Distance Selling in the Nordics 2010

A report on Nordic habits and attitudes in relation to distance selling

Nordic distance selling continues strong growth

For the second year in a row, Posten is presenting the results of a survey that reflect and enhance the image of how distance selling is developing on a Nordic level. The report aims to describe both how and why this expansive part of retail trade is steadily continuing to gain ground.

Since last year's survey, Nordic distance selling has continued to grow in all respects. Today, distance selling at the Nordic level is worth 8.5 billion euro and represents more than four per cent of the total retail trade, figures that probably would have seemed farfetched just a few years ago.

The fact that distance selling grew during the sharp recession that characterised 2009 is perhaps the main proof of its potential. Thanks to a strong recovery in Finland, distance selling in the Nordic region grew by a full 17 per cent in the last year. However, despite a clear upswing for purchases made by Finns, Danes are still the Nordic residents who shop from home most frequently. Nearly four in ten Danish respondents shop from home at least once per month, a figure no other country even comes close to approaching.

Since Posten Norden has the most comprehensive distribution network and business solutions on the Nordic market when it comes to distance selling, growth in this market is, of course, very positive for us. With a total of 4,200 distribution points in Sweden, Denmark, Norway and Finland, we are a strong partner both for vendors selling to individual Nordic countries and for those who want to reach the entire Nordic market.

Regardless of your perspective with regard to distance selling, I can assure that you that anyone interested in Nordic distance selling for 2010 will find inspiring and valuable insights and knowledge in this report.

Pleasant reading!

Stockholm in May 2010

Per Mossberg

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About the study

The study is based on telephone interviews with a nationwide, statistically representative sample of 2000 individuals in Sweden and Denmark, and with 800 individuals in Norway and Finland. The interviews were conducted during the period November 17- December 4 by TNS SIFO.

In this report, the terms *distance selling* and *e-commerce* are used.

Distance selling refers to all ordering of goods at a distance, regardless of ordering method (internet, mail order catalogue, reply coupon, phone or TV). In a distance selling transaction, the buyer and seller never physically meet one another. E-commerce refers only to products ordered over the internet.

A rule of thumb is that changes greater than four percentage points are statistically significant. The results that have a smaller basis (i.e., are based on less than all interviews) should be interpreted with greater caution.

Comparisons are made with the previous year's averages. For more in-depth comparisons, please see last year's report.

In 2009, Statistics Sweden made a number of revisions to the Swedish retail trade statistics for 2008. Consequently, it is not possible to compare absolute figures on a Nordic level from the previous year. However, percentage share developments are accurate.

Summary

For the second year in a row, Posten Norden interviewed Nordic consumers about their attitudes and habits in relation to distance selling; i.e., purchasing products via the internet or mail order. The purpose of the survey is to gain knowledge about the role distance selling plays and the similarities and differences that exist between the Nordic countries.

- **Nordic distance selling totals nearly 9 billion euro** – It is estimated that distance selling in the Nordic region totalled 8.5 billion euro[1] in 2009 and accounted for over 4 per cent of retail sales in all countries. Distance selling claimed the largest share of retail sales in Denmark, at 5.2 per cent.
- **Finland behind strong growth** – Growth was also very strong – 17.4per cent – which can be attributed to strong Finnish growth figures, although these grew from previously low levels.
- **Danes shop most** – Nearly four in ten Danes shop from home at least once per month. This is a key reason that Danes maintain their competitive position in Nordic distance selling.
- **Norway claims highest average purchase amount** – Norwegians spent the most on their purchases, with an estimated average of 909 euro[2] per distance selling consumer in 2009. The Nordic average was 691 euro. Sweden had the lowest amount, with 530 euro on average.
- **Expectations for continued growth** – The interviews also show that consumers expect continued growth for distance selling in 2010. Net growth is positive - there is a clear increase of people who say that they will purchase more rather than less.
- **Price and convenience attract** – Price is generally the single most important motive but other reasons relating to convenience and accessibility are almost as decisive.
- **Danes prefer Dankort** – Payment methods differ from country to country. In Denmark, the Dankort is the preferred choice while an invoice is most preferred in Sweden.
- **Online purchases are sophisticated** – Internet purchasing is done in several stages, with Google as the most common first step. Many consumers also use catalogues which they feel provide more information and a better overview.
- **Mobile e-commerce just getting started** – Still only just a small percentage of consumers have made e-purchases from their mobile phones but one in five are positive towards doing so. Industry analysts also believe that the mobile phone will be more influential for e-commerce in the coming years.
- **Shopping from abroad widespread** – Almost half of Nordic consumers who shop via the internet have also purchased products from foreign sites. Most purchases are made from the US, Great Britain and Germany. Intra-Nordic e-commerce is largely comprised of purchases from Swedish sites.

1 Estimates and calculations made by HUI (Handelns Utredningsinstitut, The Swedish Retail and Wholesale Trade Research Institute) See Appendix 2.

2 Ibid

Strong growth for Nordic distance selling

Nordic distance selling defied the recession of 2009. Distance selling grew a total of 17 per cent, corresponding to estimated sales of 8.5 billion euro. Growth was strongest in Finland, increasing from a previously low level.

In the sparsely populated Nordic region, distance selling has always been a major part of commerce. In the past, it was synonymous with mail order catalogues. Today, however, distance selling has largely moved online. Distance selling and e-commerce are often referred to as the same thing. Today, the internet is clearly the most commonly used ordering method. More than eight in ten Nordic consumers who shop from home say that they most often order online.

Finns boosted growth ...

In 2009 Nordic distance selling experienced considerable growth and grew by just over 17 per cent. With more than a 50 per cent increase in growth, the Finnish distance selling market was largely behind these strong figures.

Last year's report identified Finland as a market with strong growth potential, something that has certainly been proven true. Considerably more Finns shopped via the internet and mail order in 2009 than in 2008.

... but the Danes stay on top

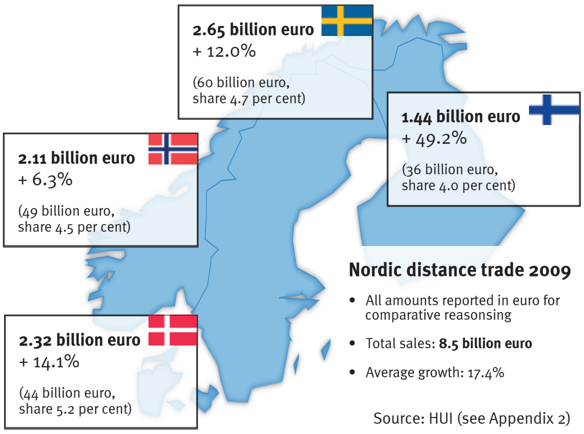
Danes still maintain their competitive position in the Nordic market for distance selling. Nearly four in ten Danes shop from home at least once per month, which helps explain why Danish distance selling accounts for the Nordic region's greatest share of the retail trade.

In 2009, the entire Nordic region saw a fairly significant influx of new consumers who shopped from home. This growth has occurred exclusively in the online realm of distance selling. One year ago, three in four consumers purchased via the internet. Now eight in ten shop this way. Other ordering methods experienced a slight decrease.

Norwegians purchase for highest average amount

If the Danes shop the most, Norwegians make purchases for the highest average amount per year. They claim an undisputed first place, with an average of 910 euro for purchases made from home in 2009. This is almost twice as much as the Swedish average of 530 euro. The Nordic average was 691 euro.

Figure 1: Distance selling revenues in the Nordics, 2009 (Total distance selling and percentage share growth compared to 2008. Distance selling as a proportion of total retail trade shown in parentheses)



Source: HUI (see Appendix 2)

Table 1: Most common ordering method

Basis: Shopped from home during the past year					Nordic region (average 2008)	Nordic region (average 2009)
When you shop from home, which ordering method do you most often use?						
Internet	78%	89%	83%	82%	76%	82%
Mail order catalogue	11%	6%	9%	11%	11%	10%
Telephone	7%	3%	6%	6%	9%	6%
Other, don't know	2%	1%	2%	1%	-	2%
("Reply coupon" and "Television" are reported under "Other")						

Table 2: Percentage aged 15 years and over who shop from home

Basis: all respondents					Nordic region (average 2008)	Nordic region (average 2009)
Roughly how often do you purchase products from home, e.g., via the internet, mail order catalogue, reply coupon, telephone or TV?						
"Every month"	22%	37%	25%	8%	21%	23%
- Men	23%	41%	28%	7%	24%	24%
- Women	23%	32%	23%	8%	18%	22%
- 15-29 yr old	36%	47%	35%	4%	27%	31%
- 30-49 yr old	32%	52%	37%	17%	29%	33%
- 50-64 yr old	15%	25%	17%	5%	17%	15%
- 65- yr old	5%	8%	9%	2%	4%	6%
Total every month	4.7 million Nordic residents (+6.8 per cent)					
"At least once per year"	64 %	71 %	59%	54 %	57 %	63 %
Total, at least once per year	12.9 million Nordic residents (+7.5 per cent)					
"Have shopped from home at least once"	76 %	77 %	70 %	69 %	71 %	74 %
Total, at least once	15.1 million Nordic residents(+/- per cent)					

Table 3: Average amount of purchase per year

Base: Shopped from home during the past year					Nordic region (average 2009)
Average amount of purchase 2009	530 euro	730 euro	909 euro	596 euro	691 euro

Table 4: Expectations for how much individuals expect to shop from home in 2010

Basis: Shopped from home during the past year (NEW)					Nordic region (average 2009)
Compared with the past year, do you think you will buy more, fewer or about the same amount of products from home this coming year?					
Much more	5%	6%	3%	0%	4%
Somewhat more	18%	39%	29%	15%	24%
Unchanged	70%	50%	61%	69%	64%
Somewhat less	4%	4%	5%	7%	5%
Much less	2%	1%	0%	4%	2%
Unsure, don't know	1%	1%	2%	5%	2%

Table 5: Primary reasons for shopping from home

Basis: Shopped from home during the past year (NEW)					Nordic region (average 2009)
Which of the following is the single most important reason for shopping from home as opposed to shopping in a store?					
Less expensive	24%	34%	25%	17%	25%
Easier	20%	18%	23%	30%	22%
More convenient	25%	22%	14%	21%	21%
Greater selection	19%	13%	23%	18%	18%
Save time	9%	10%	12%	12%	10%
Unsure, don't know	3%	2%	4%	2%	3%

Table 6: Products most commonly purchased from home

Basis: Shopped from home during the past year (several answers possible)					Nordic region (average 2008)	Nordic region (average 2009)
What kinds of products have you purchased from home during the past year?						
Clothing	47%	43%	39%	48%	45%	46%
Home electronics[3]	39%	46%	40%	33%	35%	39%
Books	28%	23%	24%	19%	23%	24%
CDs and/or DVDs	24%	25%	20%	29%	22%	25%
Home furnishings	12%	9%	9%	11%	-	9%
Sport/leisure items	9%	11%	11%	5%	7%	5%
Cosmetics/skin and hair care products	4%	6%	5%	6%	-	4%
Auto accessories	4%	3%	2%	8%	-	2%
Food	4%	5%	3%	3%	-	4%
Newspapers and magazines	2%	2%	1%	4%	-	2%

Bright prospects for the future

The future looks bright for Nordic distance selling. Those who already shop from home expect to do so even more during 2010. Danish consumers are most enthusiastic about upholding this trend.

Distance selling in the Nordic region defied the economic downturn and continued to grow in 2009. When respondents were asked about their plans for 2010, they were enthusiastic about shopping from home. Upon comparing those who respond that they expect to purchase more with those who expect to purchase less, the net result is positive - 21 per cent on the Nordic level. Danes are the most positive, with more than half expecting to shop from home more often. Judging from the responses, it appears that Danes will further entrench their first place position.

Price, convenience and accessibility attract consumers

What is the recipe for success behind the strong growth of distance selling in the Nordic region? Respondents were asked to choose the single most important reason for shopping from home and the results clearly showed that consumers have widely varying reasons.

Lower price is the single most important reason for shopping from home, something mentioned by one in four respondents. Many Nordic residents also mention other factors that relate in various ways to convenience (saves time, shop when you have a free moment, and comfort). Another important reason for shopping from home includes accessibility, or being able to access a larger or better selection, something mentioned by two in ten.

It is also interesting to note the differences between countries. For example, the Danes are considerably more price-conscious than their Norwegian neighbours.

Clothing and home electronics retain their top position

Last year's report showed that clothing and home electronics are the most favoured items when Nordic consumers shop from home. This year's results reinforce this image. For Swedes, Norwegians and Finns, clothing is the most prevalent product category when shopping from home. In Denmark clothing is just barely overshadowed by home electronics.

Books, CDs and DVDs are other important product categories that are attractive for many consumers. In terms of other categories, it is interesting to note that only four per cent purchase food items. The grocery industry is still waiting for its breakthrough on the internet.

3 Home electronics includes computers, computer accessories and computer games

Credit card and invoice preferred payment methods

Nordic consumers use a number of methods to pay for the goods they order from home. Credit cards are most favoured, particularly in Denmark where the Danish card Dankort is very popular.

Payment method and security are key concerns in modern distance selling. Offering alternative ways of payment is an important part of creating security in the payment process and thus becoming an attractive alternative for consumers.

Therefore, respondents in the survey were asked which payment method they would most prefer to use. It is evident that preferences vary greatly between Nordic countries. Swedes prefer receiving an invoice while Danes clearly prefer using a credit card, largely because of the popularity of the Danish card Dankort. In Norway consumers prefer credit cards and invoices in equal measure. Finns, on the other hand, prefer to make direct payments from their online bank. These results clearly illuminate the importance of offering alternative forms of payment for vendors operating at the Nordic level.

Great potential in short delivery times

Delivery is another central issue for modern distance selling. Ever more rapid delivery times have become an important factor for being competitive on an increasingly mature market with more and more players. It is therefore very interesting to know what customers expect with regard to delivery times. The results show, in contrast to what one may expect, that Nordic consumers accept the fact that deliveries may take several days.

As many as six in ten say that they would accept a delivery time of seven days or more. Accordingly, there is great potential in being able to exceed customers' expectations by offering shorter delivery times.

Consumers want simpler ordering processes and more information

Respondents were also asked what advice they would offer to vendors concerning measures that would make shopping from home more attractive. Two areas particularly stood out. The first is simpler ordering methods, something mentioned by one in three. The second area was the potential for better information and images on vendors' sites. Respondents wanted more of this.

Lower prices and simpler collection and return processes are less important for consumers. The same thing is true for improved payment security. The conclusion that can be drawn from these results is that vendors who want to succeed in the Nordic countries should focus on constantly improving functionality and information on their own sites.

Table 7 – Preferred payment methods

Basis: Shopped from home during the past year (NEW)					Nordic region (average 2009)
When you shop from home, which of the following payment methods do you prefer?					
Invoice (after delivery)	41%	8%	30%	32%	30%
Credit card (e.g.Visa/ Dankort)	24%	66%	33%	13%	32%
Direct payment via my bank	22%	22%	20%	37%	25%
C.O.D.	11%	4%	16%	17%	12%
Instalments	1%	0%	0%	3%	1%
Other	0%	0%	1%	0%	0%
Unsure, don't know	1%	1%	1%	0%	1%

Table 8 – Expectations for delivery time

Basis: Shopped from home during the past year (NEW)					Nordic region (average 2009)
When you order a product from home, what is your expectation in terms of delivery time; i.e., what is the maximum acceptable number of days for delivery?					
One day	1%	1%	0%	0%	1%
Two days	5%	9%	2%	4%	5%
Three days	14%	18%	7%	4%	11%
Four days	7%	10%	7%	2%	7%
Five days	13%	9%	8%	4%	9%
Six days	1%	1%	1%	3%	1%
Seven days	36%	30%	39%	45%	37%
Eight days or more	18%	16%	29%	33%	23%
Unsure, don't know	5%	5%	6%	4%	5%

Table 9 – Advice to e-commerce companies

Basis: Shopped from home during the past year (NEW)					Nordic region (average 2009)
What advice would you like to offer to e-commerce companies that, if adopted, would make shopping from home more attractive?					
Easier to order	38%	30%	26%	28%	32%
More information/ pictures	28%	28%	30%	22%	27%
Better payment security	15%	14%	13%	5%	12%
Simpler collection and return process	7%	13%	8%	12%	10%
Lower prices	9%	7%	9%	18%	10%
Shorter delivery times	13%	8%	10%	9%	10%
Other	11%	12%	11%	10%	11%
Unsure, don't know	38%	31%	44%	31%	36%

Table 10 – Steps taken before making a purchase online

Basis: Shopped online during the previous year					Nordic region (average 2008)	Nordic region (average 2009)
When you are going to purchase a product over the internet, how often do you first ... (those answering Always + Very often + Fairly often)						
a) ... use a search engine, e.g., Google? (NEW)	65%	81%	69%	70%	-	70%
b) ... obtain an overview by looking at price comparison sites?	54%	67%	45%	48%	53%	54%
c) ... look at the product in a mail order catalogue or equivalent?	41%	39%	53%	64%	41%	45%
d) ... consult consumer reviews on an internet site?	48%	43%	49%	39%	38%	48%
e) ... use social media (blogs, communities, video sites, photo sites)? (NEW)	18%	15%	24%	35%	-	22%
f) ... look at and/or test the product in an ordinary store?	19%	26%	13%	14%	16%	18%

Table 11- Greatest advantages in using catalogues for online purchases

Basis: Use catalogues when shopping online (several answers possible)					Nordic region (average 2008)	Nordic region (average 2009)
What are the greatest advantages in using a catalogue when shopping on the internet?						
Better overview/easier to browse	37%	34%	34%	25%	39%	33%
Can read when it suits me	17%	13%	13%	28%	21%	18%
More information	12%	17%	23%	21%	19%	17%
More and better pictures	15%	16%	19%	12%	19%	15%
Can look for information at my leisure	14%	9%	16%	16%	19%	14%
Easy to have with me	5%	6%	9%	8%	6%	7%
Can make notes	5%	4%	2%	5%	7%	4%
Unsure, don't know	26%	28%	20%	4%	19%	21%

Online purchases occur in many stages

The online purchase process is sophisticated, occurs in several stages and involves various methods of gathering information. Although search engines are the most common method, many also use comparison sites or catalogues to support and simplify the purchase process.

We have previously learned that the online purchase process is sophisticated and occurs in several stages. Many consumers use comparison sites prior to the purchase, or read other consumer reviews.

In this year's survey, new questions were added about Googling and social media. It turns out that approximately seven in ten often use some form of search engine, such as Google, when searching for interesting e-commerce companies. This method of gathering information is thus the most common step taken prior to making a purchase. The use of search engines is most common in Denmark where eight in ten use Google as a first step in the purchase process.

Danes most active

Over half of Nordic residents who shop from home also use product comparison sites. In Denmark two in three consumers use such an information source. This result reinforces the conclusions presented earlier. Danish consumers shop from home most frequently. Their high activity prior to the actual purchase can therefore be interpreted as a sign of Danes' greater maturity in the e-commerce area compared to their Nordic neighbours.

Social media are also gaining an increasingly important role in e-commerce. More than two in ten use social media prior to making a purchase. This is most common in Finland where more than one in three use social media in the purchase process.

Catalogues still fulfil an important role

Catalogues have played a central role in traditional distance selling. They showed the entire selection of products, and orders were made through reply coupons.

Even in modern distance selling, catalogues continue to play an important role. Almost half of the respondents also used catalogues to support their online purchase. This is most common in Finland.

Catalogues have many advantages, according to respondents. They allow for a better overview, contain more information and allow consumers to search for information at their own convenience.

Mobile e-commerce just getting started

Very few e-consumers have begun to use their mobile phones to make purchases. Nonetheless, many industry experts believe that mobile devices will come to play an important role for e-commerce. Today, one in five consumers would already consider using their mobile phone for making purchases online.

A few years ago, conducting e-commerce via mobile phones was still something that belonged to the distant future. Very few respondents, only 3 per cent, had purchased goods via their mobile phones, but even more said they would be interested in doing so in the future.

However, this situation is changing rapidly as a new generation of mobile phones, or “smart phones”, reaches the market. An increasing number of Nordic e-commerce companies are therefore adapting their sites for mobile devices. Several are also developing special applications specifically for these phones.

Experienced industry analysts believe that this development will continue and will grow stronger in the coming years, and at least one such analyst[4] believes that the mobile phone will be our primary way of accessing the internet by the year 2020.

Finns most positive towards using mobile phones for shopping from home

One in five Nordic residents who shop from home are already positive about using their mobile phone to make purchases. Finns are the most positive, with one in three saying they would consider doing so. One possible explanation for this may be the influence of Nokia, Finland’s national mobile giant, on residents’ attitudes towards development in the mobile phone area.

Computer habits curb mobile use

Respondents who stated that they would not consider using their mobile phone to make a purchase were asked why. The most common reason is that they think it is simpler to shop using the computer. This answer also relates to the fact that many thought that mobile phone screens were too small. Slightly more than one in ten think that security is too poor.

It is possible to draw several conclusions from these answers. One is that mobile e-commerce is about consumers’ habits and that the necessary technology is not sufficiently widespread. But another conclusion may also be that vendors must make the necessary adaptations to their sites and payment methods in order to offer both secure and attractive alternatives for mobile purchases.

4 Errol Denger, IBM (E-commerce trends no. 10/11 2010).

Table 12: Percentage who have made purchases using a mobile phone

Basis: Shopped online during the previous year (NEW)	SE	DK	NO	FI	Nordic region (average 2009)
Have you at any time during the past twelve months used a mobile phone to make a purchase on the internet?					
Yes	2%	4%	4%	3%	3%
No	97%	96%	96%	97%	97%
Don’t know	1%	-	-	-	-

Table 13: Percentage who would consider purchasing products via their mobile phones

Basis: Shopped online during the past year, but not via mobile phone (NEW)	SE	DK	NO	FI	Nordic region (average 2009)
Would you consider using your mobile phone for purchasing products on the internet?					
Yes	19%	20%	13%	32%	21%
No	77%	78%	82%	68%	76%
Don’t know	4%	1%	5%	0%	3%

Table 14: Reasons for not using mobile phone for internet shopping

Basis: Shopped online during the past year, but not via mobile phone (NEW)	SE	DK	NO	FI	Nordic region (average 2009)
Why don’t you buy products from the internet via your mobile phone?					
Easier to shop via computer	30%	34%	42%	38	35%
Screen too small	19%	17%	30%	20%	21%
Don’t know how	10%	15%	6%	12%	11%
Security too poor	17%	8%	7%	10%	12%
Slow/poor connection speed	6%	3%	10%	23%	10%
No internet access on my phone	8%	14%	5%	11%	9%
Expensive/High price	4%	3%	15%	0%	4%
Not aware I could do it	3%	2%	2%	6%	3%
Mobile subscription owned by my employer	3%	3%	3%	5%	3%
Companies don’t offer option of using mobile phone for internet purchases	2%	1%	3%	3	**2%**
No need	-	9%	1%	0%	2%
Other	10%	3%	13%	8%	9%
Unsure, don’t know	7%	8%	10%	4%	7%

Table 15: Percentage purchasing products online from abroad

Basis: Shopped online during the past year (percentage who have shopped from home by any means shown in parentheses)					Nordic region (average 2008)	Nordic region (average 2009)
Approximately how often do you purchase products online from abroad?						
At least once a month	3% 22%	10% (37%)	12% (25%)	2% (8%)	6% (23%)	6% (23%)
Have purchased product(s) online from abroad at least once	40% (76%)	59% (77%)	60% (70%)	51% (69%)	48% (68%)	48% (74%)

(In the interviews, "foreign site" was defined as "sites in languages other than Swedish/Danish/Norwegian/Finnish and/or companies that you know are located in another country").

Table 16: Foreign countries most often purchased from online

Basis: Shopped online from a foreign site during the past year (several answers possible)					Nordic region (average 2009)
From which foreign countries have you purchased products via the internet?					
USA	66%	48%	48%	43%	54%
Great Britain	46%	66%	47%	38%	49%
Germany	34%	40%	11%	36%	31%
Sweden	-	19%	15%	31%	14%
Denmark	8%	-	18%	1%	7%
China	8%	5%	4%	7%	6%
Netherlands	2%	4%	3%	18%	6%
Other Asian countries	9%	3%	6%	0%	5%
France	4%	8%	7%	1%	5%
Other European countries	4%	6%	3%	5%	4%
Norway	2%	5%	-	0%	2%
Spain	1%	2%	1%	-	1%
Finland	1%	0%	0%	-	0%

Table 17: Products most commonly purchased from abroad

Basis: Shopped online from a foreign site during the past year (several answers possible)					Nordic region (average 2009)
What types of products have you purchased from abroad during the past year?					
Home electronics	28%	32%	33%	35%	31%
Clothing	27%	31%	36%	34%	31%
CDs and DVDs	12%	22%	28%	20%	19%
Books	16%	19%	26%	19%	19%
Sport/leisure items	14%	10%	10%	8%	11%
Other	13%	9%	9%	5%	10%
Auto accessories	7%	4%	9%	18%	9%
Cosmetics/skin and hair care products	3%	6%	18%	2%	6%

Widespread purchasing from abroad

An important component of Nordic e-commerce is shopping from abroad. Danes and Norwegians are those who most often make purchases from foreign sites. Swedes do so the least.

As previously described, one of the great advantages of e-commerce is that it provides access to unlimited selection, regardless of where the consumer lives. This is also an important explanation for the relatively widespread shopping from foreign sites.

In Denmark and Norway, one in ten e-consumers respond that they shop from a company located outside their country's borders at least once per month. Six in ten have done so at least once.

The proportions are lower in Sweden and Finland, especially in Sweden. There, slightly more than four in ten e-consumers say they have ordered goods from abroad at least once. In Finland, half of e-consumers have purchased goods from abroad at least once.

USA, Great Britain and Germany top the list

The largest markets for Nordic residents who shop from abroad are the US, Great Britain and Germany. Swedes, Norwegians and Finns most often make purchases from the US, while the largest market for Danes is Great Britain.

Intra-Nordic e-commerce is also prevalent, particularly regarding purchases from Swedish e-commerce companies. Nearly one in three Finns who order goods from abroad have purchased goods from Sweden, as have 19 per cent of Danes and 15 per cent of Norwegians.

The remaining intra-Nordic e-commerce is largely comprised of Norwegians who order goods from Danish sites. Almost two in ten Norwegian e-consumers who purchase goods from abroad have done so.

Clothing and home electronics purchased most

Just as in the domestic distance selling market, clothing and home electronics are the most purchased items from abroad, followed by CDs and films. Norwegian consumers are distinct in this regard. Almost three in ten Norwegian e-consumers who shop from abroad have purchased CDs and/or DVDs. Norwegians are also significantly over-represented among those who order cosmetics, while Finns are over-represented among those who order auto accessories.

Price key factor for purchases from abroad

Price is by far the most prevalent reason for purchasing products from abroad. Over half of Nordic e-consumers that shop from foreign sites highlight this reason. The primary reason for not ordering from abroad is that it has simply not yet happened.

The single most important reason for ordering items from abroad is lower price. This is particularly true for Norwegians and Danes. Six in ten Danes state price as a reason for making purchases from abroad. In Norway the percentage is somewhat higher, 65 per cent.

In Sweden this percentage is relatively lower than the two neighbouring countries. One important reason for this difference may be that the Swedish krona was relatively weak during the larger part of 2009. Swedes also seem to be somewhat over-represented among consumers who search foreign sites to access a larger or better selection.

Unlimited market one facet of e-commerce

It is also interesting to note that there is one group who buy products online regardless of where the products are located. They search for the lowest price, regardless of market. This group comprises 8 per cent of those who make purchases from abroad.

This group represents what is sometimes described as the essence of distance selling - having access to the entire world's selection from home.

Another interesting result is that Finns are over-represented among those who think it is simpler to compare prices when shopping from abroad. One possible way to interpret this is that the domestic market still has room to develop with regard to making price and product comparisons more transparent and clear.

Language does not present much of a barrier

Language barriers are sometimes mentioned as impediments for e-commerce. However, among e-consumers who do not make purchases from abroad, few state this as one of the reasons. Only four per cent state that language difficulties are a reason for not making online purchases from abroad.

However, one in ten do resist shopping from abroad because they feel the risk of being cheated is too great. Finns in particular state this as a reason, which may be explained by the fact that Finnish e-consumers are, as a group, generally less mature.

Table 18: Reasons for purchasing products from abroad

Basis: Shopped online from a foreign site during the past year (several answers possible)					Nordic region (average 2009)
Why do you use foreign sites to purchase goods online?					
Less expensive than sites in my own country	47%	61%	65%	46%	53%
I can't find what I'm looking for on sites from my own country	33%	32%	27%	37%	33%
Greater/better selection	36%	28%	32%	28%	32%
Saves time	4%	2%	1%	2%	3%
I shop where it's least expensive	5%	5%	1%	21%	8%
Easier to compare prices	-	1%	-	11%	3%
More comfortable	2%	5%	0%	1%	2%
I can shop when it's convenient	0%	3%	0%	2%	1%
Think it's exciting	0%	2%	3%	-	1%
Other	3%	5%	3%	-	4%
Unsure, don't know	0%	0%	2%	-	0%

Table 19: Reasons for not purchasing products from abroad

Basis: Shopped online during the past year, but not from foreign sites (several answers possible)					Nordic region (average 2009)
Why don't you purchase products from abroad?					
Has not happened / no need	46%	38%	37%	39%	41%
Payment security	10%	12%	16%	39%	18%
I find what I need is on sites from my own country	15%	16%	18%	10%	15%
Risk of being cheated is too great	8%	8%	5%	19%	10%
I'm not confident that I will receive the product	5%	9%	6%	14%	8%
VAT and customs duties make it difficult	4%	6%	7%	2%	5%
Other reason	8%	3%	6%	3%	5%
Language differences make it complicated	5%	6%	2%	2%	4%
Prices are higher	3%	1%	1%	0%	2%
Unsure, don't know	8%	8%	14%	2%	8%

Appendix 1 – questionnaire

1. When you shop from home, which ordering method do you most often use?

2. Roughly how often do you purchase products from home; e.g., via the internet, mail order catalogue, reply coupon, telephone or TV?

3. Compared with the past year, do you think you will buy more, fewer or about the same amount of products from home this coming year?

4. Which of the following is the single most important reason for shopping from home as opposed to shopping in a store?

5. Which kinds of goods have you purchased from home during the past year?

6. When you shop from home, which of the following payment methods do you prefer?

7. When you order a product from home, what is your expectation in terms of delivery time; i.e., what is the maximum acceptable number of days for delivery?

8. What advice would you like to offer to e-commerce companies that, if adopted, would make shopping from home more attractive?

9. When you are going to purchase a product over the internet, how often do you first...
   a. use a search engine such as Google
   b. obtain an overview by looking at price comparison sites?
   c. consult consumer reviews on an internet site?
   d. look at the product in a mail order catalogue or equivalent?
   e. look at and/or test the product in an ordinary store?
   f. use social media (blogs, communities, forums, video or photo sites)

10. What are the greatest advantages in using a catalogue when shopping on the internet?

11. Have you at any time during the past twelve months used a mobile phone to make a purchase on the internet?

12. Would you consider using your mobile phone for purchasing products on the internet?

13. Why don’t you buy products from the internet via your mobile phone?

14. Approximately how often do you purchase products online from abroad? (Sites in languages other than Swedish/Danish/Norwegian/Finnish and/or companies that you know are located outside of Sweden/Denmark/Norway/Finland).

15. From which foreign countries have you purchased products via the internet?

16. Why do you use foreign sites to purchase goods online?

17. Why don’t you purchase products from abroad?

Appendix 2 – method of calculation, market size, etc.

- Reference points:
  - 64 per cent of Swedes over the age of 15 shopped from home in 2009[5]. This corresponds to five million Swedes[6].
  - The Swedish retail trade had revenues totalling 56 billion euro in 2009[7]. Of total revenues, distance selling accounted for 2.65 billion euro[8], representing 4.7 per cent.
  - These figures serve as the basis for calculating the size of the total market for each country (i.e., the assumption is that distance selling accounts for 4.7 percent of the total retail trade in each country, multiplied by the percentage who shop from home, divided by the percentage who shop from home in Sweden, in order to produce a factor that takes into account whether more or less people than in Sweden shop from home).
- This produced the following calculations. Observe that the results are rounded off.

1 euro = 10.62 kronor (mean rate for 2009)	Sweden	Norway	Denmark	Finland
Total retail trade 2009 (euro)	55.97 billion	48.5 billion	44.2 billion	36.0 billion
Percentage of population that shops from home	64 per cent	59 per cent	71 per cent	54 per cent
Distance selling's share of total retail trade	4.7 per cent	(59/64 x 4.7) = 4.4 per cent	(71/64 x 4.7) = 5.2 per cent	(54/64 x 4.7) = 4.0 per cent
Total distance selling 2009 (euro)	2.65 billion	(48.5 x 0.044) = 2.11 billion	(44.5 x 0.052) = 2.32 billion	(36 x 0.04) = 1.44 billion
Number of residents over the age of 15 (2009)[9]	7.8 million	3.9 million	4.5 million	4.5 million
Number of residents over the age of 15 (2009) who shop from home	(7.8 million x 0.64) = 5.0 million	(3.9 million x 0.59) = 2.3 million	(4.5 million x 0.71) = 3.2 million	(4.5 million x 0.54) = 2.4 million
Average amount of purchase 2009 (euro)[10]	530 euro	909 euro	730 euro	596 euro
Total Nordic distance selling 2009 (euro)	8.5 billion euro			

A note on comparisons with last year's report

In 2009, Statistics Sweden (Svenska Statistiska Centralbyrån, SCB) made a number of revisions to the Swedish retail trade statistics for 2008. Consequently, it is not possible to compare absolute figures at the Nordic level with last year's report. However, percentage share developments are accurate.

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5 Source: Distance Selling in the Nordics 2010
6 Source: Statistics Sweden
7 Source: The Swedish Retail Institute, HUI
8 Ibid.
9 Source: Statistics Sweden and its counterpart in each country
10 Total distance trade/number who purchase from home

Distance Selling in the Nordics 2010