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## Global cross border trade – a global view

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**Summary.** The Internet makes us stop feeling borders between countries. Via the Internet one can buy everything - from food products, through clothes, cosmetics, detergents, tickets, furniture, ending up on means of transport, flats or houses. Consumers use it to acquire information locally, nationally and internationally at the most important moments of the purchase path (Kiesler, 2014), (Meijers, 2014). The value of the global e-commerce market in 2014 amounted to nearly 1.5 trillion Euros. Cross-border trade is considered to be one of the most interesting and dynamic phenomena in the e-commerce throughout the world (Meltzer, 2015). Cross-border trade is considered to be one of the most interesting and dynamic phenomena in the e-commerce throughout the world (Meltzer, 2015), experts predict that by 2020 cross-border trade will increase by approximately 27% annually (OECD, 2008). The largest cross-border trade markets are China, the United States and the United Kingdom. The aim of this article is to highlight the situation of Internet cross-border market in the world and in Poland. The article is enriched with the results of a survey conducted among a group of Polish e-consumers on their awareness of the possibility of doing shipping in other countries, advantages and disadvantages of shopping abroad and their purchasing preferences.

## Introduction

Since the birth of the Internet, nearly half of the world's population has been able to use the services of this network (Biswas, Kennedy, 2014). In 2016, the agency We Are Social (WeAreSocial, 2016) once again conducted research, which shows that 3.419 billion people use the Internet all over the world (Dillman, Smyth, Christian, 2014).

The research have shown that compared to the same period last year, the number of Internet users increased by 332 million. Among all the world's economies, the highest level of digitalization is recorded in China, where the number of active Internet users is about 640 million, which makes up 49.6% of all Internet users in the world. In Poland, approximately every seventh citizen uses the Internet (Dygas, 2015). As of 2016, there are almost 327 million registered websites on the Internet, which represents almost 4% increase compared to the previous year (Golański, *26 milionów Polaków*).

The three main activities that users perform thanks to the Internet access are: browsing websites, sending e-mails and visiting social networking sites (Chmielarz, 2014). But this is not only opportunities that the global network can give, and so, the Internet gives today possibility to talk with loved ones, make new relationships (Leamer, Storper, 2014), operate finances, play games, watch movies, buy tickets for mass events, as well as, run companies, do shopping, selling, etc.

Internet offers many buying and selling opportunities, and the e-commerce industry is constantly growing (Aleksandrovna, Fedorovich, Viktorovna, 2016). Buyers appreciate the fact, they have an offer on the Internet, which will not be provided by a large store or even the entire shopping center. The strongest factor encouraging to purchase online is its 24-hour availability, convenience, it is uncomplicated, taking less time than traditional shopping and it is cheaper than in stationary stores (Gemius, 2017).

For many years, selling and buying outside the country of residence is becoming an increasingly popular global trend (Meltzer, 2016). Selling on an international scale is an important opportunity for sellers from around the world to increase the size of their business.

## 1. Cross-border trade in the world

The cross-border market in e-commerce (CBEC) has been dominated by markets such as: China, the United Kingdom, Germany and the United States. The stores in these countries are most often chosen by the global consumer (Poczta Polska, 2017).

International expansion is the natural stage of business development, and the e-commerce market is one of the fastest growing in the world. According to the predictions of the Nielsen research agency, in 2018, the value of cross-border e-commerce transactions on six key markets (the United States, Great Britain, Germany, Brazil, China and Australia), may amount to over USD 300 billion (Poradnik e-Izby, 2017).

According to the “Global Online Shopping Study 2014” report, which contains the results of research on global cross-border trade, it is popular with 90% of e-consumers. Almost 40% of e-consumers from the whole world has made at least once online purchase in the three leading western e-commerce markets (US, UK or Germany). The survey shows that Australians are more willing to buy abroad (63% of e-consumers), then Canadians and Russians (54% each). What surprises in the report, Asian consumers also often use western online stores.

The most common reason for purchases in the United States, Great Britain and Germany is access to products unavailable in the home market. The next reasons are: better product quality, favorable exchange rate and greater variety of products and services sought (GFK, 2016). Consumers buying on foreign markets also pay attention to the buyer protection options that enable shopping with additional certainty in the event of unforeseen accidents. The biggest barrier to shopping in other countries is high shipping costs. Next important obstacles are high customs duties and taxes and long delivery times. Other factors that matter to buyers are insecurity, risk of fraud and insufficient data protection.

The most frequently purchased product categories are clothing, electronics, children's items, sports equipment, jewelry, and cosmetics.

## 2. Cross-border trade in Poland

The Polish cross-border e-commerce market is underdeveloped, compared to other EU markets. Poles decide for cross-border shopping three times less often than residents of other European countries. One of the reasons is that the lower price is the most important value for Poles and foreign products are not competitive (Poczta Polska, 2017).

Almost 77% of Polish e-consumers buy in foreign online stores. There is growing trust in online sellers and the awareness that in the event of problems with ordering on the client's side, EU rules are in place. By buying on the Internet, one can avoid inflated margins used by traditional stores. Another plus of online shopping is the huge selection of brands and the availability of products from even the most distant corners of the world.

Poles doing foreign e-purchases mainly buy clothes, electronics, as well as jewelry and watches. Tickets or food products are also growing in popularity. Of all the surveyed consumers in Poland, 66% are not afraid of shopping at foreign stores. 21% of them do not care about the location of the company, as long as it is a trusted and recognizable seller. For 12% of respondents in this situation, the most important is the price, if the full cost of purchase is beneficial, they do not reconsider purchases, even if a foreign seller is involved. There are several other factors that may further encourage Poles to buy abroad. The most important of them is a free shipment, which was indicated by 83% of respondents. The frequency of cross-border purchases could also be increased by the availability of coupons, promotions or discounts (44%) and the opportunity to use the store's website in the Polish language version (43%). Polish e-consumers, when asked about the most important factor influencing the selection of cross-border online payments, indicate the convenience of the payment process (44%). Other distinguishing features include: security (38%), process speed (34%) and popularity among other sellers (26%) (GFK, 2016).

The growing group of cross-border buyers looking for the best offers in Poland is truly international. According to PayPal data, the Top 10 countries whose inhabitants

most often buy online in Poland are: United States, Great Britain, Germany, France, Italy, Canada, Australia, Spain, the Netherlands and Sweden. As in the case of domestic e-shopping, cross-border buyers in Poland are primarily interested in fashion and electronics, online entertainment, education, travel, toys and hobby-related products (Stępniaak, 2017).

### 3. Purpose of the research and the research methodology

Despite the fact that e-commerce is the most dynamic branch of Polish trade, in comparison with other countries of the world, Polish consumers have quite a large reserve for shopping outside the country.

The purpose of the conducted research was to determine awareness of Polish consumers on cross-border shopping, to define the level of their knowledge on cross-border purchases and to identify the perceived advantages and disadvantages of shopping on the Internet in stores located outside the country.

The research was conducted in October 2017 among students of Czestochowa University of Technology. The questionnaire consisted of 13 questions, of which the first two were about the gender and the age of the respondent. Other questions were related to awareness of opportunities of cross-border shopping, security of such transactions, advantages and disadvantages of buying online outside the country as well as shopping preferences.

It was the one-off survey, the questionnaire had a form of paper, and it was handed over to fill by the respondents. All the survey questions were closed questions. 10 of them were of single choice and three were questions were of multiple choice (up to 3 answers). All of received questionnaires were filled out correctly.

### 4. The research results

The tested group consisted of  $n = 198$  students (91 women and 107 men) of two fields of study at the age of 18 to 45 years. They were students of 1st degree studies and 2nd degree studies, studying in full-time and part-time. The highest percentage of respondents were students of full-time studies (54%) and students of first-degree studies (77%). 46% of them were part-time students, and 23% were students of the second degree studies.

Most of respondents (66%) declared using the Internet few hours a day, while 34% of them use it few times a week. Among the respondents, there were no students who use the Internet less frequently. 78% of respondents do shopping online once a month, 11% of them, both, declare doing shopping online once a month, as well as have no experience in purchasing online. 57% of respondents have experience in cross-

-border purchasing, while 43% of them declare, they never bought online in foreign stores.

Next questions refer to the perceived security, advantages and disadvantages of cross-border purchases.

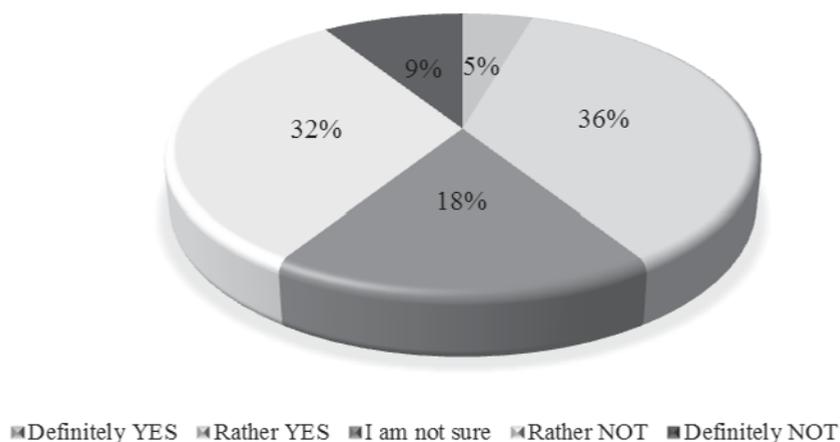


Figure 1. Safety of cross-border purchases

Source: own study.

As is apparent from fig.1, 36% of respondents indicated that cross-border purchasing is rather safe. 32% of respondents indicated that buying goods on foreign websites is rather not safe. 18% of students are not sure about the safety of this kind of purchases. 9% of the population indicated that cross-border purchasing is definitely not safe. The remaining 5% of respondents are of the opinion that buying in foreign stores is not safe at all.

The next question is about the perceived advantages of cross-border purchasing.

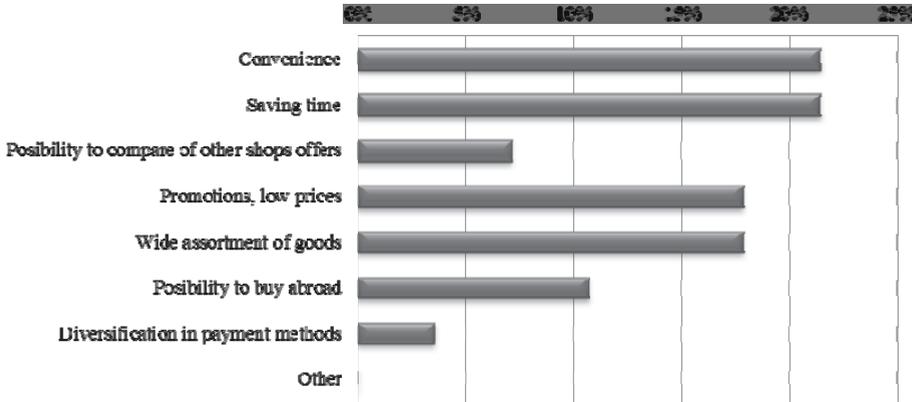


Figure 2. Perceived advantages of cross-border purchasing

Source: own study.

Due to the nature of the question, respondents were asked to select up to 3 advantages, which according to them are the most important. According to given responses, the most often chosen advantages of cross-border purchases were convenience and saving time (each 21%). 18% of responses received both, wide assortment of goods, and promotions and low prices. The least significant advantages of buying on foreign websites were: possibility to compare with other shops offers (7%) and diversification of payment methods with the result of 4%.

Another survey question refers to disadvantages of making cross-border purchases.

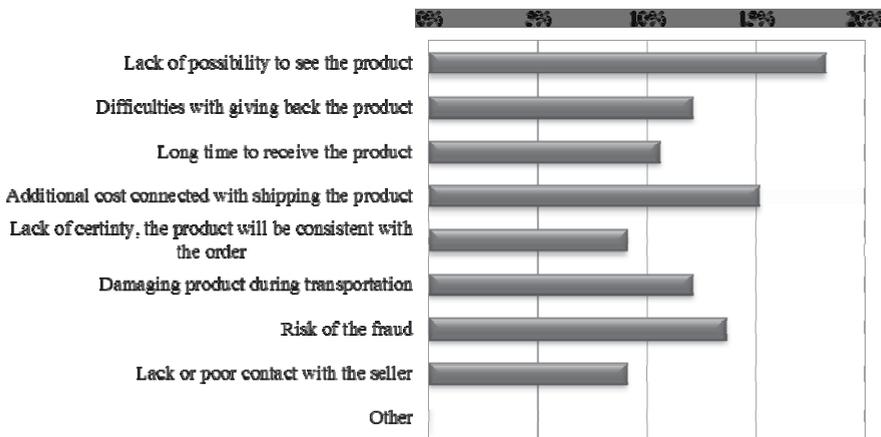


Figure 3. Perceived disadvantages of cross-border purchasing

Source: own study.

When answering the question, which responses are illustrated in figure 3, students also had the opportunity to choose up to 3 answers. It is clearly visible, that the most important disadvantages of cross-border purchasing, according to given answers are: *lack of possibility to see the product before buying it* (18% of responses), *extra costs of the shipment* (15%) and *risk of the fraud* (14%). As the least important disadvantages respondents have indicated: *lack of or poor contact with the seller* and *lack of certainty, the product will be the same as ordered* (both 9%).

Further questions of the survey were addressed only to respondents, who have experience in cross-border purchasing.

Respondents declare, they usually make purchases abroad in online stores (39% of given answers) and in auction services (16%). As many as 45% of respondents answered "other", indicating transaction platforms as mostly chosen when shopping outside the country.

Figure 4 presents the most frequently used online websites for cross-border purchases according to respondents answers.

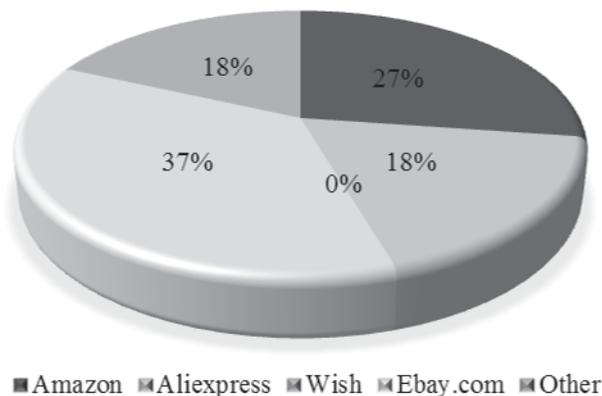


Figure 4. The most frequently used websites for cross-border purchases

Source: own study.

As is apparent from fig. 4, respondents usually do cross-border purchases at Ebay – 37% of respondents. 27% of respondents buy at Amazon. 18% of students declared both, shopping at Aliexpress and other websites. As such, they mentioned Sportsdirect – an online sports store.

The next question of the conducted survey was related to the preferences of clients cross-border purchasing.

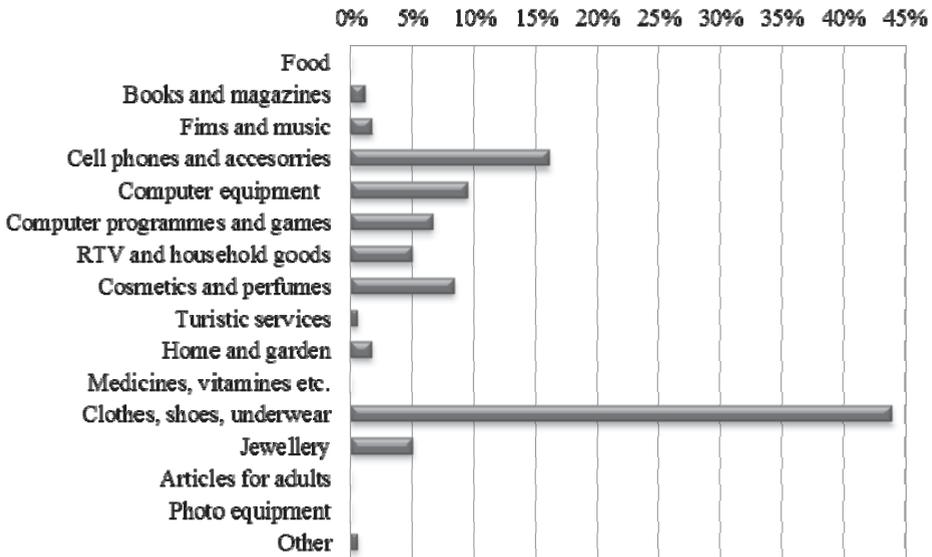


Figure 5. Product categories mostly purchased on foreign websites

Source: own study.

When answering the question, which responses are illustrated in figure 5, students had the opportunity to choose up to 3 answers. The most popular product category was *clothes, shoes and underwear* with as many as 44% of the given answers. Other often mention product categories were: *cell phones and accessories* (16% of answers) and *computer equipment* (9% of answers). Categories, among which products were not selected by respondents, were: *food, vitamins and medications, photo equipment and articles for adults*.

The following question refers to the number of products purchased on foreign websites over the last year.

As it is shown in figure 6 the vast majority of respondents purchased on foreign websites from 1 to 10 products (78%). 22 percent of participants who buy product on websites abroad, in the last year bought between 11 and 50 products. According to survey results none of respondents bought more than 50 products on foreign websites during the last year.

The next survey question is about the amount of money which respondents spend per year on Internet shopping on foreign websites.

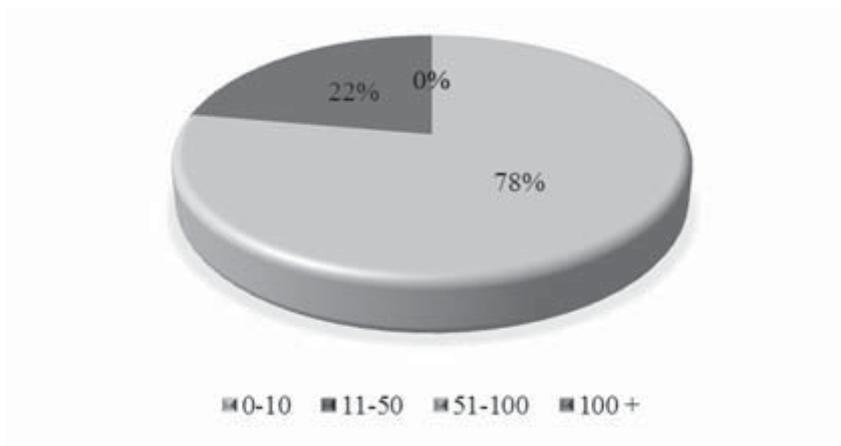


Figure 6. Number of products bought during the last year on foreign websites

Source: own study.

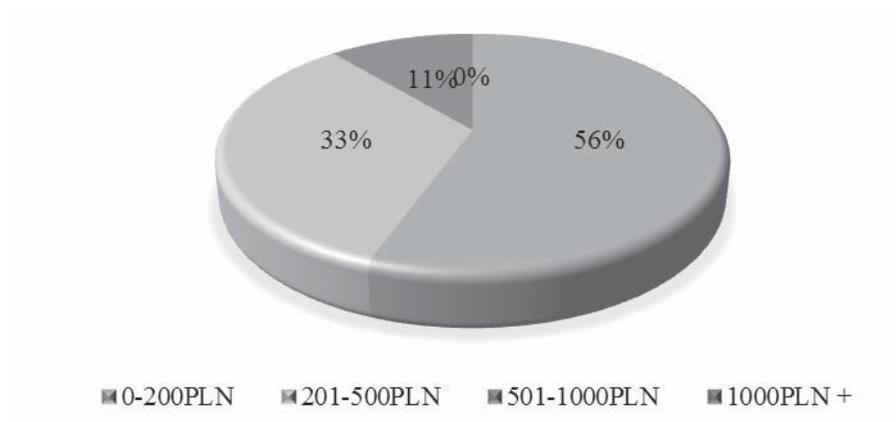


Figure 7. The amount spent annually during cross-border purchasing

Source: Own study.

As it is visible from figure 7, the majority of respondents (56%) declare that they annually spent less than 200 PLN on buying products on foreign websites. 33% of students participating in the survey declared that in the last year they spent between 201 and 500 PLN on cross-border purchases. Only 11% of respondents spent between 501 and 1000 PLN on products bought on foreign websites.

## Conclusions

The e-commerce market is one of the fastest growing in the world. Cross-border trade is the great opportunity for entrepreneurs to appear in external markets (Meltzer, 2014). Consumers are willing to buy products outside their country, and most of all they are doing shopping in China, the United States, the United Kingdom, and Germany. The “E-commerce 2016 Barometer” report, developed by Sociomantic Labs, has predicted that Poles would shop online for a record 36 billion PLN (statistically, it gives 2900 PLN per person (Gemius, 2016).

Customers are aware of the opportunities that the Internet gives today, poles who shop on foreign websites, buy primarily clothes, electronics, jewelry, watches, books and even food products. For the purposes of this article, authors conducted the research to know the opinion of Polish e-consumers on the cross-border purchases. Over half of the respondents declared that they are shopping on foreign websites. According to the survey, shopping on foreign websites is the most popular among younger people – as many as 64% of respondents who do cross-border purchases are people aged 18–25. Respondents indicated that cross-border purchasing is rather safe, among its greatest advantages, mentioning *saving time and convenience*. The main disadvantages of cross-border purchasing according to survey responses are lack of possibility to see the product before buying and additional costs of the shipment. They usually do purchases at Ebay buying clothes, shoes and underwear. Respondents purchased from 1 to 10 products, spending for this kind of purchases less than 200 PLN annually.

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## GLOBALNY HANDEL TRANSGRANICZNY – UJĘCIE OGÓLNE

**Słowa kluczowe:** Internet, handel transgraniczny, zakupy za granicą, e-konsumenci

**Streszczenie.** Internet sprawia, że przestajemy czuć granice między krajami. Za pośrednictwem Internetu można kupić wszystko – od produktów spożywczych, poprzez odzież, kosmetyki, detergenty, bilety, meble, kończąc na środkach transportu, mieszkaniach czy domach. Konsumenci wykorzystują go do pozyskiwania informacji na poziomie lokalnym, krajowym i międzynarodowym w najważniejszych momentach ścieżki zakupu (Kiesler, 2014; Meijers, 2014). Wartość światowego rynku e-commerce w 2014 roku wyniosła prawie 1,5 biliona euro. Transgraniczny handel uważany jest za jedno z najciekawszych i najbardziej dynamicznych zjawisk w handlu elektronicznym na całym świecie (Meltzer, 2015), eksperci przewidują, że do 2020 roku handel transgraniczny będzie wzrastał o około 27% rocznie (OECD, 2008). Największe transgraniczne rynki handlowe stanowią Chiny, Stany Zjednoczone i Wielka Brytania. Celem niniejszego artykułu jest przybliżenie sytuacji internetowego handlu transgranicznego na świecie i w Polsce. Artykuł wzbogacono o wyniki ankiety przeprowadzonej wśród grupy polskich e-konsumentów, dotyczącej ich świadomości o możliwości dokonywania zakupów w innych krajach, zalet i wad zakupów za granicą oraz ich preferencji zakupowych.

*Translated by Aleksandra Ptak*

### Cytowanie

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