CROSS-BORDER ECOMMERCE TRENDS

How global businesses are adapting to growth, regulation, and risk

REPORT

Avalara

Cross-border compliance done right

Contents

DISCLAIMER

Tax rates, rules, and regulations change frequently. We hope you find this information helpful; however, this resource is for informational purposes only and does not provide legal or tax advice.

EXECUTIVE SUMMARY

Key findings at a glance

CROSS-BORDER SELLING IS THE NORM

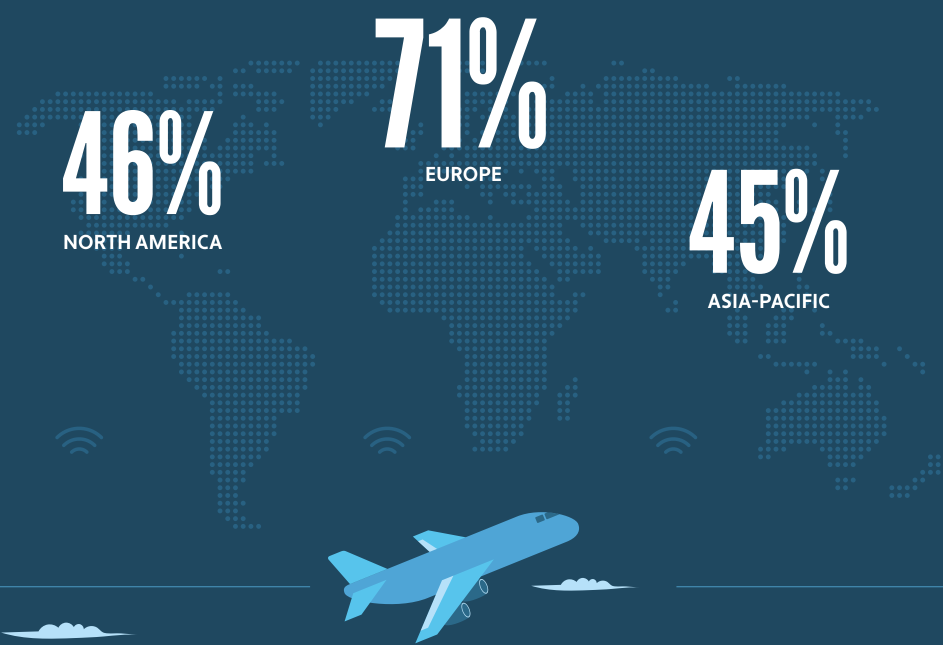
91%

of businesses already sell and ship cross-border

92%

of those sell internationally via marketplaces

TOP REGIONS FOR CROSS-BORDER SALES



46% NORTH AMERICA

71% EUROPE

45% ASIA-PACIFIC

CHALLENGES TO GLOBAL EXPANSION

75%

say complying with HS codes is difficult

38%

incurred fines due to tariff misclassification

35%

struggle to calculate duties and taxes

22%

don't display full landed costs – impacting sales and customer satisfaction

WHAT'S NEXT?

46%

believe cross-border ecommerce will become more challenging

38%

expect trade wars and tariff changes to become more problematic

81%

plan to adjust their supply chains due to trade changes

48%

are investing in new technology

Introduction

Significant growth in global ecommerce is creating new opportunities for businesses worldwide:

GLOBAL
B2B
ECOMMERCE

Market valued at $32.1 trillion in 2024 READ

Projected to soar $62.2 trillion in 2029

GLOBAL
B2C
ECOMMERCE

Sales estimated at $5.78 trillion in 2025 READ

Expected to reach $16.83 trillion in 2030

The chance to enter new markets also presents challenges, especially where logistics and compliance with complex trade regulations are concerned.

To understand how businesses are adapting to this shift, Censuswide surveyed 903 executives overseeing global logistics, supply chain, and international trade compliance.

Respondents work at retail, manufacturing, and logistics service/transport provider companies with revenues of $5 million or more.

They're located in 17 countries and one territory: Australia, Austria, Belgium, Canada, Denmark, Faroe Islands, Finland, Germany, Iceland, Ireland, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Switzerland, the U.K., and the U.S.

Responses indicate how cross-border trade impacts businesses worldwide and what's getting in their way.

Cross-border ecommerce is widespread

Results show 91% of respondents already sell and ship cross-border; of those, 92% leverage online marketplaces. Adoption rates are high across all industries and countries. Nearly all businesses that don't sell internationally plan to in the future.

European markets dominate cross-border trade, with 71% of respondents selling into this region. Companies also sell into North America (46%), Asia-Pacific (45%), Middle East and North Africa (24%), and Latin America (17%). Asia-Pacific is the second biggest market for manufacturers, while retailers and logistics service providers said it's North America.

Most cross-border sales are B2B (54%), while 46% are B2C. Retailers skew B2C (57%), whereas 60% of manufacturing transactions and 58% of logistics service provider transactions are B2B.

54%

B2B CROSS-BORDER SALES

60%

Manufacturing transactions

58%

Logistics service provider transactions

46%

B2C CROSS-BORDER SALES

57%

Retailers

Marketplaces offer benefits but come with roadblocks

Global reach is the main driver for selling cross-border via a marketplace, according to 38% of respondents. Other advantages include credibility and trust, regulatory compliance, and the ability to leverage marketplace infrastructure such as payment processing and marketing.

However, selling internationally through marketplaces also presents major challenges. Logistics hurdles were reported most often by respondents (37%), followed by marketplace fees and commissions, limited access to customer data, and limited brand control.

The survey revealed 38% of respondents find the business environment for cross-border ecommerce difficult for their operations. The percentage is even higher among enterprises with $100 million to $499.99 million in revenues, with 46% citing it as difficult and only 8% saying it's very easy. Respondents in Australia (63%) and logistics service providers (43%) were more likely to find the business environment difficult than those in other countries and industries.

Among those not selling cross-border through ecommerce channels, more than half (51%) said the main reason is due to the high costs of international shipping, returns, and handling. This group also worries about complex customs documentation and procedures (32%), unpredictable tariff rates and changes in trade agreements (31%), and difficulty complying with international tax obligations (29%). Other reasons given for not selling cross-border include existing platforms not being optimized for selling internationally and a lack of understanding of local market demands and consumer preferences.

GLOBAL REACH IS THE MAIN DRIVER FOR SELLING CROSS-BORDER VIA A MARKETPLACE

Why global compliance is so hard

Businesses were asked to identify their main cross-border ecommerce challenges. Results show they're concerned about costs and compliance.

Added costs of tariffs and duties are their No. 1 problem, mentioned by 42% of all respondents. On average, just under half (49%) of goods shipped by the businesses qualify as de minimis, meaning they are exempt from duties. The remainder are subject to duties and tariffs. This will all change again come August 29 when the **U.S. will end the de minimis exemption for all nations**, meaning every good shipped must have an HS code assigned to it and will be subject to the corresponding duties and taxes.

While it's important for businesses to accurately calculate international duties and taxes to stay in good standing with authorities, 35% of respondents said this is one of their greatest challenges.

More than two-thirds of businesses surveyed restrict certain products for sale depending on the geographic IP of their customer. In some cases, particular products aren't suitable for sale in certain regions. However, businesses also said they restrict certain goods from their offerings because shipping taxes are too high to a specific country, or the sale cost exceeds the de minimis value, resulting in higher tax costs.

Among businesses surveyed, 37% said customs regulatory compliance and Harmonized System (HS) code classification are among their top challenges. Moreover, when respondents were specifically asked if they find it difficult complying with HS codes, 75% said they do.

69%

More than two-thirds of businesses surveyed restrict certain products for sale depending on the geographic IP of their customer.

[Assigning correct HS codes](#) is necessary to identify shipments and clear customs. Given their difficulties complying, it stands to reason that respondents are running into problems. The survey found many businesses are frequently experiencing issues due to incorrect HS classifications, including:

42%
experience delayed goods

39%
pay too much in customs duties

38%
incurred fines or penalties in the past

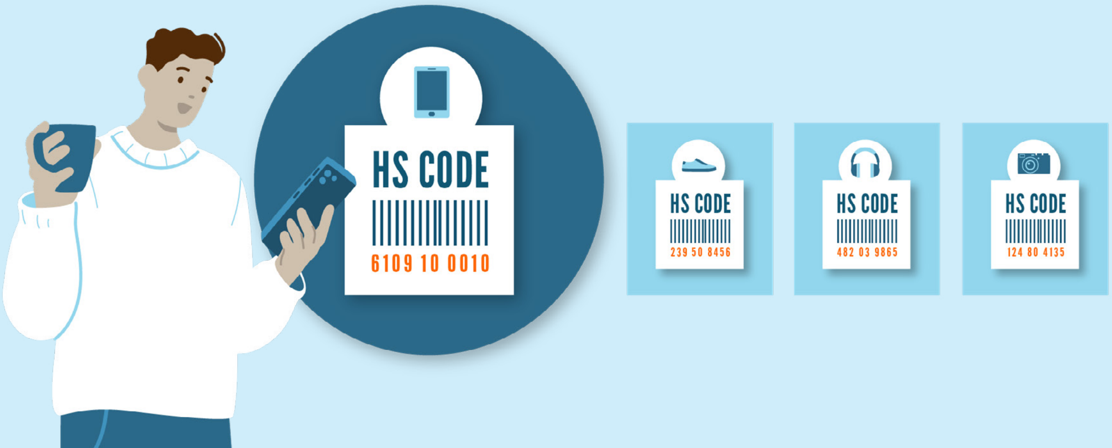
34%
suspect they underpaid duties

Logistics service providers and enterprises are especially likely to report these issues.

Other top concerns include delivery costs (37%), added supply chain costs (33%), and costs of returns (32%).

Less commonly reported but troubling challenges include poor user experience for customers (26%) and customers rejecting shipments (25%). While the survey doesn't answer why this is happening, it's worth noting that transparent pricing at the point of purchase reduces the chances of cart abandonment or delivery refusals due to unexpected costs.

Yet 22% of businesses admitted they don't know or present the full landed cost of imported goods at checkout. Small and medium-sized businesses with revenues of $5 million to $9.99 million lag behind the others, as do companies in Denmark, Germany, Canada, and the United States. Australia and New Zealand lead the pack, with Ireland and the U.K. also above average.



Tariffs and trade policies are increasingly unpredictable

Global tax compliance isn't static. The study shows 34% of businesses surveyed struggle to adapt to changing rules, regulations, and tariffs.

At the time of the survey, many businesses were trying to keep up with the latest tariffs proposed by the U.S. administration under President Donald Trump. Nations across the world had announced retaliatory tariffs.

Survey respondents (38%) said they expect trade wars and tariff changes to become more problematic for cross-border ecommerce in the next 12 months. Additionally, 26% of businesses believe increased scrutiny from customs and government authorities will occur.

As previously mentioned, tariffs are one of the biggest challenges in cross-border ecommerce and unpredictable tariff rates are a key reason companies decide not to sell internationally.

Further highlighting the apprehension around U.S. tariff changes, 83% of respondents expressed concern about the impact of potential tariff changes in the U.S. on their business. Concern is highest among businesses in Australia (90%), Belgium and Luxembourg (90%), Canada (94%), and Ireland (96%).

The reality is that tariffs often change abruptly and tracking them can be hard. In 2023, there were 337 international rate updates and 6,779 international taxability updates. The inability to keep up with changes can severely impact a company's bottom line. Businesses that aren't aware of the latest regulations may inaccurately calculate duties, which can lead to penalties for noncompliance.

of survey respondents said they expect trade wars and tariff changes to become more problematic for cross-border ecommerce in the next 12 months

Businesses are rethinking how they operate

As trade tensions escalate and tariff policies shift, businesses worldwide are being forced to reassess their supply chains, compliance strategies, and international operations. The survey found 81% of respondents plan to adjust their supply chain due to impending global trade changes.

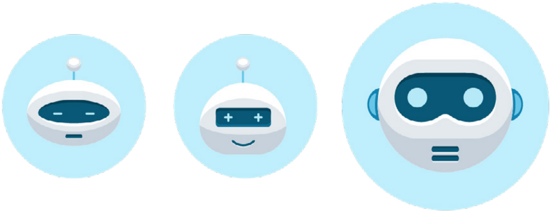
More than half (52%) of businesses are rethinking distribution strategies including changes to fulfillment center locations, carriers, and shipping routes. Many are diversifying suppliers and manufacturers outside of China to reduce risk (40%) and switching to local suppliers and manufacturers (38%).

TECHNOLOGY IS INCREASINGLY PLAYING A MAJOR ROLE IN HOW BUSINESSES PIVOT

The survey found 48% of respondents are investing in new trade technology or tools for supply chain management and trade compliance.

The percentage of companies making these investments is higher in some countries including:

Technology is accelerating global trade



Automating tax compliance can make it easier for businesses to sell internationally. Many of the businesses surveyed outsource HS classification, duties, and tax calculations to providers of specialized solutions. **Respondents cited numerous benefits including:**

- Faster shipping (40%)
- Easier compliance with changing rules and regulations (35%)
- Fewer errors in trade documentation (32%)
- Lower costs (32%)
- Less labor (32%)

Businesses in Europe, Ireland, and the U.K. said faster shipping is the main advantage of using third-party solutions. However, companies in North America and Australia say it's easier compliance with changing regulations. In New Zealand, easier compliance with changing rules and the ability to more easily make payments tied for first place.

Manufacturers (36%) and logistics service providers (35%) are especially likely to say less required labor is an advantage of outsourcing.

The survey shows companies are also turning to third-party providers as their primary source of trade information and services, ahead of carrier and broker networks, global trade tools through ERPs, and in-house global trade compliance teams.

Automated tax compliance solutions can also enhance customer satisfaction and give businesses a competitive edge.

Nearly 88% of businesses plan to or already display the complete price and costs including shipping and taxes at the browsing stage, as opposed to just at checkout. **Their primary reasons for doing this are:**

- To provide a transparent customer experience (53%)
- They are required to share information before checkout (43%)
- To reduce abandonment orders at checkout (42%)
- Because their competitors have started doing so (36%)

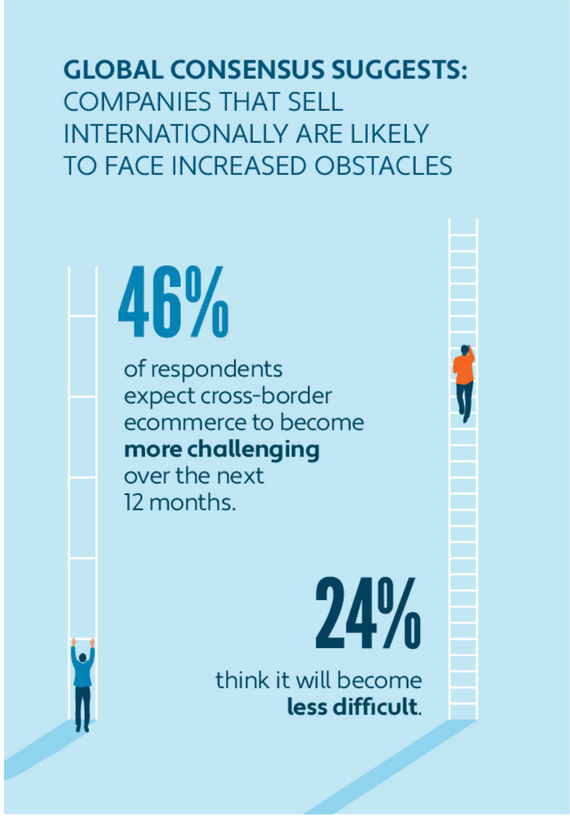
Logistics service providers (39%) are significantly more likely than manufacturers (30%) to display the complete price and costs at the browsing stage to stay in line with competitors.

Preparing for the future

The international trade landscape is growing more complex. The study found 46% of respondents expect cross-border ecommerce to become even more challenging over the next 12 months, while less than a quarter (24%) think it will become less difficult. This trend is consistent across all surveyed countries other than New Zealand, where 51% of respondents believe ecommerce will become less difficult and only 25% expect it to become more challenging. Excluding New Zealand, the findings suggest a global consensus that companies that sell internationally are likely to face increased obstacles.

To stay ahead, businesses must move beyond reactive measures and adopt proactive strategies.

Automating compliance gives teams real-time insights to help identify compliance gaps and reduce risk. Investing in scalable solutions allows companies to grow while eliminating many of the headaches that come with expanding into new international markets.



Avalara Cross-Border solutions simplify international trade compliance and help businesses reduce costs, increase revenue, and optimize customer experience. Solutions are available to:

AUTOMATE CLASSIFICATION AND COMPLIANCE

Avalara Tariff Code Classification pairs artificial intelligence and machine learning with human expertise and deep global content to automatically assign HS codes to products. More accurate tariff code classifications and customs duty calculations help goods pass through customs more quickly and avoid added costs at the border.

ENHANCE CHECKOUT TRANSPARENCY

Avalara AvaTax Cross-Border calculates or estimates and collects customs duties and import taxes at checkout. Businesses can provide a Delivered Duty Paid (DDP) buyer experience to reduce the risk of cart abandonment or refused packages.

MONITOR TRADE RISKS

Avalara Trade Restrictions Management lets companies focus efforts on profitable sales by providing regularly updated knowledge of government restrictions on cross-border transactions.

STAY AHEAD OF GLOBAL MANDATES

Avalara E-Invoicing and Live Reporting helps businesses stay compliant with global e-invoicing mandates. Over 60 countries worldwide have announced – or already require – e-invoicing.

Avalara continuously monitors tax and tariff changes and automatically applies them so businesses can adapt to changes in rules, regulations, and rates, and be better prepared for the future.

Learn how Avalara customers are benefiting from Avalara Cross-Border solutions. Read the product guide.

Seizing growth opportunities amid turmoil

Most companies are already selling internationally, and more are prepared to join them. To be successful, they will need to navigate an increasingly complex regulatory landscape. Tariffs and international tax compliance place an increasing burden on companies looking to expand into new markets.

The Censuswide survey highlighted five key takeaways:

1. Cross-border selling is the standard
2. Compliance is a major barrier
3. Tariff volatility is a top concern
4. Supply chains are shifting
5. Technology and automation are essential for compliance and scaling

Businesses expect the international trade landscape to become more difficult. The companies best positioned to navigate what's next are those already investing in compliance automation solutions.

Technology providers like Avalara play a key role in helping global companies future-proof their operations, reduce risk, and maintain momentum.

In addition to automating global trade compliance, Avalara recommends that companies take the following proactive steps to build a resilient supply chain strategy:

- Explore diversification of shipping carriers and/or supply sources
- Lean on the expertise and network of a customs broker
- Ensure product details are compliant with global trade regulations
- Build inventory to absorb short-term headwinds

To find out how Avalara can help your business prepare for what's ahead, contact a global trade compliance specialist.

Avalara

About Avalara

Avalara makes tax compliance faster, easier, more accurate, and more reliable for 43,000+ business and government customers in over 75 countries. Tax compliance automation software solutions from Avalara leverage 1,200+ signed partner integrations across leading ecommerce, ERP, and other billing systems to power tax calculations, document management, tax return filing, and tax content access.

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