

Study of B2C Electronic Commerce 2008

2008



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observatorio
nacional de las
telecomunicaciones
y de la SI

Study of B2C Electronic Commerce 2008

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Introduction

The Public Corporate Entity Red.es, attached to the Ministry of Industry, Tourism and Trade through the State Secretariat for Telecommunications and the Information Society, is legally responsible for carrying out certain functions that are designed to contribute towards developing telecommunications and the Information Society in Spain.

The B2C 2008 study presents data on e-business related to consumer purchases in the year 2007. A representative sample of 2,300 web users was studied, analysing their habits, purchases and their opinion on e-commerce, as well as the barriers that limit their access to this sales channel.

This B2C Electronic Commerce study has been carried out since 2000.

Executive Summary

B2C Business

In 2007, e-commerce revenue was 4.7 billion euro, that means an increase of 71.4% compared to 2006.

The key to this spectacular increase in business volume is the number of purchasers, which has risen from 27.3% of the Internet users aged 15 years and older to the current 39.8% (almost 8 million people). This increase (45.8%) is the main reason for the growth in e-commerce business, as the increase in average annual expenditure was less significant (the average spend was €595, which equates to a rise of 13.8% compared to 2006).

Purchaser profile

The purchaser profile had the following sociodemographic characteristics.

- Men.
- From 25 to 49 years old, and particularly between 25 and 34.
- Resident in urban areas (more than 100,000 inhabitants).
- Secondary education level, with a significant proportion of university graduates.
- Middle class socio-economic level, with significant proportion of the high and upper-middle classes.
- Employed.

Internet use. Purchasers vs. non-purchasers

Internet purchasers demonstrate more active web use. The clearest indicators are the following:

- A higher proportion of purchasers declared that they connected to the Internet for the first time more than 3 years ago (89.6% compared to 72.1% of non-purchasers).
- Two thirds (66.7%) of those who purchase via Internet access the web daily, compared with 42.1% of the non-purchasers.
- Purchasers are more likely to have ADSL (77.0%) compared with non-purchasers (62.0%).

Electronic mail and its role as a commercial channel

During 2007, 86.8% of Internet users had e-mail and of these, 84.6% declared they had received commercial information in their mailbox.

- Thirty-two percent of Internet users had received spam.
- More than a third (34.5%) only received information they had requested.
- Almost two out of ten (18.1%) had received non-requested information, but this did not bother them.
- Individuals who made Internet purchases during 2007 received more frequent commercial pressure via e-mail than users who did not make on-line purchases (90.1% compared to 80.4% of non-purchasers).

The Internet as a commercial information channel

A little over six out of every ten (62.8%) Internet users used the web as a source of information in order to later acquire products or services in a physical shop. This practice is more common among purchasers (89.3%) than among non-purchasers (45.2%).

Requirements of the Internet as a commercial channel

The most important Internet features for individuals who made on-line purchases during 2007 was having clear information available on consumer rights (78%), on the purchase contract (72.6%) and also on the goods to be purchased and the purchasing expenses (75%).

Other important aspects, considered at the same level as the availability of information, were related to communication of security in terms of how the company explains the security mechanisms (76.4%) and how these are fully identified (77.3%).

The payment method was also considered critical. Purchasers consider that a key aspect is the enterprise's ability to offer their preferred payment method (72.7%).

However, although they qualified it as essential, purchasers placed the need for the web site to be in their language at a secondary level (68.3%).

Key points of Internet purchases

The majority of on-line purchasers in 2007 already had experience of on-line purchasing prior to 2007. Specifically, three out of four (76.6%) purchasers had already made purchases before 2007.

On-line purchases were most commonly made at home. During 2007, 84.3% of purchasers acquired goods or services from their home.

Purchases were mostly made at virtual shops, either general (55.2%) or specialised (44.7%). Notwithstanding this, during the last year, Internet sources of goods and services have diversified and manufacturers' web sites and auction sites have begun to play an increasingly important role.

Purchasers find out about the shops in which they can acquire on-line products and services from an increasing number of channels (recommendation,



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advertising, price comparison sites, forums, etc.). However, general search engines (72.2%) continued to be the most significant, and this was not only because they can be used to find shops, but also because can be used to go to them (73.9%), although a proportion of purchasers (47.1%) still enter the shop address directly in the browser.

The majority (54%) of purchasers preferred to pay for their on-line purchases by credit or debit cards (generally credit cards), while cash on delivery was favoured in second place (27.7%).

Of purchasers using a credit or debit card, the majority (52.1%) entered a PIN number to confirm the operation. The levels of use of this option had not changed since the previous year.

Internet purchases

The tourist sector and leisure activities continued to be key areas for on-line purchases. Transport tickets, tickets for shows and events and reservations for accommodation were the most commonly demanded. On a second level were electronic products, clothes and accessories, books, DVDs, music and videogames. Software, food, vehicle rental, Internet services and financial services brought up the rear of the ranking.

In 2007, the average number of purchase operations per individual was 4.9 and the average amount spent was €595.

Satisfaction with on-line purchases

More than nine out of ten (93.7%) individuals who made on-line purchases during 2007 declared that they were satisfied with the results. This indicator dropped compared to 2006 (98.7%).

In addition, there was an increase in the number of problems with purchases, which rose from 7.1% during 2006 (similar to the number reported in 2005) to 18.5% in 2007.

The fundamental problem found in on-line purchases was that the product or service acquired did not correspond to that offered on the web site.

Payment problems (fraud with payment methods, final price different from that agreed or problems with the payment itself), in spite of being the major inhibitors for non-purchasers, were not particularly significant among all the purchasing problems reported by purchasers. Only 10.8% of purchasers reported having experienced a problem in this category, whilst 42.7% complained about logistical problems and 49.3% about non-logistical problems. In spite of the low incidence of problems related to payment processes, improvement of Internet security, or enhancements in purchasers' perception about security, was again considered as a decisive factor to increase their Internet purchases.

The figures for complaints remained constant in spite of the increase in problems with purchasing. A little over six out of ten (61.1%) affected purchasers finally opted to make a complaint to the customer service department of the company selling the product or service.

Most of the purchasers (83.5%) declared that the delivery service for Internet orders operated correctly. Again, the higher incidence of problems with on-line purchases reduced this indicator with respect to previous years, when the satisfaction level reached 90%.

Reasons for the first Internet purchase

Convenience (59.7%) and price (45.5%) continued to be the most important reasons for starting to make on-line purchases. The availability and range of products (27.9%) and the speed of delivery (26%) are starting to be seen as significant advantages, as well as the consideration that Internet is an easy tool with which to compare prices (25.4%) or an exclusive sales channel (25.4%). Recommendations (23.2%) also played a significant role, as well as curiosity or the desire to try out (27.8%) this new commercial channel.

Evaluation of the Spanish offer of products and services on the web

More than seven out of ten on-line purchasers (73.5%) considered that the presence of Spanish enterprises on the web is sufficient for purchasing their products. However, they were more critical when evaluating the actual availability of products and services of Spanish enterprises on the web (44.6% considered it insufficient).

Quality seals

Purchasers' perceptions are very positive with respect to these quality seals as six out of ten (59.9%) declared that when purchasing on-line they had taken into account the fact that the enterprise with which they were carrying out the transaction was registered with an Internet quality seal or code of confidence.

Barriers to electronic commerce

A large percentage of users who did not make any purchases during 2007 declared their preference for physical shops where they can see what they are purchasing (38.3%).

However, the distrust in Internet in relation to personal or banking details continued to be significant. Specifically, 25.7% of those who do not purchase on the Internet declared they did not consider it a secure medium, 22% were more specific in referring to the distrust they felt about payment methods and 14% highlighted that they were worried about providing their personal data on the Internet.

A few (8.1%) non-purchasers declared that they were prepared to make on-line purchases within the coming months.

Among those Internet users who made no purchases in 2007, but had purchased via Internet previously, the barriers to electronic commerce were basically the lack of need (46.2%) and preference for the traditional channel (33.1%). However, although security problems with purchasing are of secondary significance, this is still one of the specific reasons put forward by non-purchasers against on-line purchases.

In 2007, non-purchasers who had previous experience of on-line purchasing declared that the decisive factor for them to recommence purchasing on-line was an improvement in transaction security; this argument has gained in weight since 2006.

Technical notes

Information collection

Telephone interviews using the CATI (Computer Assisted Telephone Interview) system.

Dates of information collection

From 22 April to 28 May 2008.

Geographical scope

National

Sample Population

Red.es panel. Population of Internet users over aged 15 years and older.

Reference Population

A total of 39,617,888 individuals. Population of individuals of 15 and over in mainland Spain, Balearic and Canary Islands. Source: Spanish National Institute for Statistics (INE) forecasts for 2007 from the 2001 Census.

Internet users: 20,096,743 individuals. Internet penetration (53.5%): Red.es ICT households panel (September 2007).

Sample size

2.302

Fieldwork

Performed by Redecampo

Weighting

The results were weighted according to the sociodemographic profile of Internet users aged 15 years and older obtained from the Red.es panel dated July-September 2007.

The weighting criteria considered were, firstly at household level: autonomous region, size of populated area where the home is located, size of household, social class (Spanish EGM social study), presence of children at home and age of the head of the household; and at an individual level: gender and age.

Error margin

- For the Internet purchasers in 2007 group: $\pm 3,4\%$
- For the non-purchasers in 2007 group: $\pm 2,6\%$
- For the total sample: $\pm 2,1\%$

The sample was extracted from the Red.es ICT panel, representative of Spanish households. Specifically, the individuals contacted were those who belonged to the panel and had declared, via a postal survey sent to households in September 2007, that they had used the Internet on one or more occasion.