPal's 2021 Borderless Commerce Report.

MOBILE REACHES A TIPPING POINT AS SHOPPERS DRIVE GLOBAL E-COMMERCE

This holiday season, merchants should take advantage of consumers' mobile-first approach to shopping.

Online shopping has established itself as a reliable channel of purchasing in the past decade, skyrocketing to unprecedented levels. According to , supply shortages and concerns about in-person shopping caused by the pandemic forced consumers to try different brands, new methods of shopping, and new sources beyond borders. This provided merchants with the opportunity to reach consumers from international markets.

In less than two years, the shift to e-commerce has become second nature as shoppers become more comfortable in the online environment. This showed in the higher online spending recorded across categories such as groceries, apparel, beauty products, and, surprisingly, automotive.

Shoppers are also now more willing to try digital payment approaches, with digital wallets on the rise especially amongst cross-border shoppers. In India, despite the inconsistent mobile internet connections, digital wallets have been quickly replacing cash as a popular payment method. Merchants who wish to penetrate the Indian market must ensure that their sites are fast-loading and seamless. Digital wallets in Hong Kong are also gaining traction, becoming the second most popular way to pay after credit cards because of the convenience and security they offer.

With shopping options expanding, smartphones are becoming the primary access point for global shopping as it is now easier for buyers and merchants to transact on a mobile screen. In Singapore, 83% of online consumers shop via mobile phone and is clearly the preferred choice. The ability to purchase online using smartphones has truly turned it into a hand-held shopping mall, making mobile optimisation a priority for businesses.

Furthermore, the use of social media as a shopping channel has also increased especially in Asia. The most popular social media avenues for Singaporean shoppers are Facebook, Instagram, and WhatsApp; whilst in China, social media platforms are introducing new ways for merchants to offer their products, such as through live streaming, which digitally brings to life the shopping experience.

The 2021 holiday season is fast approaching—and with it, the world's biggest annual shopping spree. This period of increased consumer spending is the perfect time for cross-border merchants to offer unique gift items and compelling alternatives to domestic options.

This season, however, is also the period when most purchases are time-sensitive. Clear communication on fulfillment expectations and responsive customer service can make all the difference.



Moving forward, e-commerce is expected to accelerate on all fronts: general adoption, mobile usage, intent to spend, cross-border sales, omnichannel, social shopping, and infrastructure. Sellers who want to diversify and grow further would be wise to take advantage of these trends. Find out more data-driven insights in PayPal's 2021 Borderless Commerce Report.

LEVERAGING CROSS-BORDER E-COMMERCE FOR A SEAMLESS HOLIDAY SHOPPING EXPERIENCE

Delivering a frictionless cross-border e-commerce experience should come with fast, convenient, and secure online payment methods.

The retail industry has seen a boom amidst the gradual economic recovery, and with that, businesses and consumers alike are now gearing up for the holiday shopping season.

With the increased adoption of online shopping, including cross-border e-commerce, the virtual space has become a vital element of the retail industry due to the convenience and variety of choices it offers customers.

Increased customer expectations and demand for convenience means that online merchants must deliver a seamless shopping experience, especially during the peak holiday rush.

Singapore Business Review, in partnership with PayPal, recently held a webinar titled "**Selling cross-border this holiday season**", where PayPal Director of Enterprise Sales in Southeast Asia Rakesh Krishnamuti, discussed the trend of digitalisation and how PayPal's full-stack payments platform is being leveraged for cross-border expansion.

Looking into digitalisation for cross-border expansion

Whilst Krishnamuti recognised how the impacts of the pandemic have accelerated the e-commerce industry by around three to five years, he noted that the increase in online shopping behaviour was "truly mind-blowing."

PayPal's data* revealed that in 2020 alone, global online retail sales grew from US\$3.35t to about US\$4.38t. The rapid growth of e-commerce also coincides with online consumers becoming more comfortable shopping cross-border, with 68% of online shoppers surveyed stating that they are as or are more comfortable cross-border shopping now than before COVID-19. Moreover, 52% of those surveyed shop from both domestic and international sites.

As for factors influencing customer behaviour, the survey showed that attractive pricing and exclusive items draw online shoppers to shopping cross-border, whilst shipping costs, delivery times, and uncertainty were cited as the most common barriers to cross-border shopping.

"You also need to allay their fears about shipping costs and time through clear communication, whilst concerns about non-delivery can be addressed through the availability of shipping tracking software," Krishnamuti said.

Given the factors that influence consumers to shop cross-border, Krishnamuti pointed out that shopping during the holiday season is becoming an increasingly significant opportunity for retailers since this is usually connected with the search for better prices. He cited the examples of Black Friday, the global shopping phenomenon, in which 38% of those surveyed participated, and China's Singles' Day, which draws about 45% of the online shoppers in China .

Similarly, Krishnamuti said that some seasonal occasions are growing as online shopping events, as well. He mentioned Diwali in India, where a whopping 71% of consumers said they shopped online during the event.

"I think there will probably be a blurring of lines between what is really offline [which is seasonal] versus an online shopping event. Now, whether combined into one way, people are seeing more ability and more propensity to shop online," he said.

Krishnamuti also said that merchants looking to boost their sales in the US market should not underestimate the power of social media, as most American cross-border online shoppers make purchases via online marketplaces, or direct from stores and retail websites, and many discovered international websites through social channels.

"The influence of social media is likely to grow as they look to discover new brands in a digital-first world. So by making social media central to your cross-border sales strategy, you use an established part of the US retail cable to reach a highly engaged consumer base," he said.

For brands aiming to expand their cross-border capabilities, Krishnamuti emphasised that retailers can boost their brand recognition through social media and create a seamless end-to-end shopping experience. Partnering with reputable payment solutions providers like PayPal can also provide them with a trusted and secure path to checkout.

"As more consumers seek to connect, browse, purchase and pay using their mobile devices, ensure your e-commerce site is intuitive, responsive, and secure with a frictionless checkout process. To give consumers shopping cross-border an easy and familiar domestic site experience, consider incorporating duties and taxes into your product prices, offering local currency payment options and collaborating with credible payment solution providers.," he added.

Cross-border commerce trends for online fashion retailers

For ZALORA Senior Strategy Director Quiron Cunha, online fashion consumers have different demand and expectations, for example, they are now thinking less about going into the site to select the products on the catalogue and trying to have the best fit, and more on having an experience that they would enjoy on the website, they understand the products and have different sorts of experience.

The online fashion and lifestyle retailer has invested in its livestream platform, with the intent to break "a little bit" of the gap between the online space and what consumers see on the ground, wherein they can ask questions and understand more about the product, as well as interact with the sellers.

At the same time, they have also utilised AR/VR to provide shoppers with a better shopping experience through these technologies, which are now more evident in today's retail world. Bridging the offline to online experience has always been a challenge for online retailers, with the rise of new technologies, ZALORA is slowly closing the gap with an enhanced virtual experience.

Amongst other trends, Cunha emphasised sustainability strategies as something most consumers are now looking for with the advent of online selling. "It's a trend because it is the right thing to be done, and I think all the players should be looking at it," he said.

Maximising revenue growth during the holiday season

Meanwhile, PayPal Head of Sales & Strategic Growth in Southeast Asia Pooja Sanan shared some tips for businesses looking to seize the opportunity in the behaviour shift of consumers this holiday season.

Firstly, she mentioned that retailers can maximise sales by reducing cart abandonment—a problem that plagues retailers all year round, but more so during the holiday season. "To deliver an optimal user experience, we want to make sure that every interaction that we have, and every touchpoint is, a pleasant experience," Sanan said.

This can be aided by having the right payment provider for a seamless and safe checkout experience that works across devices, with payments now being an integral part of the online shopping experience.

Moreover, Sanan advised retailers to engage customers with personalised holiday incentives.

"It's quite key in our opinion that we offer a great opportunity to our consumers to have that personal gift at the right price point. With shoppers feeling really festive, they will spend the money and will return for more." Sanan added.

^{*} PayPal's 2021 Borderless Commerce Report - Insider Intelligence/eMarketer, Retail Ecommerce Sales Worldwide, 2019-2024, 12 Dec 2020