GOBIERNO DE ESPAÑA

MINISTERIO DE INDUSTRIA, TURISMO Y COMERCIO

Study of B2C Electronic Commerce 2009

September 2009

GOBIERNO DE ESPAÑA MINISTERIO DE INDUSTRIA, TURISMO Y COMERCIO SECRETARÍA DE ESTADO DE TELECOMUNICACIONES Y PARA LA SOCIEDAD DE LA INFORMACIÓN

The Study on B2C e-Commerce 2009 was carried out by the ONTSI (Spanish Observatory for Telecommunications and the Information Society) study team:

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1. 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 duties designed to contribute towards the development of telecommunications and the Information Society in Spain.

The B2C 2009 study presents e-Business data based on consumer purchases in 2008. A representative sample of 2,137 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.

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

2. EXECUTIVE SUMMARY

B2C sales

The sales generated by e-Commerce B2C in 2008 exceeded €5.3 billion, representing an increase of 12.6% compared to 2007.

This growth was mainly driven by the increase in the number of Internet users, which went from 53.5% to 58.3% of the population aged 15 and over. Due to this increase, and with a proportion of purchasers that went from 39.8% to 40.3% of Internet users, the absolute number of online purchasers increased by almost 900,000 individuals, with a resulting total of 8.9 million Internet users who made a purchase in 2008. This figure, linked to an average expenditure of €604, gave a sales figure of €5.36 billion in 2008.

Purchaser profile

The purchaser profile corresponds to the following socio-demographic characteristics.

- Men
- Aged 25 to 49
- Resident in urban areas (more than 50,000 inhabitants)
- With a university education
- Of high and medium-high socio-economic level
- Active full-time workers

Internet use. Purchasers vs. non-purchasers

The Internet users who made online purchases in 2008 showed a more intensive use of the Internet. The clearest indicators are as follows:

- A higher proportion of purchasers declared that they connected to the Internet for the first time more than 3 years ago (77% compared to 59% of non-purchasers).
- Of the total Internet purchasers, 86% had accessed the Internet in the last week, compared to 63% of non-purchasers.
- Of the total purchasers, 79% had broadband compared to 60% of non-purchasers.

Electronic mail and its role as a commercial channel

E-mail played a greater role in the promotion of online purchases compared to 2007:

- E-mail accounted for 24% of regular purchasers as the channel by which they learned about the virtual shop from which they finally acquired products or services.
- A total of 16% finally reached the shops where they made online purchases through the links included in the e-mails.

The Internet as a commercial information channel

Internet users are making increasing use of the network as a source of commercial information: 70.2% of Internet users browsed the Internet to obtain information and subsequently purchase products and services at a physical shop, compared to 62.8% in the previous year. This practice was more common among purchasers (95%) than non-purchasers (54%).

Purchaser preferences

The determining factor for making online purchase decisions is that the company is well identified and, above all, that it offers the possibility of direct contact.

It must also offer clear, comprehensive and concise information regarding contractual matters, such as product/service and price, clarifying which expenses are or are not included in the transaction.

The Spanish nationality of the company was not so important for online purchases.

Internet purchase habits

Among purchasers, 83% (compared to 77% in 2007) had at least one year's experience of online purchasing and 43% (30% in 2007) had made their first purchase more than 3 years ago.

The profile of less experienced purchasers corresponds to individuals aged 15 to 24 and 65 and over, living in municipalities of between ten thousand and fifty thousand inhabitants, with primary education and of medium to low socio-economic level.

The home, in particular, and the workplace have become the main access points for online purchases, increasing the predominance of the former: 90% of online purchasers acquired goods or services from their home in 2008, while 14% did so from work, compared to 84% and 13%, respectively, in 2007.

Purchases were more frequent at virtual shops that also have physical premises (70% of purchasers browsed websites with these characteristics), followed in second place by shops that sell exclusively online (53%). Nonetheless, in 2008 there was increased diversification of products and services available for Internet purchases, with manufacturer websites acquiring greater weight. These latter practically doubled their sales, going from 23% in 2007 to 45% in 2008, whilst goods trading portals almost tripled sales (7.4% Vs 20.8%), as did auction websites (16% Vs 25%).

Two other relevant trends can be observed in terms of transport ticket and accommodation purchases: on one hand, virtual travel agencies prevail over traditional travel agencies with Internet presence, the former being used three times as frequently as the latter. On the other, it can be seen that the Internet has enabled a degree of disintermediation (cutting out the middle man) in favour of the direct channel, as in the case of the websites of airlines, terrestrial transport companies and hotels.

Within the general increase in the ways of finding out about virtual shops, general search engines were not only the most frequent method used (85%) but they were also the route most frequently used for accessing the shop (82%). In second place, the most frequent means of finding out about a web page was recommendation from other people, which increased in 2008 to 68%, compared to 37.5% in the previous year, an increase that could be related to the growing incidence of the Web 2.0.

In addition to the rise in consumer motivation, this year a more mature and skilled use of purchase channels has been recorded, as indicated by the large number of individuals who were already familiar with a website (61.4%) or had it saved under favourites (45.4%). Finally, the different forms of advertising, both off-line and online and direct or indirect, were also highly relevant, including the use of e-mail as an advertising channel. The percentage of Internet purchasers who learned via this means about the virtual shop from which they purchased doubled or tripled.

Half (50%) of purchasers preferred to pay their online purchases via credit or debit card (mainly credit card). Cash on delivery, which has grown increasingly in preference over recent years, ranked second (29%).

On the other hand, most of the purchasers (62%) who used a credit or debit card introduced a security PIN to confirm the transaction. Use of this option has increased 10 percentage points since last year.

Online purchases

Transport tickets, accommodation bookings and tickets for shows continue to be the star products of e-Commerce, recording an increasing number of customers: in 2008, more than half the online purchasers acquired transport tickets (52.5%) and over 40% purchased accommodation bookings and tickets for shows (43% and 41% respectively). Additionally, accommodation bookings grew 8 percentage points compared to 2007.

In second place, between a quarter and a fifth of purchasers obtained electronic products, clothes and accessories, books, food and general hardware.

Other categories that recorded significant growth compared to 2007 were food and general hardware (rising 9 percentage points to 19.3%) and appliances and home furnishings (rising 7 percentage points to 11.5%).

The average number of online purchases per purchaser in 2008 rose to 5.6, compared to 4.9 transactions in 2007. By products, those that recorded the greatest number of purchases were games of chance and contests (7.4), appliances and home furnishings (4.5) and financial services (3.8). The main growth was recorded in financial services and insurance (from 3 in 2007 to 3.8 in 2008), appliances and home furnishings (from 4 to 4.5) and transport tickets (from 3.2 to 3.4).

Average expenditure of online purchasers reached €604 in 2008, which represents a slight rise of 1.5% compared to 2007 (€595). On this occasion, average expenditure made by women (€649) exceeded by €75 that made by men (€573). By product, accommodation bookings (€475), transport tickets (€420) and electronic products (€267) recorded the highest total average expenditure per purchaser in 2008. Expenditure in financial services and insurance was considered separately due to its high variability; with some very expensive purchases, average expenditure for this concept reached €5,272 (not considered in the calculation of total B2C e-Commerce sales).

Satisfaction with online purchases

Of the individuals who made online purchases in 2008, 95.2% claimed that these had met their expectations, compared to 93.7% the previous year.

Nonetheless, 21.6% of purchasers claimed to have had problems with their online purchases, compared to 18.5% in 2007.

The main problem encountered in online purchases -that the product or service acquired was not as advertised on the website- decreased compared to the previous year. The percentage of purchasers with problems who gave this reason fell from 41.4% in 2007 to 33.3% in 2008.

Logistics incidents took on greater importance: 59.5% of those who encountered problems with their purchase declared they were due this type of incident. Above all, one out of four affected purchasers claimed delays in delivery and nearly 20% claimed to have received their order with flaws; both of these motives appear with greater frequency than the previous year. However, the number of cases where the product was not received decreased.

Payment problems were basically due to errors relating to duplicated charge (9.3% of purchasers reported incidents). Attempts at fraud dropped slightly compared to the previous study (6.6% Vs 7.3%).

Fear of lack of security in online purchases decreased. Due to the lower incidence of fraud, the argument of secure payment as a barrier to increased purchasing lost ground (dropping from 40.7% of purchasers in 2007 to 30.3% in 2008).

Nonetheless, in 2008 Internet purchasers became notably more distrustful as regards the possible use of their personal and financial details, and while in 2007 this concern was residual (3.9%), in 2008 it rose to 16%.

Users defended themselves more than before. Almost seven out of ten users who suffered an incident in their online purchases (69.3%) chose to lodge a claim, mainly through the customer care service of the company that sold them the product or service, compared to 61.1% in 2007. In turn, these claims were resolved in an increasingly satisfactory manner: in 2008, two out of three claims were satisfactorily resolved, while in 2007 the proportion was closer to one out of two.

Around 87.2% of purchasers declared that the online order delivery service was correct, which is an improvement over the 83.5% reached in 2007. The fact that fewer problems were encountered in the final receipt of the product positively influenced their evaluation.

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

Almost three out of four (74.2%) online purchasers considered there was sufficient presence of Spanish companies that sell their products online, a perception very similar to that of 2007 (73.5%). However, they were more critical when evaluating the variety of the products or services offered by Spanish online companies: 54.3% considered it sufficient.

Quality seals

Purchasers' perception with regard to seals of quality was positive and showed an upward trend. In 2008, two out of three purchasers (66%) claimed to have taken into account, when making their online purchases, whether or not the company with which they performed the transaction had subscribed to a seal of quality or code of trust.

Barriers to electronic commerce

The preference for physical shops (34.2%) was the first cause of the rift with e-Commerce among Internet users who did not make online purchases in 2008. Nonetheless, the weight of this reason decreased with regard to 2007, when this percentage stood at 38.3%.

On the other hand, distrust in relation to personal or bank details, the second most frequently claimed reason by non-purchasers, increased with regard to the previous year as it also did among Internet purchasers. Specifically, in 2008 this attitude was reinforced by:

- The increase in the consideration of the network as an insecure media (28.4% Vs 25.7% in 2007), corroborating the growing trend recorded since 2005.
- Greater distrust when providing personal details: 20.3% compared to 14%.

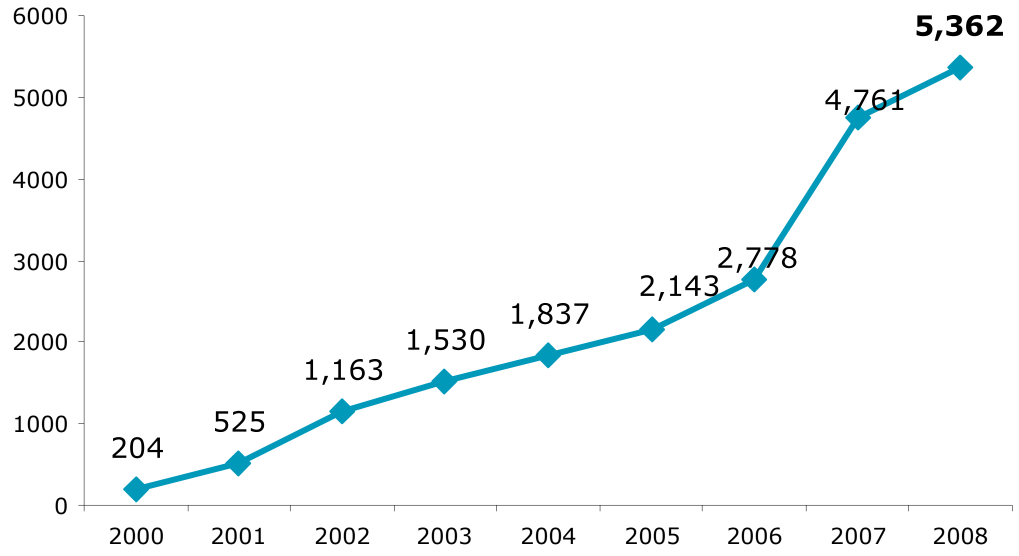
However, trust in the payment methods used increased, although for some they still represent purchasing barriers: this distrust was held by 16.3% of non-purchasers in 2008 and 22% the previous year.

Insecurity was lower among younger users, who showed a greater degree of affinity with new technologies and greater dominion or knowledge of these. On the other hand, women and individuals aged between 35 and 49 were more reluctant to provide personal details for making online purchases.

3. B2C E-COMMERCE FIGURES FOR SPAIN

In 2008, e-Commerce generated sales of €5.362 billion, which is an increase of 12.6% from the €4.761 billion recorded in 2007.

Graph 1. B2C electronic commerce sales (€ millions)



Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Estimated e-Commerce sales in 2008 are obtained by multiplying the average annual expenditure per Internet purchaser (€604) by the approximately 8.9 million estimated purchasers in 2008.

Online purchase expenditure grew 1.5% on average, reflecting a slowdown in online purchases per individual in 2008.

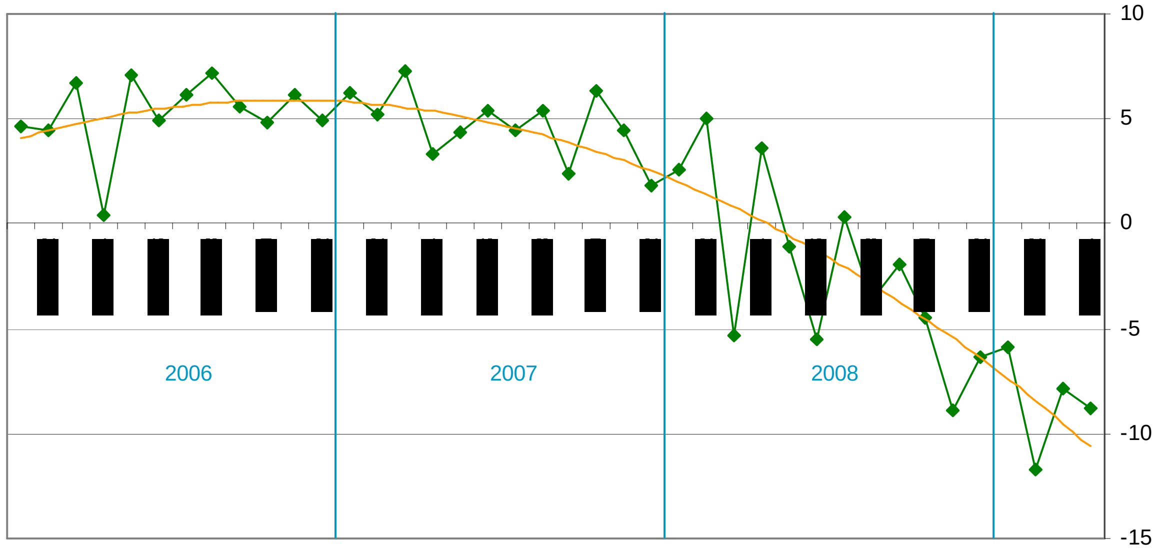
Table 1. Evolution of average annual expenditure per individual purchaser

Year	Total amount
2003	€438
2004	€464
2005	€495
2006	€523
2007	€595
2008	€604

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

The downturn in online purchases in 2008 was not as pronounced as that corresponding to retail trade sales in all its modalities (physical shop and online sales). As can be observed in the graph, the year-on-year variation in the retail trade index at constant prices, according to the INE (Spanish National Statistics Institute), showed a downward trend in retail sales in 2008.

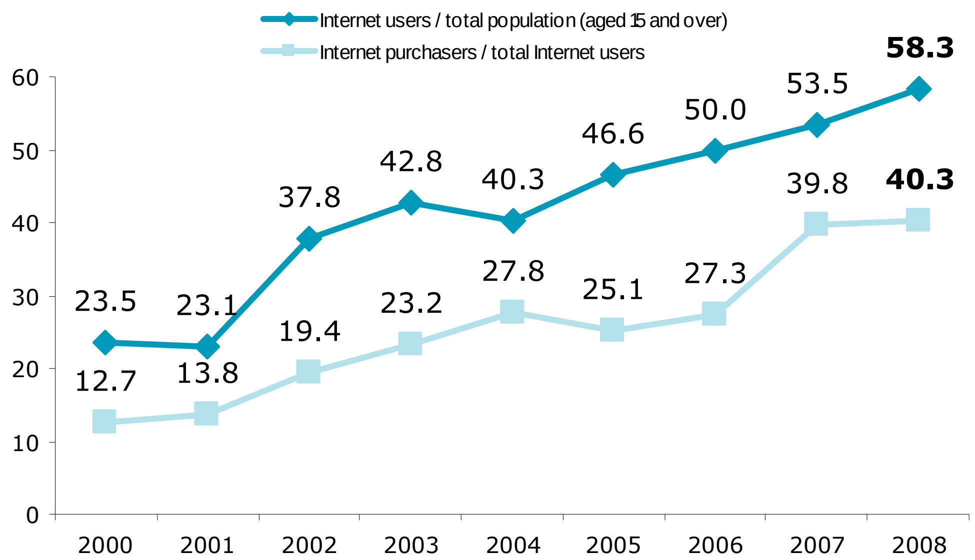
Graph 2. Year-on-year variation in retail trade (month by month)



Source: INE (Spanish National Statistics Institute)

The volume of Internet purchasers grew 11%, from nearly 8 million to 8.9 million individuals. Despite this increase in the absolute number of purchasers, the proportion of Internet users who made online purchases in the last year has remained practically unchanged: online purchasers grew from 39.8% in 2007 to the current 40.3% of the total Internet users. Therefore, the driving force behind the increase in the number of purchasers was mainly based on the growth in the Internet user population, which rose from 53.5% of the population aged 15 and over in 2007 to 58.3% in 2008.

Graph 3. Evolution of the number of Internet users and Internet purchasers



Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

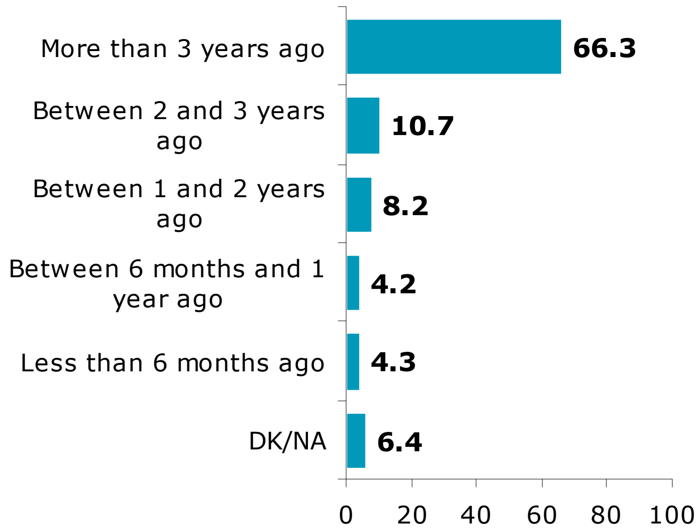
4. INTERNET USERS

Experience in use of the network

The level of experience in Internet use claimed by the users was high, although the arrival of new Internet users lowered the percentage of users who had been using the Internet for more than three years. Practically two-thirds (66.3%) of the Internet users connected for the first time more than three years ago, while 4.3% connected for the first time less than six months ago.

According to socio-demographic data, the groups that accumulated a higher percentage of Internet users with an experience of more than three years were comprised of individuals aged between 15 and 30, with university studies and of upper middle and upper class. However, gender and town/city size were not such determining factors in Internet use.

Graph 4. Years of experience in Internet use



Base: Total Internet users

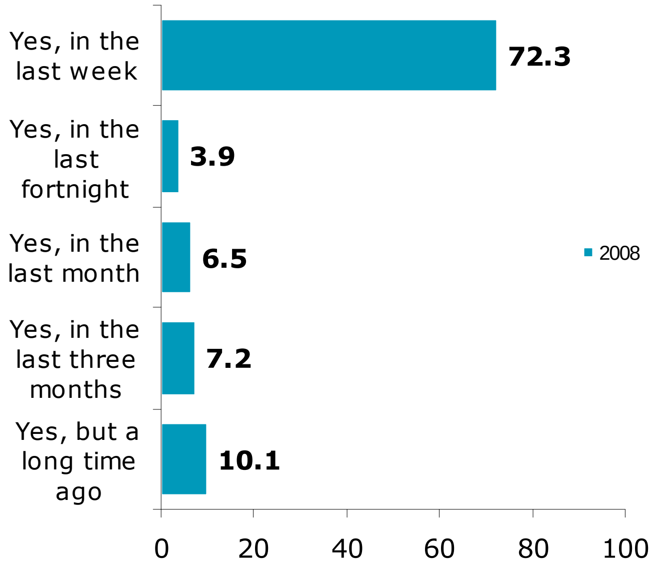
Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Among the individuals who had most recently accessed the Internet there was a significant representation of the profiles most distant from information technologies: individuals aged over 65, individuals with primary education or a certificate of primary studies and individuals with a low socio-economic level.

Internet use

Internet was a frequently used media by nearly three-quarters of the sample. A total of 72.3% claimed to have connected to the Internet in the last week. Only 10% of the interviewed Internet users had connected to the Internet for the last time more than three months ago.

Graph 5. Have you ever used the Internet?



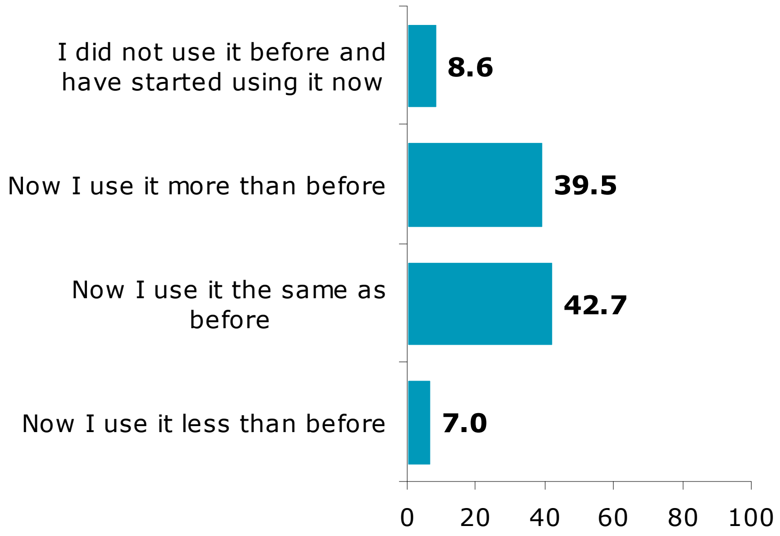
Base: Total Internet users

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

The following socio-demographic groups had the highest percentage of Internet connections in the last week: men, individuals aged between 15 and 30, individuals of upper class backgrounds and individuals who had completed their university studies.

The idea of a large number of new Internet users was confirmed on analysing other types of variables, such as intensification of its use. Specifically, 8.6% of the interviewed users claimed to have never used it before. Last year, this same figure was 5.6%.

Graph 6. Internet use compared to the previous year



Base: Total Internet users

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

The profile of individuals described earlier as being veteran network users and with recent connections, indicates to a greater extent that their use of the Internet has remained unchanged, with the exception of young users who claim an increasing use of the Internet.

All of these variables highlight the incorporation of a large number of users to the Internet, a certain stabilisation of use among the most veteran network users (not young users) and an increasingly intense use by young users. Finally, variables such as town/city size and gender are no longer determining factors of Internet use.

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5. INTERNET PURCHASERS

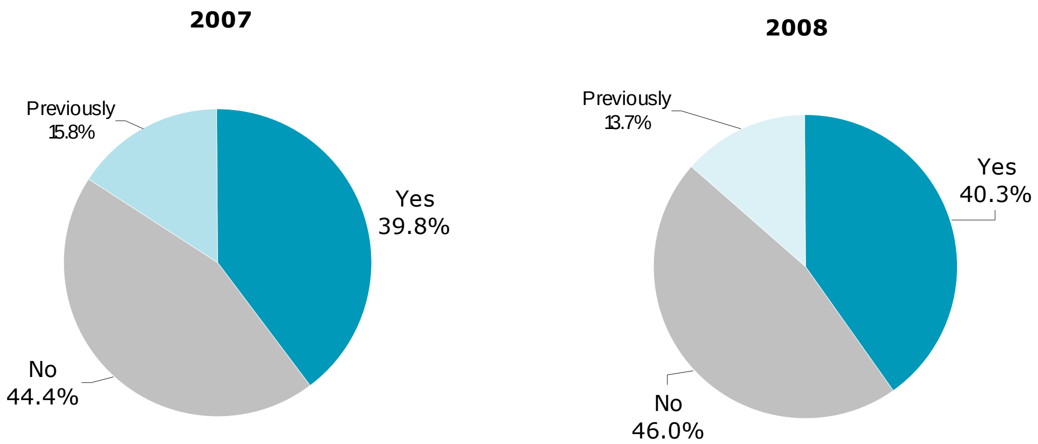
Electronic commerce penetration

Four out of ten Internet users (40.3%) claimed to have made online purchases in 2008, while the remaining 59.7% claimed not to have made purchases in 2008. On the other hand, 46% of Internet users had never made online purchases and 13.7% did not make purchases in 2008, but had done so in previous years.

Throughout this study, the term "purchasers" refers to purchasers in 2008, that is, 40.3% of the Internet users mentioned.

Graph 7. Have you purchased any products or services online in 2008?

Have you ever purchased online?



Base: Total Internet users

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

In 2008 the number of Internet purchasers grew 0.5 percentage points, from 39.8% in 2007 to 40.3%.

Extrapolating these figures to the number of individuals give the following results: the 7,999,800 Internet purchasers in 2007 plus the 879,902 individuals for 2008 brings the current number of purchasers to 8,879,702, which represents an increase of 11%.

Considering this figure from the viewpoint of the population as a whole - Internet users and non-Internet users - reveals that 23.5% of individuals aged 15 and over made online purchases in 2008.

Basic 2008 purchaser profile:

The purchaser profile corresponds to the following socio-demographic characteristics.

- Men
- Aged 25 to 49
- Residents of urban areas (more than 50,000 inhabitants)
- With a university education
- Of high and medium-high socio-economic level
- Active full-time workers

The age of online purchasers in 2008, compared to that of previous periods, tended to become concentrated in the intermediate age groups, especially the group of individuals aged between 35-49.

Table 2. Socio-demographic profile of Internet users and Internet purchasers

	2006		2007		2008	
	Total Internet users	Have purchased	Total Internet users	Have purchased	Total Internet users	Have purchased
SEX						
Male	51.0	59.4	51.5	59.5	50.4	**60.0**
Female	49.0	40.6	48.5	40.5	49.6	40.0
AGE						
From 15 to 24	24.1	15.3	21.5	13.4	20.5	13.5
From 25 to 34	29.2	33.3	29.4	40.2	27.2	**31.1**
From 35 to 49	30.9	33.9	32.0	31.1	32.8	**36.5**
From 50 to 64	12.6	15.7	13.7	13.7	15.3	**16.7**
65 or over	3.3	1.9	3.4	1.5	4.4	2.2
EDUCATION						
Primary	5.1	0.5	12.7	5.6	4.8	4.2
Secondary	65.9	55.5	60.1	57.9	68.3	61.1
Higher	28.9	43.9	27.0	36.5	27.0	**37.0**
SOCIAL CLASS						
Upper + upper middle	30.2	44.9	26.9	34.0	27.6	**36.3**
Middle	44.9	40.2	47.0	47.7	45.4	47.3
Middle lower	22.0	13.6	22.7	15.6	22.9	14.9
Lower	2.9	1.4	3.4	2.8	4.1	1.5
WORK ACTIVITY						
Full-time worker			56.2	67.8	53.6	**67.0**
Part-time worker			5.6	6.4	6.8	6.2
< 8 hours/week			1.3	0.4	0.5	0.2
Retired/Pensioner			3.1	2.1	4.7	3.7
Unemployed/previously employed			5.2	3.9	7.6	5.1
University student			4.3	5.6	2.8	3.9
Disability pension			0.8	1.1	1.4	1.8
Housewife			6.8	3.2	7.1	4.1
Unemployed/seeking 1st employment			0.7	0.6	0.9	0.5
Non-university student			15.9	8.8	14.7	7.4
SIZE OF TOWN/CITY						
Less than 10 thousand	19.4	17.0	18.5	16.0	19.4	16.0
10 to 20 thousand	11.8	8.7	11.6	9.5	13.0	11.1
20 to 50 thousand	14.5	14.4	16.3	16.9	14.8	12.9
50 to 100 thousand	10.2	9.9	9.5	8.5	9.7	**10.4**
More than 100,000	44.0	50.0	44.1	49.2	43.2	**49.5**

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

In 2007, an increase was observed in the number of purchasers of a medium and even low socio-economic level compared to those with a higher status. In 2008, the proportions of the different social classes remained more or less unchanged, although a small drop in online purchases was observed among individuals of low socio-economic level and an increase in the representative percentage of the high/medium-high group.

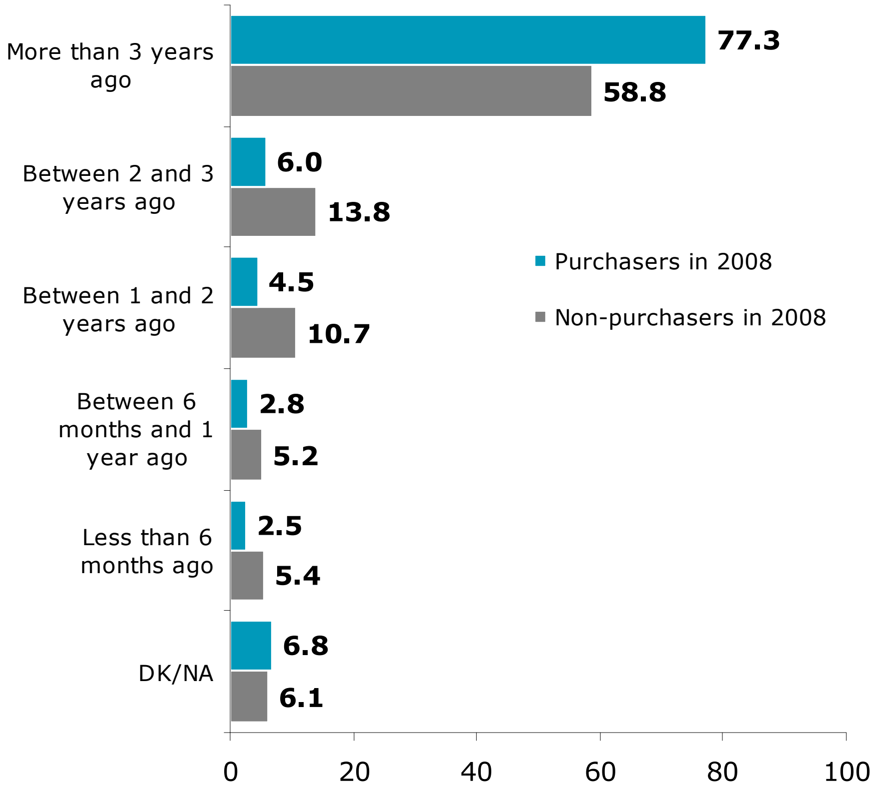
In relation to level of studies, the proportion of purchasers with secondary education continued to rise. In 2005, the proportion was 54% and by 2008 it accounted for 61.1% of the total. It should be highlighted that the number of individuals with secondary studies among Internet users, purchasers and non-purchasers, also recorded similar percentages during the same period.

Internet use

The data revealed that online purchasers made a more intensive use of the network than non-purchasers. Variables such as frequency of use of this tool, experience using the media or the type of connection continue to mark the differences between the two groups.

- With regard to experience in use of the Internet, the data revealed high levels, particularly among online purchasers (77.3% of purchasers first connected to the Internet more than three years ago). Non-purchasers, on the other hand, have a markedly lower level of experience (58.8%).

Graph 8. When did you connect to the Internet for the first time?

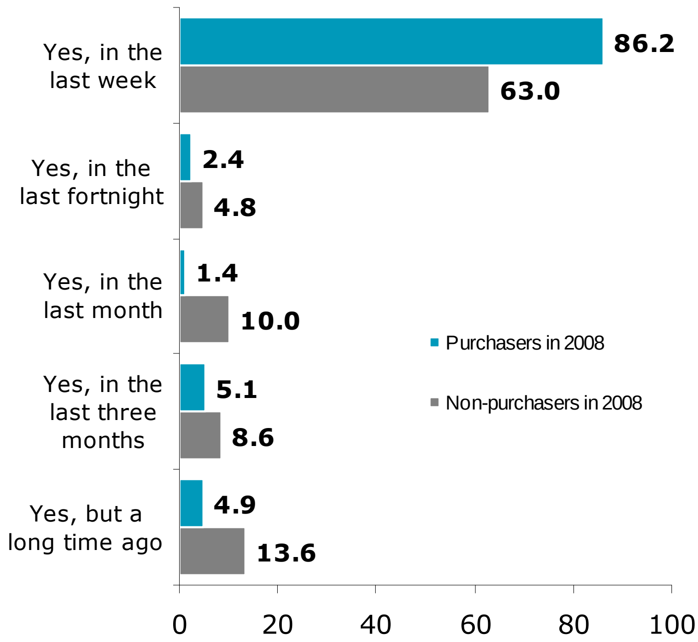


Base: Total Internet purchasers and non-purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

- The data relative to the proportion of individuals who had last connected during the previous week allows clear differences to be established between both groups —purchasers Vs non-purchasers—. Around 86.2% of those who made online purchases accessed the network in the last week, compared to 63% of non-purchasers.

Graph 9. Have you ever used the Internet?

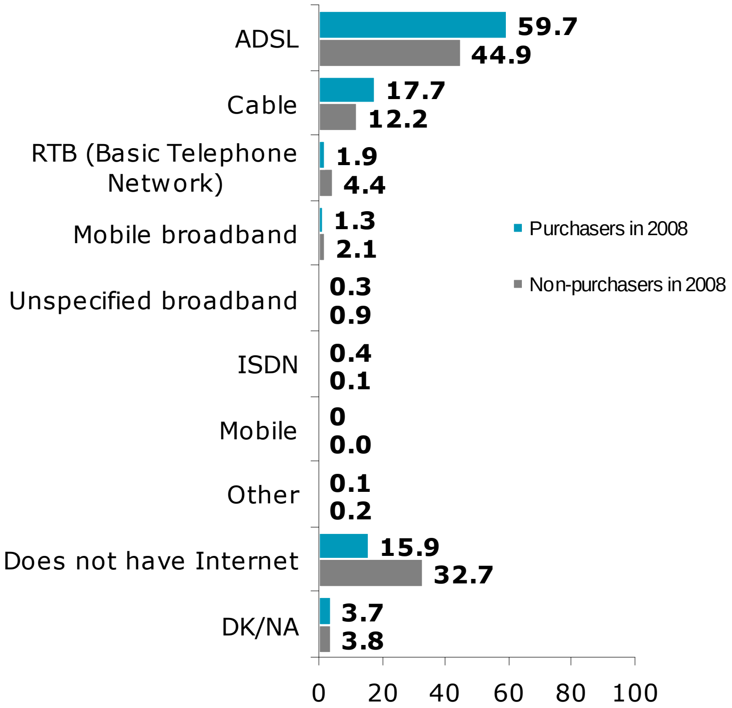


Base: Total Internet purchasers and non-purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

- The type of household Internet connection, or specifically ADSL or cable connection, was another differentiating element between purchasers and non-purchasers. Around 59.7% of purchasers had ADSL compared to 44.9% of non-purchasers. On the other hand, 17.7% of purchasers had a cable Internet connection in the household Vs 12.2% of non-purchasers.

Graph 10. What type of connection do you have at home?



Base: Total Internet purchasers and non-purchasers

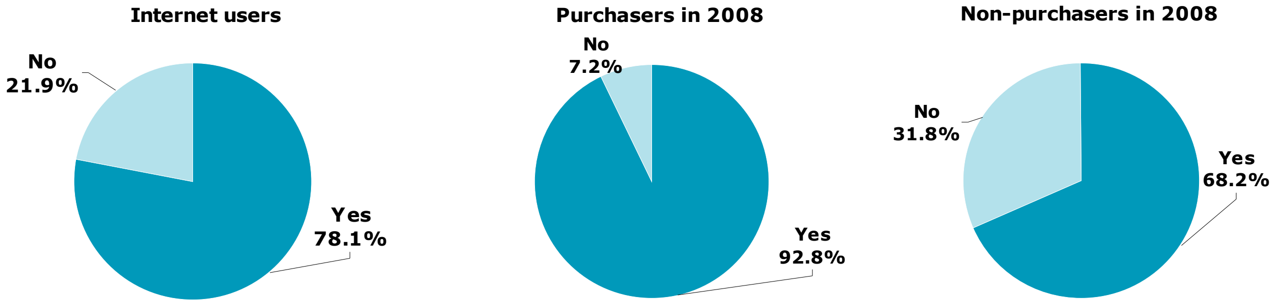
Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

From the previously described variables it can be seen that both network experience and home connection speed positively affected Internet purchases.

E-mail. E-mail penetration

Although not always obligatory, on many occasions online purchases require an e-mail address. Hence a clear difference can be seen between the online purchaser and non-purchaser groups. While nearly nineteen out of twenty online purchasers had an e-mail account, only seven out of ten non-purchasers had one.

Graph 11. Do you have e-mail?



Base: Total Internet users, purchasers and non-purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

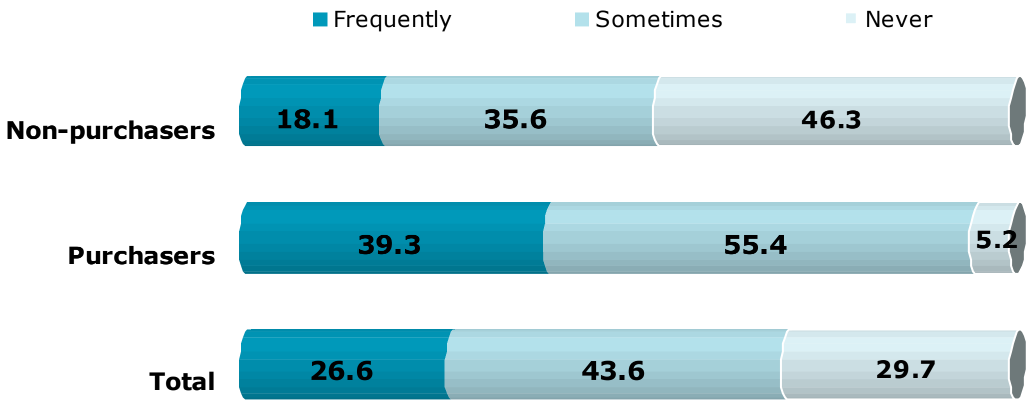
Individuals aged over 35, living in smaller towns/cities, with primary education and of low socio-economic level were the groups in which availability of e-mail was the least frequent.

It seems that this year e-mail is playing a much more important role in e-Commerce than last year. In 2008, 23.6% of the interviewed individuals claimed that they generally find out via e-mail about the virtual shop where they finally purchased products or services (compared to 7.6% last year) and 16% finally reach the shop where they make their online purchases through the links included in e-mails (compared to 7.6% last year).

The Internet as a commercial information channel

As in the case of the previous year, in 2008 Internet users used the network as a source of information to subsequently purchase products or services at a physical shop (70.2%), although this use was more sporadic.

Graph 12. Do you use the Internet as a source of information to subsequently purchase products or services at a physical shop?



Base: Total Internet users, purchasers and non-purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

A total of 94.7% of purchasers, who are those more familiarised with the network (their last connection was more recent, they have better access and more experience), used it as a commercial information channel to subsequently make their purchases at a physical shop, compared to 53.7% of non-purchasers.

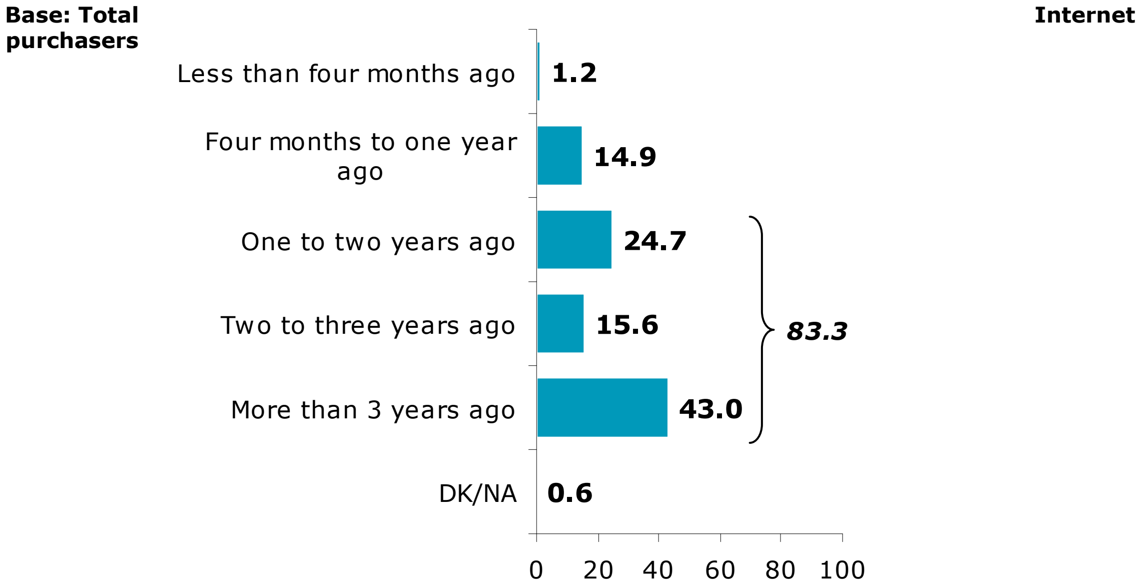
Comparison with 2007 data shows an increase in the use of the Internet for this purpose, which grew from 62.7% to 70.2% in 2008.

5.1. Purchasing habits

5.1.1. Previous experience in making online purchases

Of the total number of purchasers, 83.3% had at least one year's experience with online purchases and 43% had made their first purchase more than three years ago. The proportion of most experienced individuals grew in relation to the previous year, in which the proportion of purchasers who had such online purchasing experience was 76.6% and 30.3% respectively.

Graph 13. When did you first make a purchase?



Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

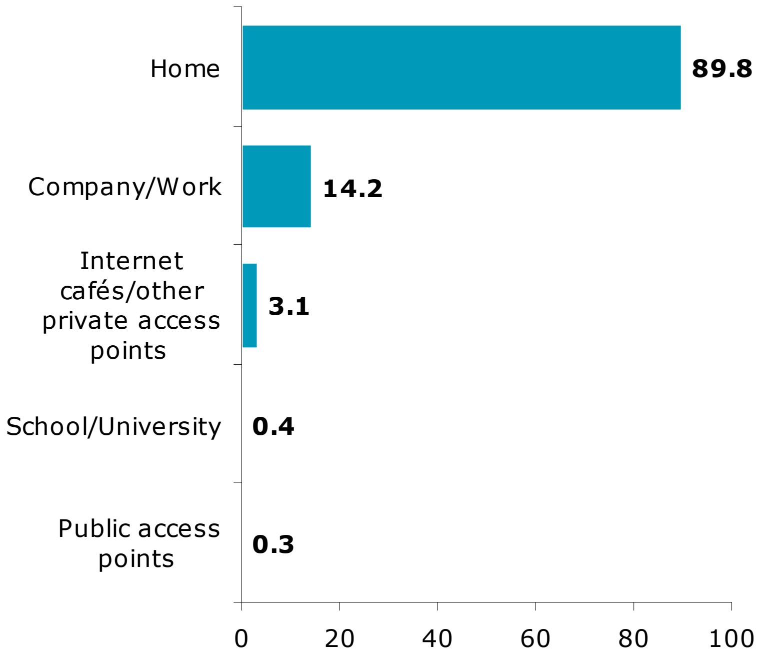
The profile of less experienced purchasers revealed the following characteristics:

- Aged between 15 and 24 and 65 and over
- Living in small municipalities (10,000 to 50,000 inhabitants)
- With primary education
- Of medium-low socio-economic level

5.1.2. Place where the Internet is accessed to make a purchase

Both the home and the workplace gained ground as access points for making online purchases compared to the previous year. Nonetheless, the workplace lost ground in favour of the home. At present, nine of out ten purchasers (89.8%) claim to make their purchases from home, compared to 84.3% the previous year. In the case of the workplace this figure was 14.2%, compared to 12.8%. All other places have a residual representation.

Graph 14. Where do you usually make online purchases from?



Base: Total Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

However, purchases made from the workplace increased among individuals with university studies. On the other hand, purchases from home were made particularly by individuals aged under 24 and residents of medium or large municipalities (more than 50,000 inhabitants.

5.1.3. Places where online purchases are made

As regards Internet purchasing websites, shops that sell online and also have physical premises were the most frequently visited. Nearly three out of four purchasers (70%) visited a website with these characteristics, compared to 55.2% the previous year.

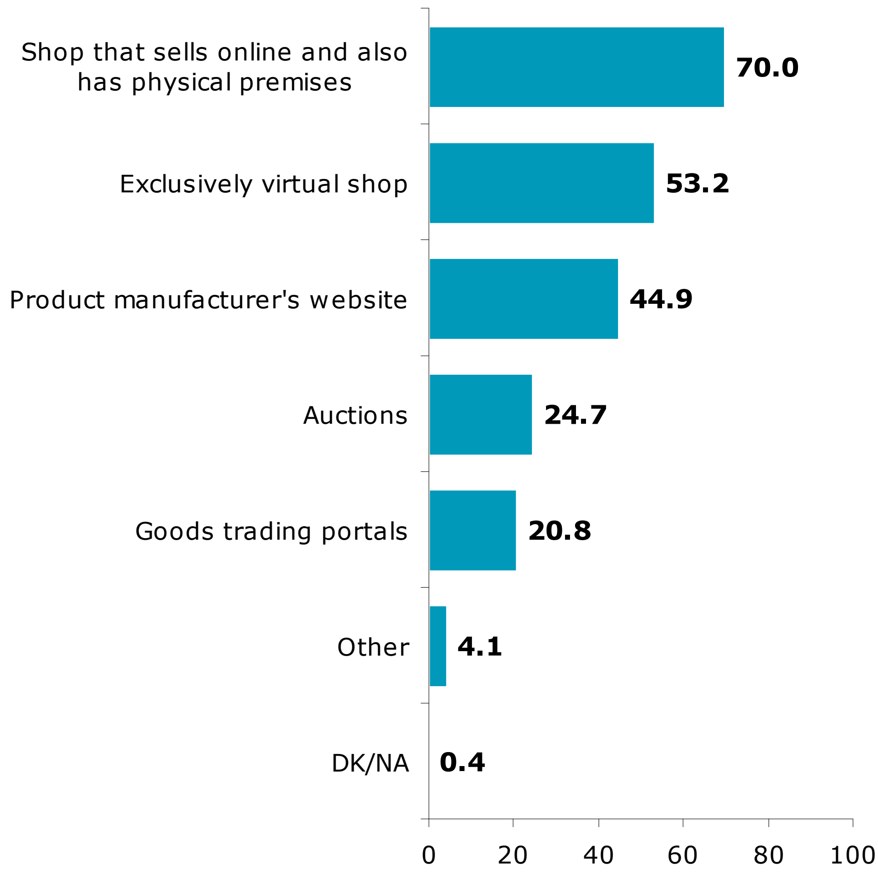
The second most frequently visited websites for online purchases were shops that sell exclusively online, which were visited by 53.2% of purchasers, compared to 44.7% one year before.

A third type of online establishment that played a very important role in purchases in 2008 was the manufacturer website; 44.9% of purchasers made online purchases on such sites. This channel recorded the greatest growth compared to 2007, practically doubling the percentage in that year, which was 23.1% of purchasers.

Auction websites (such as eBay) also recorded growth, although much more moderate, with 24.7% of purchasers in 2008 using this purchase channel, compared to 16% the year before.

Finally, goods trading portals (such as Amazon) grew considerably in terms of online purchases, from 7.4% to 20.8% of purchasers. The profile of individuals who visited these portals had the following characteristics: residents of capitals and towns/cities with 100,000 or more inhabitants that are students or pensioners and have a high or medium-high socio-economic level.

Graph 15. Where do you usually make purchases on the Internet?



Base: Total Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

In short, a diversification of the products and services available on the Internet can be seen over the last year in terms of online purchasing sites, with a consolidation of key websites (virtual shops with physical premises and exclusively virtual shops) and growing weight of manufacturer websites, which doubled, together with goods trading portals and auction websites.

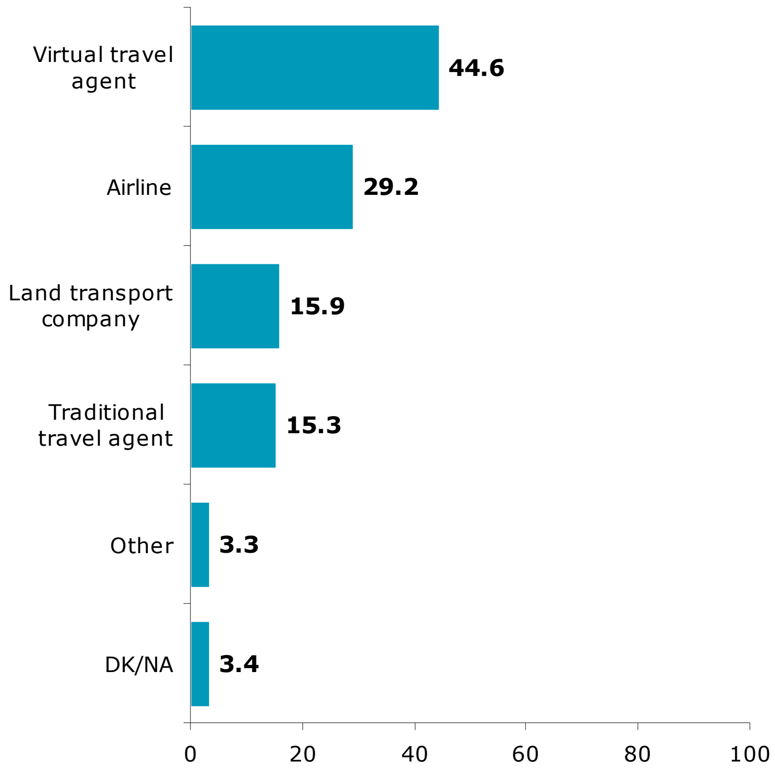
In a later section, the impact of average expenditure on transport tickets and accommodation bookings on e-Commerce is analysed, however, before this the interviewees were asked where these products were purchased.

The data obtained revealed relevant trends in tourism product distribution channels over the last year.

Firstly, the predominance of virtual travel agents over traditional travel agents (with online presence) was observed. In the case of both transport tickets and accommodation bookings, the frequency of virtual travel agencies (from 45% - 50% respectively) tripled traditional travel agencies (approximately 15% in both cases).

Secondly, the Internet has expedited certain disintermediation, which is confirmed by the relevance acquired by direct channels. A total of 29.2% purchased their transport tickets directly from the airline's website, while 15.9% purchased them directly from the land transport company. In the case of accommodation, 28% of purchasers booked their accommodation directly with the hotel in question.

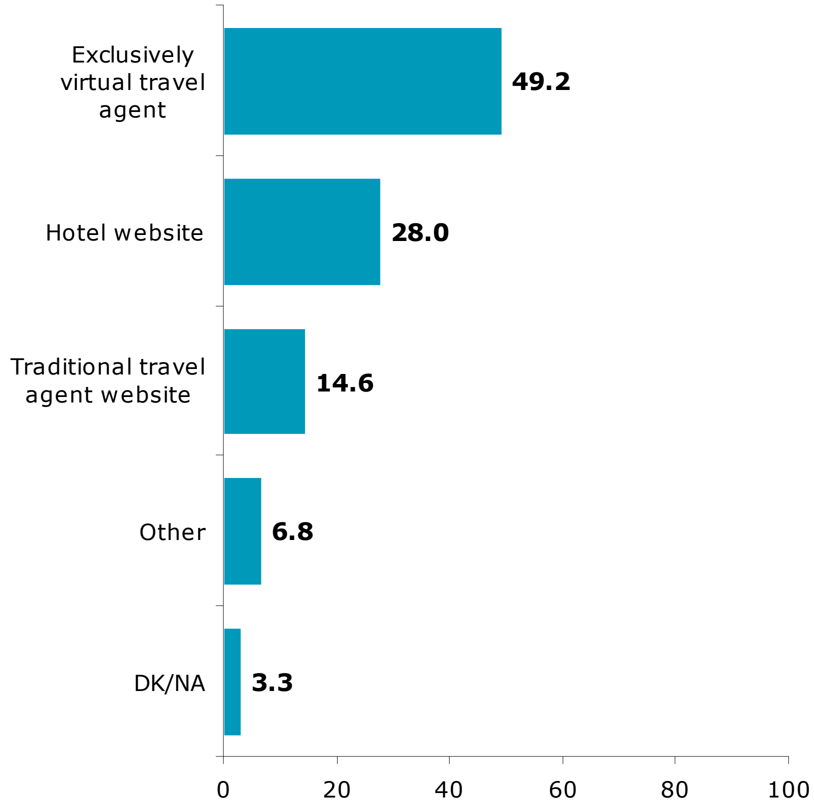
Graph 16. Site where the transport tickets were purchased



Base: Have purchased transport tickets

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Graph 17. Site where the accommodation bookings were purchased



Base: Have made accommodation bookings

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

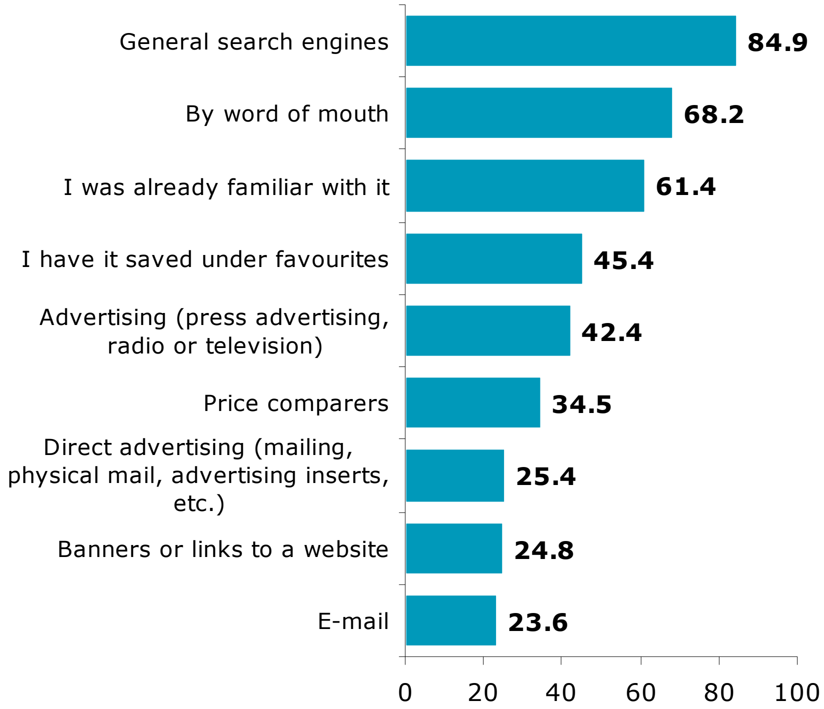
5.1.4. The virtual shop

Searching for the virtual shop

The use of information search engines, one of the two most widespread and frequent Internet uses together with e-mail, implies that general search engines continue to be key to locating the websites where the online purchases will be made. A total of 84.9% of purchasers learned about the websites where they finally made their purchases through general search engines, compared to 72.2% the previous year.

Among the different virtual shop search channels, the most popular channel during the last period, after search engines, was recommendation by other purchasers, an increase that could be related, at least partially, to the rise in Web 2.0 or social web. A total of 68.2% of purchasers learned about the online shop through the recommendations of other purchasers, compared to 37.5% in 2007.

Graph 18. How do you usually learn about the virtual shop where you make online purchases?



Base: Total Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

In addition to the rise in consumer motivation, this year a more mature and skilled use of purchase channels has been recorded, as indicated by the large number of individuals who were already familiar with a website (61.4%) or had it saved under favourites (45.4%).

Finally, the different forms of advertising were also very relevant, both off-line and online and direct or indirect, including the use of e-mail as an advertising medium. The percentage of Internet purchasers who learned about the virtual shop where they purchased through this channel doubled or tripled.

The growth recorded, from a user perspective, in the different forms of advertising as a means of learning about a virtual shop justifies the foreseeable increase in investment in Internet advertising and is explained by the increase in the incipient digital advertising market in recent years.

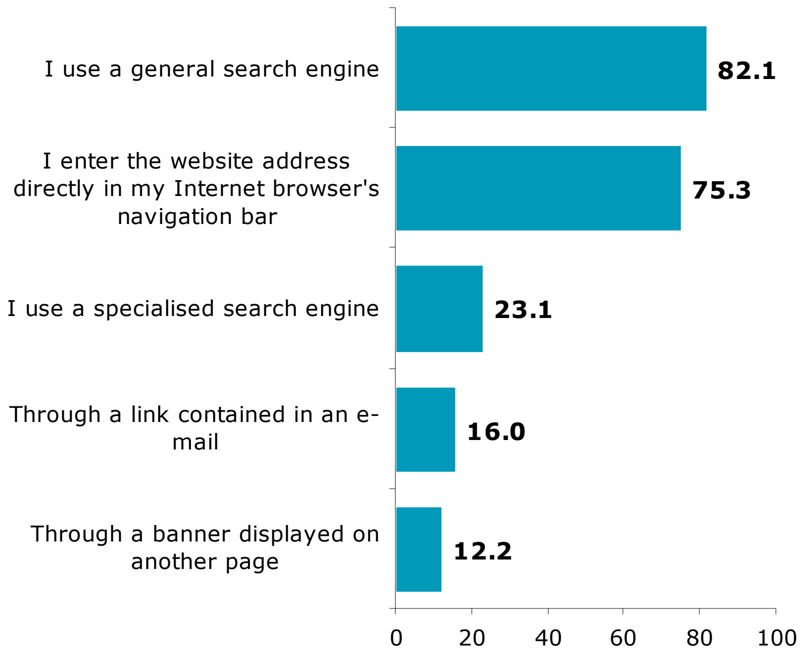
Even more than last year, the key was diversification; once again, in 2008 the variety of virtual shop search channels increased. That is, a single consumer resorted to an increasing number of channels. Therefore, while the main channels remained unchanged, other new ones were incorporated (previous knowledge of the shop or saved under favourites) and all acquired relevant or very relevant positions.

Accessing the virtual shop

As in previous periods, purchasers found the URL address of the online shop where they made their purchases mainly through general search engines (in the case of Spain, Google is the most frequently used search engine) and this channel was also used to find the shop where they finally made their purchases. Specifically, 82.1% of purchasers accessed the URL address of the website where they made their online purchases through one of these search engines, compared to 73.9% in 2007.

As mentioned earlier, more mature and experienced use was made of online purchase channels. In 2008, 75.3% of purchasers directly typed the URL address in the browser navigation bar, which represented a notable rise from 2007, when the percentage stood at 47.1%.

Graph 19. How do you eventually access the website where you purchase products or services?



Base: Total Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Access via a specialised search engine (23.1%) or an e-mail link (16.0%) were less usual practices, as was the use of banners incorporated in other pages, which was the least used method, despite its considerable increase in frequency, which grew from 1.7% in 2007 to 12.2% in 2008.

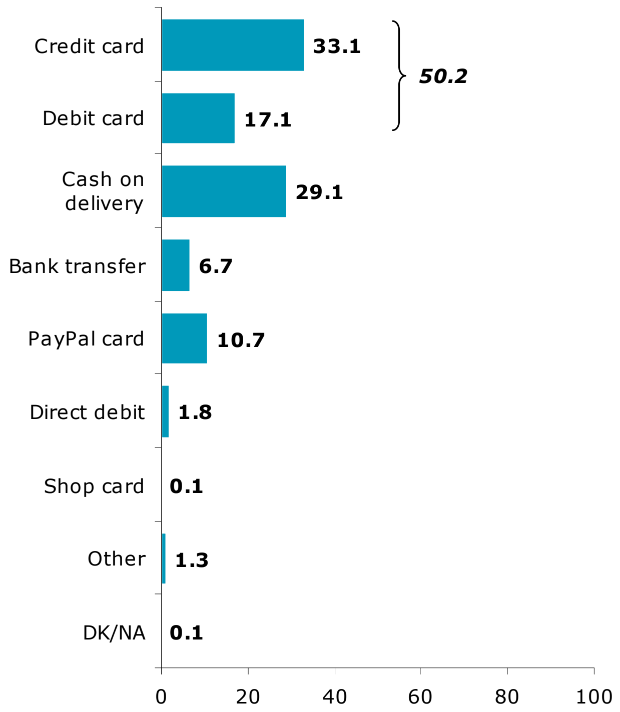
5.1.5. Methods of payment

Payment methods used

Half of the purchasers (50.2%) preferred to pay their online purchases via credit or debit card (mainly credit card). This preference has continued in the last few years, although the preference for credit cards dropped notably from 39.6% in 2007 to 33.1% in 2008, accompanied by an increased preference for debit cards, which rose from 14.4% in 2007 to 17.1% in 2008.

Considering both cards jointly, the preference for these was not as obvious as in previous years, losing ground to other payment methods, particularly cash on delivery (29.1%), the use of which has increased in recent years. Use of the PayPal system is also on the rise which, with 10.7% in 2008, doubled compared to 2007 (4.5%). On the other hand, bank transfers are becoming less attractive options year by year. Now only 6.7% declared this their preferred payment method.

Graph 20. When you make an online purchase, what payment method do you prefer to use?



Base: Total Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Individuals aged under 35, individuals of medium-low socio-economic level and those living in small municipalities (less than 10,000 inhabitants) opted for cash on delivery in a greater proportion than the total purchasers, while individuals aged over 34, individuals with university studies and individuals with a high or medium-high socio-economic level mostly preferred credit cards.

PayPal payment was more widely accepted among students and individuals aged between 31 and 45.

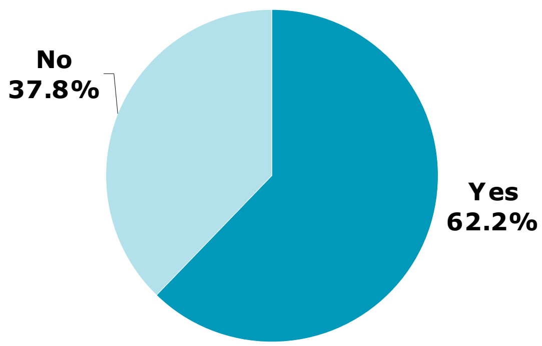
Payment with credit/debit card

For some years now, online bankcard payment is protected by a security system requiring a password used exclusively for making purchases and operations and transactions via the Internet.

This password guarantees the purchaser's security. In addition, a personal message is offered (which only the bank and the customer know) which guarantees that the transaction is legitimate and eliminates the possibility of fraud.

This password or PIN is widely used and its use has grown considerably in the last year. In 2008, 62.2% of purchasers who paid via credit or debit card used this option, entering a PIN or personal secret number to confirm the operation.

Graph 21. If you make a purchase using a credit or debit card, do you use a PIN or secret number to confirm the transaction?



Base: Have purchased in 2008 and paid via bankcard

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

A considerable increase (10 percentage points) was observed in this indicator in relation to 2007 (52.1%), while no significant variation was recorded between 2007 and 2006 (53.4%).

5.2. Internet purchases

5.2.1. Internet purchases by type of product or service

Transport tickets (airplane, train, bus, boat...), accommodation bookings and tickets for shows continue to be the star products of e-Commerce, with an increasing number of customers: in 2008, more than half the online purchasers acquired transport tickets (52.5%) and over 40% purchased accommodation bookings and tickets for shows (43% and 41% respectively).

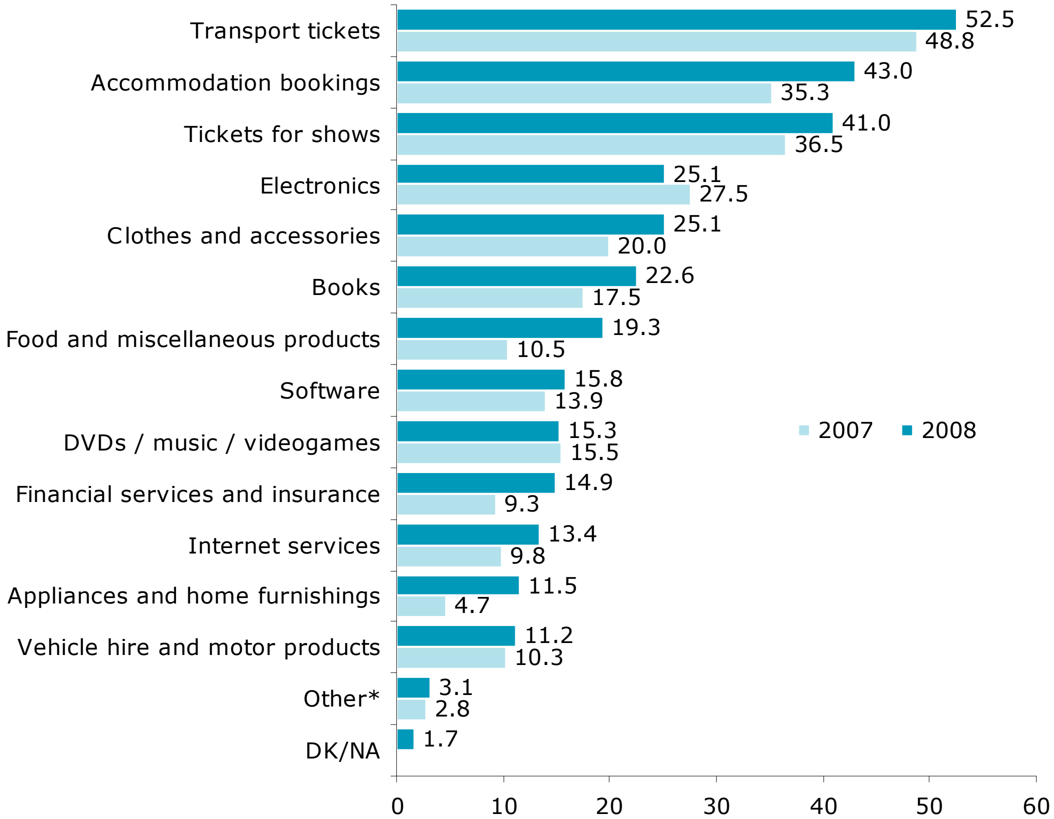
In second place, between a quarter and a fifth of purchasers obtained electronic products, clothes and accessories, books, food and general hardware.

The rest of the products were acquired by less than 20% and more than 10% of purchasers, observing a general diversification in purchases. Only games of chance and participation in pay social networks remained below 10%[1], with 3.1%.

The categories that recorded the highest growth compared to last year were food and general hardware (which rose 9 percentage points to 19.3%), accommodation bookings (which rose 8 percentage points to 43%) and appliances and home furnishings (which rose by 7 percentage points to 11.5%).

[1] Participation in pay social networks was first measured in 2008

Graph 22. Goods and services purchased online



Base: Total Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Upon analysing purchases according to the socio-demographic characteristics of the users, the following behaviour was observed:

- Men preferred technology products (such as electronics, software and Internet services), DVDs/music/videogames and financial services or insurance. However, women preferred tickets for shows, clothes and accessories, and food and general hardware.
- The youngest individuals also purchased more clothes and accessories, in addition to DVDs, music or videogames.
- Individuals aged between 25 and 34 purchased more clothes and accessories, food and general hardware, and Internet services.
- Individuals aged between 35 and 49 purchased more books, accommodation bookings, financial services and electronic products than other groups.

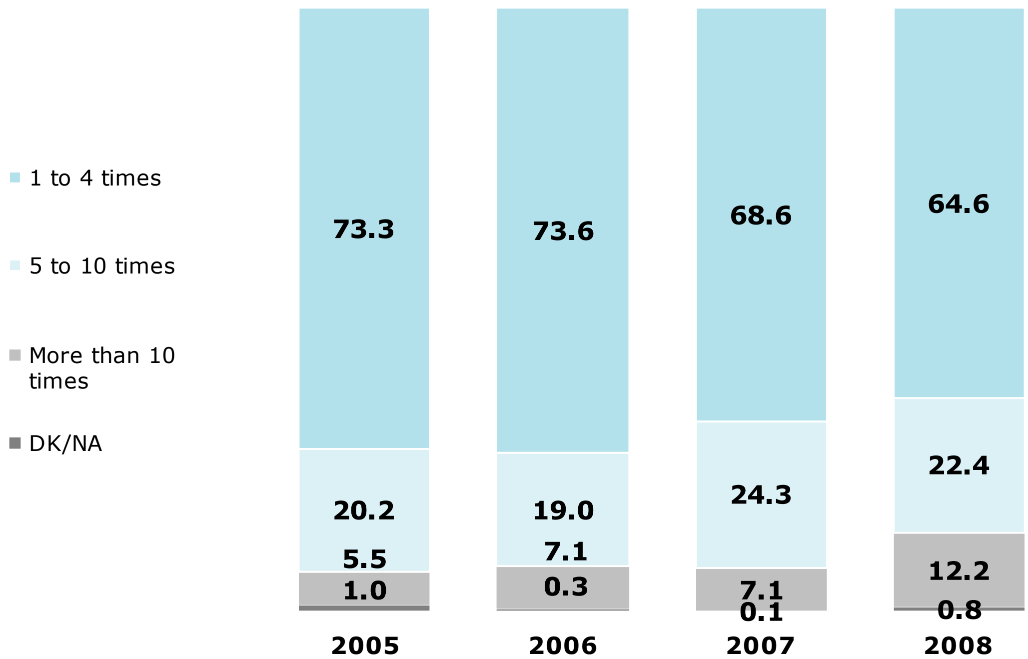
- A greater percentage of individuals aged between 50 and 64 centred their purchases on tourism, particularly on transport tickets and accommodation bookings.
- Residents of small municipalities (less than 10,000 inhabitants) purchased a higher percentage of clothes and accessories, food and general hardware, and appliances and home furnishings.

5.2.2. Number of purchase transactions

The average number of online purchases per purchaser in 2008 rose to 5.6, compared to 4.7 transactions in 2007.

By socio-demographic characteristics, the most active purchasers were young individuals aged between 15 and 24 (who made online purchases 6.8 times a year), living in small towns/cities with less than 10,000 inhabitants (8.5 times) and part-time workers (10.5 times).

Graph 23. How many times did you make online purchases in 2008?



Base: Have purchased in 2008 / 2007 / 2006 / 2005

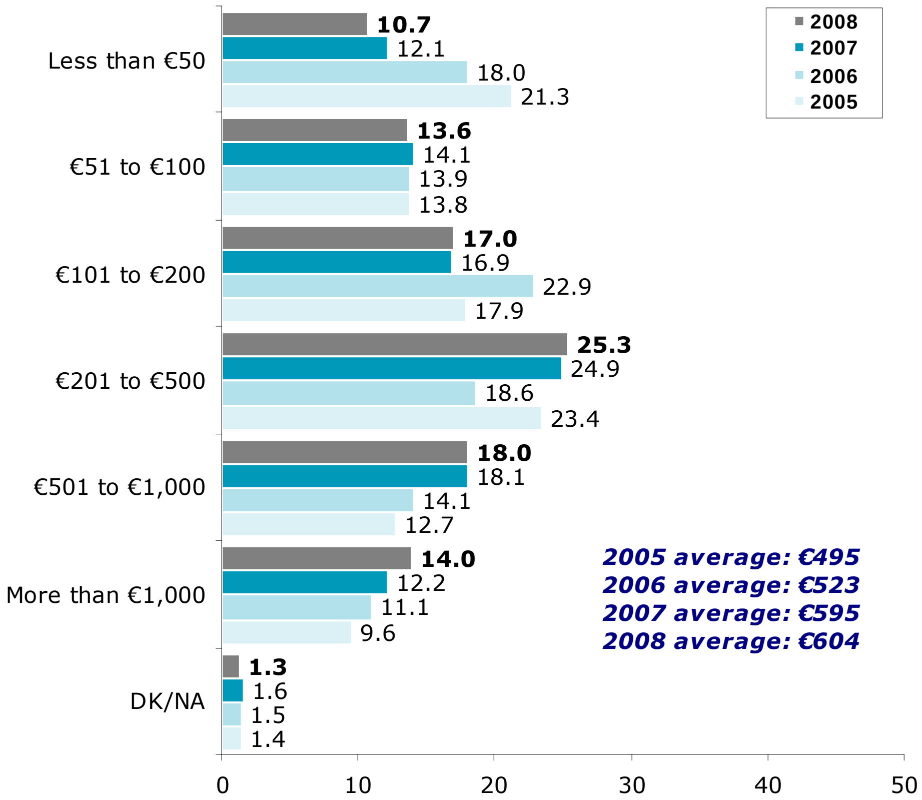
Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

5.2.3. Average expenditure

Internet users who made online purchases in 2008 spent an average of €604. This figure increased the 2007 figure (€595) by 1.5%.

On the other hand, 0.9% of purchasers spent around €34,000 on average, justified by investment in financial products, which was not considered in the overall average (€604).

Graph 24. In the last year, approximately how much have you spent on Internet purchases?



Base: Total Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

With regard to expenditure tranches, changes were observed particularly in the highest and lowest tranche, observing a shift towards higher expenditure levels. The proportion of individuals who made spent over €1,000 in 2008 grew 1.8 percentage points, whilst the percentage corresponding to expenditure under €50 dropped by 1.4 percentage points.

The analysis of average expenditure based on socio-demographic variables reveals a significant difference between men and women; women spent an average of €75 more in 2008.

The age variable is also a differentiating factor. The average expenditure of young people (aged under 25) and senior citizens (aged 65 and over) was considerably lower, averaging €377 and €355 respectively. However, individuals aged between 35 and 64 spent more than the average. Specifically, individuals aged between 35 and 49 spent €690 on average, whilst those aged between 50 and 64 spent as much as €843.

With regard to town/city size, the figures show that in medium-sized cities (20,000 to 100,000 inhabitants) average expenditure was lower than in the other cities and below the national average. The average expenditure of individuals with university studies (€906) and individuals of high or medium-high socio-economic level (€765) was also considerably higher than that of the rest of the groups analysed.

TABLE 3. Socio-economic profile of the volume of online purchases

AVERAGE EXPENDITURE (€)	
TOTAL	**603.8**
SEX	
Male	573.0
Female	649.3
AGE	
From 15 to 24	376.5
From 25 to 34	496.7
From 35 to 49	689.7
From 50 to 64	843.1
65 or over	354.9
SIZE OF TOWN	
Less than 10 thousand	607.1
10 to 20 thousand	669.0
20 to 50 thousand	471.8
50 to 100 thousand	463.7
more than 100 thousand and cap.	652.1

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Perception of variation in amount of purchases

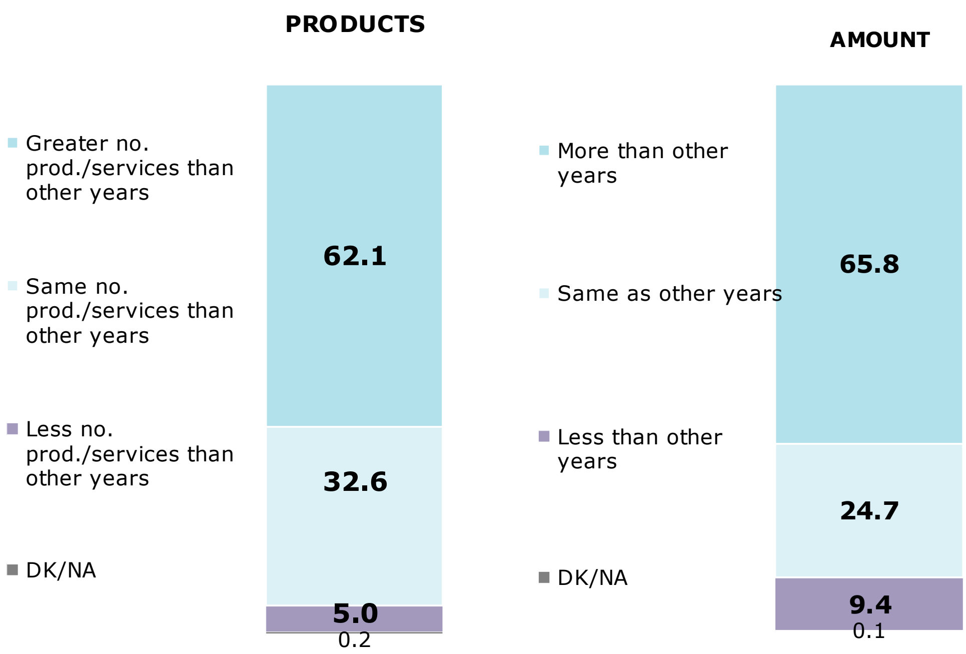
Internet users who made purchases in 2008 and previous years claim to have acquired more products and services online in 2008 (62.1%) and to have spent more on said purchases (65.8%).

The increase in the number of transactions per year, from 4.7 to 5.6, and the slight increase in average expenditure, as mentioned earlier, endorses this perception.

The profile of purchasers who claim to have increased the amount of their purchases largely coincides with that of purchasers who admit having increased their frequency; such is the case of individuals living in medium-sized towns/cities (10,000 to 50,000 inhabitants), aged between 15 and 24, with a low socio-economic level and certificate of primary studies.

On the other hand, while men claimed to have increased the number of products purchased online and the associated cost, the declared expenditure dropped from €600 in 2007 to €573 in 2008.

Graph 25. Perception of the amount of online purchases in 2008 Vs previous years



Base: Purchasers who also purchased prior to 2008

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Average number of purchases and expenditure on articles acquired

The analysis carried out by type of product and service with regard to the average number of times it was acquired online and average annual expenditure per purchaser (purchasers of said product) in 2008 revealed that:

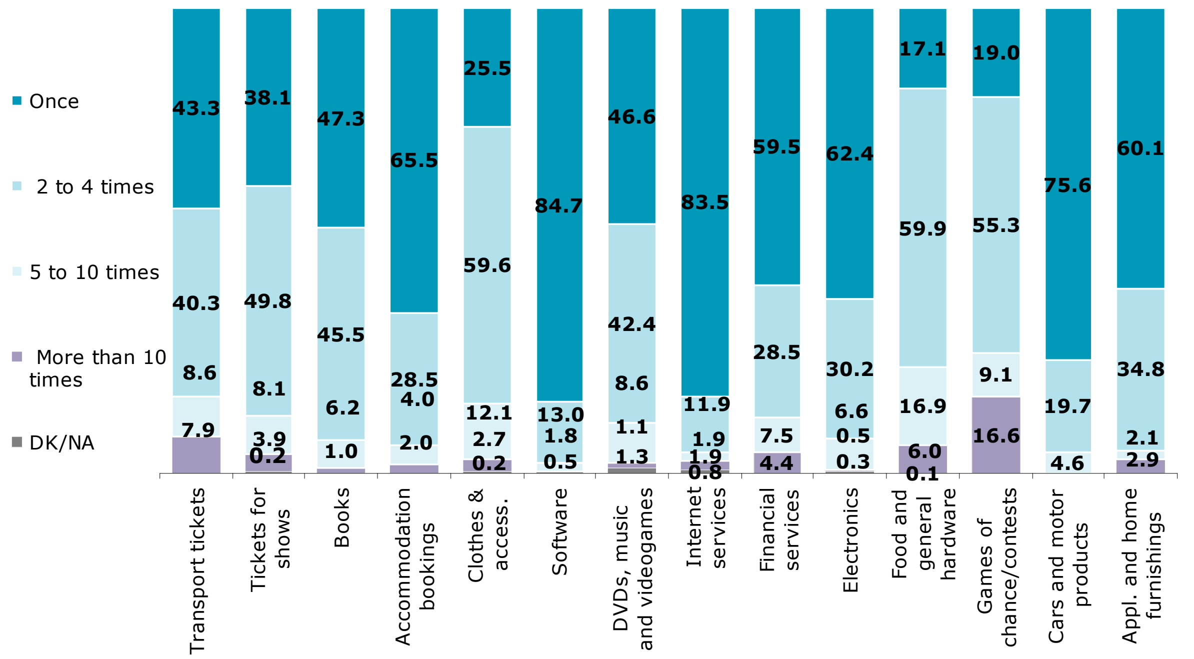
- Financial services and insurance recorded the most significant growth in the average number of purchases (from 3 to 3.8) and in the appliances and home furnishings category (from 4 to 4.5). The average number of transport ticket purchases also grew, although more moderately, from 3.2 to 3.4.
- Once again, financial services and insurance (investment funds, shares, health insurance, car insurance, etc.) recorded the highest average expenditure (€5,272[2]), and in this year it was also the third most important service in terms of average

[2] As mentioned in the section on average expenditure, purchases of financial services and insurance were not considered in the overall calculation of e-Commerce sales, due to the high variability of these investments, with cases where it reached up to €100,000.

number of purchases (3.8) and the only product or service category where the two indicators rose with regard to last year.

- Average expenditure on tickets for shows reached €119, 27% more than the previous year, recording the second most important increase after financial services.
- Games of chance and contests remained in the lead in terms of average number of purchases, despite dropping from 8.7 to 7.4. However, average annual expenditure grew 24%, reaching €225.
- Food and general hardware was the fifth most important category in terms of average number of purchases (3.6) and average expenditure (€237) made in 2008. However, these two indicators dropped with regard to 2007.

Graph 26. How much did you spend on each product purchased in 2008? How many times did you purchase each type of product?



	Transport tickets	Tickets for shows	Books	Accommodation bookings	Clothes & access.	Software	DVDs, music and videogames	Internet services	Financial services	Electronics	Food and general hardware	Games of chance/contests	Cars and motor products	Appl. and home furnishings
Average nº purchases	3.35	2.74	2.20	2.19	3.18	1.30	2.59	1.61	3.80	1.97	3.58	7.40	1.53	4.48
Average expenditure (€)	420	119	86	475	149	99	69	147	5,272	267	237	225	215	227

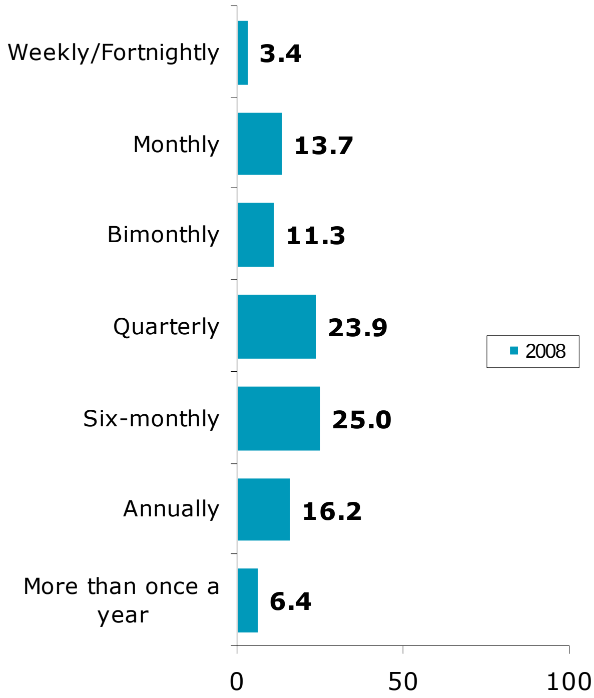
Base: Purchasers of each product or service

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

5.2.4. Online purchase frequency

Three out of ten purchasers (28.4%) made online purchases every two months or more frequently. The greatest frequency, between weekly and fortnightly, corresponded to 3.4% of purchasers and the lowest frequency, less than once a year, to 6.4%.

Graph 27. How often do you make online purchases?



Base: Total Internet purchasers

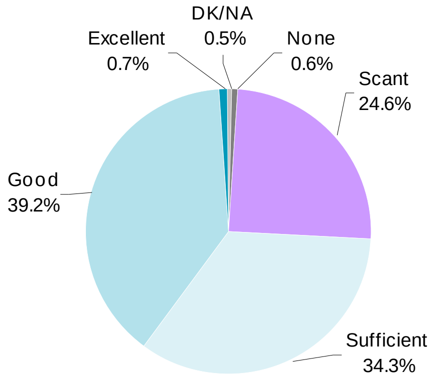
Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Purchase frequency was higher in the following groups: men, living in small towns/cities with less than 10,000 inhabitants, of medium-low socio-economic level, university students, employed part-time and with a certificate of primary studies or university studies.

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

Almost three out of four (74.2%) online purchasers considered there was sufficient presence of Spanish companies that sell their products online, a perception very similar to that of 2007 (73.5%). However, a shift in opinion from good to sufficient was observed (good dropped 9 percentage points while sufficient grew by 12 percentage points).

Graph 28. As regards the presence of Spanish companies on the Internet for online purchase of their products, would you say it is…



Base: Total Internet purchasers

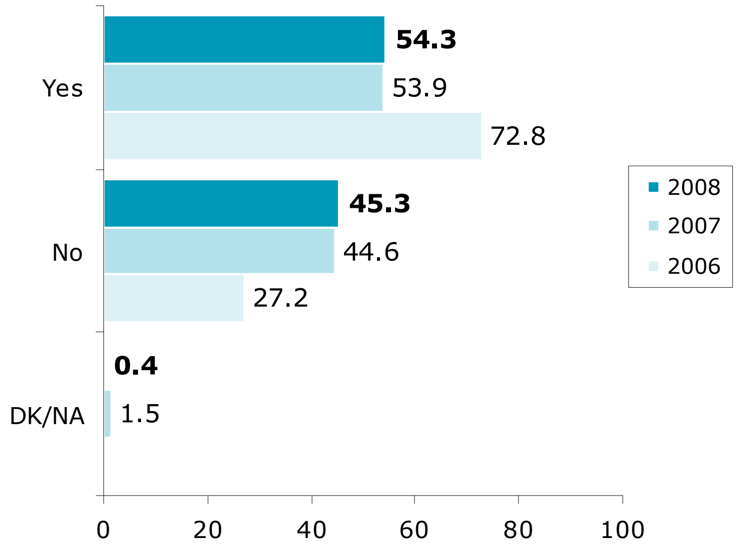
Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Individuals aged between 15 and 24, living in municipalities with less than 20,000 inhabitants, purchasers with university studies and certificate of primary studies, and unemployed individuals were those who valued the presence of Spanish companies on the Internet most positively in terms of purchasing their products online (good or excellent).

Internet users were more critical when evaluating the variety of the products and services offered by Spanish companies on the Internet, with 54.3% considering sufficient the Spanish offer on the web.

Individuals aged between 25 and 34, living in towns/cities with 20,000 to 100,000 inhabitants, were especially satisfied with the products and services offered by Spanish companies.

Graph 29. Do you consider that there are sufficient products and services available in Spain for online purchases?



Base: Total Internet purchasers

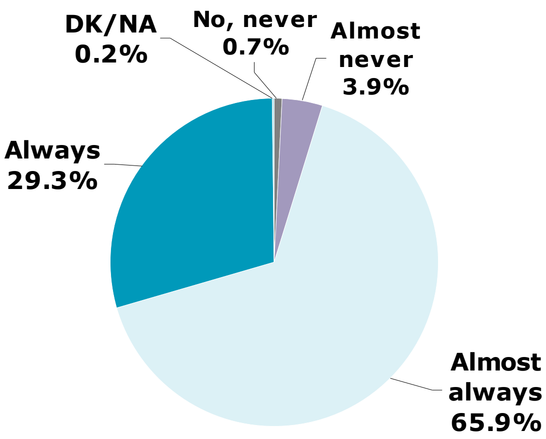
Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

5.4. Satisfaction with Internet purchases

Almost 100% of individuals (95.2%) who made online purchases in 2008 claimed to be satisfied with said purchases, while only 4.6% of purchasers indicated that their online purchases had not met their expectations.

This perception improved slightly with regard to 2007, as the level of satisfaction with online purchases grew 1.5 percentage points, from 93.7% in 2007 to the current 95.2%.

Graph 30. Has online purchasing met your expectations?



Base: Total Internet purchasers

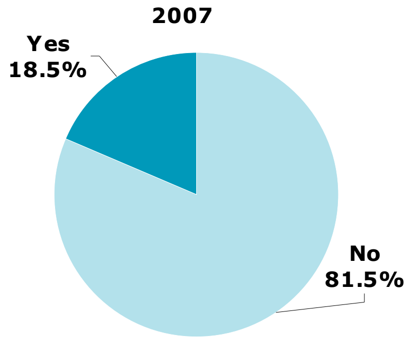
Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Those purchasers who were most critical with their online purchases can be characterised as follows: young people aged between 15 to 24, university students and who live in urban areas (100,000 or more inhabitants). On the other hand, individuals aged between 50 and 64 and middle class individuals were the most satisfied.

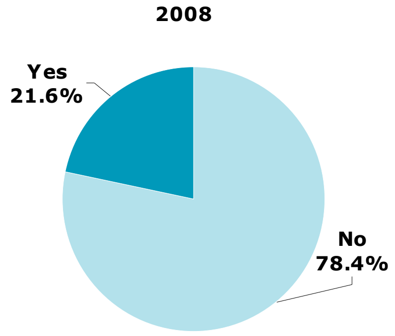
Problems with online purchases

Although the level of satisfaction with online purchases rose slightly, the percentage of purchasers who claimed to have had problems with their online purchases grew from 18.5% in 2007 to 21.6% in 2008.

Graph 31. Have you ever had problems with your online purchases?



Base: Have purchased in 2007



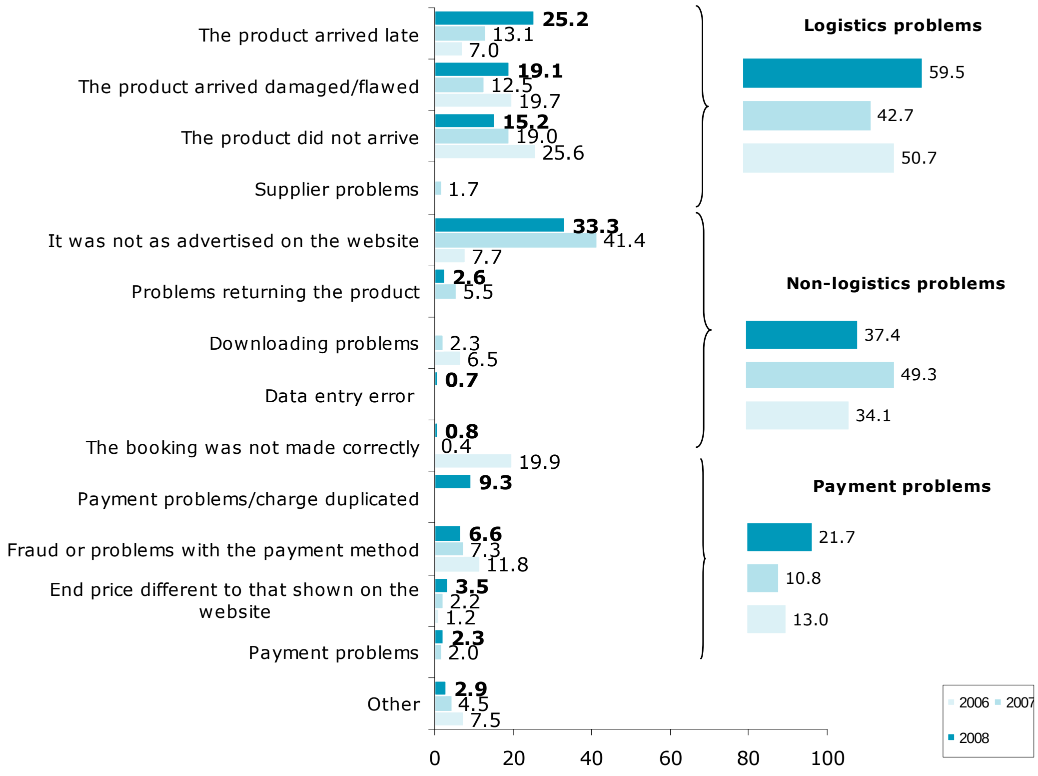
Base: Have purchased in 2008

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

As we already observed last year, the main problem with online purchases is that the product or service acquired did not match that offered on the website. Specifically, one out of three purchasers who encountered problems in their purchases in 2008 claimed this reason, although the figure was considerably lower than last year (in 2007 it reached 41.4%).

Logistics problems gain predominance: 59.5% of those who suffered incidents in 2008 had already had a bad experience in this regard. For the main, one of out of four affected users claimed delivery delays and nearly 20% that they received their order with flaws. In both cases, the reference percentages were higher than those recorded in the previous measurement. In turn, there was a drop in the number of cases in which the product was not received.

Graph 32. What type of problems have you had with Internet purchases?



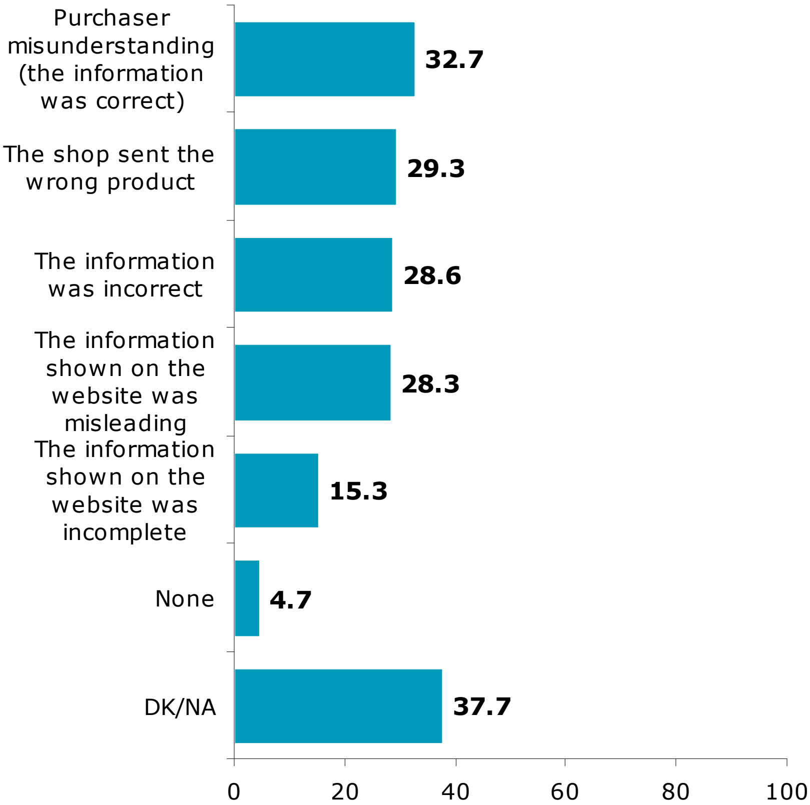
Base: Total Internet purchasers who had problems with their purchase

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

On this occasion, payment problems were more frequent, basically due to errors relating to duplicate charges (9.3%). However, fraud attempts decreased slightly compared to the last edition (6.6% Vs 7.3%).

Due to the predominance of the main problem, that is, the product acquired was not as advertised on the website (which affected 33.3% of those who had problems), this year said aspect was analysed in depth. In this regard, two specific points can be highlighted: on one hand, more than a third (37.7%) of those affected did not know the cause of the problem. For the remaining 60% of affected users, the causes were varied (possibility of multiple replies): firstly, 32.7% of those affected by this problem indicated that it was a misunderstanding on their part (despite the fact that the information provided on the website was correct). Secondly, several causes with similar percentages were indicated: nearly 30% indicated that the online shop delivered the wrong product and that the information provided on the website was erroneous and misleading. Finally and to a lesser degree than the rest of the options, only 15.3% of affected users indicated that the information provided on the website was incomplete.

Graph 33. Reason(s) for which the product was not as advertised on the website



Base: Have encountered the problem that the product delivered was not as advertised

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

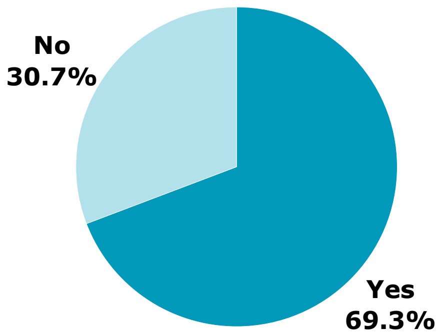
Complaints

e-Commerce users lodged more claims against the problems they encountered. Nearly seven out of ten affected users (69.3%) chose to make a complaint. To this end, they contacted the customer care service of the company that sold the product or service (88.7%).

Graph 34. Complaints due to problems relating to online purchases

Did you lodge a claim?

Base: Purchasers who had problems with their purchase



To whom?

Base: Claim formula	%
The customer care service of the company that sold me the product/service	*88.7%*
I complained to a user association	*0.9%*
I complained to a public administration entity	*4.1%*
PayPal	*6.5%*
Other	*1.9%*

How would you rate the outcome?

Base: Lodged a claim	%
I obtained the expected resolution	*65.4%*
I did not obtain the expected resolution	*10.3%*
My complaint was not resolved	*16.5%*
My complaint was not attended	*4.5%*

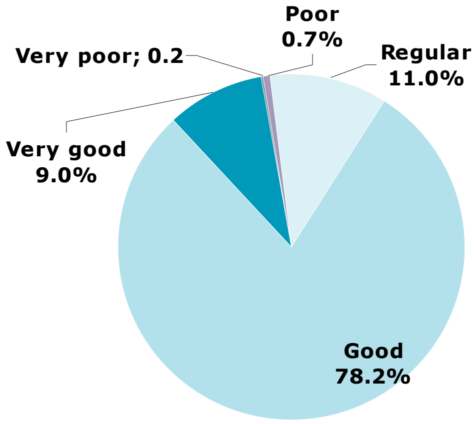
Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Almost two out of three claimants (65.4%) obtained the expected resolution, which is a percentage significantly higher than that recorded in the previous measurement (53.1%). A total of 10.3% did not obtain the desired resolution and practically all of the rest stated that their claim was as yet unresolved (16.5%), while a residual 4.5% stated that their complaint had not been attended.

Evaluation of delivery service

Delivery service is being evaluated more and more positively: while in 2007 the qualification of good or very good delivery received a score of 83.5%, in 2008 87.2% of purchasers claimed that the Internet order delivery service was correct.

Graph 35. In general, how would you rate the Internet order delivery services?



Base: Total Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

In particular, women, individuals aged between 31 and 45 and, to a lesser degree, residents in rural areas considered that Internet order delivery was good.

Purchaser preferences

With regard to the most essential or relevant aspects of making online purchases, nearly all purchasers agreed that the company should be well identified and, naturally, that it can be contacted.

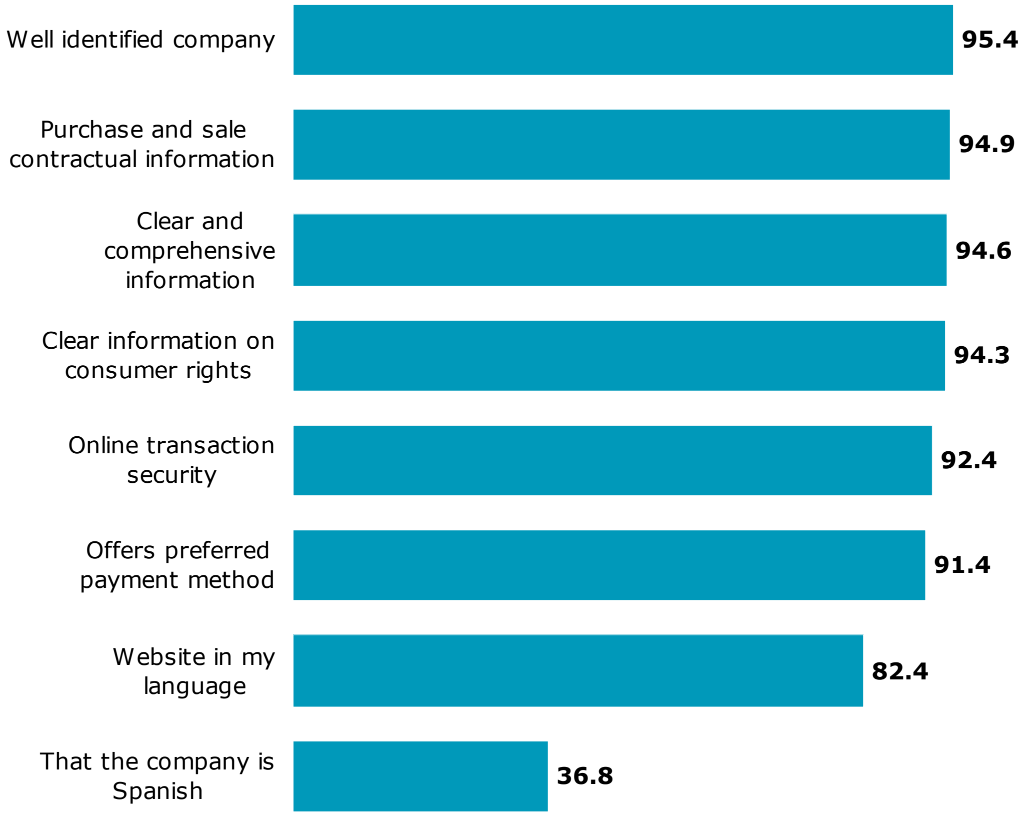
Also considered priority are factors such as clear, comprehensive and understandable information relative to purchase contractual terms and the accuracy of the information on the product being purchased, its price, costs that included or not included in the purchase, etc. They also consider important all the information necessary to know their consumer rights (possibility of cancelling the purchase, etc.)

In second place behind the aforementioned aspects, purchasers in 2008 considered essential awareness of all the mechanisms being applied by the company to ensure online transaction security. Likewise, the company should offer payment method alternatives that adapt to purchasers' preferences.

Language is important but not as vital as the foregoing aspects.

Finally, a considerable number of purchasers expressed indifference as regards the nationality of the selling company, with only a little over one out of three purchasers showing any concern for this aspect.

Graph 36. Important factors of Internet purchasing



Base: Total Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

From a socio-demographic perspective certain differences can be observed:

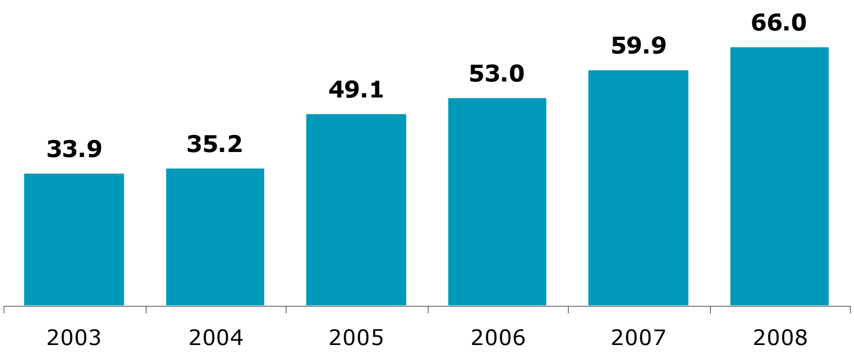
- Individuals aged between 25 and 34 gave greater importance to security and comprehensive information regarding the product/service being purchased, prices and costs included.
- Residents in rural areas (municipalities with less than 10,000 inhabitants) considered website language and Spanish nationality of the company more important than other groups.

5.5. Seals of quality

Seals of quality have the mission of guaranteeing purchasers that those companies that exhibit them offer greater guarantees in terms of self-control in commercial communications, in addition to maintaining high protection levels with regard to personal data, rights and interests.

Purchasers perceive these seals in a very positive manner and, in turn, these seals recorded an upward trend. In 2008, two out of three purchasers (66%) claimed to have taken into account, when making their online purchases, whether or not the company with which they performed the transaction had subscribed to a seal of quality or code of trust.

Graph 37. Subscription to an Internet seal of quality or code of trust was a determining factor for purchasing from a specific online store.



Base: Total Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

In terms of socio-demographic characteristics, men and purchasers aged between 50 and 64 in particular valued these types of seals when making their online purchases in 2008.

5.6. Improved offer of online products and services to increase online purchases

Fear of lack of security in online purchases decreased. When considering factors for boosting online purchases, the percentage of purchasers who requested improvements in payment security systems dropped from 40.7% in 2007 to 30.3% in 2008.

However, bells have started ringing as regards the concern generated by the use of personal data and while in 2007 this concern was residual (3.9%), in 2008 it reached 16%, occupying second place in the ranking of aspects that that should be improved.

Greater sensitivity to price was again observed: 15.2% stated that prices offered online should be lower in order to encourage greater purchase volume, while in 2007 this was the thinking of 12.2% of purchasers.

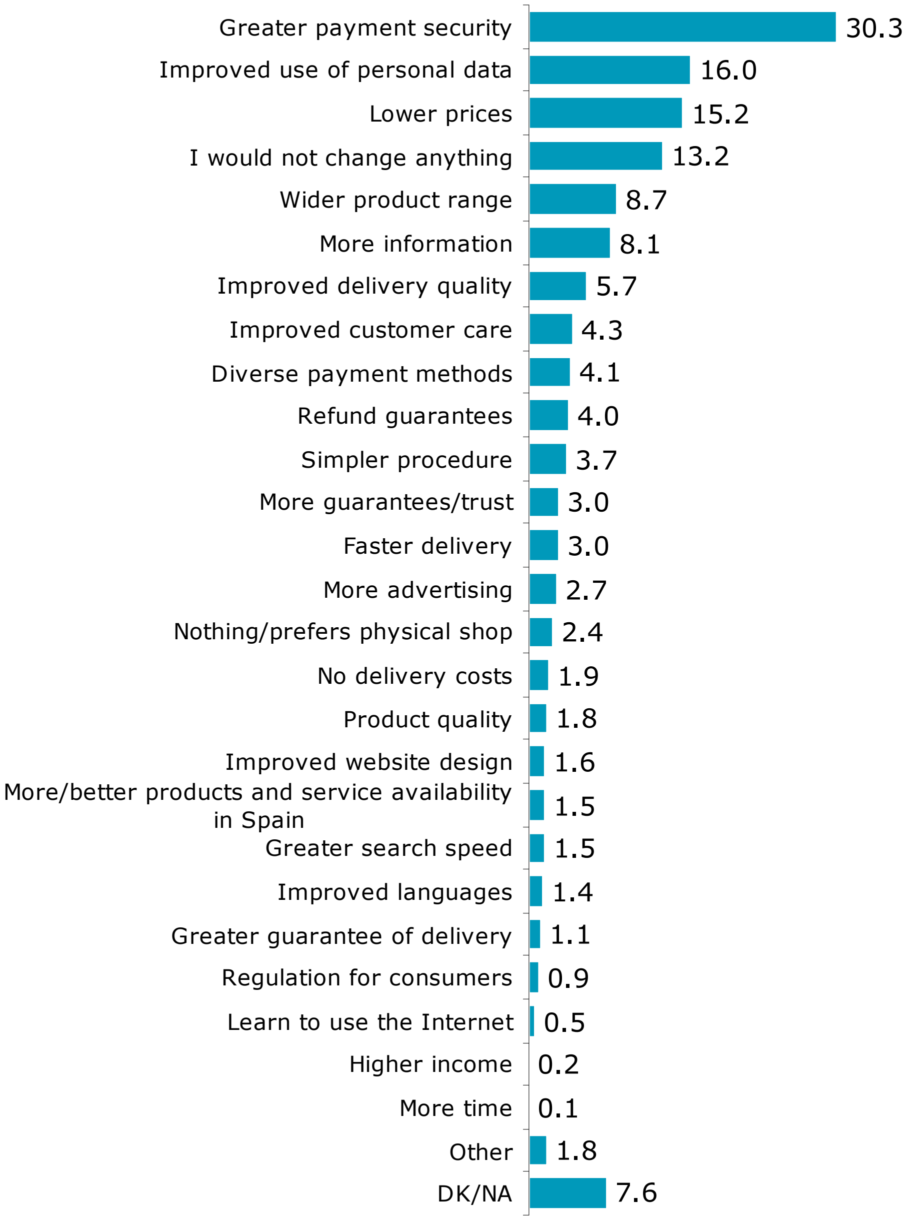
It is also worth mentioning that 13.2% of purchasers considered that the system is optimum and that improvement alternatives are not required to boost purchases. Likewise, there are increasingly less technological knowledge barriers: less reference to simpler procedures was made in this edition (3.7% in 2008 compared to 6.5% in 2007).

Purchasers would like to see improvement of other aspects such as a more diversified offer (8.7%) and the possibility of accessing more information (8.1%). Improved delivery quality was also requested, although less, with which it can be seen that advances in logistics are contributing towards generating a more positive evaluation and reduction in complaints on the quality of the delivery of the products/services purchased: in 2007, 8% requested improvements in this regard, compared to 5.7% in 2008.

Among the different socio-demographic profiles, certain interesting data were observed.

- Women and purchasers living in rural areas showed greater concern about security than the rest: on one hand, women were more concerned about payment security levels and residents of rural areas were more concerned about inadequate use of the personal data requested in purchase transactions.
- Young people (aged between 15 and 24) requested more information and lower prices.
- Purchasers aged between 50 and 64 would make more purchases than the rest if they found a greater variety of products on the network.

Graph 38. What do you believe should be improved in order for you to make more Internet purchases in the future?



Base: Total Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

5.7. Purchases made via mobile phone

In this section the purchase or download of products and services via mobile phone was analysed[3]. This activity is not included in this study within the sphere of e-Commerce, due to which the generated expenditure does not affect B2C sales, nor do the users of said activities consider themselves B2C purchasers.

One out of three Internet users purchased products or services via mobile phone, a proportion similar to that recorded in the previous measurement.

The main mobile purchasing customers (particularly downloads) were young people (aged under 25) with primary education and of low socio-economic level.

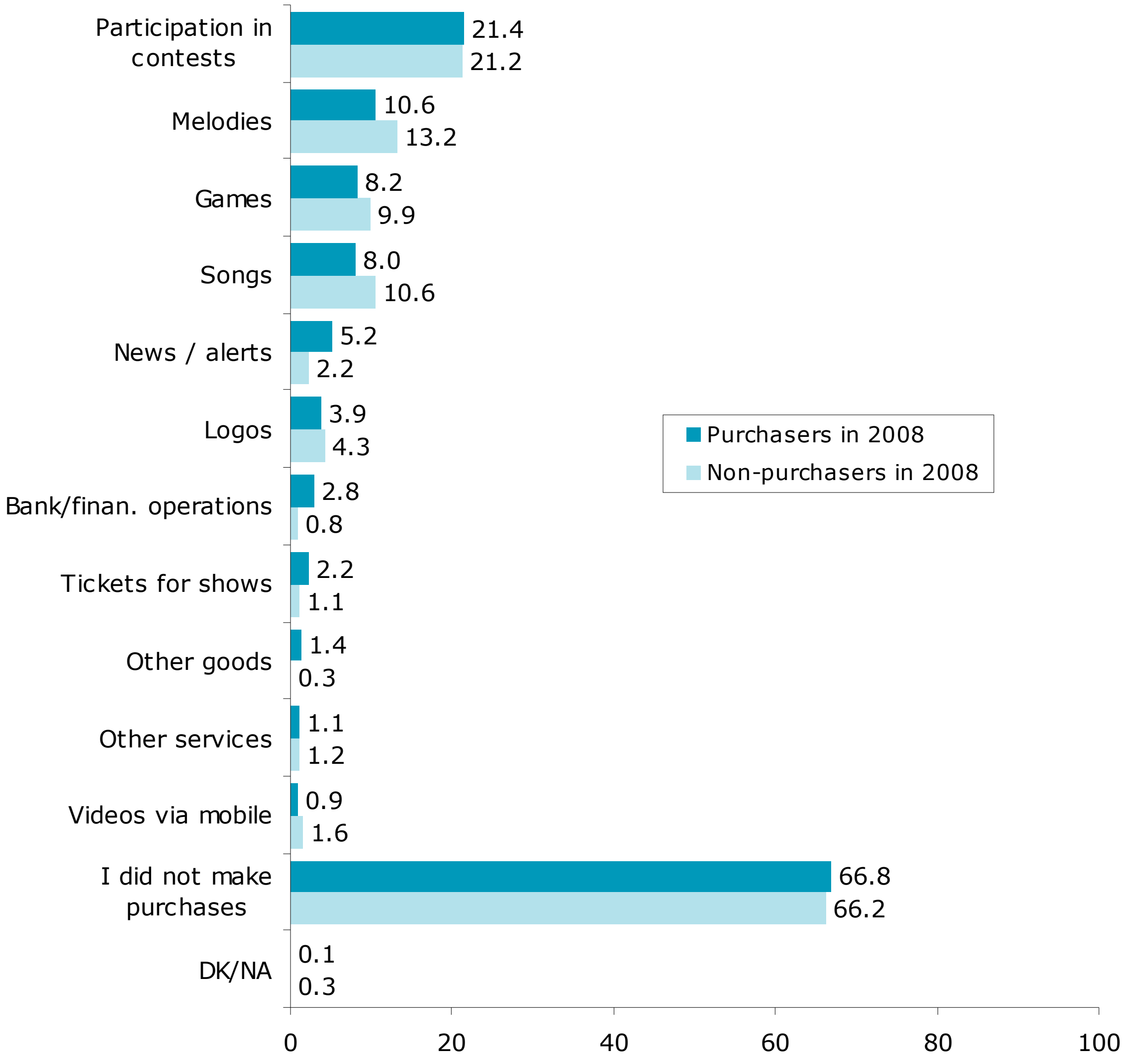
Participation in contests continues to be the primary form of consumption: once again, two out of ten interviewed individuals claimed to have used their mobile phone for such purpose. This practice is more deeply rooted among women and young people.

Melody download constituted the second most important use, followed by games and songs. The percentage of non-Internet purchasers was higher for all of these contents compared to that of purchasers.

Individuals who purchased via mobile phone acquired, on average, two products or services.

[3] Most of the purchase or download activities via mobile phone consulted were carried out through a traditional mobile telephony network (GSM) without necessarily accessing the Internet, although the mobile phone had this capacity.

Graph 39. Have you purchased / downloaded any of these products or services via your mobile? (%)



Base: Total Internet purchasers and non-purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

6. NON-PURCHASER INTERNET USERS IN 2008

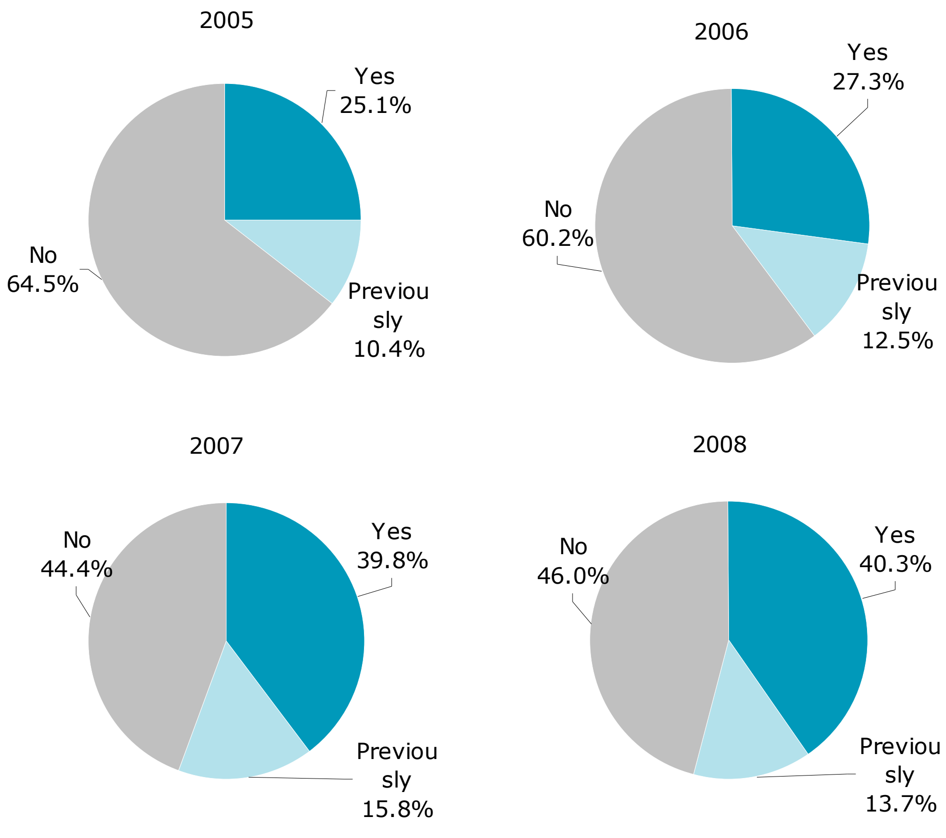
6.1. Non-Internet purchasers

A total of 59.7% of Internet users did not make any online purchase in 2008. This percentage dropped to 46% of Internet users in the case of those who have never made a purchase.

The evolution of the data compared to the previous period showed very slight growth in the percentage of Internet users who had never purchased via the Internet.

In any case, 13.7% of Internet users, while not having purchased any product or service in 2008 had done so previously.

Graph 40. Did you purchase any product or subscribe any service via the Internet in 2008? Have you ever made an online purchase?



Base: Total Internet users

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

The main characteristics of non-purchasers in 2008 are:

- Women (53.2%)
- People under the age of 25 (61.5%)
- People over the age of 65 (73.5%)

The influence of town/city size on online purchasing habits was also significant: a direct correlation was observed, in such a manner that online purchasing frequency was directly proportional to town/city size.

The possible barriers to the use of e-Commerce are analysed below in detail.

Barriers to electronic commerce

Preference for physical premises (34.2%) was one of the main reasons given by Internet users for not making online purchases in 2008. Nevertheless, it should be noted that the weight of this reason decreased with regard to 2007 (38.3%).

On the other hand, the distrust regarding the Internet and in relation to personal or bank details, which was the second most frequently mentioned reason, increased with regard to the previous measurement, a perception that was also more evident among Internet purchasers. Specifically, in 2008 this attitude was reinforced by:

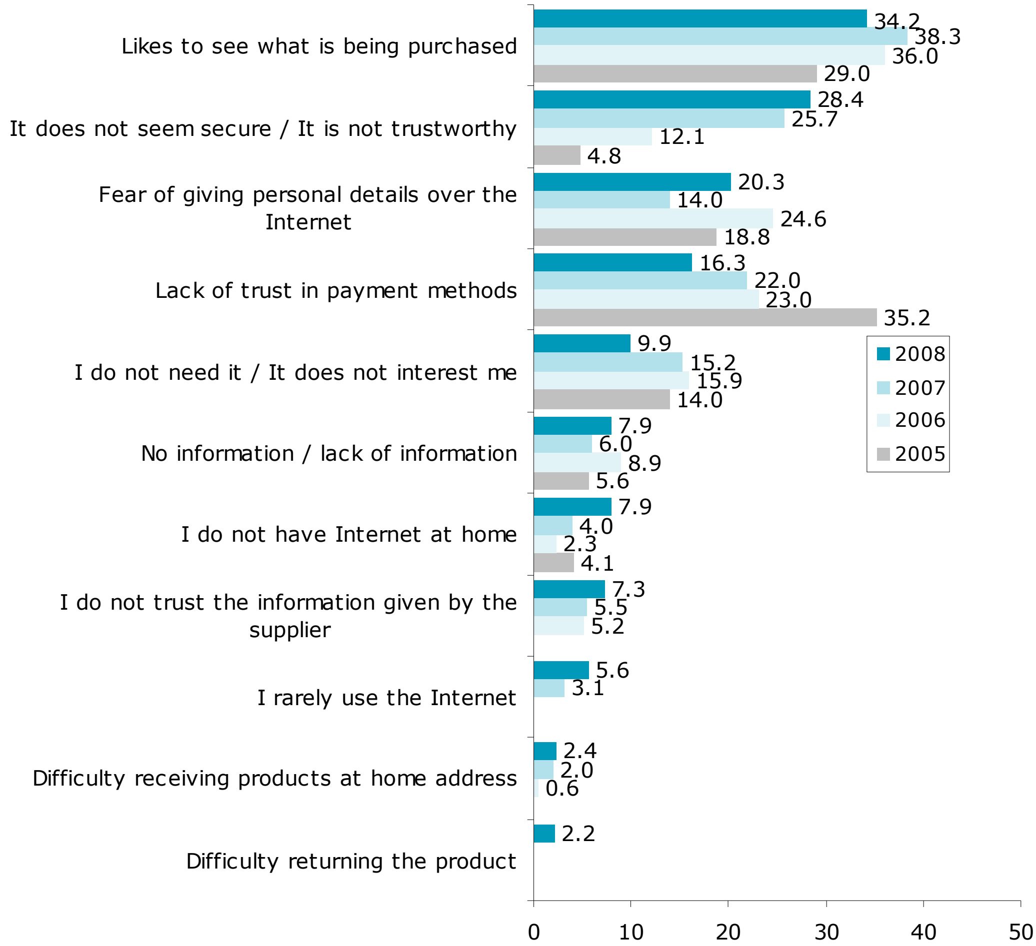
- Most considered the network an insecure media (28.4% Vs 25.7% in 2007). The measurement obtained this year corroborates the rising trend in this regard since 2005:
- There was also greater distrust when providing personal details: 20.3% compared to 14.0%.

In turn, trust in payment methods grew, even though this aspect is still considered a purchasing barrier: this distrust was declares by 16.3% of non-purchasers in 2008 and 22% the previous year.

On the other hand, lack of interest and perception of need was a less frequent barrier, being mentioned by less than 10%.

Lack of knowledge or information had greater impact than in the previous year. To a lesser extent, distrust in logistic aspects such as purchase delivery and returns are also considered a secondary barrier.

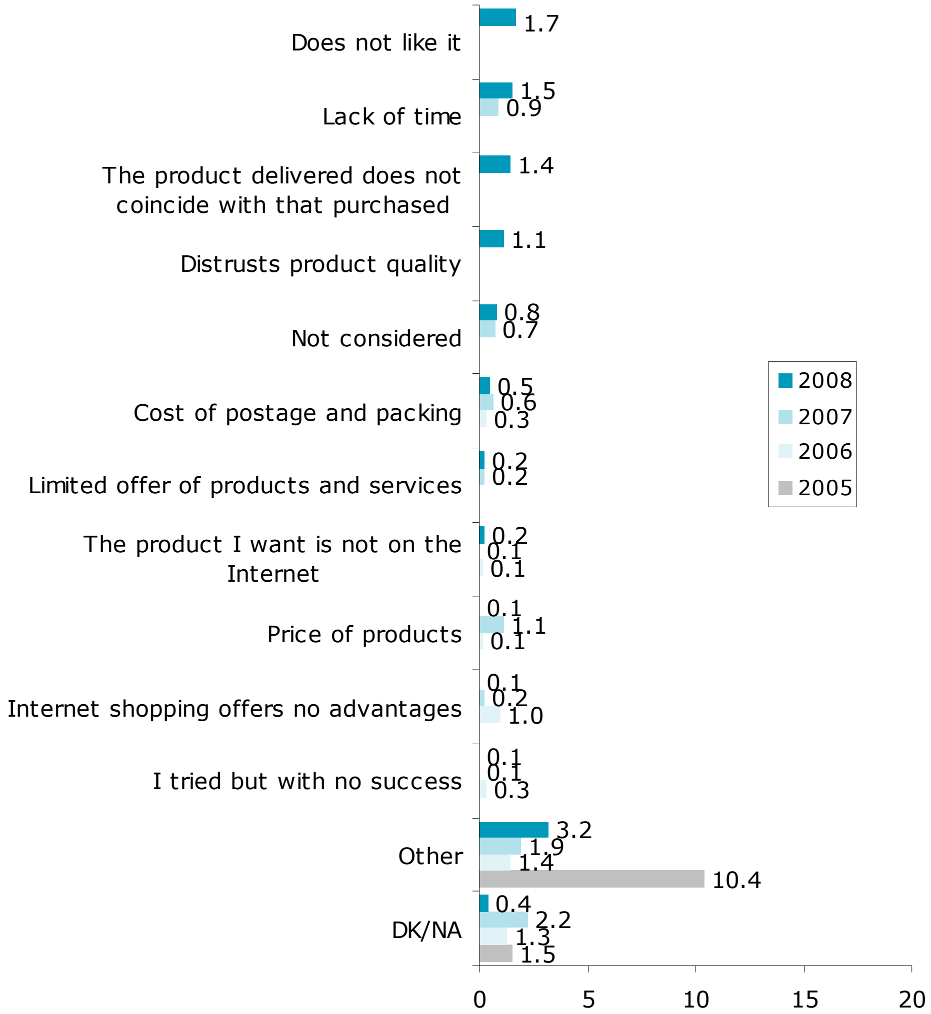
Graph 41. Reasons for not making Internet purchases (1)



Base: Total non-Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Graph 42. Reasons for not making Internet purchases (2)



Base: Total non-Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

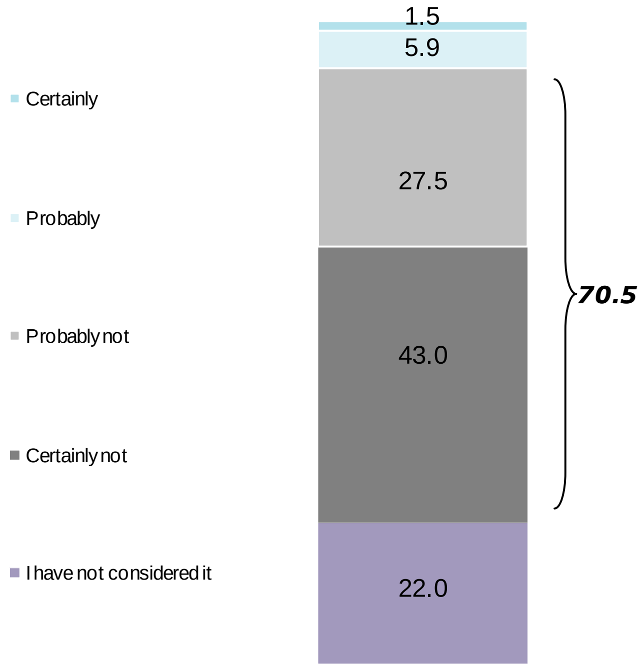
In terms of socio-demographic variables, the following interesting data were observed:

- To a greater extent, women and the 46-65 age group declared they need physical viewing of the products. In turn, young people had less doubts about purchasing online in this regard.
- Insecurity was lower among younger users, who showed a greater degree of affinity with new technologies and greater dominion or knowledge of these. A detailed analysis of insecurity elements shows that women and individuals aged between 35 and 49 were more reluctant to provide personal details in order to make their Internet purchases.

Intention to make Internet purchases

With regard to purchase intention, only 7.4% of non-purchasers were willing to make online purchases in forthcoming months. On the other hand, a large majority (70.5%) had no intention of purchasing anything via the Internet. Finally, 22% had not considered making online purchases.

Graph 43. Intends to make purchases via the Internet in the coming months



Base: Total non-Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Among those who had not made any Internet purchases, those most willing to do so in forthcoming months were men and young people.

Greater purchase intention was observed in rural areas: 8.8% stated that they would probably make a purchase in the future

Key factors for starting to make Internet purchases.

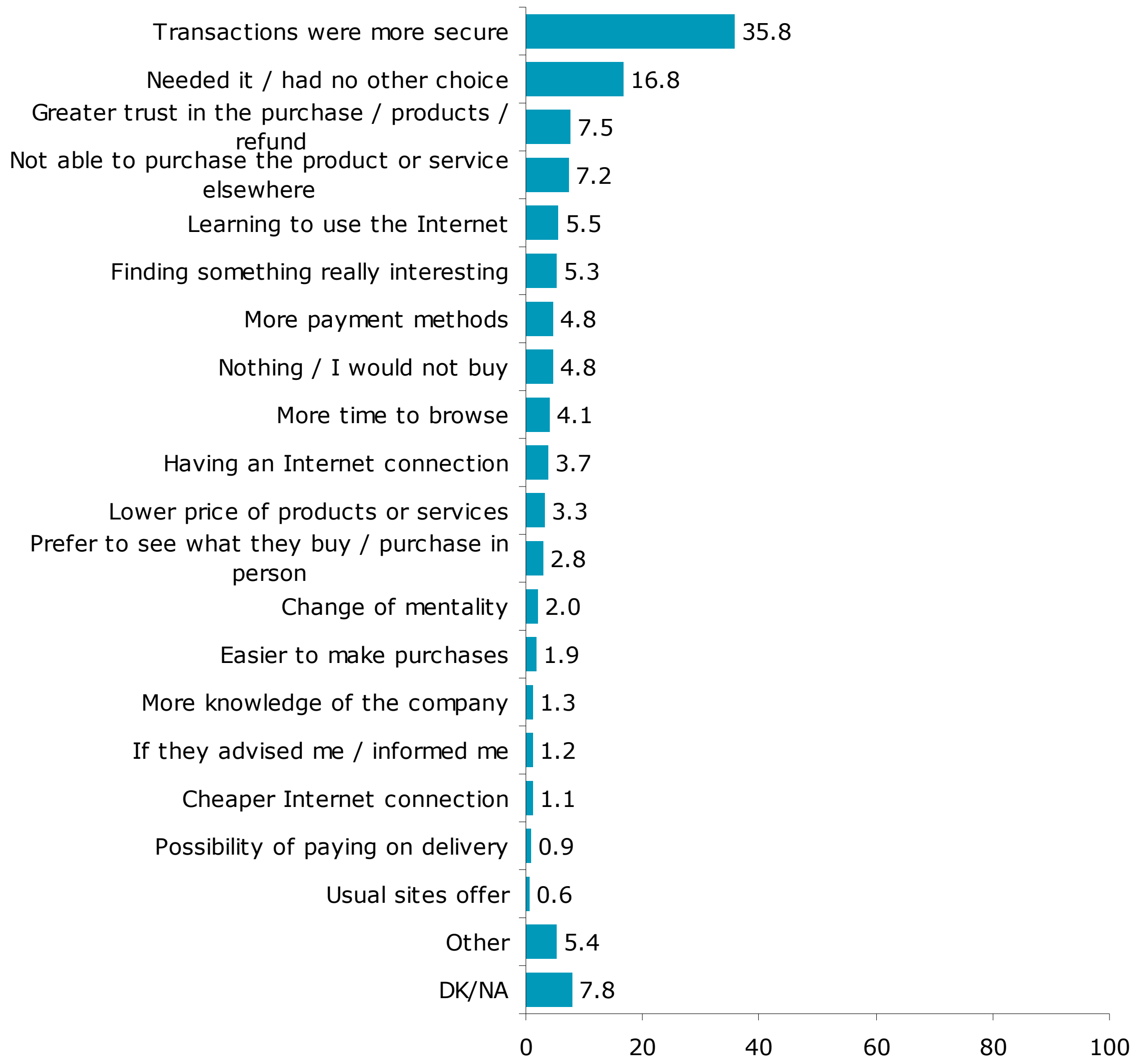
A little over one out of three non-purchasers stated that a change in perception of network security was key for them to make online purchases in the future. In fact, this consideration was more negative than in 2007 (35.8% in 2008 Vs 33.3% in 2007).

Channel exclusiveness was a key factor to start making online purchases. A total of 16.8% of current non-purchasers stated that, in the absence of alternatives, they would change their mind and could start purchasing online. Also, 7.2% would do the same if it were an exclusive purchasing channel for the specific product or service in question.

Logistics-related issues were ranked third: 7.5% of non-purchasers stated that if the network generated more reliability as regards receiving and the possibility of returning a product, they would be more willing to use this purchasing method.

For 5.5% of the group, factors included lack of Internet skills and 3.7% referred to the technological equipment necessary (Internet connection).

Graph 44. What factors would encourage you to make online purchases in the future?



Base: Total non-Internet purchasers

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

6.2. Internet users who did not purchase in 2008 but have done previously

Finally, there is the group of Internet users who did not make purchases in 2008 but have purchasing experience prior to that year. This group represents 13.7% of Internet users.

Their socio-demographic profile is that of individuals aged between 25 and 34, of upper and upper middle class.

Barriers to electronic commerce

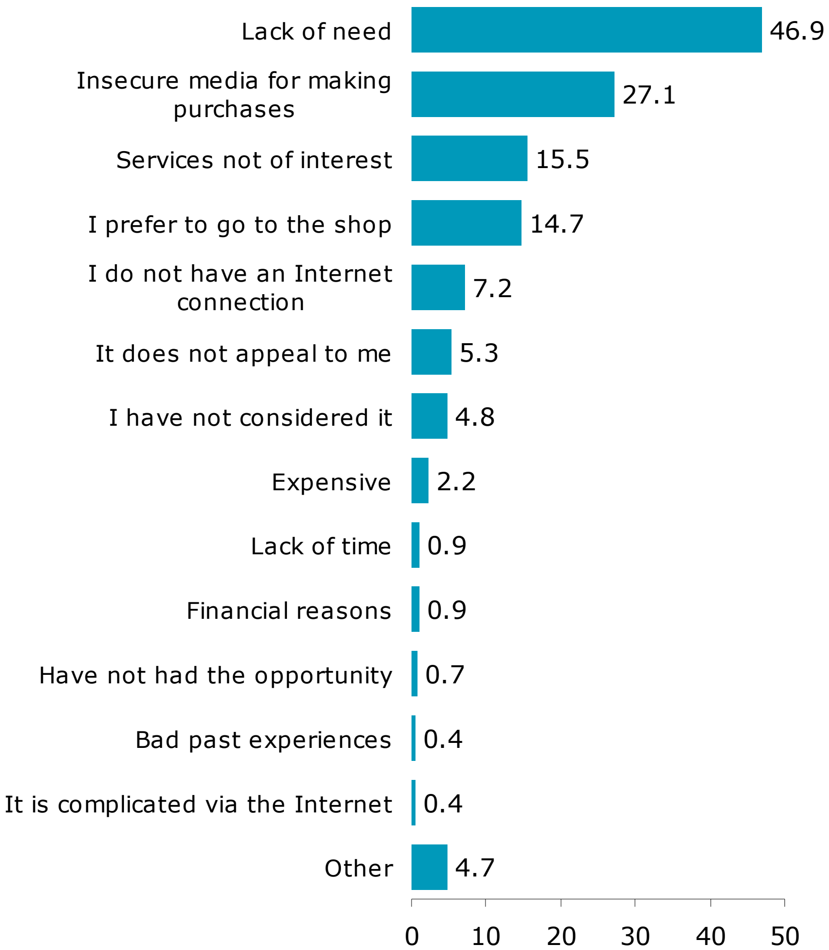
The reasons for which users did not purchase online were basically lack of need (46.9%) and purchase security-related problems (27.1%), which indicates a greater sense of insecurity than last year (22.4%). Once again, the barrier represented by possible security problems was present to a greater extent.

In this regard, e-Commerce support policies need to continue working toward minimising non-purchasers' rejection and fear of network security problems by communicating the progress being made to guarantee the confidentiality of personal data.

The preference for the traditional channel is becoming a less solid argument than it has been in past editions. Thus, while last year it represented a third of this group, in 2008 the proportion dropped to 15.5%.

Likewise, the results indicate that lack of attractiveness is not a reason for not purchasing, dropping from 10.4% in 2007 to 5.3% one year later. In fact, the barrier leaned more towards lack of means (not having an Internet connection, 7.2%) than to the degree of attractiveness.

Graph 45. Why have you not made any online purchases in the last year?



Base: Internet users who did not make purchases in 2008 but had done so previously

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

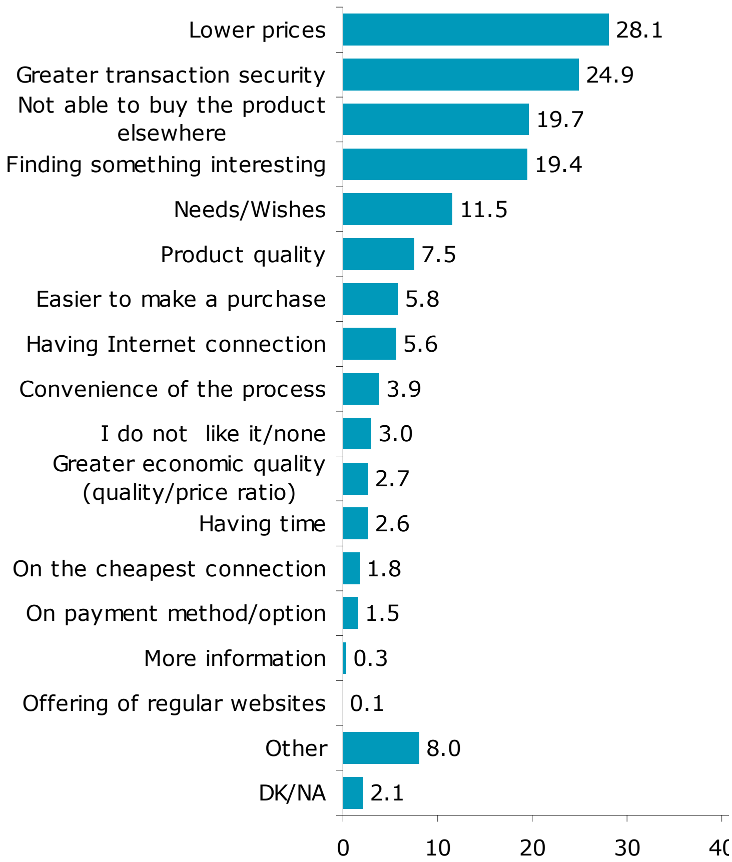
Keys to making new purchases online

Internet users who did not make online purchases in 2008 but had done so previously considered that the main reason for making new purchases would be lower prices and, secondly, enhanced transaction security. Compared to 2007, greater sensitivity to price and less to security was observed.

Thirdly, in this group the key to making new Internet purchases would be for the Internet to become the exclusive purchasing channel for a specific product or service.

On the other hand, compared to the previous year for this group the level of knowledge required to perform transactions is not so much the problem, but rather connection availability.

Graph 46. What factors do your future online purchases depend upon?



Base: Internet users who did not make purchases in 2008 but had done so previously

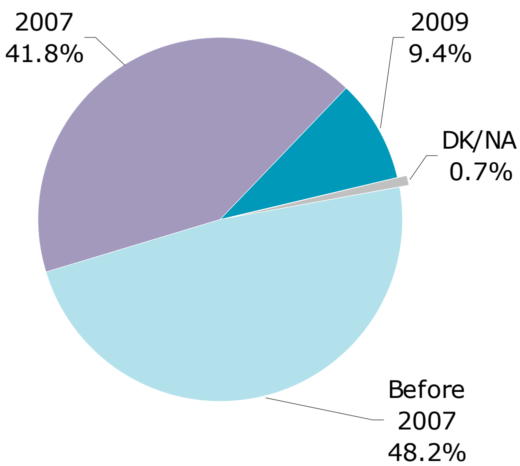
Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

First purchase

This group of non-purchasers, as in the previous edition, pointed to 2007 as an important year for making online purchases, which corroborates the existence of a number of online purchasers with a very low purchase frequency. Specifically, 41.8% confirmed they had made their first online purchase in 2007, while 48.2% made theirs prior to that year.

Also worth mentioning is the percentage of individuals who made their first online purchase in 2009 (9.4%), although this group will be analysed during the next period.

Graph 47. When did you first make an online purchase?



Base: Internet users who did not make purchases in 2008 but had done so previously

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

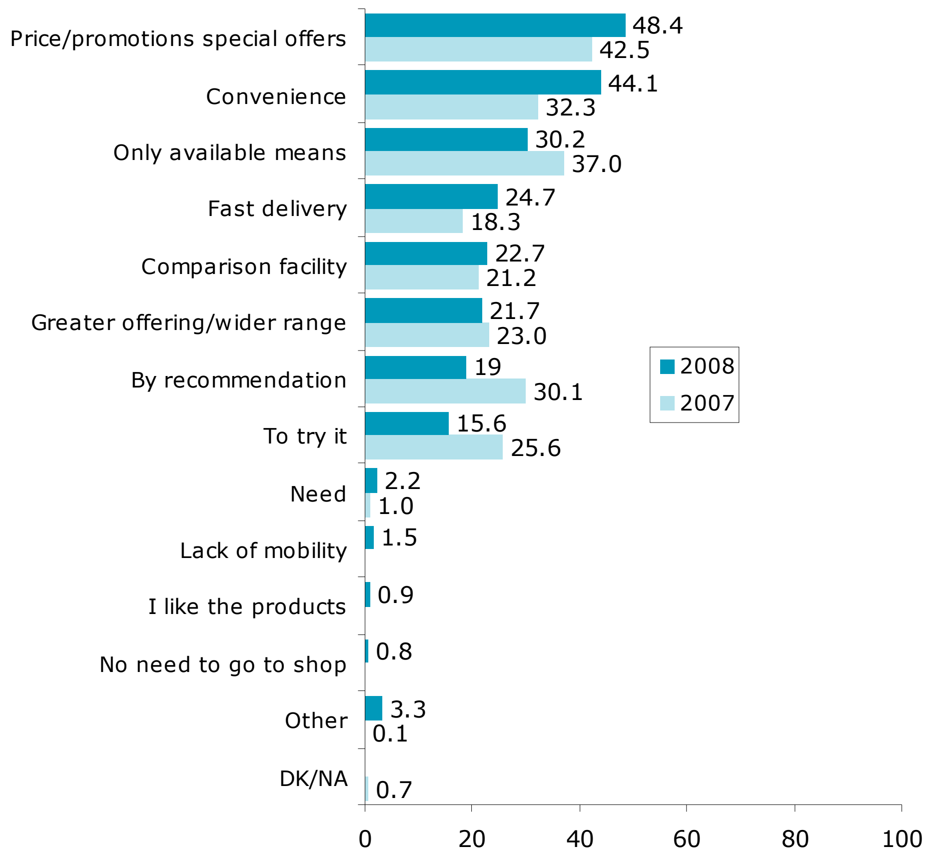
The key to making the first purchase was, firstly, price, in terms of greater financial advantages, promotions or special offers. Additionally, this price sensitivity was more notorious than in the last edition.

Following this, and compared to the previous year, preference was given to convenience over sales channel exclusiveness. Also, supply speed gained ground, whilst consumer motivation and curiosity had less weight.

The wide range of products and ease of comparing offers and products also played an important role in this first purchase.

Therefore, in 2008 price was a determining factor in motivation for making online purchases, although other arguments included loyalty to the comparative potential of the network and the speed with which the supply is received.

Graph 48. What were the main reasons for your first online purchase?



Base: Internet users who did not make purchases in 2008 but had done so previously

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Based on socio-demographic variables, men and young people give even more importance to price, while a more mature target audience aged between 35 and 49 gave more importance to broadness of range and sales channel exclusiveness.

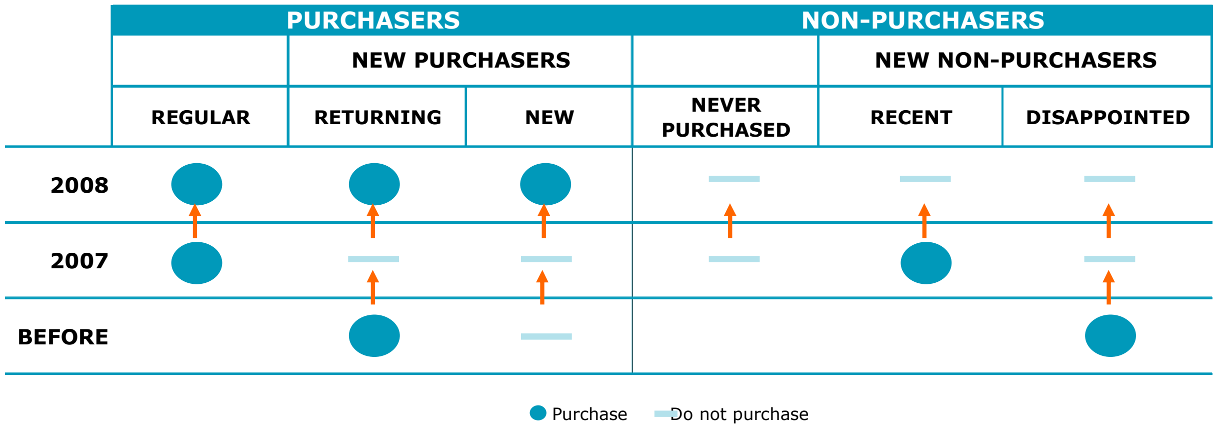
7. LONGITUDINAL ANALYSIS 2007-2008

The result of the longitudinal analysis carried out in this edition on the constant or common sample between two periods, 2007 and 2008 (1,115 individuals), offers an insight into the evolution of purchasers and non-purchasers over these two consecutive periods, in addition to analysing the movements of the subgroups into which each is divided.

The key to this analysis is not to find differences between groups but rather to understand the evolution of both the purchasers and non-purchasers and the subgroups into which they are divided.

Segmentation and evolution

Graph 49. Evolution and definition of purchaser and non-purchaser segments



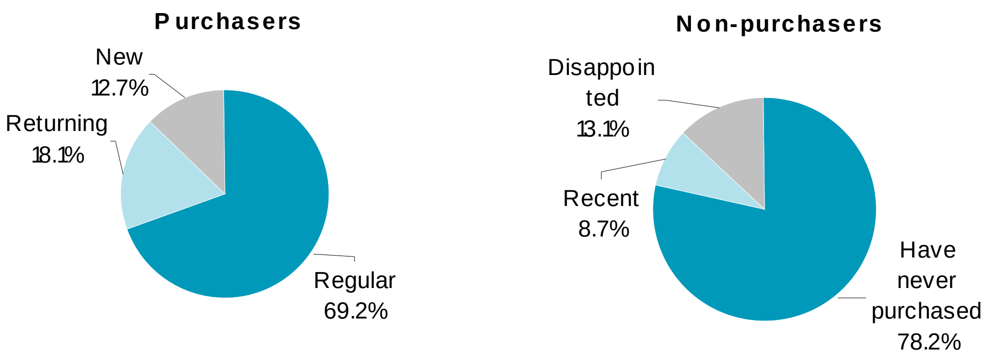
Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Purchasers in the constant sample are divided into the following subgroups:

- Purchasers who made online purchases in both 2007 and 2008. These are referred to as **regular purchasers** and account for 69.2% of total purchasers.
- The remaining purchasers are divided into another two subgroups. **New purchasers** (12.7% of purchasers) who purchased for the first time in 2008 and **returning purchasers** who, while having Internet purchasing experience prior to 2007, did not make any online purchases in 2007 (18.1%) but did make new purchases in 2008.
- Three different categories can be defined among non-purchasers:
    - Those who have **never purchased**, who are Internet users that have never made an online purchase; they make up the majority of non-purchasers (78.2%).
    - **Recent non-purchasers** (those who purchased goods or services in 2007 but not in 2008) are included among new non-purchasers and account for 8.7% of non-

purchasers and **disappointed purchasers**, with online purchasing experience in 2006 or earlier. This last group accounts for 13.1% of non-purchasers.

Graph 50. Weight of purchaser and non-purchaser segments among Internet users



Base: Sub-sample of Internet users 2007-2008

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Segment profiles

The profile of each of the purchaser segments is as follows:

- Regular purchasers account for the majority of purchasers in 2008 and they most clearly represent this group. Their profile is as follows:
    - Men
    - Mainly aged between 35 and 49.
    - Urban dwellers (towns of 100,000 inhabitants or more)
    - Of upper, upper middle or middle class.
    - With secondary and university studies.
    - Active workers

- Returning purchasers:
    - Men
    - Individuals aged between 35 and 49.
    - Living in municipalities of more than 50,000 inhabitants.
    - With a medium socio-economic level
    - With secondary and university studies.
    - Active workers and non-university students.

- New purchasers:
    - Women
    - Aged 35 to 64
    - Urban dwellers (towns of 100,000 inhabitants or more)
    - Of medium and medium-high socio-economic level.
    - With secondary level education
    - Active workers

- Non-purchasers are defined as those who have never purchased; they display the following characteristics:
    - Women
    - Mainly comprised of young people (aged between 15 and 24) or senior citizens (aged 65 and over)
    - With a medium to low socio-economic level
    - Belonging to households of four or more individuals, with children under the age of 16
    - With intermediate studies
    - Mainly comprised of pensioners, housewives and non-university students

- The profile of disappointed non-purchasers is characterised by being mainly comprised of men, individuals living in rural areas and individuals of upper and upper middle class.

TABLE 4. SOCIO-DEMOGRAPHIC PROFILE OF INTERNET USER GROUPS

Group profiles

	Purchasers			Non-purchasers		
	Purchasers	New purchasers		New non-purchasers		Non-purchasers
	Regular	Returning	New	Recent	Disappointed	Never purchased
Sex:						
Male	58.8	58.2	37.7	59.4	62.6	42.1
Female	41.2	41.8	62.3	40.6	37.4	57.9
Age:						
From 15 to 24	8.3	21.7	18.6	6.3	13.3	28.0
From 25 to 34	28.2	16.5	13.0	23.1	37.6	14.3
From 35 to 49	39.8	39.8	35.9	43.0	40.5	33.6
From 50 to 64	21.3	19.3	30.3	25.1	7.6	17.4
65 or over	2.3	2.8	2.2	2.5	1.0	6.7
Size of city/town:						
Less than 10 thousand	11.1	16.2	22.3	9.0	29.0	16.0
10 to 20 thousand	6.6	17.8	7.0	9.2	13.8	13.9
20 to 50 thousand	19.8	8.1	9.0	12.8	23.4	17.8
50 to 100 thousand	7.8	22.4	13.7	13.7	8.3	9.9
More than 100,000	54.7	35.5	48.0	55.3	25.5	42.5
Socio-economic level:						
Upper + Upper Middle	44.8	34.0	40.2	28.0	48.9	24.8
Middle	43.8	51.2	51.7	60.8	40.3	47.3
Lower Middle	10.9	14.8	5.4	8.8	10.2	22.9
Lower	0.4	-	2.8	2.5	0.6	5.0
Education:						
No education	0.4	-	2.9	-	-	0.2
Primary	0.2	2.0	0.3	-	4.7	4.7
Secondary	55.5	53.4	57.2	71.4	44.6	73.5
Higher	43.9	44.6	39.5	28.7	50.7	21.2

Base: Sub-sample of Internet users 2007-2008

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Use of the Internet and e-mail

Upon analysing the behaviour of both Internet purchasers and non-purchasers, a different use of the network was detected in the two groups. Purchasers made more intensive use of the Internet, possibly due to their greater experience with said media (the percentage of veterans with more than three years of experience is higher in this group). This group also stood out for having more personal e-mail accounts and their commercial use of the Internet was one of the most differentiating elements, being a regular practice among purchasers.

In turn, the behaviour of current non-purchasers who had previous experience in making online purchases was similar to that of the purchasers. Therefore, the habits of this group differed to those of non-purchasers in all the analysed variables. The following is an analysis of each of the most important aspects in detail.

- The data relating to connection to the Internet during the last week shows that all the segments analysed, both for purchasers and non-purchasers, have a very high connection frequency. On the other hand, those who have never purchased and disappointed users had a lower connection percentage than the rest.
- Regular and new purchasers have been more active in their use of the Internet in the last year. However, more significant was the fact that non-purchasers recently incorporated in the category claimed to make more intensive use of the network than the rest.
- Purchasers subscribed to more ADSL connections in the home than non-purchasers. Among non-purchasers, those most technologically equipped (72.5%) were the disappointed purchasers, who were on a par with current purchasers in this type of equipment.
- Use of personal e-mail as a means of communication was widespread, but more significantly among purchasers, especially returning purchasers. Non-purchasers also made intensive use of personal e-mail, but historical reticent purchasers represented a smaller proportion.
- Professional e-mail accounts were more widespread among purchasers, though there is also significant cover among disappointed non-purchasers with past purchasing experience.
- While the use of the Internet as a source of information was one of the variables that most evidently differentiated purchasers (current or past), in a very small proportion compared to purchasers, those who have never made purchases via the Internet used it to access commercial information.

Table 5. Internet use by segment

	Purchasers			Non-purchasers		
	Purchasers	New purchasers		New non-purchasers		Non-purchasers
	Regular	Returning	New	Recent	Disappointed	Never purchased
Yes, in the last week	**92.8**	**87.1**	**79.5**	**83.4**	79.4	68.8
Now I use it more	45.7	39.7	46.0	**54.3**	49.4	37.8
More than three years ago	**81.9**	**82.7**	75.1	65.9	75.0	67.0
ADSL	69.2	76.5	75.0	66.2	72.5	66.6
E-mail (personal account)	88.0	**90.1**	76.8	73.0	70.9	64.6
E-mail (professional account)	38.5	25.5	27.3	21.7	**44.1**	10.8
Internet as a source of commercial information	**97.4**	**96.8**	**96.3**	90.7	79.7	37.6

Base: Sub-sample of Internet users 2007-2008

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Purchasers in 2008

The different groups considered in the study showed important differences with regard to purchases made in 2008. Regular purchasers made a larger number of online purchases per year and spent a greater amount, nearly tripling the budget of new purchasers and doubling that of returning purchasers.

With regard to payment methods, certain differences were observed with respect to the previous period:

- New purchasers were more conservative and distrustful with regard to providing bank details online. Thus, while 61.7% preferred to use a bankcard as the payment method, this percentage dropped to 47% in 2008. Meanwhile, the cash on delivery modality gained ground as the preferred payment method (37.5% Vs 29.5%).
- Regular purchasers were more distrustful than in the last measurement with regard to providing bank details online. Therefore, the security level became a more evident conditioning factor than in the previous period.

Table 6. Purchases made in 2008

Purchases made in 2008	Purchasers		
	Purchasers	New purchasers	
	Regular	Returning	New
Average no. of purchases made in 2008	5.8	3.0	2.9
Average expenditure in 2008	787.0	515.8	281.4
Preferred method of payment bankcard	51.7	55.0	47.0
Preferred method of payment cash on delivery	28.1	25.2	37.5

Base: Sub-sample of Internet users 2007-2008

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

The products or services most frequently purchased by regular purchasers were transport tickets, accommodation bookings, tickets for shows and books, in addition to electronics and clothes and accessories. Additionally, these made greater use of minority services such as online banking, car rental or motor products than new purchasers. Likewise, the online shopping basket was also more frequent within this group.

On their part, new purchasers started by making more single theme purchases, relative to holidays: ticket purchases and accommodation bookings.

The high level of satisfaction generated by Internet purchases among purchasers and especially among returning purchasers, in addition to the low incidence of problems among the latter, favour repeated online purchases during the coming period. A similar situation was observed among new purchasers, although the percentage of incidents recorded was higher than among returning purchasers.

Table 7. Experience with purchases

	Purchasers		
	Purchasers	New purchasers	
	Regular	Returning	New
Satisfied with purchase	97.1	97.4	81.1
Problems with purchase	23.2	14.3	19.0

Base: Sub-sample of Internet users 2007-2008

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

Non-purchasers in 2008

In the case of Internet users with online purchasing experience who preferred not to make Internet purchases in 2008, different reasons were observed for this behaviour depending on the group to which they belonged. Thus, while non-purchasers basically indicated lack of need, disappointed purchasers also indicated lack of trust in online purchasing security. Among disappointed purchasers, the arguments against purchasing were not based on preference for physical premises, as in the previous year, but rather on lack of interest in the offer.

Table 8. Reasons for not purchasing

	Non-purchasers		
		New Non-purchasers	
	Never purchased	Recent	Disappointed
Lack of need	-	48.7	35.4
Insecure media for making purchases	-	22.3	39.4
I have not considered it	-	20.7	2.4
I prefer to go to the shop	-	18.8	10.7
No services of interest	-	11.5	13.4

Base: Sub-sample of Internet users 2007-2008

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

The arguments in favour of making a first purchase were price, convenience or if it was the only available media (this latter particularly in the case of disappointed purchasers). Encouragement to purchase by consumer motivators exercised greater influence on disappointed purchasers and curiosity on recent non-purchasers, in addition to ease of comparison.

Table 9. Reasons for making the purchase

	Non-purchasers		
		New non-purchasers	
	Never purchased	Recent	Disappointed
Price/promotions special offe	-	58.8	57.9
Convenience	-	50.4	45.8
Greater offering/wider range	-	22.0	31.6
Only available media	-	21.1	56.7
Comparison facility	-	29.8	21.2
Fast delivery	-	21.0	23.9
To try it	-	21.2	8.6
By recommendation	-	18.3	28.6

Base: Sub-sample of Internet users 2007-2008

Source: ONTSI (Spanish Observatory for Telecommunications and the Information Society)

8. LIST OF GRAPHS AND TABLES

9. TECHNICAL SPECIFICATIONS SHEET

Information collection

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

Dates of information collection

From 14 April to 8 May 2009.

Geographical scope

Total Spain

Sample population

Population of Internet users, aged 15 and over.

Reference population

A total of 37,810,051 individuals. Population aged 15 and over in mainland Spain, the Balearic Islands and the Canary Islands. Source: INE (Spanish National Statistics Institute) forecasts based on the 2001 Census. 2008

Internet users (individuals who have accessed the Internet on one or more occasions): 22,034,000 individuals, Internet penetration (58.3%). Red.es ICT households panel (September 2008).

Sample size

2,137 Internet user panellists

The sample was extracted from Taylor Nelson Sofres' (TNS) ICT panel for Red.es, which is representative of Spanish households. Specifically, the individuals belonging to the panel contacted declared, via a postal survey sent to households in September 2008, that they had used the Internet on one or more occasions.

Fieldwork

Performed by Redecampo

Weighting

The results have been weighted in accordance with the socio-demographic profile of Internet users aged 15 and over, obtained from the Red.es Panel dated July-September 2008.

The weighting criteria considered were, at household level: autonomous region, size of the city/town, size of household, social class (Spanish General Means Study), presence of children in the home and age of the head of the household; and at an individual level: gender and age.

Margin of error

- For the Internet purchaser group in 2008: ±3.4%
- For the non-purchaser group in 2008: ±2.7%
- For the total sample: ±2.1%