



The UK
eCommerce
Association

Cross-Border Ecommerce:

Insights into UK Customer Perceptions and Preferences



Contents

Meet the experts	4
Methodology	5
Introduction	6
Customers' propensity to purchase cross-border	7
Customer demand and retention rate	7
The top things that inspire overseas purchases	9
The top things that put customers off making an international purchase	10
Has Brexit impacted customers' willingness to spend?	11
The top countries customers are comfortable purchasing from	12
Additional cost trends	13
How aware are customers of additional costs?	13
Are retailers transparent enough with additional costs?	14
The top places customers expect to find additional cost information	15
When would customers prefer to pay for additional costs?	16

Contents - continued

Do overseas customers expect to pay more than home-territory customers?	17
Additional costs: Have they got more or less expensive?	18
Customer retention rate after unexpected costs	19
The post-purchase experience	20
Customers' expectations on European retailers' delivery fees	20
Customers' feelings towards delayed items	21
Expectations around returns costs	22
How long will customers wait to receive credit from an overseas return?	23
Customers reflect on their good experiences with overseas purchases	24
Customers reflect on their bad experiences with overseas purchases	26
Conclusion	28
Contact page	30

4 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

Meet the experts



“It is an honour to present you with our ‘Cross-border Ecommerce’ report, supported by Avalara. At IMRG we consistently see retailers struggle with the complexities of cross-border customer demands and expectations. This report offers detailed guidance for those looking to optimise their international offerings. With deep insights into customer behaviour, it provides clear strategies to navigate opportunities and challenges effectively.”

About

We help our members understand and improve their online retail performance through a busy programme of performance benchmarking, data analysis, insight, best practice-sharing, and events. We have been tracking online sales since 2000 – and now measure over 120 individual metrics in a series of indexes, providing in-depth intelligence on online and mobile sales, delivery trends, marketing ROI and channel performance.

Editorial:



Ellie-Rose Davies, Content Executive at **IMRG**



Andy Mulcahy, Strategy and Insight Director at **IMRG**



“While the massive opening of new markets has been a welcome revenue injection for many retailers, fulfilling those demands has been, and remains, far from painless. Many are thrust into an unfamiliar world of compliance and customs duties, which can lead to higher costs and delays. However, this report shows that the solutions have never been clearer or easier to access and challenges can be overcome. With this in mind, we are highly optimistic about the future of cross-border eCommerce, and you should be too. We hope you enjoy this report.”

About

Avalara helps businesses of all sizes simplify tax compliance via our automated cloud-based solutions. Their global team of tax experts simplify the complicated and boring tasks that pull you away from the exciting parts of your business. Each year, Avalara processes billions of indirect tax transactions, file thousands of tax returns, and manage millions of exemption certificates.

Avalara can help your business adapt to new rules and requirements as you grow, so you can hit the ground running in new markets and not be bogged down by tiresome tax compliance tasks.

Editorial:



Patrick Frith, Senior Director of Cross Border Growth at **Avalara**

5 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

Methodology

We surveyed 1,000 UK respondents, aged 18 to 54+, on their perceptions of cross-border trade, looking at their propensity to purchase from an overseas retailer, and the qualities that would inspire or deter them from shopping with these retailers in the future. We also investigated their thoughts on overseas delivery and returns, ensuring that retailers equipped with the knowledge to fulfil expectations.

The survey includes a mix of single, multiple choice, and open-ended questions, providing our readership with both quantitative and qualitative data to take back to their business.

The research was completed in March 2024.



Introduction

Throughout this report, we delve into the motivations driving cross-border purchases, the barriers hindering international transactions, and the strategies retailers can employ to build trust and transparency. From exploring UK customer preferences for delivery policies and pricing transparency to examining the impact of geopolitical events such as Brexit on purchasing decisions, our analysis offers valuable advice for retailers seeking to:

- Build a cross-border eCommerce strategy
- Enter new markets
- Grow their international customer base
- Manage customer demand
- Understand cross-border requirements

Read on to learn about the complexities of international trade and uncover strategies for growth.



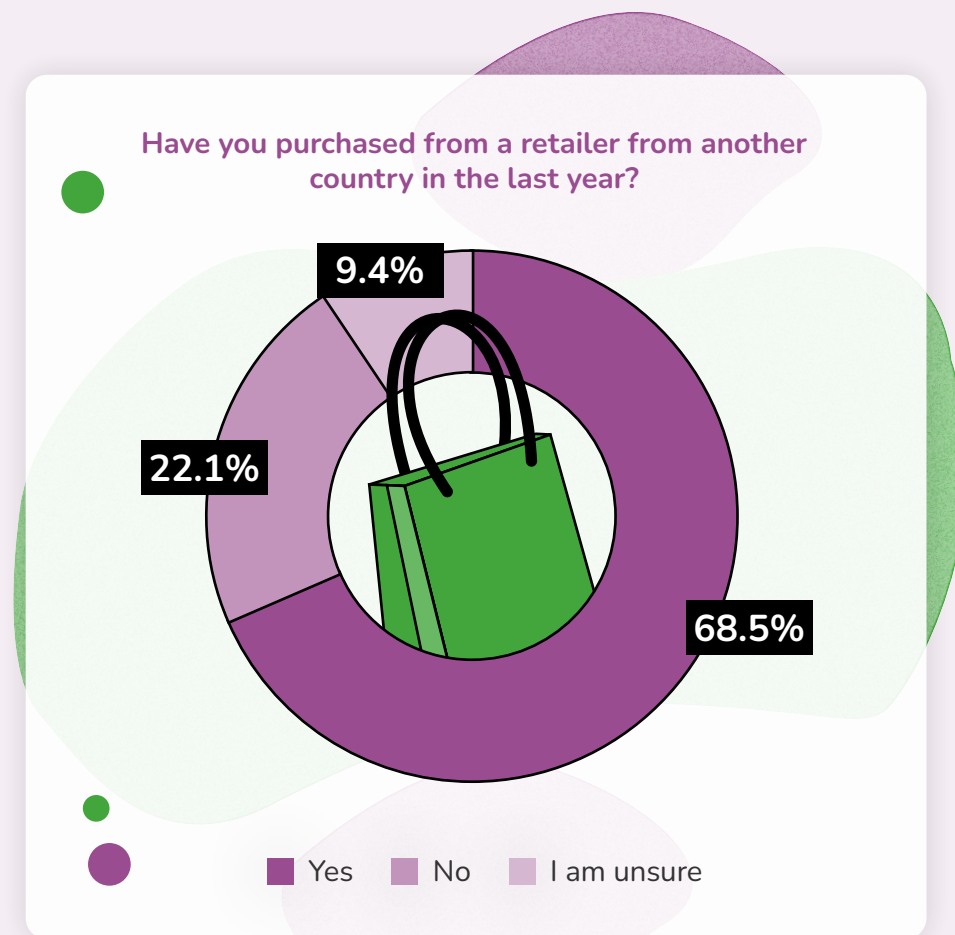
Customers' propensity to purchase cross-border

Customer demand and retention rate

To understand customer demand, we asked the 1,000 respondents to tell us whether they have purchased from another retailer from another country in the last year.

The results showed that the majority of respondents (68.5%) had purchased from an overseas retailer in this time period, whereas just over 22% of respondents had not.

Interestingly, 9.4% of respondents were unsure if they had. This may be due to retailers' global presence, where customers have shopped with brands based on their popularity but have limited knowledge of their location. Localisation, including currency conversions, may have also contributed to this uncertainty.



8 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

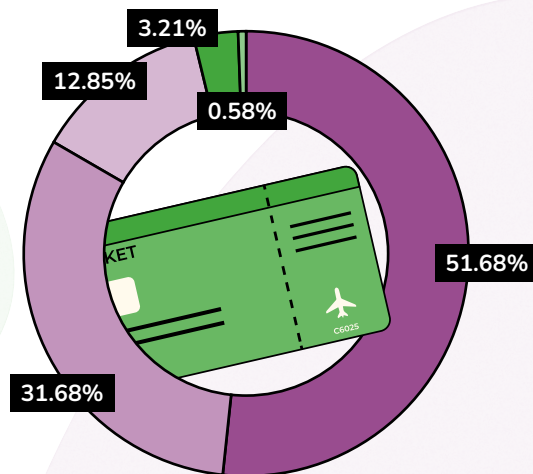
Of the respondents who have purchased from an overseas retailer in the last year, more than half (51.68%) are 'very likely' to do so again. Combined with the 31.68% who are 'likely,' totals 83.36% who are enthusiastic about the idea.

12.85% of respondents are slightly more hesitant, stating that they would be 'somewhat likely' to purchase again. However, only 3.79% are 'not very likely' or 'not likely,' showing that overall, the appetite amongst those who have engaged with overseas retailers previously, is strong.

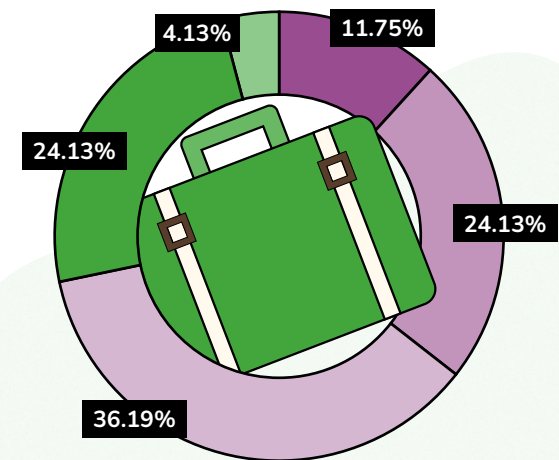
In comparison, respondents who have not purchased from an overseas retailer in the last year are much less inclined to do so in the future than those who have. Nonetheless, the propensity to purchase is high for 35.56% of these respondents (% for 'very likely' and 'likely' combined).

While the majority express some level of likelihood (71.75%), there was a considerable number of respondents (28.26%) who are either 'not very likely' or 'not likely' to purchase from an overseas retailer in the future. This implies that there are still reservations or barriers for many.

How likely would you be to purchase from an overseas retailer again?



How likely would you be to purchase from an overseas retailer in the future? (of those who have not purchased from an overseas retailer in the last year)



Very likely Likely Somewhat likely Not very likely Not likely

9 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

The top things that inspire overseas purchases

The top things that will inspire customers to purchase from an overseas retailer is 'clear and easily accessible delivery and returns policies' (47.9%), 'upfront costs' (46.3%), and 'quick delivery timeframes' (45%). Customers want convenience and do not want to be met with any unpleasant surprises.

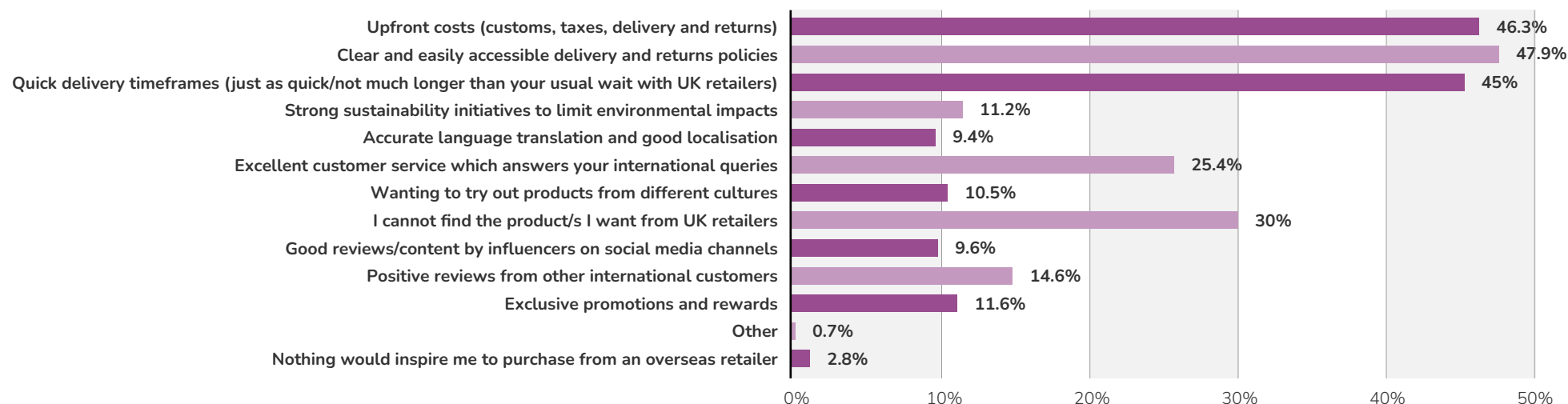
Another great inspiration is that they cannot find the products they want from UK retailers (30%). This is a promising sign for overseas retailers selling within a niche and reveals that having a selection of unique products is beneficial. For UK retailers, they can seek the value of offering product ranges that reflect both global and local

trends to retain their home-territory market and draw in cross-border purchases.

Excellent customer service which answers their international queries is most important to 25.4% of respondents. They are more likely to consider purchasing from overseas retailers if they feel supported and assured throughout their purchasing journey.

Promisingly, very few (2.8%) respondents indicated that nothing would inspire them to purchase from an overseas retailer.

What would most inspire you to purchase from an overseas retailer? (Please select up to 3 answers)



The top things that put customers off making an international purchase

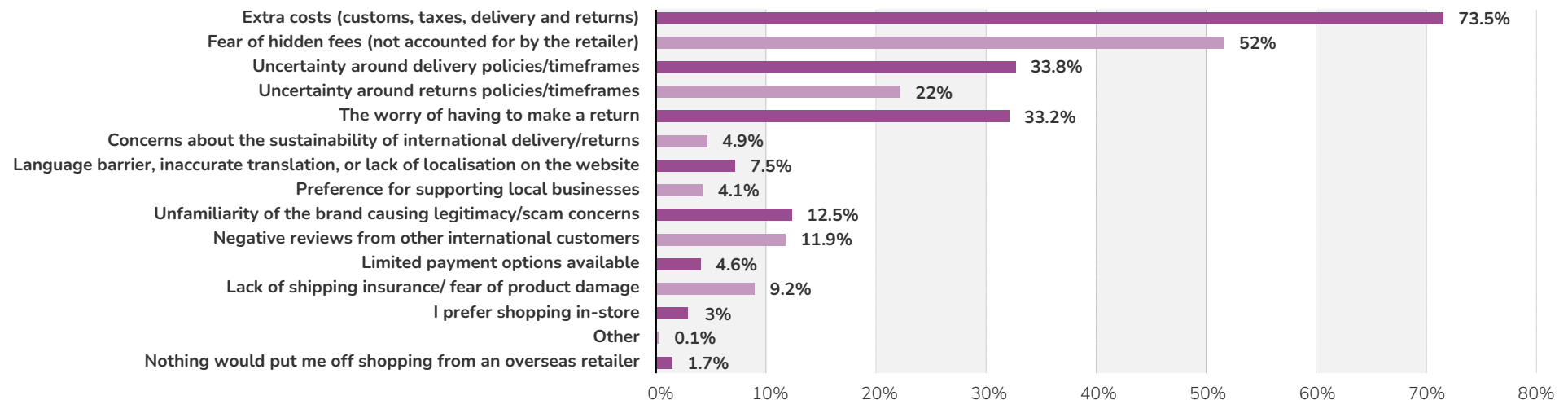
Considering the turbulent state of the UK economy which has resulted in increased buyers' hesitancy, it is unsurprising that 'extra costs (customs, taxes, delivery and returns)' is the main thing that puts customers (73.5%) off purchasing from overseas retailers. This is followed by 'fear of hidden fees (not accounted for by the retailer)' (52%).

Uncertainty around delivery policies and timeframes is the third greatest deterrent (33.8%). Owing to distance, customers may feel unsettled by the ambiguity of waiting times. To help subdue these fears, retailers can be transparent with expected delivery dates and set these expectations early in the customers' purchasing journey.

33.2% of customers are most put off due to their worry of having to make a return. Returning items can be disheartening, especially after investing time and money in the purchase and delivery process. To foster positive customer sentiment and prompt brand loyalty, retailers should prioritise simple and easy returns. Making returns information accessible across the entire website, as well as in push notifications or emails, can reduce these concerns.

Only 1.7% said that nothing would put them off, showing the importance of foregrounding the customer experience.

What would most put you off purchasing from an overseas retailer? (Please select up to 3 answers)



11 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

Has Brexit impacted customers' willingness to spend?

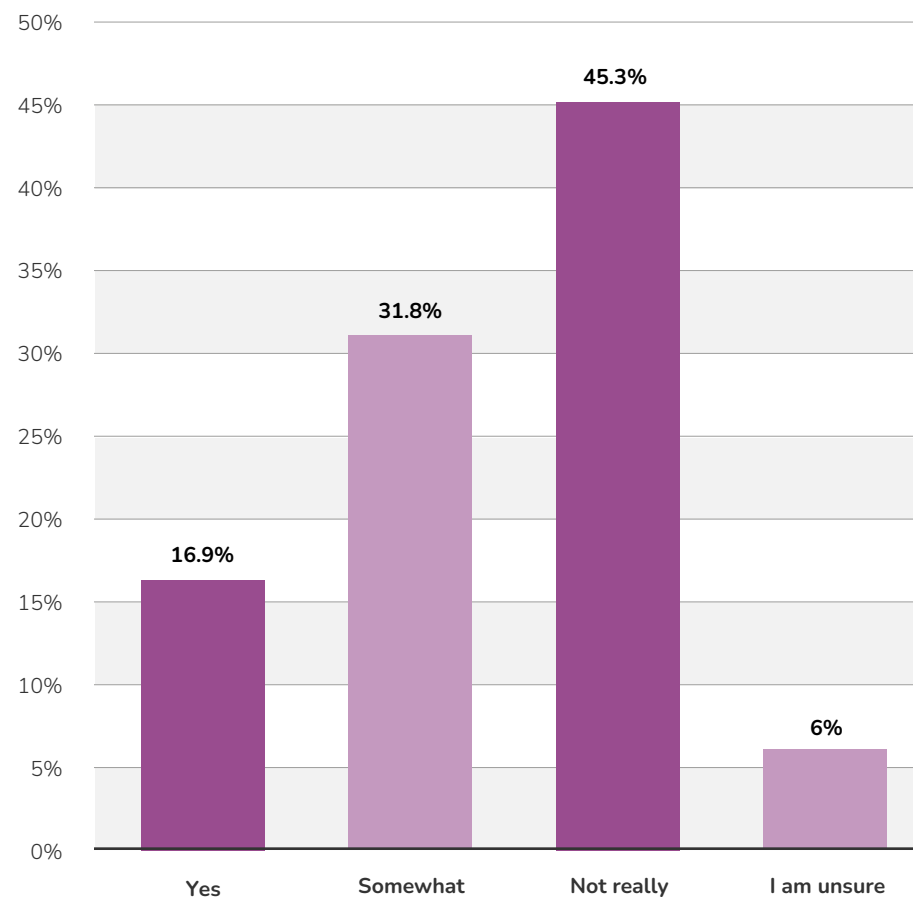
Patrick Frith, Senior Director of Cross Border Growth at Avalara comments:

Brexit imposed new customs and tax obligations on trade across Europe. Retailers in the UK are feeling the negative financial impact of this on their bottom line - more cross-border complexity and disrupted supply chains. At a time when the UK economy needs to repair itself, encouraging business growth and expansion is key. Unlocking cross-border trade should be central to this.

We asked all respondents whether Brexit has impacted how much they're willing to purchase from an overseas retailer. Most respondents (45.3%) said it has 'not really' impacted their willingness to spend. However, a notable 31.8% have said that it has 'somewhat' impacted them.

Adding those 16.9% who exclaimed, 'yes,' it has impacted them with those it has 'somewhat' impacted reveals that just under half of the respondents feel Brexit plays a part in their purchasing decision. The level of impact varies by generation; 18-24-year-olds and 25-34-year-olds believe it has mostly 'somewhat' affected them, whereas those aged 35-44, 45-54, and 54+ mostly said it has 'not really' impacted them.

Would you say Brexit has impacted how much you are willing to purchase from an overseas retailer?



The top countries customers are comfortable purchasing from

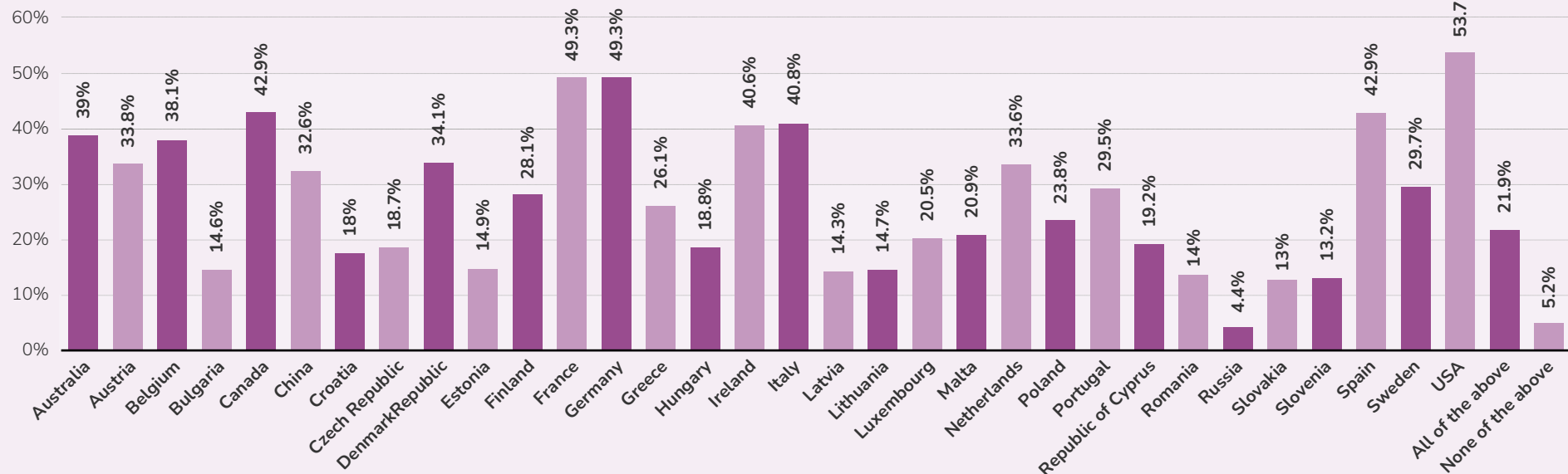
The USA, France, Germany are the top three places that UK customers are comfortable purchasing from. Also popular are Canada, Spain, Ireland, and Italy. From the results as a whole we can infer that there is greater trust in countries in close geographical proximity to the UK.

Despite China's significant presence in global eCommerce and the

popularity of its brands in the UK, they are not amongst the top 10 preferences, settling at the 13th position. This anomaly reflects consumer apprehensions regarding distance and potential extra costs associated with cross-border purchases.

While The USA was most popular overall (53.7%), France emerged as the top choice among respondents aged 45-54 and 54+ (57.41%).

Would you be comfortable buying from retailers in the following countries? (Please select all that apply)



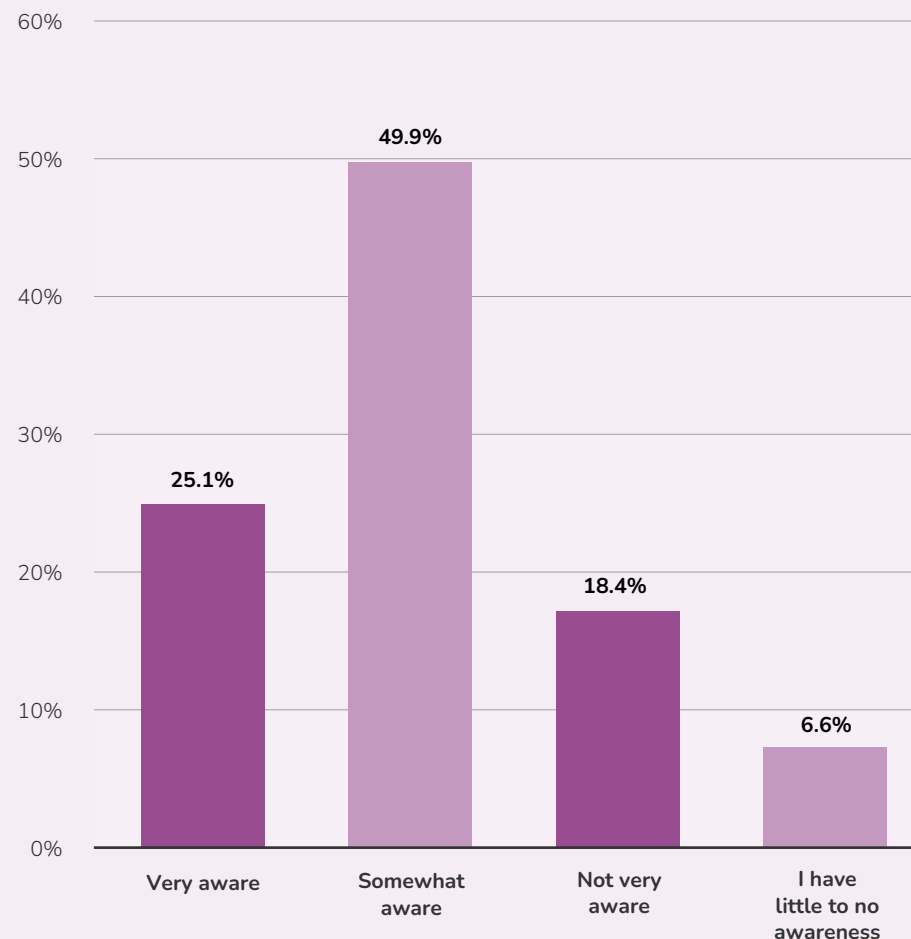
Additional Cost Trends

How aware are customers of additional costs?

Half (49.9%) of the respondents are 'somewhat aware' of the potential additional costs associated with cross-border online purchases. They may have previously encountered additional costs or have actively sought out information regarding taxes, customs duties, and shipping fees. Just 25.1% of respondents are 'very aware,' and 25% are 'not very aware' or have 'little to no awareness' of extra costs, revealing that there is room to better inform customers.

Educational content and targeted communication highlighting potential expenses may help build trust and alleviate concerns. Including tools such as tax and duty calculators into the checkout process will limit unexpected surprises and build trust. These strategies are particularly important knowing that extra costs are the top thing that puts customers off purchasing from overseas retailers.

How aware are you of potential additional costs such as tax, customs duties, and shipping fees associated with cross-border online purchases?



14 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

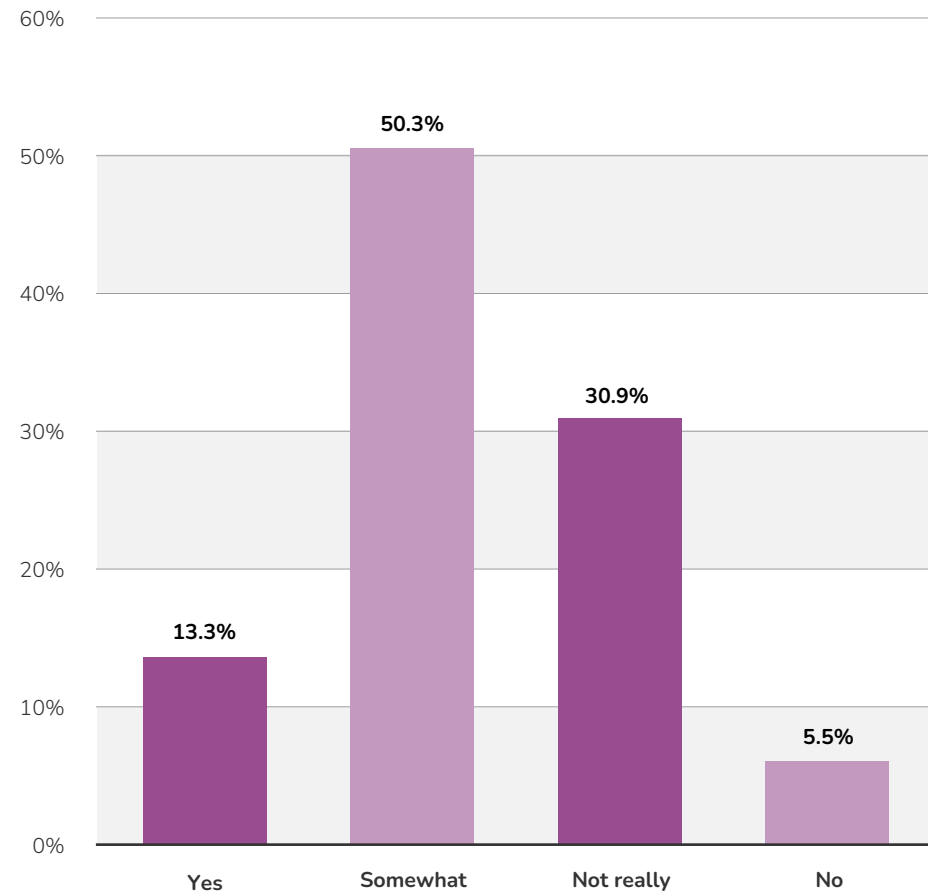
Are retailers transparent enough with additional costs?

While 75% of customers have some level of awareness of extra costs, just 13.3% of the respondents said 'yes,' overseas retailers are transparent with extra costs. Considering that extra costs are a top concern for customers, they should be well accounted for by the retailer. This will limit negative reviews and reduce pressure on customer services.

The majority of respondents (50.3%) believe that retailers are only 'somewhat' transparent with extra costs!



Do you think most overseas retailers are transparent with extra costs? (e.g., tax, customs duties, and shipping fees)

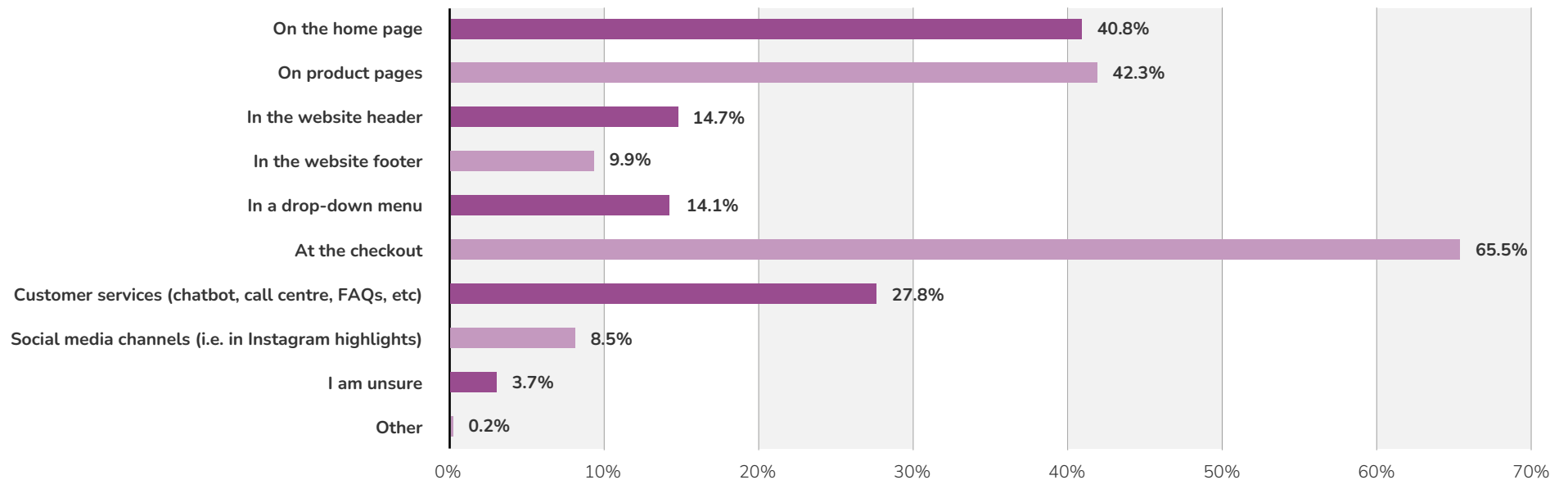


The top places customers expect to find additional cost information

To increase transparency, retailers should present extra cost information most crucially at the checkout (65.5%), but it is also worthwhile to include this on the homepage (40.8%) and product pages (42.3%). There is also value in ensuring that customer services (27.8%) can provide this information.

Interestingly, while lots of retailers hide information in website footers, more customers would prefer this information in the header (9.9% versus 14.7%), making it more easily accessible. It is not necessary to include extra cost information on social media channels, such as in Instagram highlights. However, 18–24-year-olds are much more likely (12.4%) than other age groups to want this.

Where would you expect to find extra cost information when purchasing from an international retailer?
(Please select all that apply)



16 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

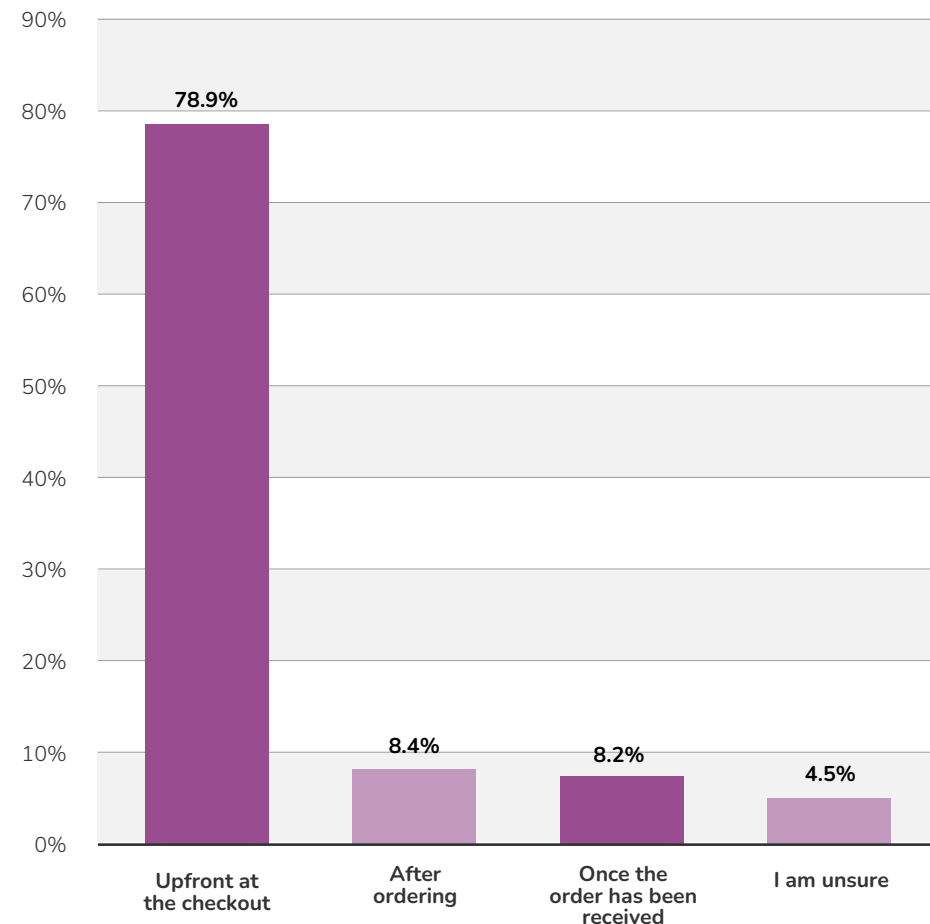
When would customers prefer to pay for additional costs?

The overwhelming majority of customers would prefer to pay for extra costs upfront at the checkout (78.9%), whereas only a small percentage of respondents prefer to pay for these extra costs 'after ordering' (8.40%) or 'once the order has been received' (8.20%).

To improve the customer experience, retailers can outline all extra costs at the checkout, potentially adding a drop-down feature or clickable information icon which explains what each cost is and why the customer is incurring it.



When would you most prefer to pay for these extra costs? (e.g., tax, customs duties, and shipping fees)



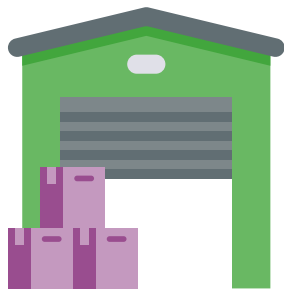
17 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

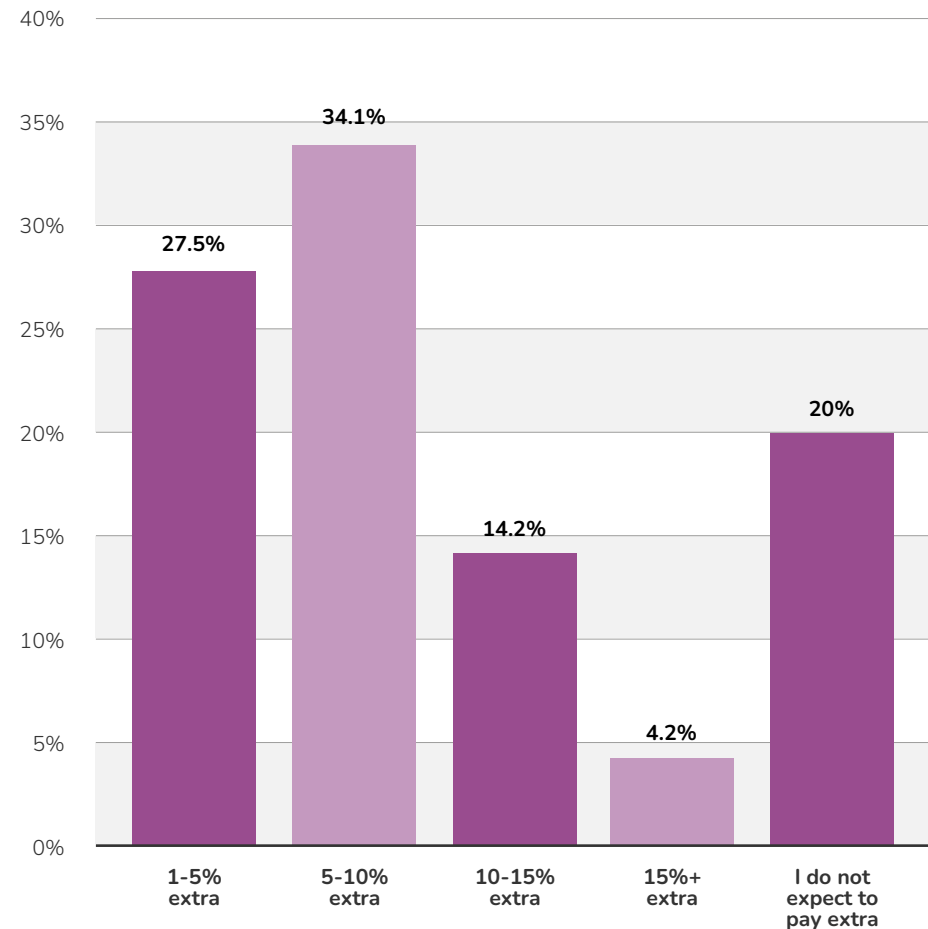
Do overseas customers expect to pay more than home-territory customers?

Respondents (80%) revealed that they expect additional expenses beyond what they would pay domestically when making an overseas purchase. Most customers (34.1%) would expect to pay 5-10% extra and 27.5% expect to pay 1-5% extra.

Customers who overestimate extra costs may be less inclined to purchase from an overseas retailer. If a retailers' additional fees are less than 10-15% extra, it would be worth them highlighting their fair and competitive prices to improve conversion.



How much extra do you expect to pay compared to home-territory customers?



18 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

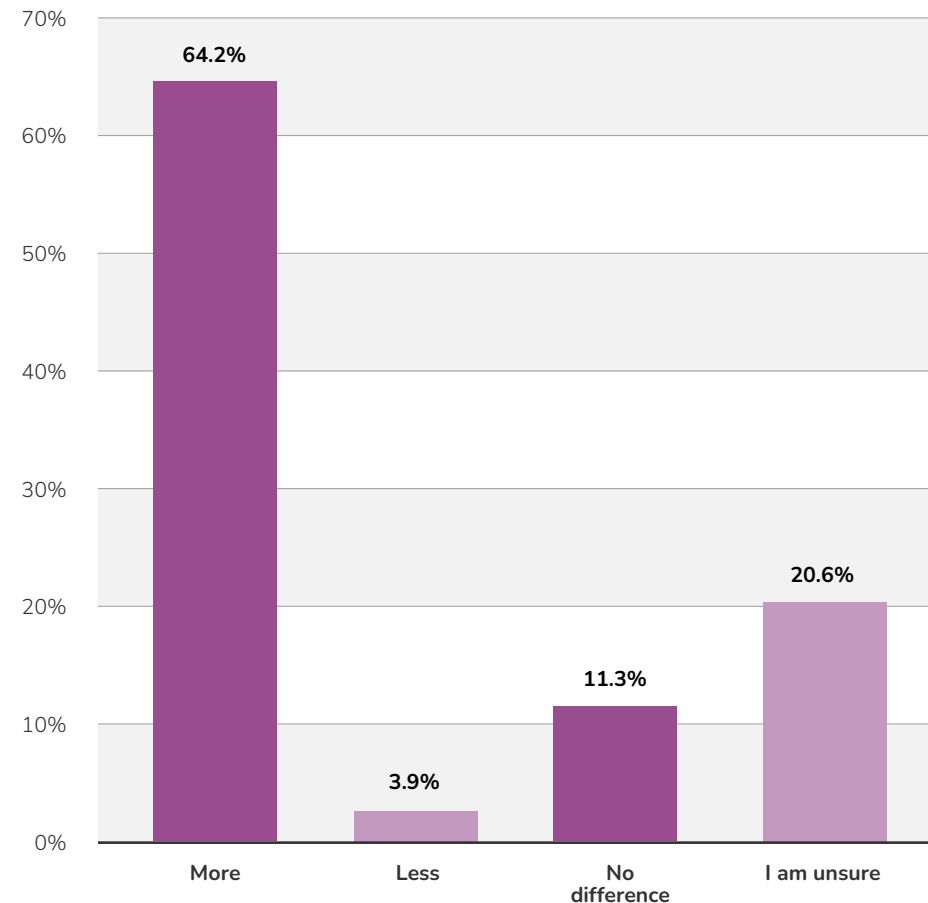
Additional costs: Have they got more or less expensive?

Most customers (64.2%) believe that extra costs have got more expensive in the last few years. The second most popular answer was 'I am unsure,' indicating a degree of uncertainty or lack of awareness regarding pricing trends.

Patrick Frith at Avalara comments:

While increasing comfortableness with cross-border eCommerce purchases opens a wider consumer base, it also enlarges the potential competitive playing field. This means cutthroat competition on price. In any case, despite expected extra costs from overseas shipping, we're still seeing astronomical cross-border growth. At the end of the day, it's the shopper who will pay those overseas delivery rates. If they decide that that's the product they want, they're going to make that purchase.

Do you think that extra costs have gotten more or less expensive in the last few years? (e.g., tax, customs duties, and shipping fees)



19 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

Customer retention rate after unexpected costs

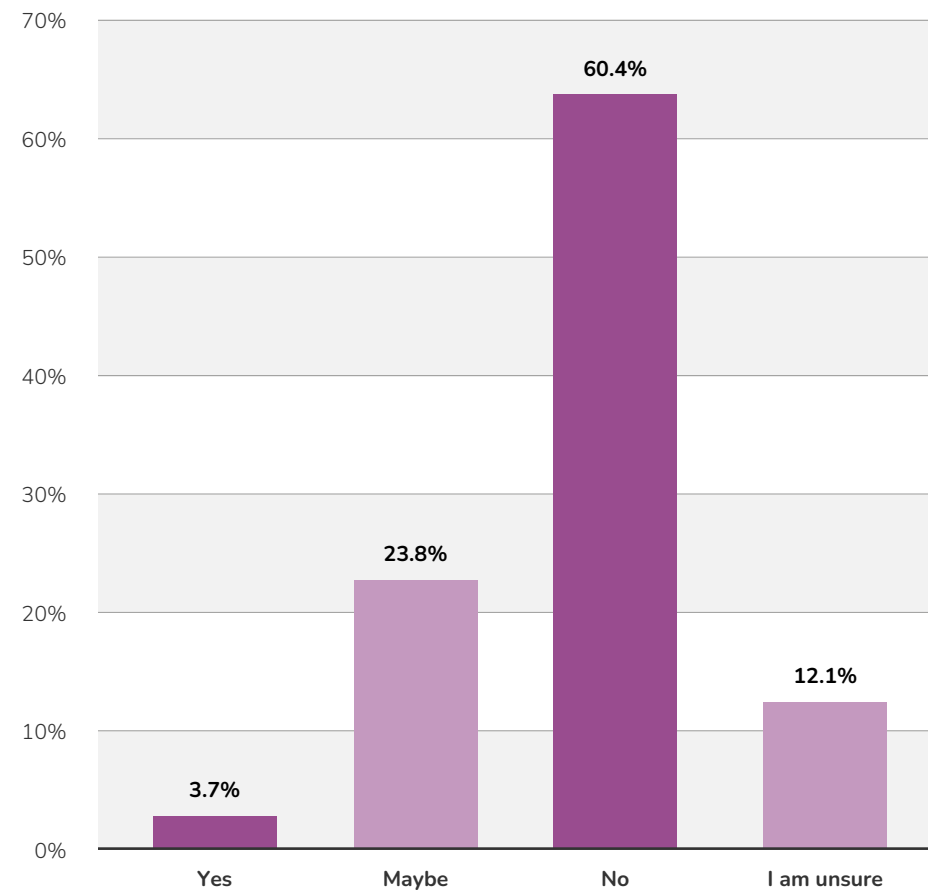
The customer retention rate after being subject to extra costs after purchase is poor. 60.4% of respondents said they would not purchase from the retailer again after this incident. 12.1% of respondents said they are unsure if they would purchase again, perhaps because the product or brand is strongly compelling, or because new expectations have been set.

Patrick Frith at Avalara comments:

If there are unexpected delivery costs, the retailer needs to work with shipper and customs to resolve the issue, reschedule delivery, and conduct additional customer care. To avoid this happening again, retailers must deal with the compliance side of delivery. It's hard to ensure that you have the correct HS code, duties and taxes applied to ensure that you are actually retrieving the margin that you were hoping for.

Very few (3.7%) are confident that they would purchase again, emphasising the need to reveal all costs before customers click the buy button.

If you were met with an unexpected cost after making an international purchase, would you purchase from that retailer again?



The post-purchase experience

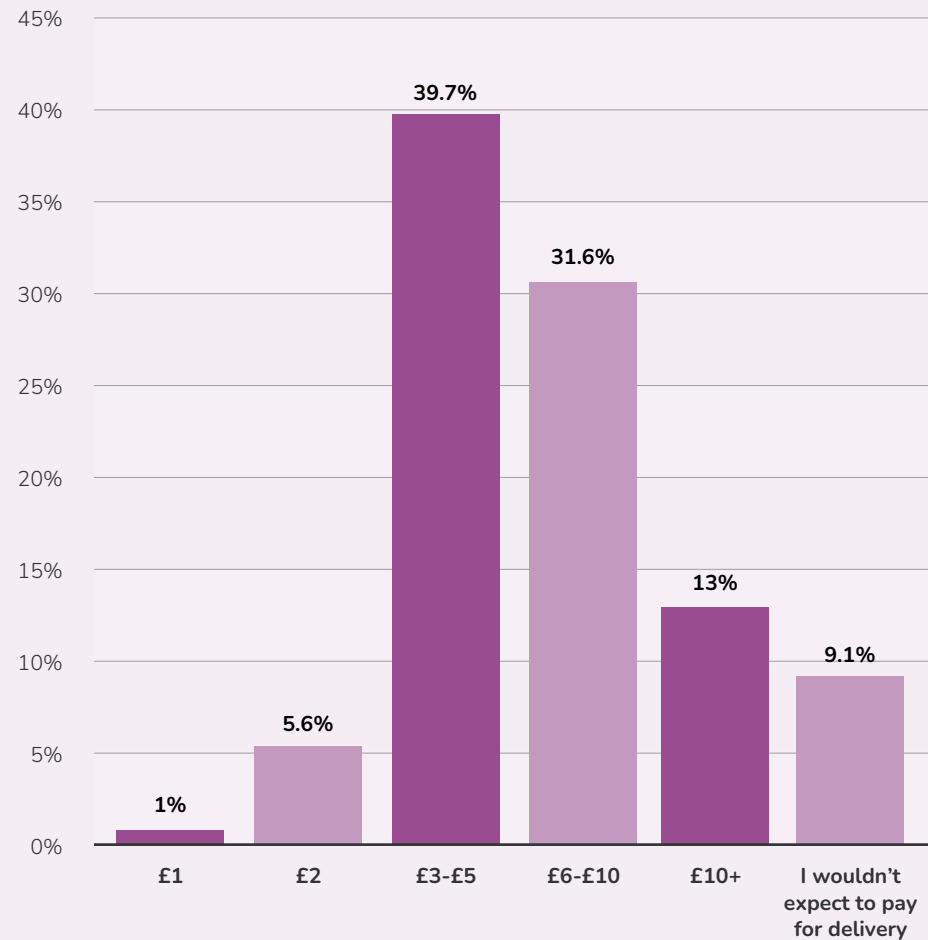
Customers' expectations on European retailers' delivery fees?

The majority of customers expect to pay for delivery from a retailer based in another European country. Most customers (39.7%) expect to pay £3-5 but a similar amount (31.6%) would expect to pay £6-10.

Just 13% of respondents would be willing to pay £10+, and very few respondents expect to pay as little as £1 (1%) or £2 (5.6%). Therefore, European retailers must find a balance between not overcharging and not undercharging UK customers for delivery.

For those who are willing to spend £10+, they may expect a better quality of service or more express options to justify the cost. Offering different delivery services with different price points is a worthy consideration. Also, including extra cost breakdowns within these different price points will be a helpful aid for customers at the checkout.

How much would you expect to pay for delivery from a retailer based in another European country?



21 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

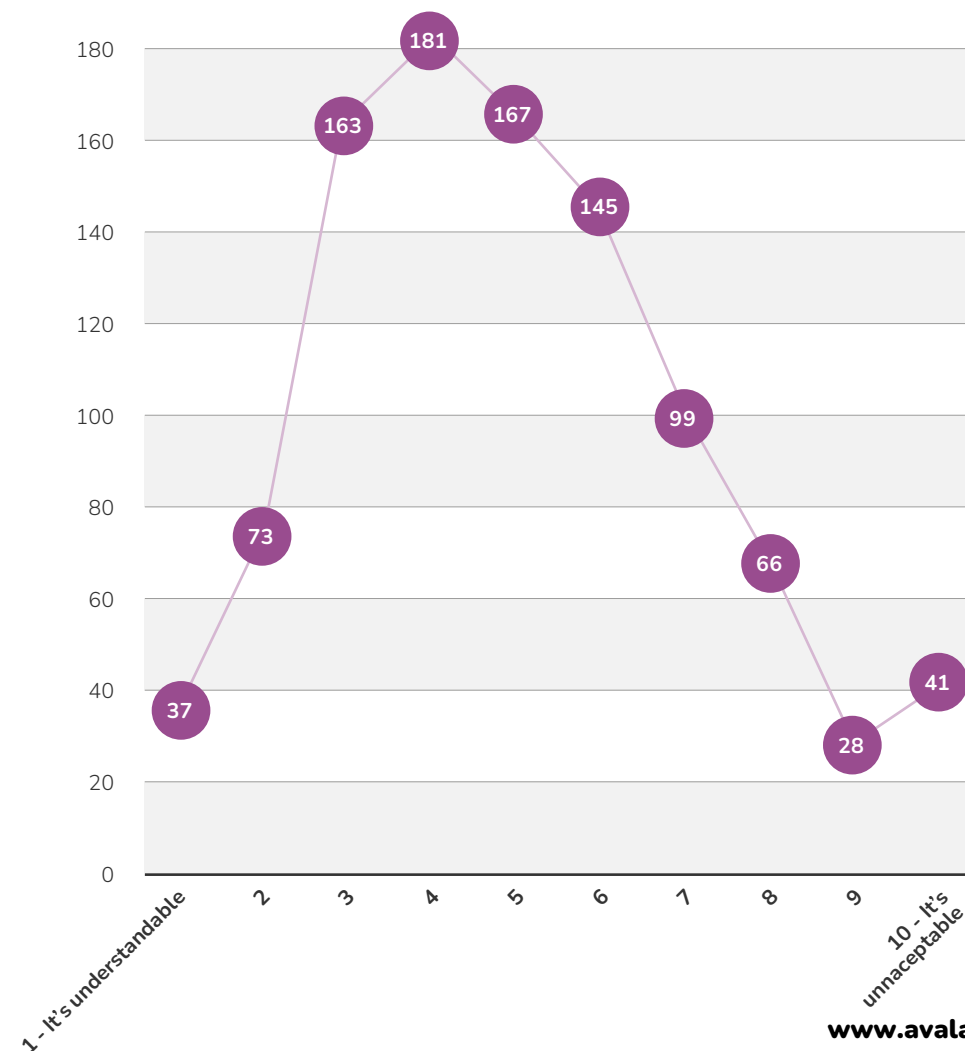
Customers' feelings towards delayed items

The respondents were asked to rank how they feel about delayed items on a scale of 1-10 where 1 was 'it's understandable' and 10 is 'it's unacceptable.'

While one might expect customers to be unforgiving for delivery delays, especially as uncertainty around delivery policies and timeframes was within the top 3 deterrents to purchase, the results show that many customers are quite forgiving.

The greatest weightings were between 3-5 on the scale, with 4 being the highest score (chosen by 181 retailers). However, there are still 379 respondents who gave a score of 6-10, suggesting that choosing the right couriers, packaging products efficiently, ensuring stock accuracy, and limiting the amount of goods held at customs is pivotal. Providing customers with timely updates and being honest in communication can also mitigate dissatisfaction.

How do you feel about delayed items from overseas retailers?



22 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

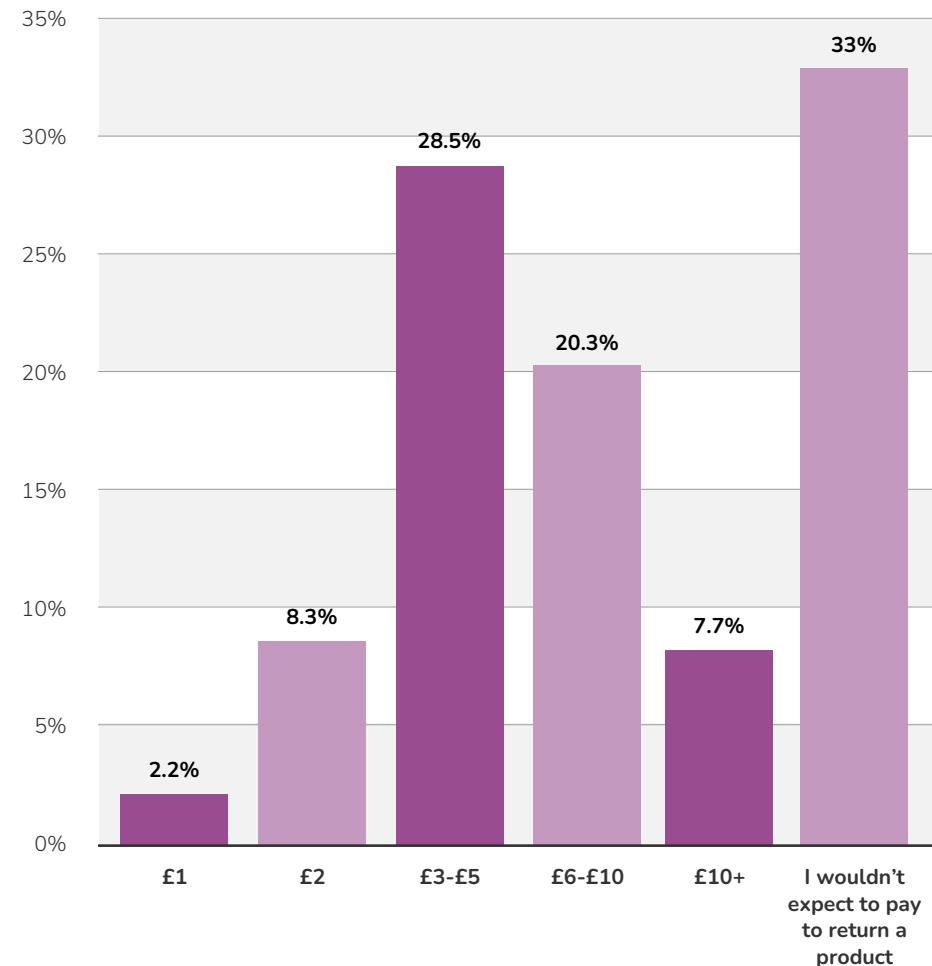
Expectations around returns costs

Most customers (67%) expect to incur some cost when returning a product to a retailer based in another European country. Of those, more commonly (28.5%) they expect to pay £3-5, and as many as 20.3% expect to pay £6-10.

Though there are varying expectations on the amount they are willing to pay, the most popular individual answer was 'I wouldn't expect to pay to return a product,' selected by 33% of respondents. Retailers would benefit from calculating the cost of returns on their business and consider whether including a fee impacts loyalty to their brand.



How much would you expect to pay to return a product from a retailer based in another European country?



23 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

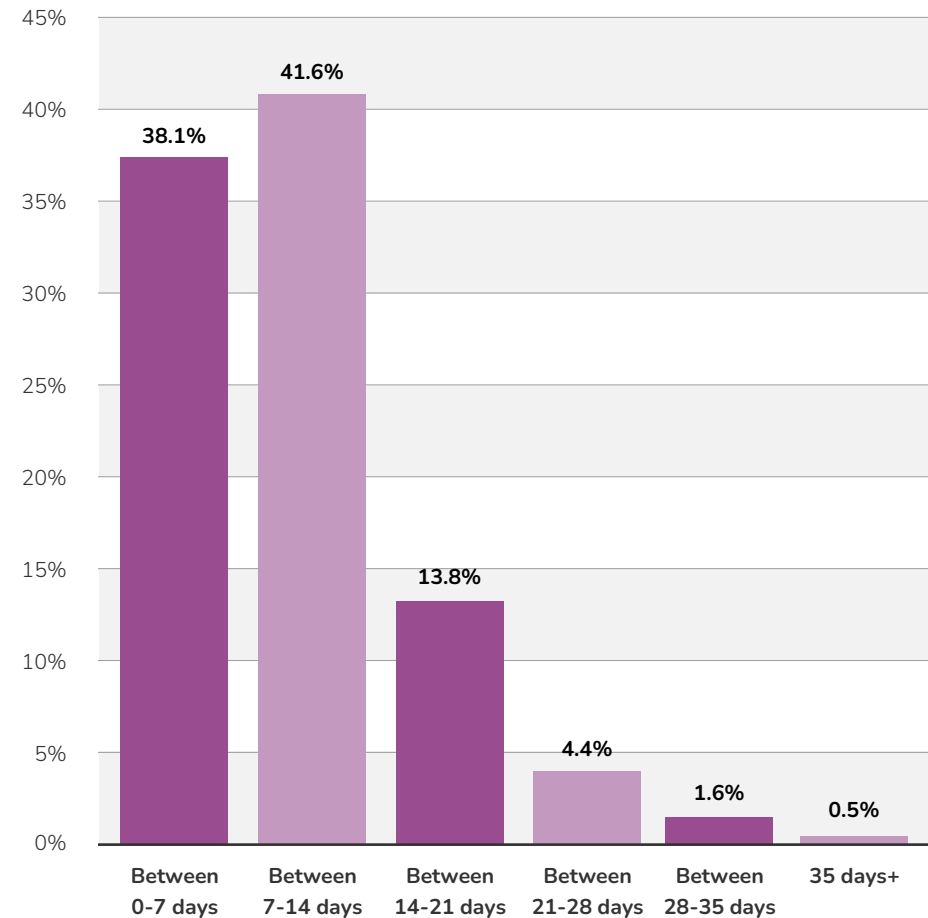
How long will customers wait to receive credit from an overseas return?

41.6% of respondents would be happy to wait between 7-14 days to receive credit back from an overseas return. While this offers retailers some flexibility, a significant 38.1% expect their credit in 0-7 days, meaning that to stand out from the competition retailers need to process and issue returns quickly.

Customers will not be willing to wait longer than 21 days to receive their credit back, and over the 28-day mark can completely ruin the customer experience.



How long will you wait to receive credit back from an overseas return?



Customers reflect on their good experiences with overseas purchases

Going beyond expectations

Numerous respondents revealed that their best experiences when purchasing overseas was because the retailer went beyond expectations.

They said...



“I received goods earlier than expected in perfect condition and didn’t need to return. It was like ordering from the UK.”

“The estimated [delivery] timescales were adhered to with regular updates. I was even able to reschedule final delivery as I could no longer be at home on the day. The product did not meet the specified requirements but surprisingly I got my money back within 14 days of making the return.”

“I ordered tea from Japan. It came with an origami crane and a handwritten thank you note. I’ll never see better customer service as long as I live.”

“I once got a collectible from a Singapore seller, who went out specially and got me another one I had been trying to find after we’d been messaging about the items. Very nice and helpful!”

“I wanted to return an item and the merchants customer service and support was great.”



Giving the same level of service as UK retailers

Plenty of respondents revealed that they were impressed because the experience was no different as to when they purchase from a UK retailer.

They said...



“It was no different to domestic experiences.”

“I have purchased multiple times from an overseas retailer that offers free delivery after a certain spend even if in another country. It makes me want to use them because of this as there is no worry of high postage fees.”

“I ordered an item from Belgium a few months ago and I wasn’t expecting it to come as quickly as it did considering it was an international purchase and I was expecting to wait 7-14 days at least. It came as quickly as a domestic parcel in that instance.”

Providing frequent communication

Noticeably, respondents are impressed by the level of communication they got from overseas retailers.

They said...



“When I got the item, they sent me an email and said enjoy it, and if there’s anything missing, please contact us.”

“The delivery was delayed by customs but the status was constantly updated.”

“The direct messaging system they use allowed me to communicate directly with the seller.”

“They provided delivery information regularly.”

“They tend to communicate better when you buy from overseas.”

Customers reflect on their bad experiences with overseas purchases

Poor communication

A stand-out issue respondents had when they made an overseas purchase was poor communication at various stages of the customer journey.

They said...



“The product never arrived and there was no customer service to help.”

“A product did not arrive at all and when I went to complain they would not give my money back and would just ignore me.”

“I ordered two items and waited ages for them, only for the company to tell me they couldn't or wouldn't ship them to my country.”

“I bought a hooded top that was completely inaccurate size wise and not good quality. I couldn't return and get a refund as there was limited returns information on the website.”

“The product was not as described.”



27 Cross-Border Ecommerce: Insights into UK Customer Perceptions and Preferences

[Back To Contents](#)

Unexpected costs

Again, unexpected costs prove to significantly impact the customer experience. Many customers were left frustrated after this experience.

They said...



“Paying for tax when I already paid for it.”

“I ordered something from The USA and then received a bill from customs to pay to get my package.”

“I wasn’t told the additional cost of delivery and had to pay an additional charge. It was worth paying to get the product and it would have been more hassle to send it back and wait for a (partial?) refund. But if I had known of the extra costs, I might have purchased from elsewhere.”

“I ordered clothing from Australian brand. It took ages to arrive and then when I picked it up from the post office, I was charged almost double the price of the clothing in tax.”



Conclusion

Retailers looking to capitalise on the cross-border market should prioritise transparent communication, clear delivery and returns policies, and competitive pricing to foster positive customer experiences and encourage repeat purchases. Additionally,

addressing customer concerns regarding extra costs and delivery uncertainties is crucial for building trust and loyalty.

Here are 5 key takeaways from IMRG:

1

Over 70% of customers who have not purchased from an overseas retailer in the past are considering, to some extent, purchasing from them in the future. Retailers should make it as easy as possible for customers in unfamiliar territory.

2

Customers are more likely to purchase from countries in close geographical proximity. This owes to fears such as extra costs and longer delivery waiting times. Retailers should consider this when planning to expand their international offerings. This is where strategies such as localisation can help.

3

Upfront costs are the number one thing that will inspire conversion. Simultaneously, unexpected costs are the number one thing that will put customers off purchasing from an overseas retailer. UK customers are increasingly cost conscious. Pricing should be transparent and informative to reduce buyers' hesitancy and facilitate trust.

4

Providing detailed information is key to offering a great customer experience. Most customers expect information on additional costs at the checkout, but many also want this on product pages and the home page. Accurate and easily accessible information will limit returns and ease pressure on customer services.

5

While more customers are understanding when there are delivery delays, they also value communication. Delivery and returns tracking will remove ambiguity and reduce Where Is My Order (WISMO) queries. Retailers should inform customers when things don't go to plan and consider strategies to limit the number of items that get stuck at customs.

Here are 5 key takeaways from Avalara:

1

The survey results show that cross-border transactions continue to challenge most retailers, with compliance and cost the two main concerns. However, with 83.36% who are enthusiastic about the idea of buying overseas still, there is also enormous room for optimism and cross-border conditions continue to improve.

2

Although customers can be forgiving about delays, they should be avoided where possible. Failure to attach the correct documentation is a frequent occurrence and leads to delays. This has a high impact as consumers prioritise cost, speed and convenience when making purchases.

3

For 46.3% of customers, providing 'upfront costs' will inspire them to purchase from an overseas retailer. The consumer experience needs to be streamlined to a Delivery Duty Paid (DDP) framework, where consumers are presented with, and pay for, duties at checkout.

4

From the results, we can infer that there is greater trust in purchasing from countries in close geographical proximity to the UK. The European Customs Union reduces the cost of international eCommerce within its borders. There is less likelihood of issues with costs of tariffs and duties, and added supply chain costs.

5

Retailers can look to automation and specialised help from knowledgeable partners to understand the rules, regulations, and fees so that they can be included at the point of purchase. They should then incorporate these into the checkout-process and ensure that they are met accurately after this point whenever required.



The UK
eCommerce
Association

Contact

IMRG

Tel: 0203 696 0980

Email: membership@imrg.org

www.imrg.org

Avalara

Tel: +44 (0) 1273 022400

www.avalara.com/eu



Avalara
Tax compliance done right