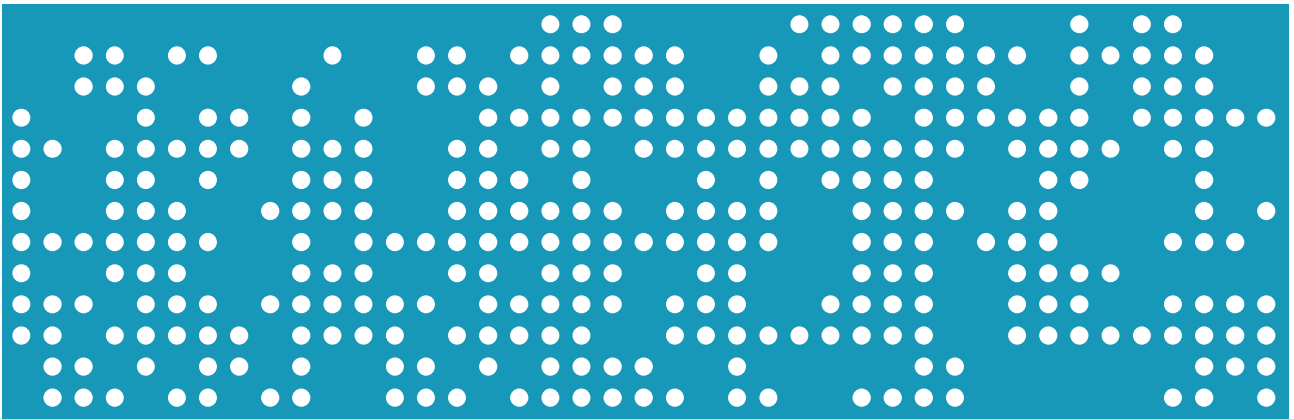




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## Study of B2C Electronic Commerce 2010

### Executive Summary



October 2010

## B2C sales

The business volume generated by B2C electronic commerce in 2009 reached €7.76 billion, which represents an increase of 15.9% compared to 2008.

This growth in sales lies in the percentage of Internet users, which grew from 58.3% to 64% of the population aged 15 and over, and the percentage of Internet purchasers, which grew from 40.3% to 41.5%, yielding an increase in the absolute number of e-purchasers to 1,481,292. This, together with the average expenditure per purchaser at €749, explains sales results for 2009 and the rise from the previous year.

## Purchaser profile

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

- Individuals aged between 25 and 49, particularly the segment aged between 35 and 49
- Residents in urban areas (more than 100,000 inhabitants)
- With a university education
- Of high and medium-high socio-economic level
- Active full-time workers

## Internet use. Purchasers vs. non-purchasers

Internet purchasers show a more intensive use of the Internet.

- A higher proportion of purchasers declare that they connected to the Internet for the first time more than 3 years ago (88% compared to 72% of non-purchasers).
- Of the total Internet purchasers, 83% had accessed the Internet the previous day, compared to 68% of non-purchasers.
- Greater access to broadband services (84% of purchasers compared to 75% of non-purchasers).

## Electronic mail and its role as a commercial channel

In 2009, 86% of Internet users had e-mail. This percentage reaches 96% among purchasers.

- A total of 10% of them reached the shops where they made online purchases through the links included in the e-mails.



## The Internet as a commercial information channel

The Internet has gained importance as the key information channel to prepare a purchase: 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 online purchasers (95%) than non-purchasers (54%).

## Purchaser preferences

The determining factor for making online purchase decisions is that the company that sells the product/service is well identified, and that it appears in general search engines since they are the route most frequently used for accessing a virtual shop.

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.

On the contrary, the Spanish nationality of the company is not so important for online purchases.

## Key aspects of Internet purchases

Online purchasers in 2009 were not new, but already had experience in online purchases from previous years. Specifically, 64% of the purchasers made the first purchase online in 2008 or before.

Home gains importance as the main location for making online purchases (90.4% of online purchasers acquired goods or services from their home in 2009, compared to 84% in 2008).

Purchases are mainly made on the product manufacturer's website (52%) or shops that sell exclusively online (51%). In the last year, there was increased diversification of products and services available for Internet purchases. Purchasers, apart from using the two aforementioned shopping modalities, made purchases from virtual shops that also have physical premises (42%), which was the preferred modality in 2008 and currently occupies third place. In last place we find auction portals, which is still not a popular option and are only used by 13.9% of Internet purchasers.

Purchasers get to know on-line shops through increasingly more channels (search engines, word of mouth, advertising, price comparers, forums...) but general search engines remain the most used channel (78%). Lastly, previous experience –having the shop in the 'favourites' list or typing the URL in the address bar – is gaining importance when accessing the shop.

Two out of three online purchasers (65%) preferred to pay for online purchases by credit or debit cards and at least 80% of their purchases are paid using this



method. Additionally, almost half of the purchasers (47%) who use a credit or debit card introduce a security PIN to confirm the transaction.

Cash on delivery is the second preferred option (14% of online purchasers).

### Online purchases

Tourism and entertainment are the key sectors in on-line purchase. Transport tickets (50.4%), accommodation bookings (45%) and tickets for shows (35.5%) continue to be the star products of e-commerce.

Following these are clothes and accessories, books and electronic equipment, and Internet services. Food and miscellaneous products, software, DVDs/music/videogames, appliances, car renting, financial services and insurance, complete the ranking of the most popular products.

The average number of online purchases per purchaser in 2009 was 7, compared to 8.2 in 2008, and they spent €749 on average.

3.9% of purchasers buy every week or fortnight, and a bit more than a quarter do so every two weeks or more frequently. At the other extreme, 12.9% of them only buy on the Internet once a year.

### Satisfaction with online purchases

Most users (94.3%) had no problems with online purchases in 2008 and 2009. This positively influences purchaser satisfaction with Internet transactions.

The main problems with online purchases can be summarised into three blocks: Logistics problems, non-logistics problems and payment problems.

Logistics problems have a considerable prominence: 39.6% of the purchasers who experienced problems with their online purchase declared that the product arrived late and 20.9% said that they did not receive the product.

In other occasions, the product received by the purchaser was not as advertised on the website.

Price sensitivity was a key factor to increase the number of purchases by users in 2009. Lower price of products (71.5%), no delivery costs (52.9%) greater refund guarantees (52.1%) are the most important factors for future purchases. The second barrier to e-commerce is Internet security. Payment security and transaction security are other significant barriers to it.

User claims against problems encountered in the purchase process remain in the same level of the previous year. Over six out of ten users who suffered an incident in their online purchases (64.3%) chose to lodge a claim. Claims are mainly lodged through the customer care service of the company that sold the product. And, although almost all claims were satisfactorily resolved (94.1%), near half of the



users (46%) declare that it took from one week to one month for them to get a response.

Two out of three purchasers (66.5%) declare that the online order delivery service is good. The incidence of a poor or a very poor delivery is hardly significant for online purchasers (1.1%).

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

The presence of Spanish companies on the Internet is considered as good or sufficient by 65.4% of e-purchasers to buy online. Approximately the same percentage of online purchasers (65.5%) are satisfied with the variety of the products offered by Spanish companies on the Internet, and two out of three of them (62.1%) assert that the presence of Spanish products on the Internet is good or sufficient .

### **Quality seals**

Internet users appreciate that transactions have subscribed to a seal of quality or code of trust. Almost half of them (45.3%) declare that they take this factor into account when making a purchase online.

### **Private buying and selling**

To cover the field of electronic commerce more extensively, in this edition we have included a section for online trade between consumers: C2C (consumer to consumer) electronic commerce.

Internet transactions between individuals are becoming increasingly significant in the context of e-commerce. 15.7% of all the participants in the survey claim to have conducted some kind of transaction between individuals (buying, selling or both).

Price is one of the most important incentives to buy products or services from individuals, which is asserted by 63.5% of the purchasers.

The distribution of products purchased from consumer to consumer via the Internet is homogeneous, though electronics stand out as the most purchased product category, with a percentage of 27.3% in 2009. In second place we find clothes and accessories with a percentage of 21.0% of the total.

### **Barriers to electronic commerce**

77.8% of Internet users who did not buy online in 2009 report the preference for physical shops and being able to see what they buy as the main reason for not making Internet purchases.

The second barrier to electronic commerce is the distrust regarding the Internet and in relation to personal or bank details. Specifically, 64.5% of online purchasers declare that they are afraid to give their personal data via Internet. This sense of



insecurity is not principally caused by distrust in payment methods, but the potential misuse of personal and financial data.

7.2% of non-purchasers plan to make online purchase in the next months.

Among Internet users who did not purchase in 2009 but have done previously, the main reasons were they preferred to go to the shop (66.6%) and lack of need (58.5%).

Internet users who did not purchase in 2009 but have done previously, declare that the key factors for them to buy on the Internet again is finding interesting products (62.8%) and online channel exclusiveness (59.8%).