

The Merchants' Guide To Cross-Border Commerce, a PYMNTS and Digital River collaboration, examines the websites of 137 retail merchants across six industries for a firsthand account of how quickly and easily international eCommerce shoppers can make cross-border purchases and how their purchasing experiences compare to those of domestic consumers shopping on the same sites.

NOVEMBER 2021

THE MERCHANTS' GUIDE TO CROSS-BORDER COMMERCE



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THE MERCHANTS' GUIDE TO
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COMMERCE**

INTRODUCTION

FedEx announced the launch of a new direct intercontinental cargo flight between France and Japan in October 2021.

The three-stop flight will transport 440,000 pounds of cargo capacity from Paris, France to Osaka, Japan and then continue to Guangzhou, China. The new flight will help FedEx manage a recent uptick in eCommerce parcel volume coming from Europe and Asia, which increased by more than \$1 billion year over year in June 2021.¹ FedEx also introduced four additional new intercontinental flights originating from the Asia-Pacific (APAC) region two months earlier.²

FedEx's continuing drive to expand its intercontinental fleet is only one way in which the international eCommerce market's growth is reshaping the global economy. Consumers in different national markets are seeking out new retail opportunities online, providing eCommerce merchants around the world with an unprecedented chance to establish an international presence.

Succeeding in this interconnected global market hinges on eCommerce merchants' ability to localize their eCommerce payment and feature offerings — as well as their ability to provide much more. International merchants are accepting a wider variety of payment methods, supporting more currencies and using more interface personalization features than ever before. Competitors now must accept an average of 6.8 payment methods, support 11 currencies and use IP recognition technology just to get their foot in the door. The trick to gaining a competitive edge is to go above and beyond.

This is just one of the findings we uncovered in The Merchants' Guide To Cross-Border Commerce, a PYMNTS and Digital River collaboration that provides step-by-step guidance for international eTailers looking to convert casual browsers into loyal customers. The playbook offers a holistic analysis of the cross-border eCommerce ecosystem, identifying which international merchants provide the best overall cross-border shopping experiences and what these market leaders' strategies can teach about enhancing user satisfaction and driving sales.

This is what we learned.

1. FedEx launches new direct flight between Europe and Japan. eSeller365. 2021. <https://www.eseller365.com/fedex-launches-new-flight-between-europe-japan/>. Accessed October 2021.

2. FedEx express expands air network enhancing connections for Asia Pacific exporters. FedEx News Room. <https://newsroom.fedex.com/newsroom/fedex-express-expands-air-network-enhancing-connections-for-asia-pacific-exporters/>. Accessed October 2021.

INTERNATIONAL eCOMMERCE MERCHANTS ARE ANSWERING CONSUMERS' CALLS FOR LOCALIZED, PERSONALIZED CROSS-BORDER CHECKOUTS. ELEVEN PERCENT MORE MERCHANTS OFFER INTERFACE PERSONALIZATION FEATURES NOW THAN DID IN 2016.

International eCommerce merchants are expanding their payment offerings to convert more shoppers, accepting more payments in 2021 than they ever have before. The average international eCommerce merchant currently accepts 6.8 payment methods, for example, but eCommerce merchants averaged 5.7 methods accepted in 2016.

FIGURE 1:
How eCommerce merchants' interface personalization features have changed since 2016

Share of merchants that offer at least one interface personalization feature, by year³



3. Interface personalization features may include any or all of the following features: IP recognition technology, country-specific address fields, multiple currency options or multiple language settings.

Simply offering a broad variety of payment methods is not enough to guarantee conversion, however. It is critical to ensure that merchants localize their customers' user experience by providing payment methods that suit their geographic areas and interface personalization tools like IP recognition technology. More merchants than ever before are using tools such as these to automatically sync the languages, currencies and payment methods their customers encounter on their sites with their geographic locations: 76 percent now do so. This is up 11 percent from the share that did so in 2016.

ALL TOP-PERFORMING MERCHANTS OFFER AT LEAST ONE INTERFACE PERSONALIZATION FEATURE, AND CURRENCY OPTIONS ARE THE FEATURE MOST WIDELY OFFERED. SEVENTY-SEVEN PERCENT OF TOP PERFORMERS OFFER MORE THAN ONE CURRENCY OPTION.

Leading eCommerce merchants understand the transformative potential that interface personalization features can have on their chances of winning over new customers. Every one of the 30 merchants with the highest index scores in our study (who we call "top performers") either use IP recognition technology, offer country-specific address fields, support several currencies or provide several language options to help localize their customers' shopping and payments experiences, in fact. Among bottom performers, this figure is just 47 percent.

Top performers also go above and beyond other merchants in supporting a greater variety of payment methods and currency display options. The average top performer accepts 6.9 payment methods and displays their prices and sites in 24 different currencies. These figures are as low as 5.7 and 4.4, respectively, among bottom performers.

TOP PERFORMERS STILL ARE UNDERPERFORMING ON CONVENIENCE, REPRESENTING A KEY AREA FOR IMPROVEMENT GOING FORWARD. THEY ARE EITHER JUST AS LIKELY OR EVEN LESS LIKELY THAN MIDDLE- OR BOTTOM-PERFORMING MERCHANTS TO OFFER CONVENIENCE-BOOSTING FEATURES.

Top-performing merchants may be ahead of the pack in terms of interface personalization and payment localization, but they are behind the curve on providing their customers the features that can make their online shopping experiences more convenient. Only 59 percent of top performers offer free shipping options, for example. This is roughly on a par with the global international average.

CHINA AND THE UNITED STATES ARE HOME TO MORE TOP PERFORMERS THAN ANY OTHER NATIONS. U.S. SITES ARE SLIGHTLY LESS THAN TWICE AS LIKELY AS THOSE FROM OTHER COUNTRIES TO OFFER COUNTRY-SPECIFIC ADDRESS FIELDS, WHILE CHINESE SITES ARE MORE THAN TWICE AS LIKELY TO USE IP RECOGNITION TECHNOLOGY.

Chinese and U.S. merchants offer the most seamless cross-border eCommerce

experiences of merchants in any of the six nations we researched: China, Germany, Japan, Mexico, the United Kingdom and the United States. Among the 30 top performers in our study, 22 of them are in either China or the U.S., and 100 percent of them offer at least one interface personalization feature.

International merchants are falling short on providing the free shipping and guarantee or refund policies that eCommerce shoppers expect.

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PERSONALIZING VIA LOCALIZATION

A merchant's first step toward building a customer-friendly cross-border eCommerce shopping experience is making sure that international shoppers can navigate their websites with ease.

This means not only displaying the items they sell in the currencies with which their shoppers are familiar but also allowing shoppers to pay for those items using methods that are popular in their home countries.

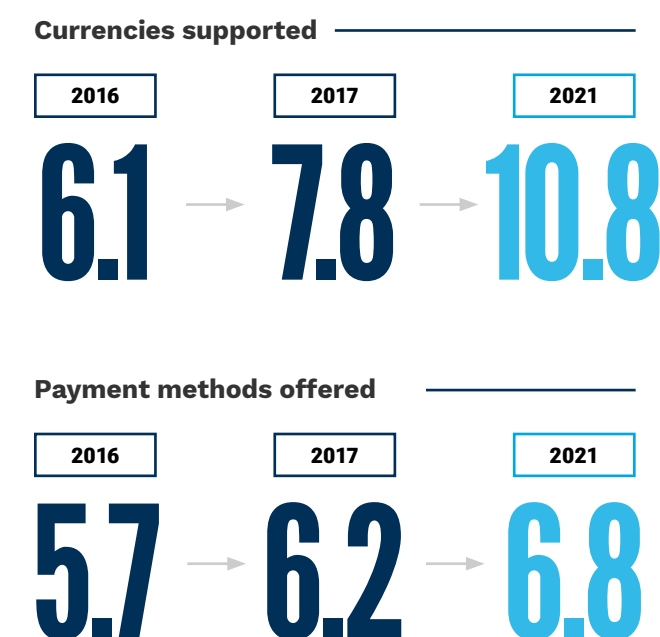
Supporting the right mix of currencies and payment options is becoming more paramount as international eCommerce merchants add more of both. The average international eCommerce site supports 10.8 currencies for cross-border transactions in 2021 — 77 percent more than the average of 6.1 currencies supported in 2016.

The average merchant also allows international shoppers to pay using any of 6.8 payment methods in 2021, on average. This means most merchants have added at least one new payment method in the past four years on average.

FIGURE 2:

How eCommerce merchants' currency and payment offerings have changed since 2016

Average number of supported currencies and payment methods on their sites, by year



Source: PYMNTS.com | Digital River
The Merchants' Guide To Cross-Border Commerce

It also is important that eCommerce merchants offer the right payment methods, those with which their potential customers are most familiar. Visa and Mastercard are the two most widely accepted payment methods among the six nations in our study, with 83 percent of all merchants accepting them, for example. PayPal and American Express place third and fourth, accepted by 74 percent and 66 percent of all merchants, respectively. It is critical that eCommerce merchants accept payment methods that are popular

TABLE 1:
Which payment methods international eCommerce merchants accept

Share accepting select payment methods for cross-border transactions, by location

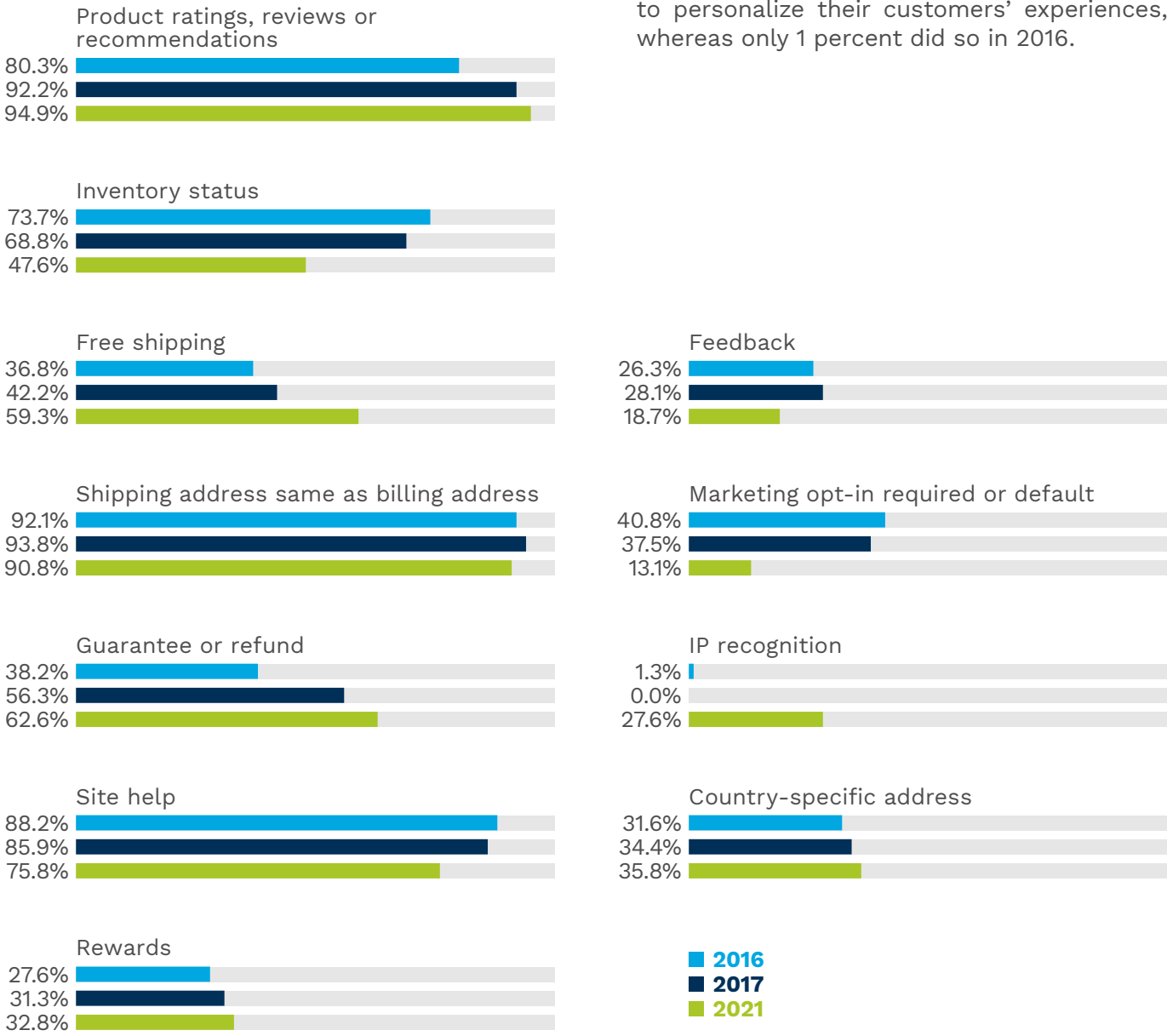
	Cross-border average	China	Germany	Japan	Mexico	U.K.	U.S.
Visa	83.1%	82.2%	83.7%	83.3%	55.6%	90.5%	97.8%
Mastercard	82.7%	82.2%	83.7%	83.3%	55.6%	90.5%	95.7%
PayPal	74.3%	83.3%	78.7%	58.3%	72.2%	57.1%	93.5%
American Express	65.8%	65.5%	41.0%	77.8%	55.6%	70.6%	87.0%
Bank Transfer	31.8%	41.7%	58.7%	23.6%	44.4%	9.5%	13.0%
Diners Club	30.6%	28.9%	26.0%	47.2%	11.1%	27.8%	41.3%
Discover	30.3%	32.2%	19.3%	31.9%	11.1%	16.7%	67.4%
JCB	26.5%	50.0%	5.3%	61.1%	11.1%	7.1%	37.0%
Amazon Pay	14.4%	0.0%	22.0%	22.2%	0.0%	19.0%	16.7%
CUP	11.3%	28.3%	3.3%	16.7%	5.6%	2.4%	17.4%
Google Pay	9.7%	20.0%	3.3%	4.2%	5.6%	14.3%	13.0%
Private Label	7.8%	10.0%	2.0%	11.1%	0.0%	0.0%	23.2%
Western Union	1.9%	8.3%	0.0%	0.0%	5.6%	0.0%	0.0%
WeChat Pay	3.0%	10.0%	0.0%	0.0%	0.0%	4.8%	4.5%
Alipay	10.3%	30.0%	0.0%	28.1%	0.0%	7.1%	6.8%

within their customers' geographic regions as well as those four key options. Merchants located in East Asia would be best served by accepting JCB, Alipay and WeChat Pay, which are particularly common on the sites of merchants located in China and Japan. Meanwhile, merchants looking to optimize conversion among U.S. consumers might also accept Discover, which is far more commonly accepted among U.S. merchants than among those in other regions. Supporting the right currencies and payment options is crucial to getting a merchant's foot in the door of the international eCommerce market, but it is no longer enough to gain a competitive edge. Gaining that edge requires merchants to go above and beyond by using additional interface personalization tools to make the most of their currency and payment offerings.

Source: PYMNTS.com | Digital River
The Merchants' Guide To Cross-Border Commerce

FIGURE 3:
How eCommerce merchants' feature offerings have changed over time

Share that offer select cross-border checkout features, by year



IP recognition technology, which automatically changes a site's display languages and payment options depending on a shopper's location, tops the list of these tools. International eTailers' usage of IP recognition technology has increased more than nearly any other feature since 2016. Twenty-eight percent of all merchants now use IP recognition to personalize their customers' experiences, whereas only 1 percent did so in 2016.

Source: PYMNTS.com | Digital River
The Merchants' Guide To Cross-Border Commerce

Payments localization
is becoming more
integral to cross-
border eCommerce
success as more
merchants personalize
checkouts for
customers in different
geographic locations.

Country-specific address fields also are a must for eCommerce merchants with international ambitions. These fields refer to the personal and payment information fields presented to paying customers at checkout. It may seem like a small matter, but these fields vary considerably among countries and can cause confusion for customers in different geographic areas. International eCommerce merchants are now 13 percent more likely to offer country-specific address fields than they were five years ago. Thirty-six percent of all eTailers now offer country-specific address fields, whereas 32 percent did in 2016.

Adding these new location-specific checkout features has helped merchants improve their overall cross-border eCommerce experience, driving their average Index score up from 49.4 in 2016 to 53.8 in 2021. It also means the market is growing more competitive overall. Merchants that do not use IP recognition technology and country-specific payment fields to customize their online shopping experiences now face a growing number of competitors that do.



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THE ROAD
TO THE TOP

Merchants that
accept more localized
payment methods
stand to convert more
shoppers to new
customers.

It follows that top merchants — the 30 merchants with the highest index scores in our sample — offer the broadest variety of currency and payment offerings, displaying the

items on their sites in 24 different currencies for payments on average. Only four currencies are displayed on average on the bottom 30 merchants' websites.

Top merchants offer nearly all payment methods more often than middle and bottom performers, with one notable exception: Amazon Pay. Only 5 percent of top merchants accept Amazon Pay, which is accepted on 20 percent and 13 percent of middle- and bottom-performing merchants' sites, respectively.

	Cross-border average	Top 30	Middle	Bottom 30
Visa	83.1%	89.4%	88.2%	66.7%
Mastercard	82.7%	87.8%	88.2%	66.7%
PayPal	74.3%	95.6%	78.1%	45.6%
American Express	65.8%	75.0%	66.8%	54.4%
Bank Transfer	31.8%	28.3%	35.3%	28.3%
Diners Club	30.6%	39.2%	30.7%	21.7%
Discover	30.3%	37.2%	32.1%	20.0%
JCB	26.5%	37.8%	25.6%	17.2%
Amazon Pay	14.4%	5.0%	19.7%	13.3%
CUP	11.3%	18.6%	11.7%	3.3%
Google Pay	9.7%	15.8%	10.8%	1.1%
Private Label	7.8%	13.3%	8.9%	0.0%
Western Union	1.9%	3.3%	0.4%	3.3%
WeChat Pay	3.0%	5.2%	3.4%	0.0%
Alipay	10.3%	13.8%	11.9%	3.4%

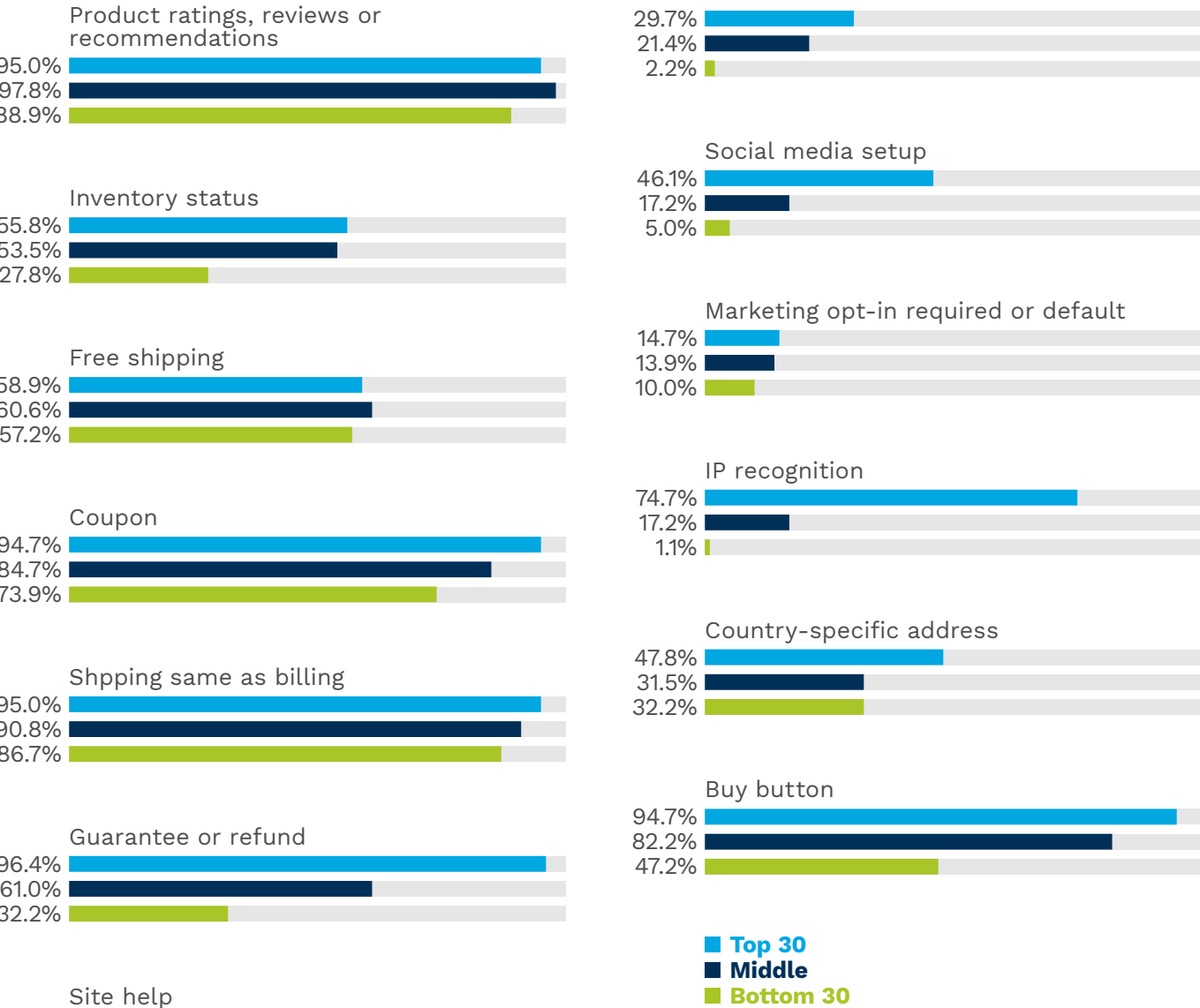
TABLE 3:
Payment methods
eCommerce
merchants accept

Share accepting select
payment methods for
cross-border transactions,
by performance

Source: PYMNTS.com | Digital River
The Merchants' Guide To Cross-Border
Commerce

FIGURE 4:
Features keeping top-performing eCommerce merchants ahead

Share offering select features for cross-border purchases



Source: PYMNTS.com | Digital River
The Merchants' Guide To Cross-Border Commerce

Top 30 merchants also use more interface personalization features, including IP recognition technology and country-specific address fields, to ensure they are delivering their international shoppers a payments experience that feels easy and familiar. These top performers by far are the most likely to offer IP recognition technology and country-specific address fields, at 75 percent and 48 percent, respectively. By contrast, only 1 percent and 32 percent of bottom-performing merchants offer these two features, respectively.

This does not mean that top 30 merchants have no room to improve their feature offerings, however. They are not as likely to be offering features designed to enhance the convenience of their shopping experiences, such as free shipping and inventory status. Fifty-seven percent of bottom 30 merchants offer cross-border free shipping, roughly on a par with the 59 percent of top 30 merchants that do so. This shows that adopting more convenience-boosting features will be key to helping top 30 merchants maintain their competitive edge going forward.

Top performers are almost 70 times likelier than bottom performers to use IP recognition technology.

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KEEPING UP WITH CHINA AND THE U.S.

Chinese and U.S. merchants outperform their competitors in other nations when it comes to providing a user-friendly eCommerce experience, a fact that is reflected in their Cross-Border Merchant Optimization Index scores.

U.S. merchants score higher than any other nation, though Chinese merchants follow close behind. U.S. and Chinese merchants earn average Index scores of 64.2 and 63.3, respectively. U.S. merchants account for 12 of the top 30 merchants in our study, and 10 of the top 30 in China. There are several notable differences in the variety of payment methods that Chinese and U.S. merchants accept, however. U.S. merchants are far more likely than their Chinese counterparts to accept Visa, Mastercard, PayPal, American Express and Private Label. Chinese merchants are more likely than U.S. merchants to accept not only direct bank transfers but also Alipay, WeChat Pay, JCB, Union Pay (CUP) and Google Pay. This underscores how important it is for eCommerce merchants to accept the payment methods that are most common in their respective regions.

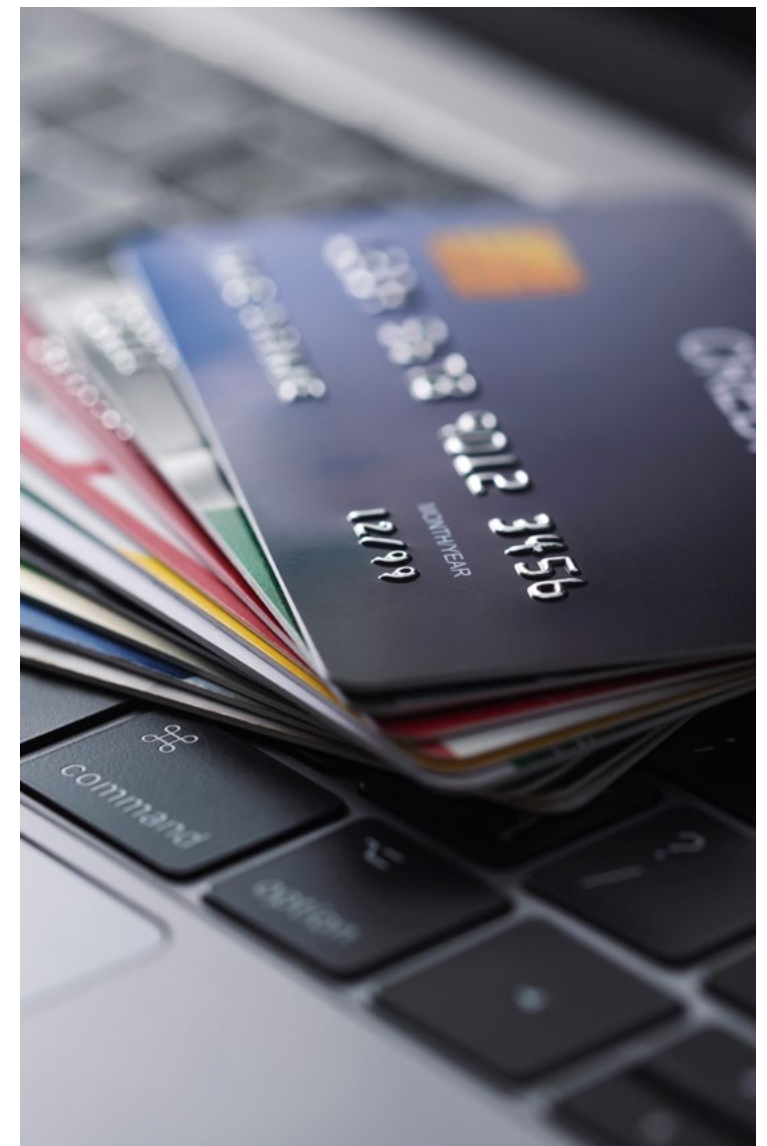
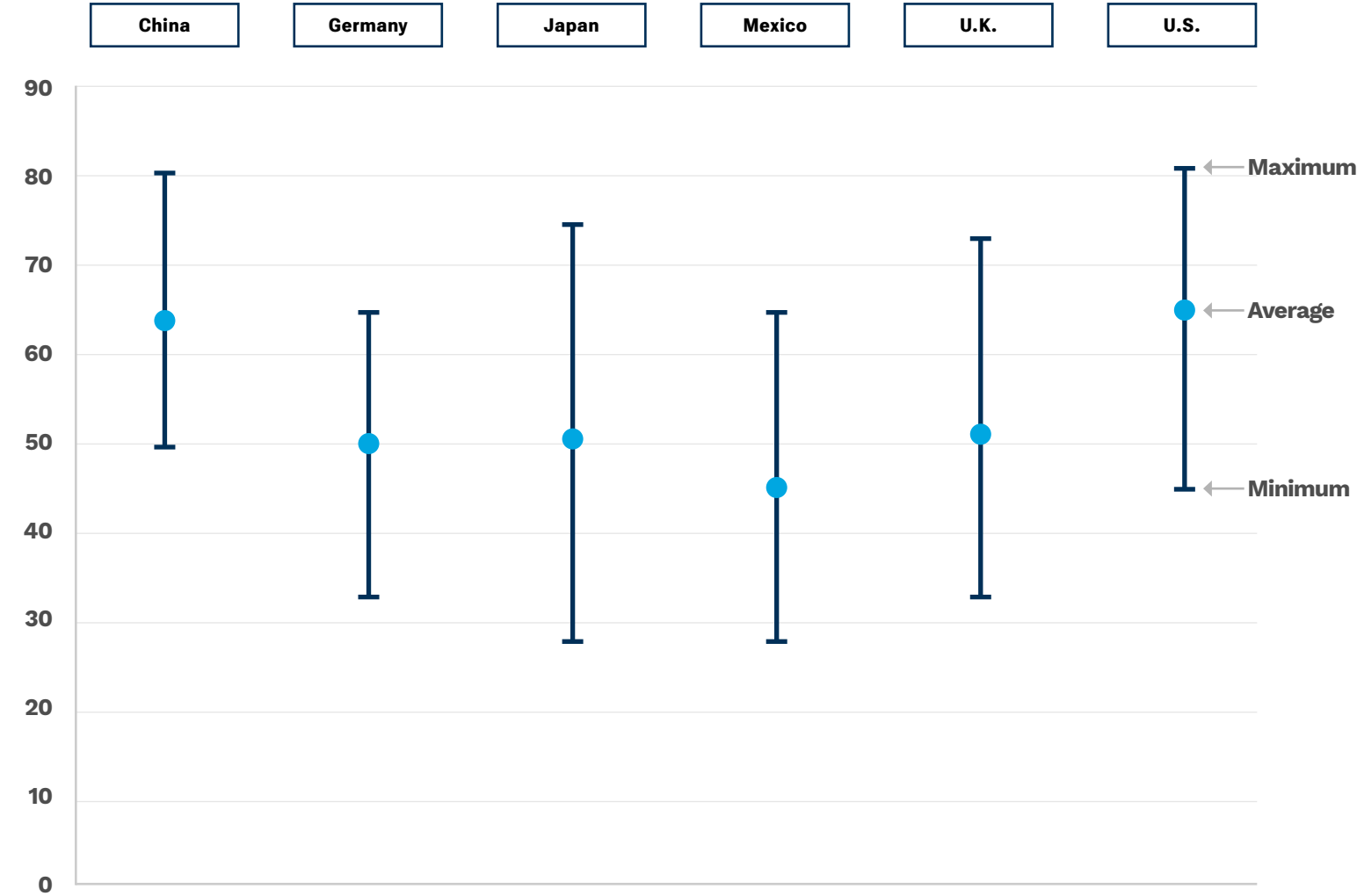


FIGURE 5:
How Index scores vary among
merchants in different nations

The distribution of cross-border merchant
optimization scores, by country



Source: PYMNTS.com | Digital River
The Merchants' Guide To Cross-Border Commerce

U.S. merchants also tend to accept more payment methods than those in other nations, overall. The average U.S. merchant accepts 7.3 payment methods, while merchants in other nations accept an average of just 6.8 payment methods.

U.S. and Chinese merchants do more than accept all the right payment methods, however. They also provide a far more seamless overall cross-border commerce experience than the

rest, in part because they are so much more likely to offer interface personalization features. Eighty-seven percent of U.S. merchants and 100 percent of Chinese merchants offer at least one type of interface personalization feature, whether IP recognition technology, country-specific address fields, multiple language settings or several currency options. Just 68 percent of merchants in other nations offer such features, by contrast.

	Average	China	U.S.
Visa	83.1%	82.2%	97.8%
Mastercard	82.7%	82.2%	95.7%
PayPal	74.3%	83.3%	93.5%
American Express	65.8%	65.6%	87.0%
Bank Transfer	31.8%	41.7%	13.0%
Diners Club	30.6%	28.9%	41.3%
Discover	30.3%	32.2%	67.4%
JCB	26.5%	50.0%	37.0%
Amazon Pay	14.4%	0.0%	16.7%
CUP	11.3%	28.3%	17.4%
Google Pay	9.7%	20.0%	13.0%
Private Label	7.8%	10.0%	23.2%
Western Union	1.9%	8.3%	0.0%
WeChat Pay	3.0%	10.0%	4.5%
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TABLE 4:
Payment methods
that Chinese and U.S.
eCommerce merchants
accept

Share accepting select payment
methods for cross-border
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Source: PYMNTS.com | Digital River
The Merchants' Guide To Cross-Border
Commerce

THE MERCHANTS' GUIDE TO
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DEEP DIVE: SHIFTING PRIORITIES

eCommerce shoppers' cross-border shopping preferences have shifted dramatically since 2017, when PYMNTS first began studying the cross-border eCommerce ecosystem.

Being able to check out quickly accounted for as much as 25 percent of the average user's satisfaction back then: shoppers were happier with fewer form submissions and shorter purchase times.

That is no longer the case. eCommerce shoppers now care more about having a personalized and convenient cross-border experience than they do about any other aspect of their cross-border shopping experience, including how many page submissions it takes to complete a purchase. Adaptive interface features such as IP recognition technology and country-specific address fields that customize eCommerce checkouts based on users' physical locations now drive 28 percent of a user's satisfaction. These features drove just 20 percent of the average user's satisfaction in 2017, by contrast.

TABLE 5:
How consumers' cross-border shopping preferences have changed since 2017

Category	Weight in 2021	Weight in 2017
Site metrics	13.0%	25.0%
Shopping convenience	25.0%	15.0%
Comfort and trust	16.0%	25.0%
Relationship	5.0%	0.0%
Cross-border factors	28.0%	20.0%
Payment types	13.0%	15.0%

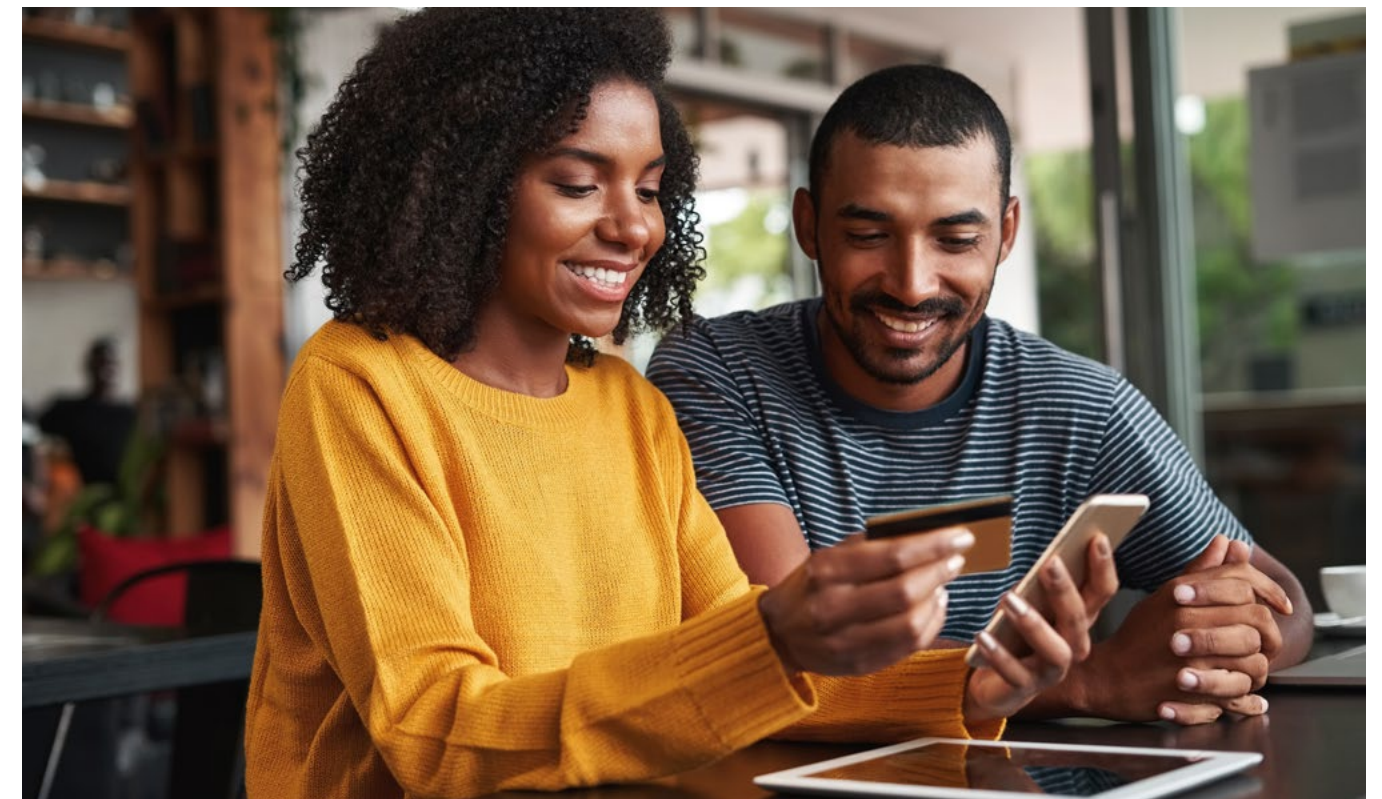
Convenience also is near the top of international eCommerce shoppers' minds. They consider a site's checkout to be convenient if it provides inventory status on items they would like to purchase, product recommendations or free shipping, for example. Features like these are responsible for 25 percent of a user's satisfaction 2021, whereas they made up only 15 percent of user satisfaction in 2017. Therefore, it is clear that international merchants will need to increase their focus on interface personalization and convenience to gain and maintain their competitive edge going forward.

CONCLUSION

Payment localization is essential to gaining a competitive edge in the connected global economy.

International eCommerce merchants must provide worldwide shoppers the languages and payment options they prefer in their everyday lives. This means not only supporting currencies and accepting payment methods that are most common in their geographic

areas but also using IP recognition technology and country-specific address fields to automatically customize the user experience. Once these fundamentals are provided, merchants can take their user experience to the next level by investing in features such as free shipping and inventory status updates to stand out from their competitors. Only by taking this holistic, multipronged approach can they maximize cross-border conversion.



ABOUT

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THE MERCHANTS’ GUIDE TO CROSS-BORDER COMMERCE

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