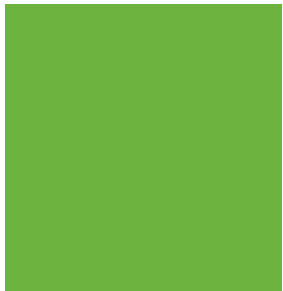
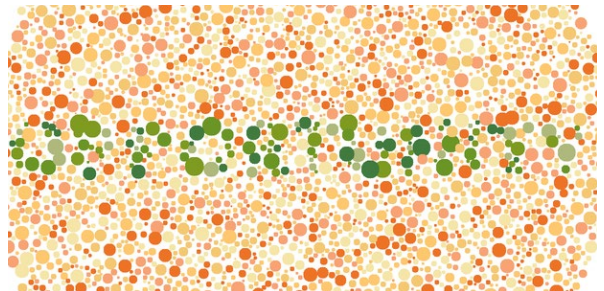
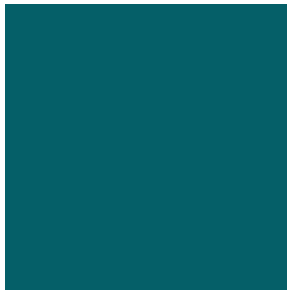
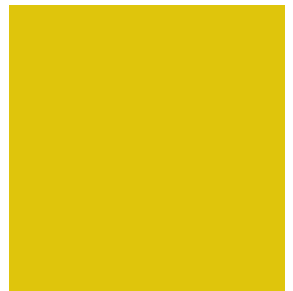
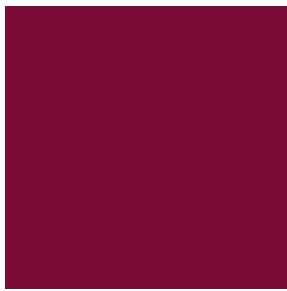
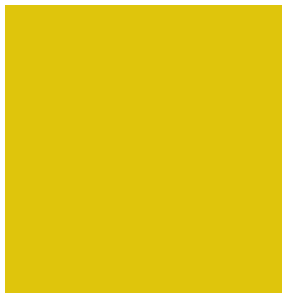




# E-commerce opportunities **HIDDEN IN PLAIN SIGHT**



Data analysis by PPRO reveals opportunities in Germany and the UK among demographics with unique and unmet needs



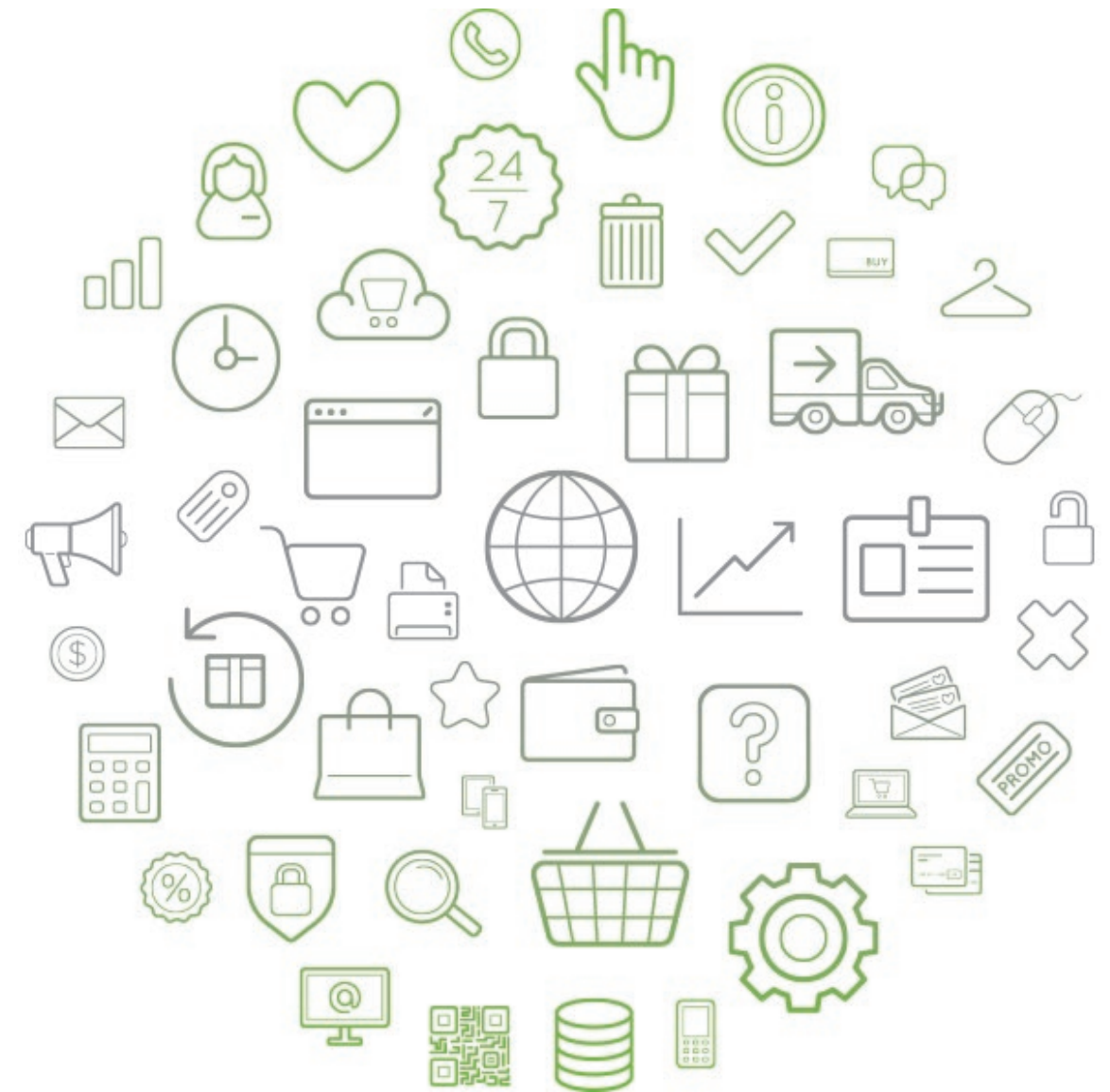
# Welcome

In Summer 2018, PPRO surveyed 2,000 online shoppers in the UK and Germany. We wanted to know how they shopped, what they liked to buy, what barriers stopped them from shopping online, and what might induce them to shop more. What we found, often surprised us. It revealed opportunities to serve demographics with needs currently unmet by the market. This paper contains some of the most interesting insights from the data. We hope you find it useful.

Yours sincerely,

Simon Black  
CEO, PPRO Group





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## Young consumers want to shop cross border

In both the UK and Germany, one thing that stood out clearly was the openness of young shoppers. 84% of British respondents under the age of 34 had made an online purchase with a merchant based outside the UK. In Germany, 83% of the 23-34 age bracket and 81% of 18-24s have shopped cross border.

In Germany, the most common online shopping destination for the young was other EU member states. 41% of 18-24-year-olds said they had bought something online from a merchant based

outside Germany but within the EU. In the UK, young shoppers (under 34 years of age) were most likely to buy from US merchants, with 53% having done so.

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**81% of young Germans  
and 84% of young British  
shoppers have shopped  
cross-border.**

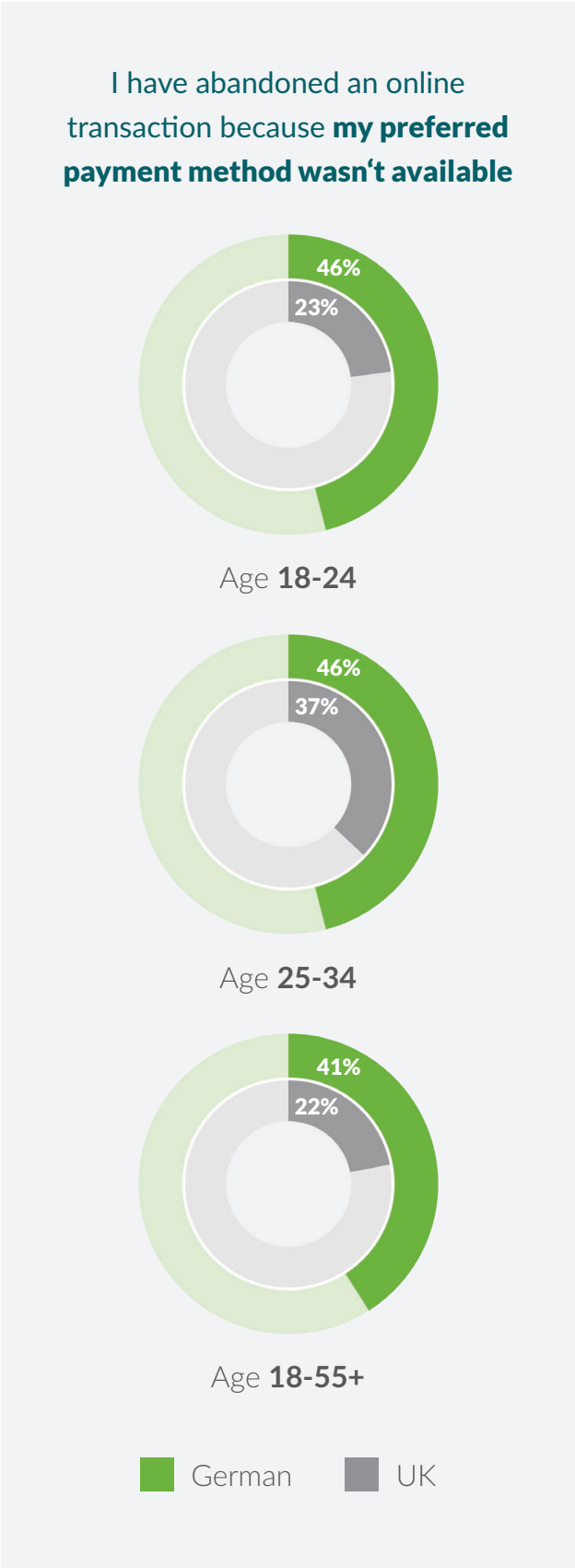
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# Young shoppers demand familiar payment methods

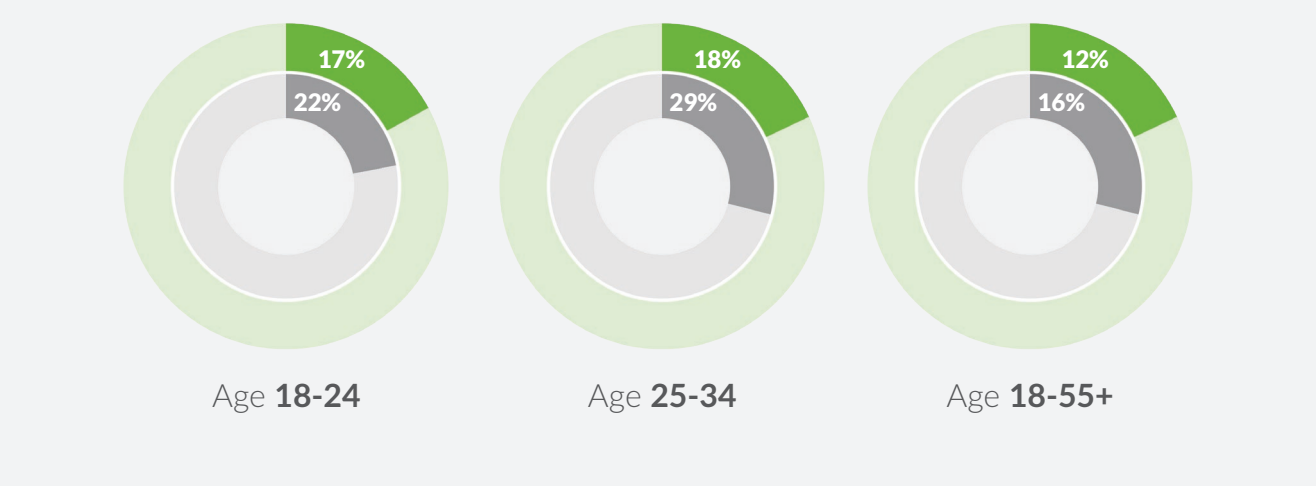
The willingness of young consumers to shop outside their home market opens obvious opportunities for merchants. But there is a catch. Of all the groups surveyed, the young were the most sensitive to payment complications.

In the UK, 37% of 25-34-year-olds said they had abandoned a transaction because their preferred payment option was not available. By comparison, just 22% of all respondents (across the age range 18-55+) said the same. In Germany, 46% of respondents in the same age range said they had abandoned a transaction because their preferred payment method was not on offer and 18% because payment was too complicated

**46% of German and 23% of British consumers have abandoned an online transaction because their preferred payment method wasn't supported.**

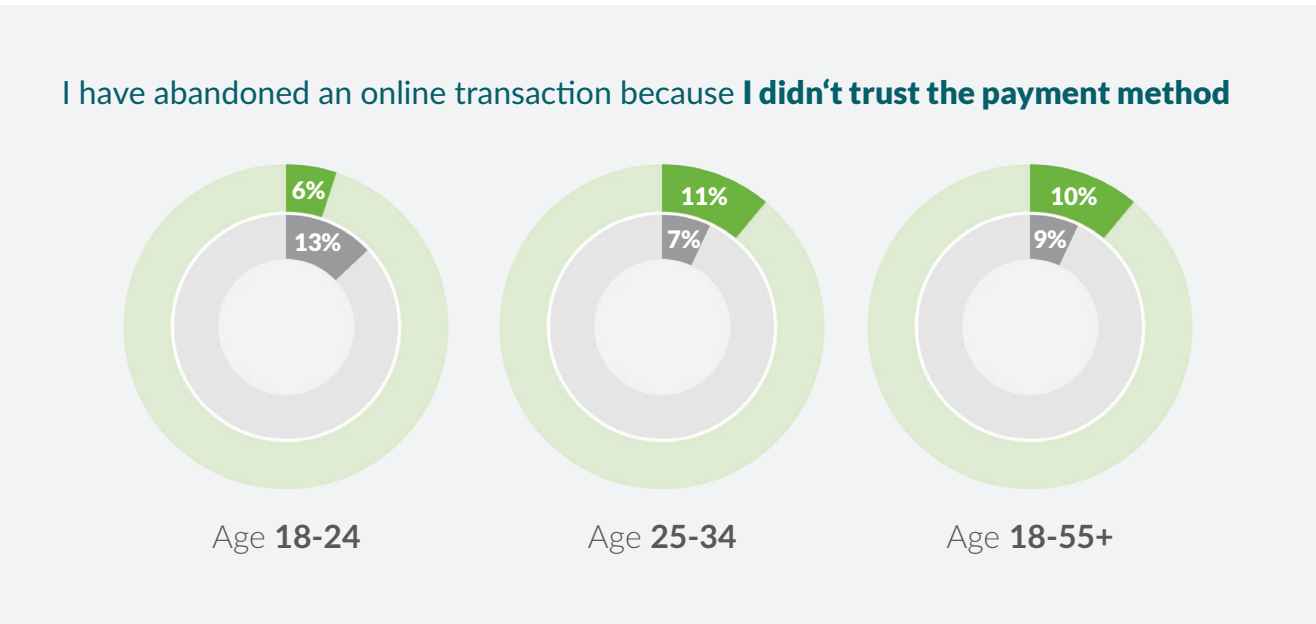


## I have abandoned an online transaction because the payment was too complicated



## Localise to expand

In the European Union (including the UK), just 15% of all enterprises sell cross-border to consumers in other member states<sup>1</sup>. Judging by the German and UK figures, there is both a demand for and a readiness to shop cross-border, particularly among younger age groups. But to capitalize on that demand, merchants must localize their sites for each target market. They must ensure that young consumers can use their preferred payment at the point of checkout. This will minimize cart abandonment, maximize trust, and maximize conversion rates.





## Seniors are more e-commerce savvy than ever

Young shoppers may be more willing to buy from cross-border merchants, but that doesn't mean merchants should assume that there are no untapped opportunities to sell to older consumer segments.

In Germany, 55% of over-55s have shopped cross-border. In the UK, it's 61%. This is startling because shopping cross-border involves a greater unfamiliarity, which usually dampens conversion rates among cautious consumers. Nor is this willingness to bargain-

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**28% of Germans and 40% of British seniors have purchased goods from China.**

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**100% of seniors surveyed have shopped online.**

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hunt limited to familiar markets. 28% of German and 40% of British seniors said they had bought items from Chinese merchants.

But the most eye-opening finding of all, was that 100% of seniors in both countries had shopped online. 76% of British over-55s and almost 70% of Germans say they shop online at least once a month. It may be time to rethink our image of older online shoppers, who appear to be far more engaged with e-commerce than many in the industry previously assumed.

## What do senior shoppers like to buy?

Older consumers in both countries shared certain online-shopping preferences. In both markets, substantial segments of this demographic say buying clothes is their number-one online purchase category (43% in Germany, 32% in the UK).

For a cautious consumer, clothing is a 'risky' purchase, raising questions around fitting, the accuracy of the photos and descriptions, and return policies. The fact that seniors are increasingly willing to buy clothes online, speaks of a far greater comfort and familiarity with e-commerce than is often attributed to this age-demographic.

This suggests not only that merchants can win with this segment by targeted offers for the categories given opposite, but it also

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**55% of Germans and 58% of British seniors are payment sensitive.**

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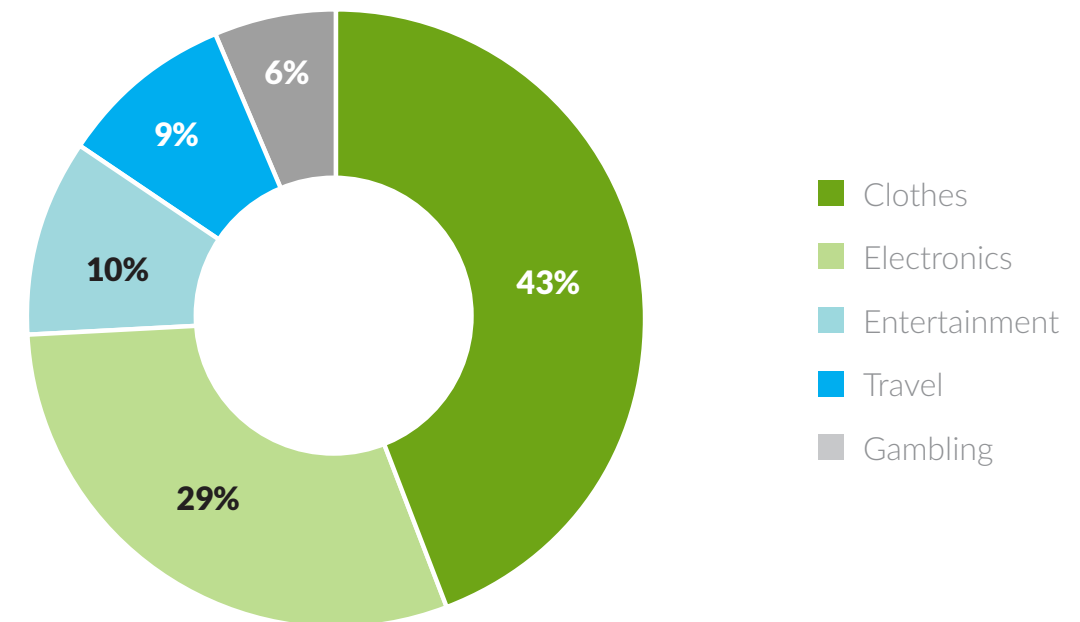
suggests that seniors are far more open to online than previously assumed.

The data also contains other indications that seniors are far less reserved about shopping online than they used to. For instance, 18% of UK over-55s buy groceries online. In Germany, that figure is 4%. This is despite the fact that in the UK, just 7.3% of all grocery purchases are made online<sup>1</sup>. In Germany, it's as low as 1%<sup>2</sup>.

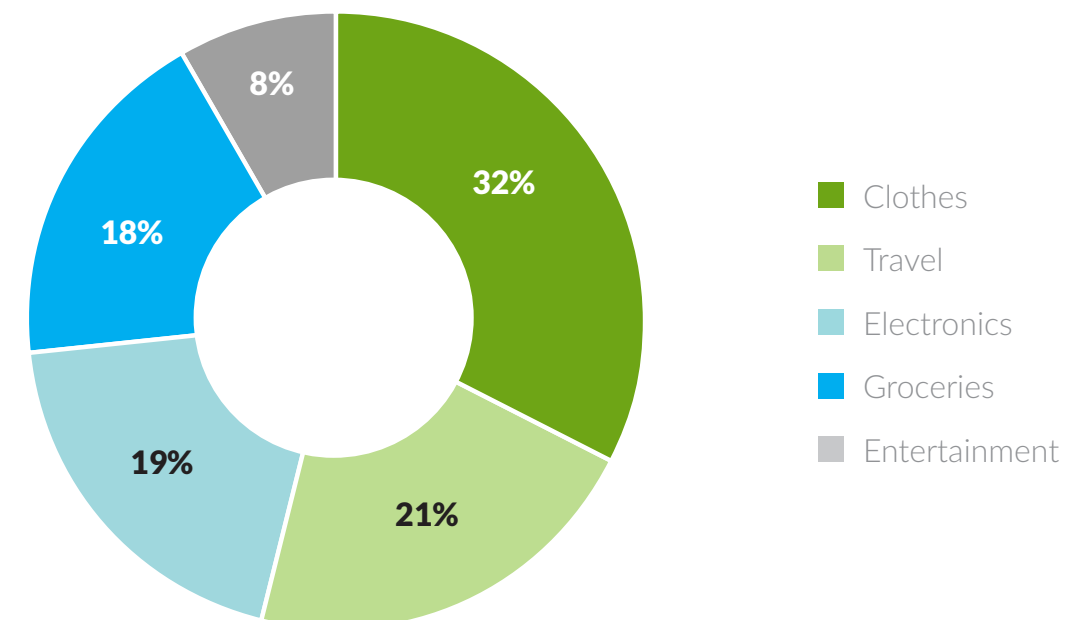
In both countries, supermarkets and e-tailers are targeting grocery shopping as one of the next frontiers for expansion. That so many over-55s, in comparison to the general population, are already willing to buy food and other staples over the Internet, when in the past they would have wanted to touch, test, and smell the produce, is a highly encouraging sign.

As with the younger age-group, over-55s are payment sensitive. 58% in the UK and 55% in Germany say that problems with the payment process have prevented them from completing online purchases.

## Top 5 purchase categories for Germans over-55



## Top 5 purchase categories for British over-55



1. Fraser McKevitt. "UK online grocery sales reach 7.3% market share". Kantar World Panel, 2 June 2017. <https://www.kantarworldpanel.com/en/PR/UK-online-grocery-sales-reach-73-market-share->

2. "E-Food im europäischen Vergleich". Handelsjournal, 16 May 2017. <https://handelsjournal.de/2017/05/16/markt/mirkohackmann/e-food-geschaef-im-europaeis-chen-vergleich>

## The rise of a single **European e-commerce market**

In the UK, 40% of men and 28% of women had shopped from sites on the European mainland. In Germany, the corresponding figures are 48% and 32%. This should not surprise us. Cross-border e-commerce is easier in the European Union (EU) than in any other area of the world.

The EU's Digital Single Market (DSM), announced in 2015, is designed to give consumers throughout the EU equal access to e-commerce and to digital goods and services anywhere, no matter which member state they're hosted in.

Packages shipped from one European country to another must pass neither regulatory nor customs barriers. In February 2018, the European Council adopted a regulation to ban 'geo-blocking', the practice of making e-commerce sites in one part of the EU inaccessible to consumers in another member state. With the GDPR, member states have a single standard for data-protection and data processing through the European Union.



## E-commerce and the Single Euro Payments Area (SEPA)

SEPA Direct Debit is a bank-transfer payment method accepted in all EU member states and in non-EU SEPA countries. Payment is simple. The customer simply authorises his or her bank at the e-commerce checkout, and the funds are transferred to the recipient.

As well as the direct debit product, the SEPA Instant Credit Transfer (SCT Inst) provides banks, consumers and merchants with a way to transfer funds within seconds, highly advantageous for merchants and consumers alike.

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Ecommerce Europe predicts  
**13% e-commerce growth**  
over the next year<sup>1</sup>

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With a single payment infrastructure in SEPA, and the payment methods built on top of SEPA, cross-border e-commerce in the EU is further simplified.

All of these factors are expected to drive strong growth for domestic and cross-border e-commerce in the EU. Ecommerce Europe predicts 13% e-commerce growth over the next year<sup>1</sup>. As we've already seen, only 15% of EU enterprises currently sell cross-border. This leaves the market still open for new and innovative merchants to grow their business.



## Brexit

The big unknown in cross-border e-commerce between the UK and other member states.

The weak pound has made the UK an attractive e-commerce shopping destination since the Brexit vote of 2016. This is likely to continue for as long as the UK remains in the single market. What happens after that remains unknown.



1. "European B2C ecommerce still growing fast, with national markets moving at different speed". Ecommerce Europe, 2 July 2018.

## Conclusion

The UK and German e-commerce markets, and probably other mature European markets too, are in a state of flux. As the statistics compiled by PPRO show, there are markets segments even in these markets that are more engaged with e-commerce than the industry has previously imagined.

These consumers are increasingly adventurous in how and where they shop online. They're increasingly willing to buy goods online, for instance, clothes and groceries, which they would previously have wanted to touch and try before buying.

They're also more and more open to shopping cross border.

This is a tremendous opportunity for British, German, and European e-commerce merchants. But to seize it successfully, they must tailor their merchandising and marketing strategies closely to the preferences and behaviours of the specific target groups. They must also localize their customer journey for each market, with particular attention to the checkout and payments process.



# About PPRO

E-payment specialist PPRO helps people pay and get paid. Through its Girogate platform, payment service providers (PSPs) and the merchants they service get access to hundreds of local payment methods (LPMs) from around the world through a single application programming interface (API), a single integration, and a single contract.

For its customers, PPRO provides not only seamless access to the LPMs they need, it also takes care of all commercial aspects when dealing with payments, negotiates fee structures with payment methods, handles regulatory and contractual issues, and maintains the relationship with the payment method.

The PPRO Girogate platform, combined with PPRO's unmatched expertise in international e-payments, gives PSPs access to a payments back-end and a portfolio of back-office commercial expertise, that most would not be able to maintain or keep up to date on their own.

To find out how to help your merchants start cross-border selling, speak to PPRO today:

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