



IMRG Global-e Cross-border Index

January 2021 (reporting Q4 2020)

Intro:

Welcome to the IMRG Global-e UK Cross-border Index. The index analyses data from around 270 UK retailers and brands who trade internationally using Global-e's cross-border ecommerce solutions.

By comparing a consistent data sample Year over Year, the Cross-border Index enables the retail industry to track trends in international ecommerce trading.

We hope you will find this a useful resource to aid in operational and strategic decision making.

Cross-border performance (overall)

In the early months of 2020, when the pandemic started to exert some influence within various countries, discretionary cross-border sales growth fell into negative territory. Since April however, it has rebounded. Growth trend remained positive through Q2 and, as chart I below shows, UK retailers saw a significant spike starting from September and maintaining right across the final quarter. Though a spike in sales around the Christmas trading peak is perhaps to be expected, it's important to note that the significant rise started earlier, with cross-border sales volume growing in October and December continuing to trade strongly.

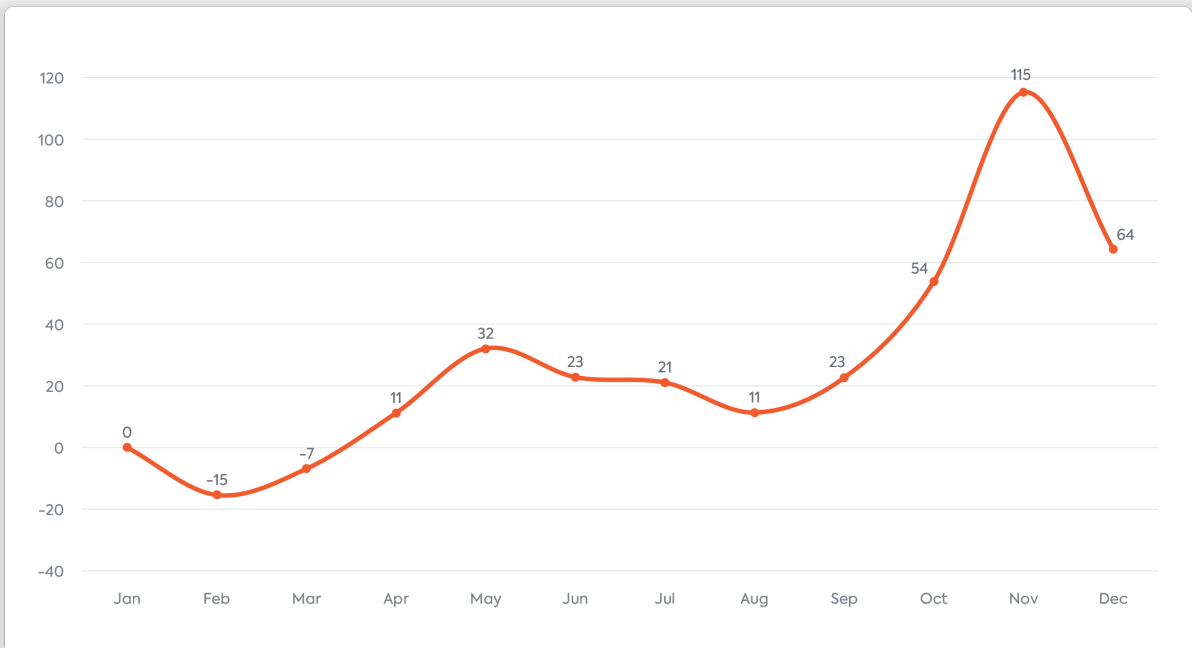


Chart I - Cross-Border Ecommerce Trend - Indexed to Jan 2020

Comparing 2020 to 2019 (like-for-like) highlights the accelerated growth in cross-border ecommerce trading from April onwards. After the decrease we saw in March 2020, sales quickly rebounded and have continued to grow YoY since April, with November 2020 trading 42% higher than the same month the year before (like for like). There has been a shift in purchasing behavior towards online purchases for many years, and the impact of CV19 has been to accelerate that trend by several years during 2020.

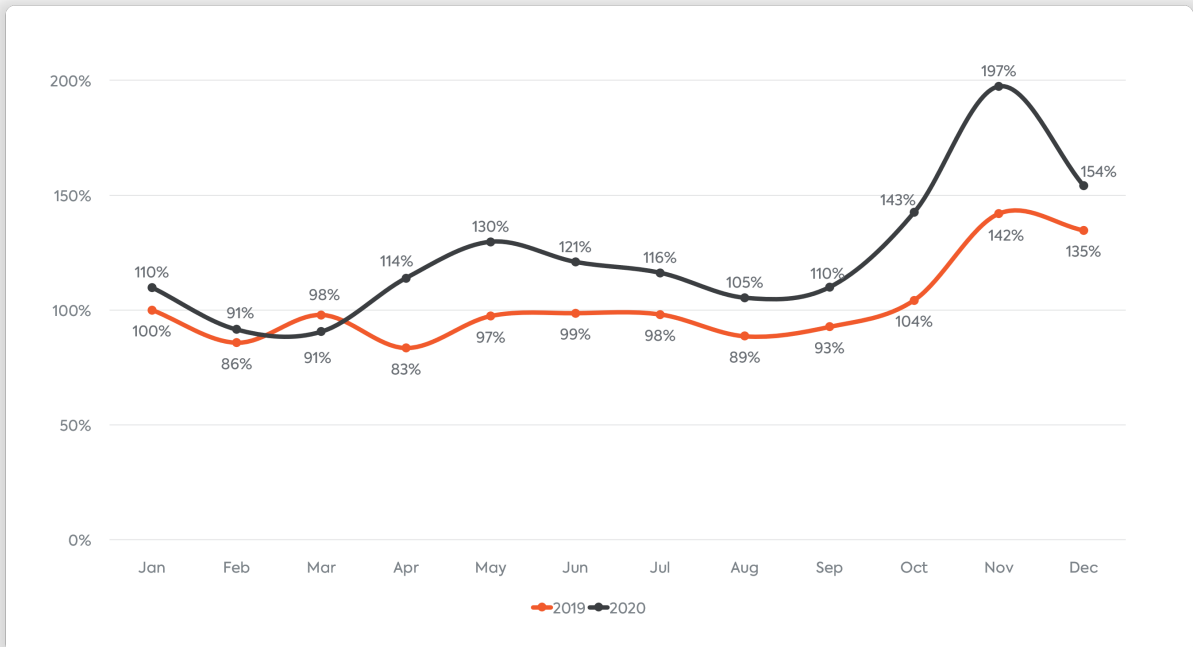


Chart II- Cross-Border Ecommerce Trend, 2019 / 20 comparison

EU/Non EU breakdown:

Splitting the data by orders being sent to EU and non-EU destinations, both trend lines follow a similar trend, but with non-EU markets seeing higher cross-border volumes for most of the year. However, there is a notable shift from September through to December with EU volumes exceeding non-EU figures, reaching a far more significant peak in the pre-holiday trading. This suggests high demand for UK products among EU citizens, and may have been exacerbated by concerns that they may not be able to continue shopping from their favorite UK brands post-Brexit (over that period, no deal looked to be the likely scenario). It is also indicative that western countries were more reactive to Black Friday and Christmas seasonal sales this year.

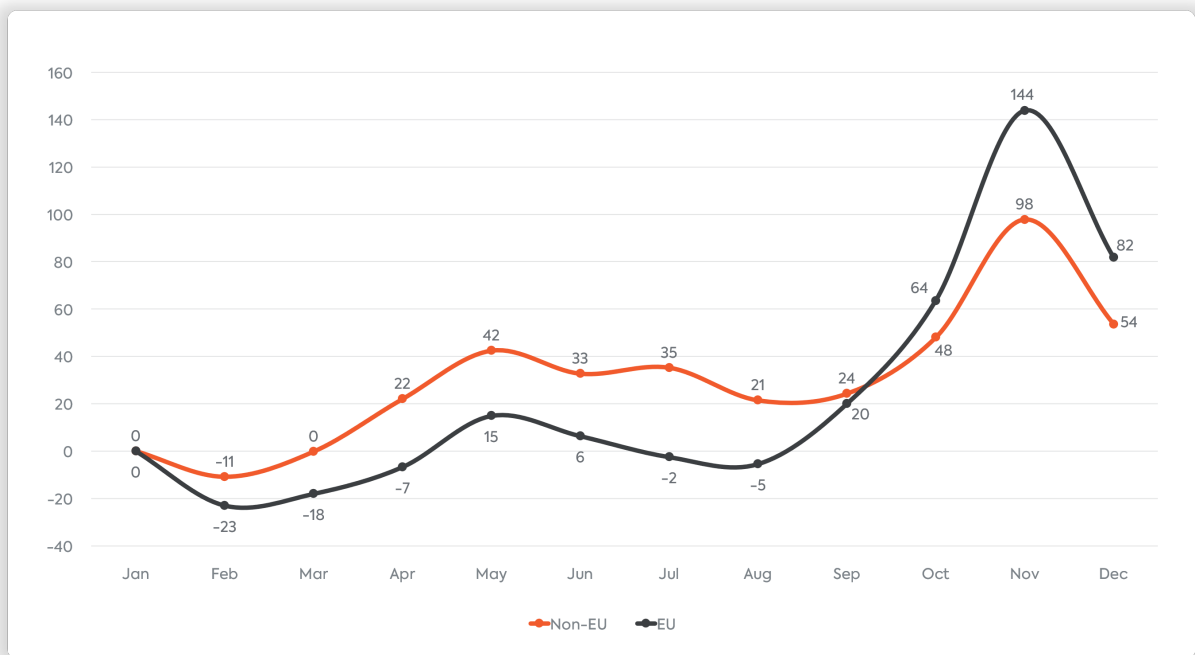


Chart III – EU / Non-EU Cross-Border Ecommerce Trend – Indexed to Jan. 2020

The month-on-month performance for EU and non-EU illustrates this difference further, with the clearest gap between the two opening up between September and November.

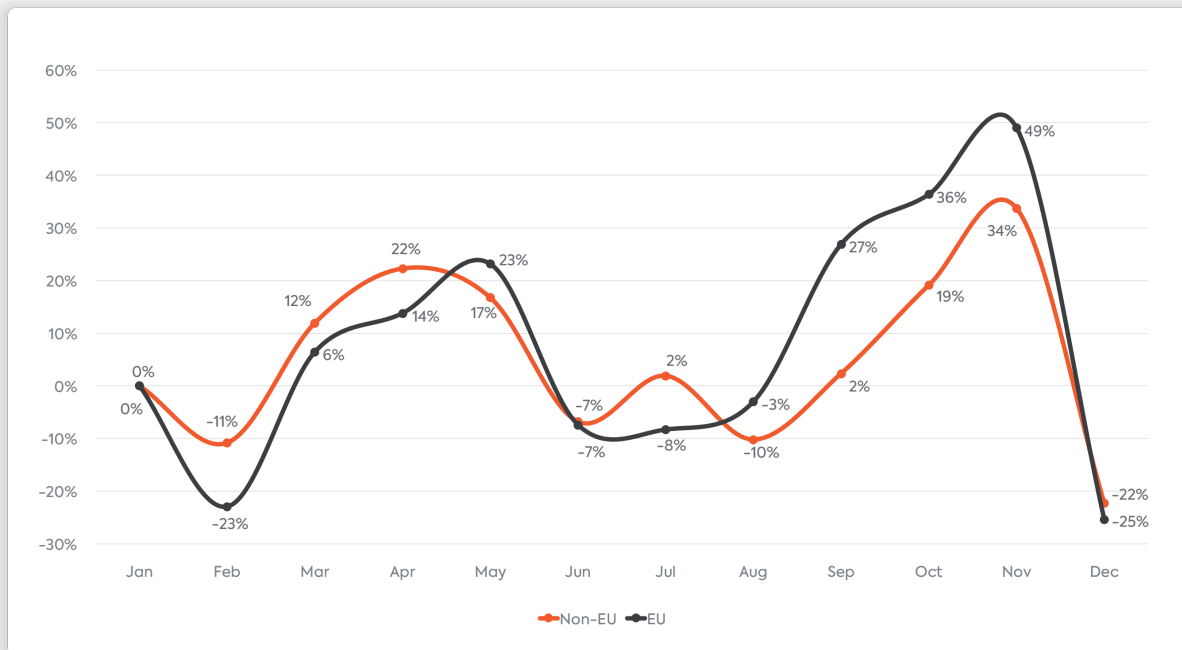


Chart IV – EU / Non-EU Cross-Border Ecommerce Trend, MoM – Indexed to Jan. 2020

The increase in EU demand in the second half of 2020 becomes more evident when we look at the 2019 trend (Chart V).

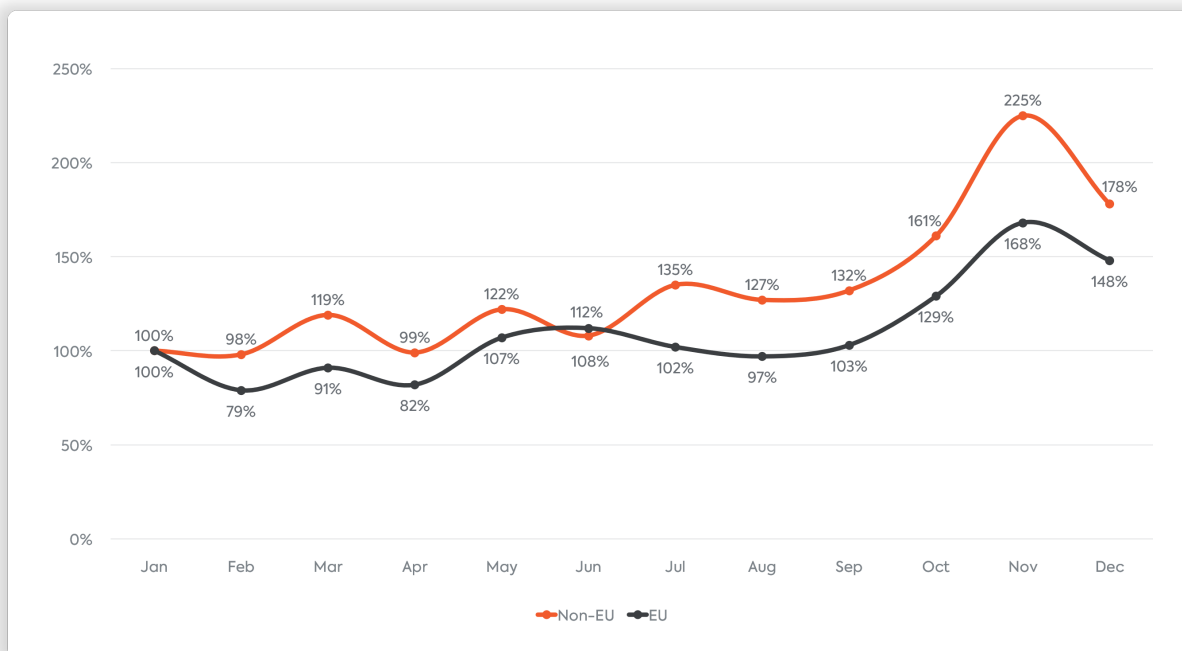


Chart V – EU / Non-EU Cross-Border Ecommerce Trend - Indexed to Jan. 2019

Peak period trends:

The below chart shows cross-border sales growth for UK retailers across the final four months of the year (September to December). As we saw in the UK market, there was a far bigger spike than would have been anticipated online if there was no pandemic.

Many brands went into sale far earlier than in previous years, with products available in sales throughout the whole of Q4. Although the rate of growth fell away following Black Friday week, December continued to trade strongly even though shoppers must have had some concerns about receiving items in time for Christmas; a similar trend was recorded among UK domestic shoppers.

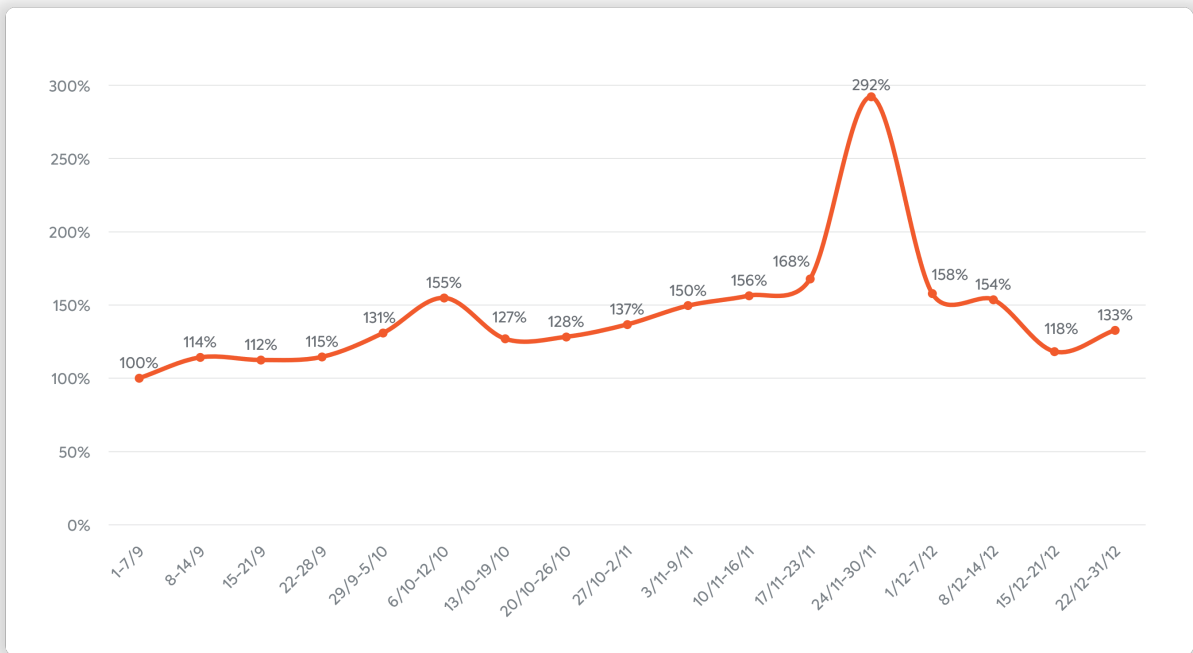


Chart VI – Cross-Border Ecommerce Trend, by week Sep-Dec

Device usage:

Looking at the platform through which cross-border purchases are completed (split by desktop and mobile, which covers both smartphone and tablet), there was a consistent shift towards mobile in 2018-2019 and H1 2020. Although it looked set to secure the majority share of sales within a few years, as of Q3 2020, with the enforcing of lockdowns and people around the world working from home, shoppers have resorted to using desktop more strongly, reversing the established trend.

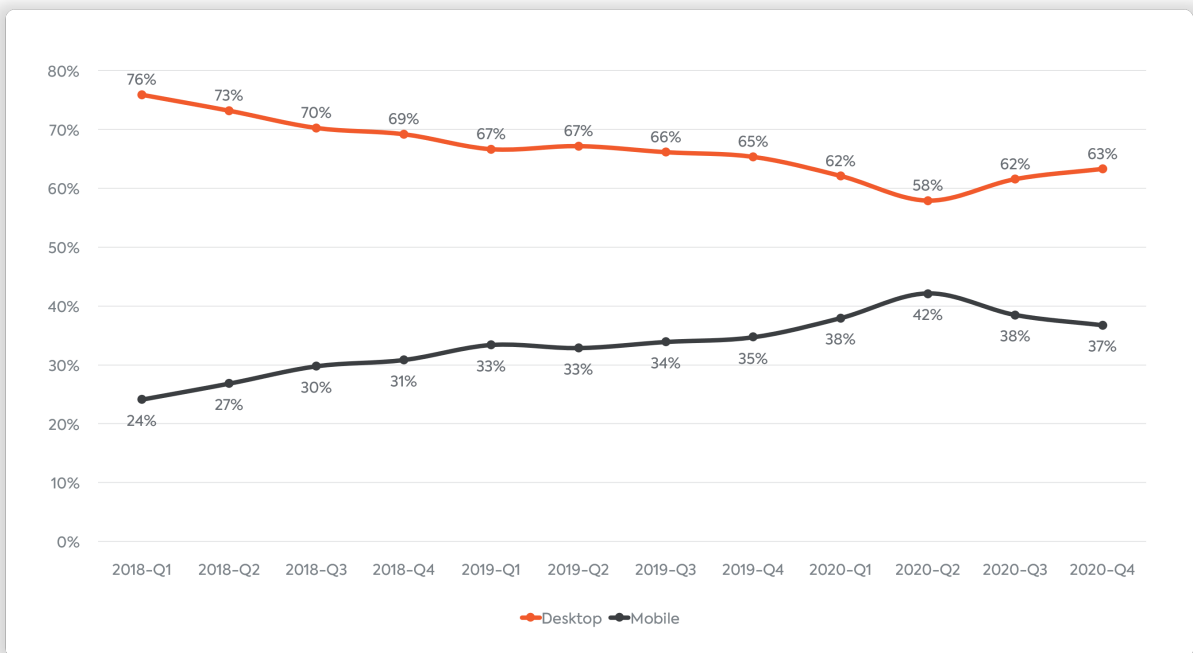


Chart VII – Proportion of cross-border sales, mobile / desktop

Payment types:

The index also covers the method used to complete payments in cross-border transactions on UK sites. Looking at the share between credit card, local alternatives (such as iDEAL in the Netherlands) and global alternatives (such as PayPal), credit card remains the dominant option but the gradual trend is for an increase in local alternatives, especially through mobile devices. As seen earlier, 2020 has seen a slight revival in people using desktops and so the use of credit cards has also recovered slightly.

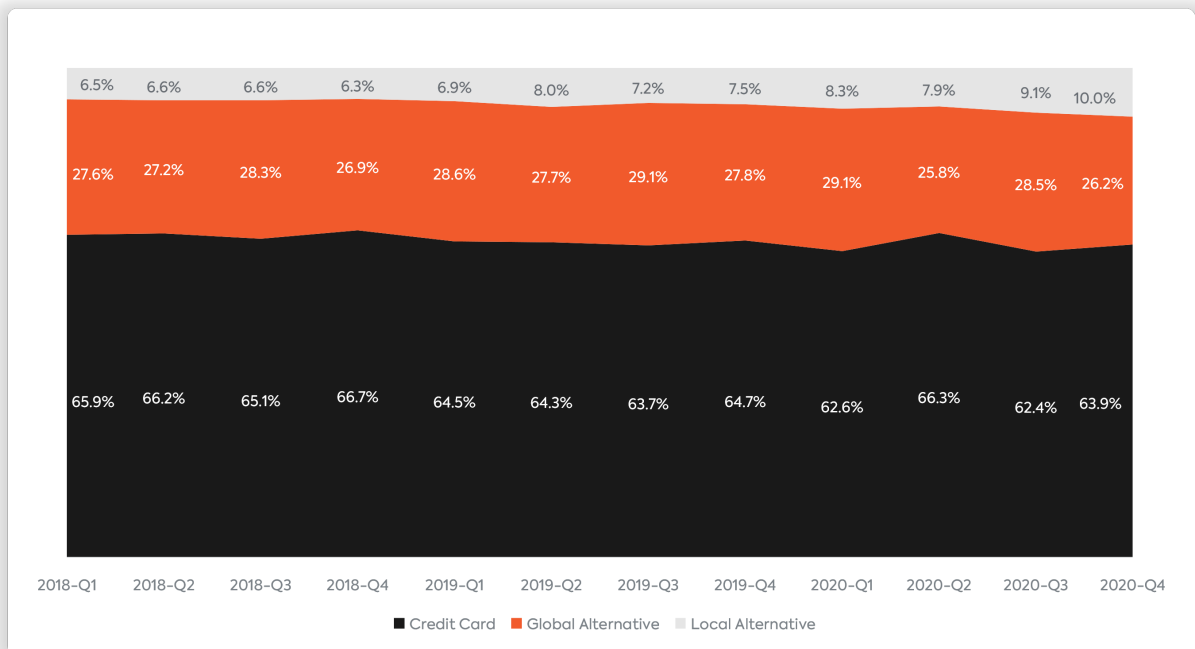


Chart VIII – Payment split: credit card, global and local alternatives

About the authors

IMRG

IMRG (Interactive Media in Retail Group) is the UK's industry association for online-retail. Formed in 1990, IMRG is setting and maintaining pragmatic and robust online-retail standards to enable fast-track industry growth, and facilitates its community of members with practical help, information, tools, guidance and networking. Consumers can be confident when dealing with IMRG Members because all interact in an environment where they are encouraged to operate using methods that are Honest, Decent, Legal, Truthful and Fair, and have undertaken to not bring the industry into disrepute.

The strength of IMRG is the collective and cooperative power of its members. For more information, please visit www.imrg.org or email membership@imrg.org

Global-e

Global-e is the leading provider of cross-border ecommerce solutions, with a proven track record of successfully enabling hundreds of leading retailers and brands across Europe, the USA and Asia, to boost their global online sales and revenues.

With Global-e's Smart Cross-Border™ solutions, merchants substantially increase international conversion rates, returning customers share and customer satisfaction scores by offering shoppers in over 200 destinations worldwide an optimal shopping experience that is localised and customised per market.

Smart Cross-Border™ solutions support 100+ currencies, 150+ local and alternative payment methods, multi-lingual checkout, guaranteed duty and tax calculation with a pre-payment option for a guaranteed landed cost, as well as multiple shipping options at unbeatable rates and pre-paid and local returns. Our advanced localisation capabilities are complemented by extensive local market insights and know-how, based on big-data analysis and vast cross-border ecommerce experience, to optimise our retail clients' ROI and support their continuous global growth.

Global-e's end-to-end solutions cover all aspects of cross-border ecommerce, including fraud and currency fluctuation hazards, duty and tax regulations as well as country restrictions and import processing, for a simplified, risk free and streamlined global expansion.

For more information, please visit: www.global-e.com