

E-commerce in the Nordic region Q2 2014

THEME: THE ROAD TO AN
E-COMMERCE PURCHASE



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E-commerce valued at SEK 33 billion

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FOREWORD

E-commerce in the Nordic region is continuing to perform strongly in the second quarter of 2014. In total, Nordic consumers have e-shopped for a total value of SEK 33 bn, as against SEK 34 bn in Q1 2014.

The size of the Nordic e-commerce market is therefore closely in line with the preceding quarter, and the quarterly variation follows the pattern we have observed in earlier measurements of the e-commerce market.

PostNord's e-commerce-related B2C parcel volumes rose by 12 percent in the second quarter.

The theme of the report for this quarter is "The road to an e-commerce purchase". In it, we look for example more closely at why e-commerce consumers decide on a particular online store and what the causes of canceled online purchases are.

The most important reason why e-commerce consumers decide to buy from an online store is previous experience of the site, but Google searches and comparison sites also lead customers into online stores. The most common reason for canceling an e-commerce purchase that is already in progress is that, in order to finalize the purchase, a login or membership is required.

It is also clear that half of all e-commerce consumers think it is important or very important to be able to choose logistics operator themselves, while seven out of ten think it is important or very important to be able to decide themselves how the item is to be delivered.

Håkan Ericsson
President and Group CEO

About the the report *E-handeln i Norden*

Since the first quarter of 2014, PostNord has been monitoring growth in e-commerce in the Nordic region on a quarterly basis. The survey is based on consumers' estimates of the total amount for their e-shopping bill.

E-handeln i Norden, published once a quarter, is based on a consumer survey conducted in Sweden, Denmark, Norway and Finland and involving 4,000 respondents.

In *E-handeln i Norden*, e-commerce is defined as sales of goods via the Internet, with delivery to the home or a distribution point, or for collection by the customer in a store, warehouse or distribution center.

This means that the following are not defined as e-commerce for the purposes of this report:

- In-store purchases that have previously been booked via the Internet
- Sales of services (for example, travel, hotel accommodation and concert tickets) conducted via the Internet
- Business-to-business sales via the Internet
- Sales between private individuals via the Internet

The consumer survey was conducted in July 2014 with a representative national selection of the population aged 18-79 years in each country. The survey was conducted via the TNS SIFO online panel. In all, 1,326 respondents took part in Sweden, 1,479 in Denmark, 1,427 in Norway and 1,310 in Finland.

Because this was an online survey, the findings are representative for the percentage of the population that have access to the Internet. In cases where estimates are presented as applying to the population as a whole, the findings were adjusted to reflect the degree of Internet penetration in the particular market.

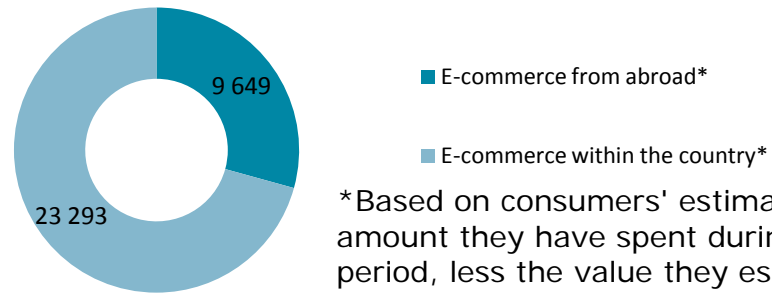
E-commerce worth SEK 33 billion

E-COMMERCE WORTH SEK 33 BILLION

During the second quarter, the value of online transactions by Nordic consumers is estimated at SEK 32,942 million. Of this amount, consumers estimate that online purchases from sites that they consider to be foreign make up around SEK 9.6 billion.

The proportion of online-purchased items delivered from abroad varies among the countries. The highest figure for deliveries from abroad is in Norway, where an estimated half of all online-purchased items come from abroad.

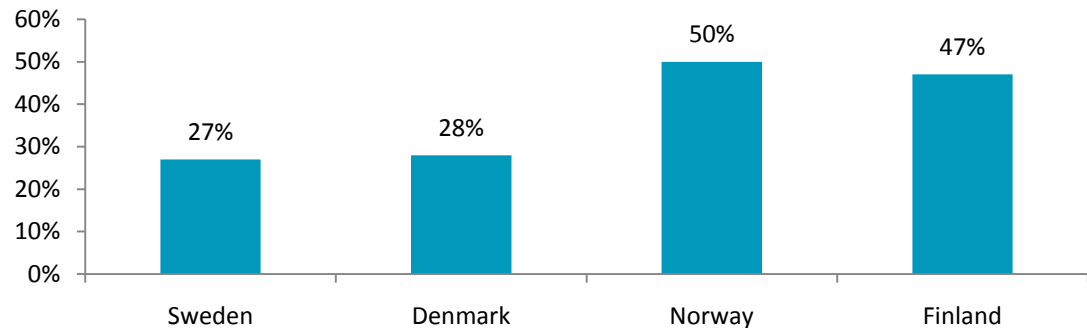
VALUE OF ONLINE PURCHASES BY NORDIC CONSUMERS IN Q2 2014 (SEK BN)



*Based on consumers' estimates for the total amount they have spent during the period, less the value they estimate for what they have spent online on foreign sites

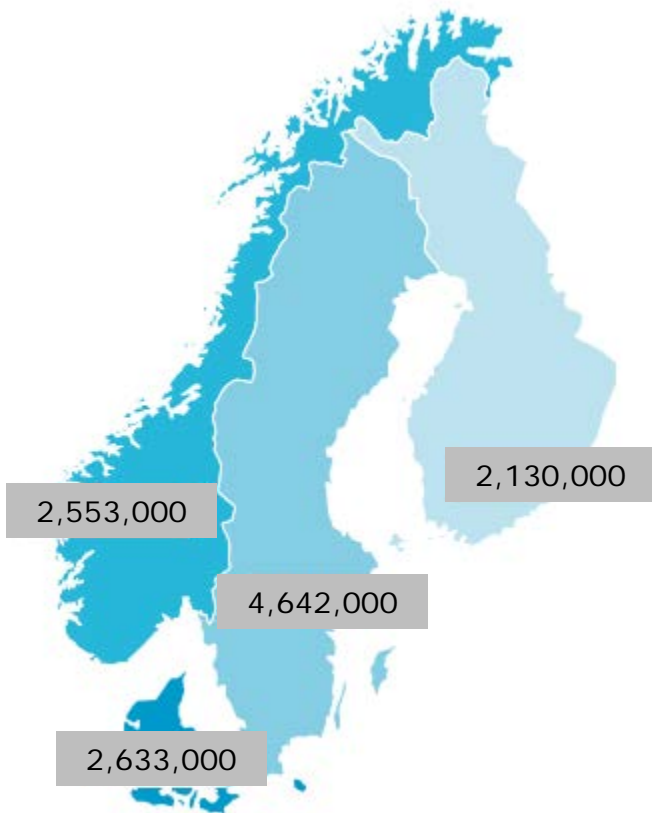
PROPORTION OF ITEMS DELIVERED FROM ABROAD

Base: Have bought online from abroad in Q2 2014



68% of northerners bought online during the second quarter of 2014

CONSUMERS WHO BOUGHT ONLINE IN Q2 2014



E-commerce performed strongly in the second quarter of 2014; roughly the same proportion of consumers said that they had bought online during the second quarter (68%) as in the first (70%).

The pattern in the Nordic region is in line with the results from the preceding quarter; the highest percentage of e-commerce consumers is in Norway, while Finland shows the lowest percentage.

Have you bought on the Internet in the past three months?

Base: all respondents

	Sweden	Denmark	Norway	Finland	Nordic region
Yes	70%	70%	71%	59%	68%
No	27%	28%	28%	39%	30%
Doubtful, don't know	2%	1%	1%	2%	2%

Clothes, media products and home electronics top Nordic e-commerce list

CLOTHES TOP THE LIST

Clothes, media products (books, films and music), home electronics and cosmetics – skin and hair care products – are the four categories of goods that most consumers in the Nordic countries bought online during the second quarter.

What types of goods have you bought online in the past three months? TOP 5

Have bought online in Q1 2014

	Sweden	Denmark	Norway	Finland
Clothing/shoes	39%	40%	38%	42%
Books/media	43%	33%	36%	38%
Home electronics (incl. computers)	28%	27%	28%	30%
Cosmetics – skin and hair products	17%	11%	20%	15%
Sports and leisure articles	11%	13%	18%	
Dietary supplements/pharmaceuticals	11%			11%

Mobile devices increasingly being used for e-commerce buying

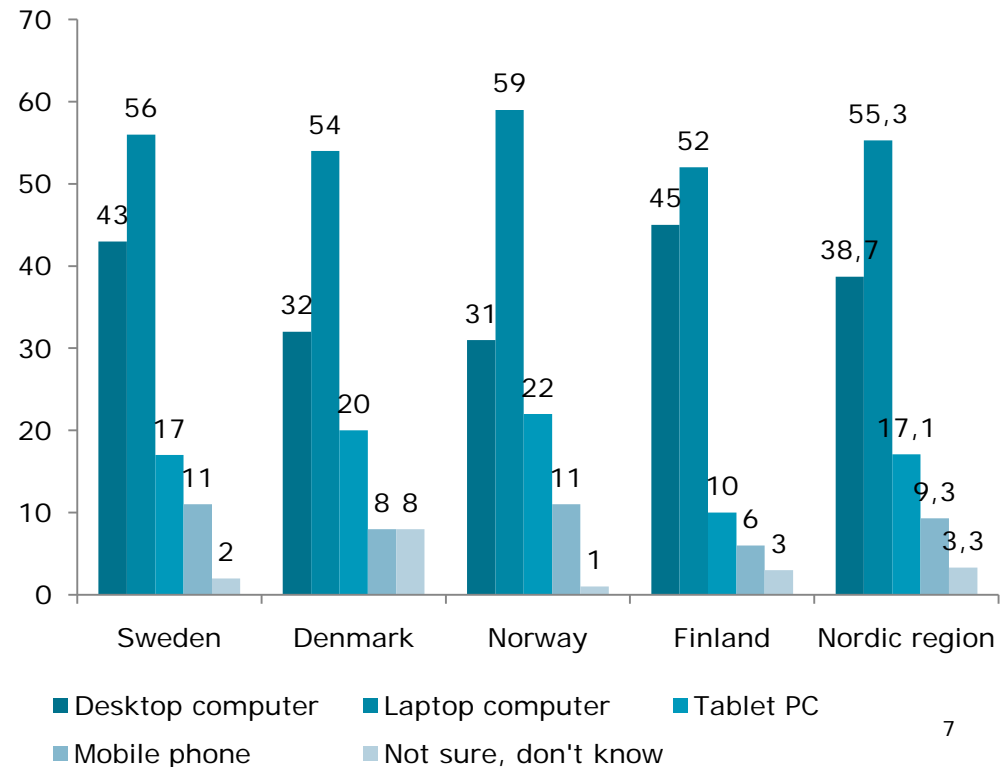
E-COMMERCE VIA MOBILE

E-commerce consumers are increasingly using their mobile phone – 9% – or tablet PC – 17% – for making their e-commerce purchases.

Use of mobile devices among e-commerce consumers in Norway is higher than in the rest of the Nordic region. Among Norwegian e-buyers, 11% used their mobile phone and 22% a tablet PC during the quarter.

WHICH DEVICES HAVE YOU USED FOR BUYING ON THE INTERNET IN THE PAST THREE MONTHS?

Base: Have bought online in Q2 2014



Four out of ten e-commerce consumers buy from abroad

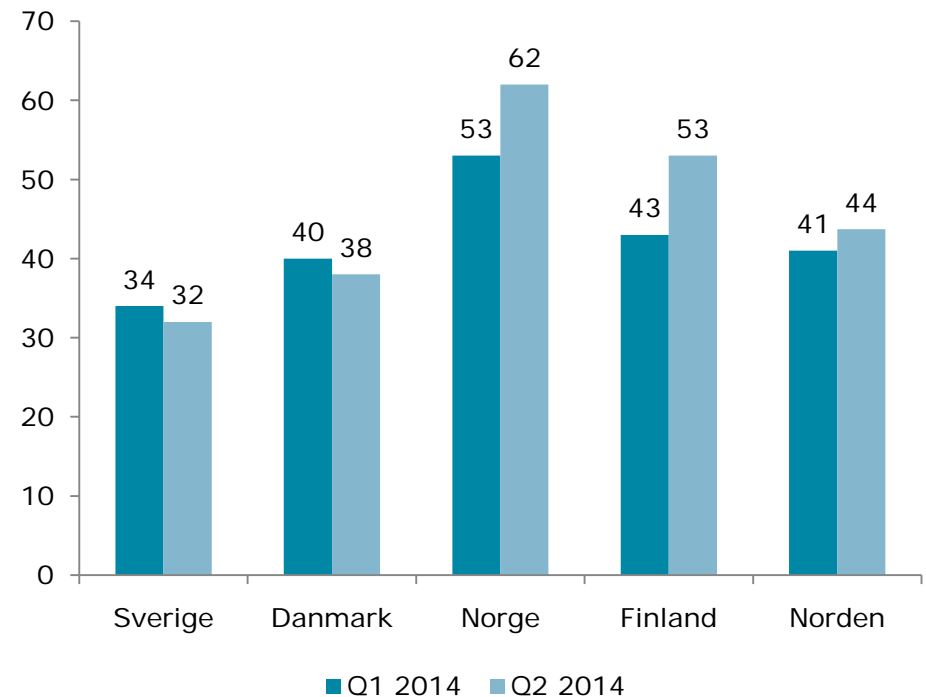
E-BUYING FROM ABROAD

The proportion of consumers buying online from foreign sites rises slightly over the quarter. Six out of ten Nordic e-commerce consumers state that they have bought online from abroad during the second quarter.

The proportion of consumers who bought online from abroad was lowest in Sweden – 32% of those who e-shopped during the quarter.

PERCENTAGE WHO BOUGHT GOODS ONLINE FROM ABROAD DURING THE QUARTER

Base: Have bought online during the quarter



E-buying from the UK most common in the Nordic region

E-COMMERCE FROM ABROAD

When northerners buy from abroad, they mostly buy from the UK, but also a great deal from the USA, Germany and China.

Of the Nordic countries, Sweden is the country that Danes, Norwegians and Finns mostly buy from.

E-commerce flows are not as high among the other Nordic countries.

From which countries have you bought goods online in the past quarter? Top 5.

	Sweden	Denmark	Norway	Finland
<i>Base: Have bought online from abroad in Q2 2014</i>	23%	27%	44%	31%
UK	40%	53%	43%	34%
USA	29%	13%	42%	18%
Germany	27%	34%	14%	30%
China	25%	9%	27%	18%
Denmark	9%			
Sweden		12%	17%	20%

Top 5, Rest of Nordic region

	Sweden	Denmark	Norway	Finland
<i>Base: Have bought online from abroad in Q2 2014</i>	23%	27%	44%	31%
Denmark	9%		13%	3%
Norway	2%	1%		2%
Finland	1%	0%	1%	
Sweden		12%	17%	20%

Clothes the most popular buy from foreign sites

CLOTHES TOP THE LIST

Clothes and shoes are the commonest category of goods when northerners buy from abroad online. This is closely followed by home electronics and media products; these three categories are also the most commonly-bought goods online generally.

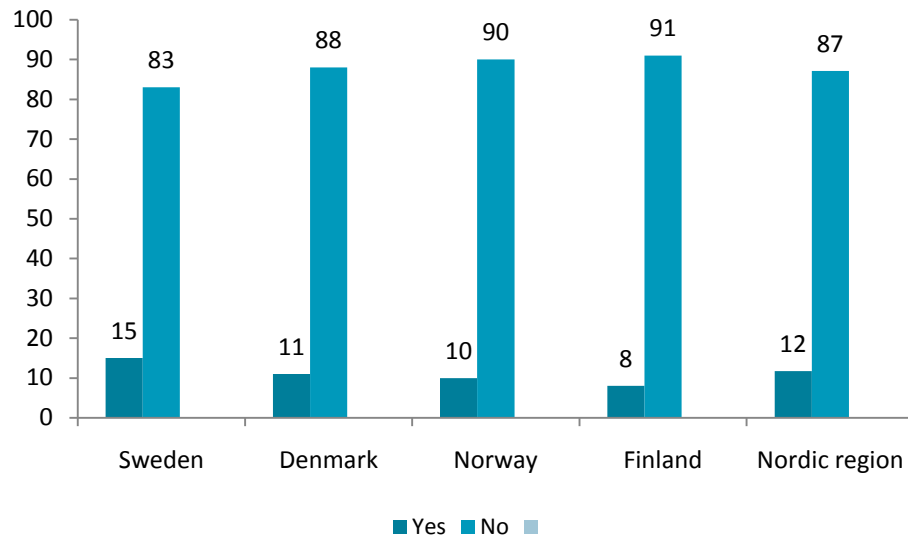
One category of goods that stands out especially in purchases from abroad is car parts and accessories; this appears among the top rankings in both Sweden and Finland.

What types of goods have you bought online from abroad in the past three months? TOP 5.

	Sweden	Denmark	Norway	Finland
<i>Base: Have bought online from abroad in Q2 2014</i>	23%	27%	44%	31%
Clothing/shoes	32%	31%	29%	37%
Home electronics (incl. computers)	17%	24%	20%	20%
Media	17%	16%	19%	21%
Cosmetics – skin and hair products			16%	12%
Sports and leisure articles	9%	11%	10%	
Jewelry, watches	9%			
Car parts and accessories	9%			8%
Dietary supplements/pharmaceuticals		6%		

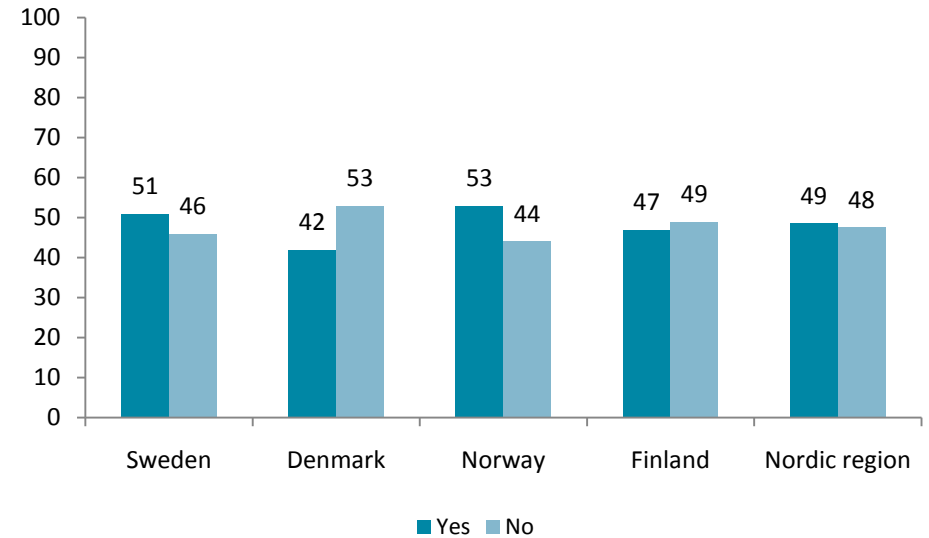
Omnichannel increasingly important

HAVE YOU AT SOME POINT DURING THE PAST THREE MONTHS FIRST LOOKED AT/TRIED OUT A PRODUCT IN A STORE AND LATER BOUGHT IT ON THE INTERNET?



12% of e-commerce consumers in the Nordic region state that at some point during the past quarter they have first looked at or tried out a product in a store and later bought it online

HAVE YOU AT SOME POINT DURING THE PAST THREE MONTHS FIRST RESEARCHED A PRODUCT ON THE INTERNET AND LATER BOUGHT IT IN A STORE?



49% state that at some point during the past three months they have first researched a product online and later bought it in a physical store.

Theme: The road to an e-commerce purchase Q2 2014

Past experience behind choice of online store

RETURNING CUSTOMERS

When northerners were asked to explain why they chose to visit the online store/site that they bought from, 43% stated that they had previous experience of the online store.

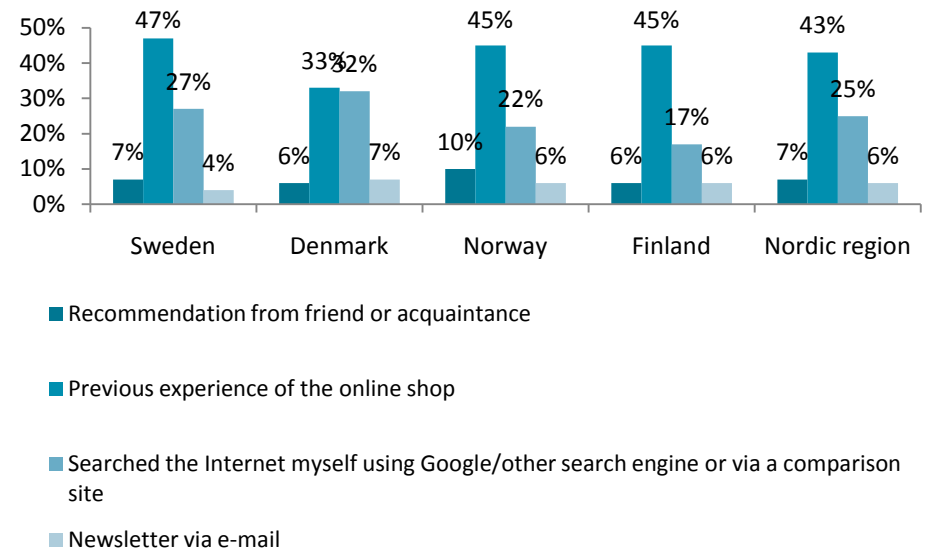
25% searched the Internet themselves using a search engine or comparison site.

7% of northerners stated that they had bought from a site that had been suggested to them by friends or acquaintances, while 6% said that they had decided to visit the online store after receiving a newsletter via e-mail.

OWN EXPERIENCE MOST IMPORTANT

The last time you bought something on the Internet – why did you decide to visit the online store/site that you bought from?

Base: Have bought online



Search engines the most important source

OWN RESEARCH

The most important sources to consumers when they are about to buy a product on the Internet are other sites. Among these, the highest ranked are search engines like Google, while the second highest are comparison sites. Friends/acquaintances and visits to physical stores are other important sources in preparing for online purchases.

As far as traditional advertising is concerned, offers through the letter box are what e-commerce consumers are most influenced by.

Offers, product catalogs and customer newsletters through the letterbox are appreciated above all in Finland, where 34% say they are an important or very important source.

How important are the following sources to you when you are about to buy an item on the Internet (percentage of those who opted for "important" or "very important")?

	Sweden	Denmark	Norway	Finland
<i>Base: Have bought online</i>	93%	93%	92%	88%
Comparison sites	58%	56%	60%	53%
Google/search engines	73%	75%	68%	80%
Friends and acquaintances	48%	56%	47%	47%
Newsletters via e-mail	16%	28%	25%	26%
Newsletters via SMS text	5%	3%	8%	8%
Product catalog/customer newsletter/offer through the letter box	20%	28%	24%	34%
Advertising via social media	8%	11%	16%	12%
Recommendation via social media	13%	13%	20%	17%
Advertising on the Internet	11%	14%	19%	23%
Advertising in newspapers	14%	15%	15%	34%
Advertising on TV/radio	10%	12%	14%	21%
Visit to a physical store	43%	47%	40%	53%

Clear information about products and prices

INFORMATION

The most important factors to e-commerce consumers is that there should be a clear display of what the total price will be and that the information about the products should be of good quality and clear.

Fast delivery and lowest price are not as important as might be thought.

Half of all e-commerce consumers think it is important or very important to be able to choose logistics operator themselves, while seven out of ten think it is important or very important to be able to decide themselves how the item is to be delivered.

How important are the following factors when you are about to buy from an online store/site? (percentage of those who opted for "important" or "very important")?

	Nordic region
<i>Base: Have bought online</i>	
Clear display of what the total price will be	96%
Information about products is of good quality and clear	96%
The site is easy to navigate around	92%
Good search function on the site	89%
Information about the company is of good quality and clear	73%
How to contact customer service is clearly indicated	82%
Lowest price	76%
That it is a company/brand that I recognize	67%
That delivery is fast (max. three days)	57%
Getting a clear indication of <i>when</i> the item will be delivered.	85%
Getting a clear indication of <i>how</i> the item will be delivered.	87%
Not having to register/become a member	64%
That delivery is free of charge	63%
That clear information is given on procedures for returns	81%
Being able to choose how the item will be delivered/which service point I can collect the item from	72%
Being able to choose the logistics operator who will deliver the item	47%

Requirement for membership can lead to cancelation of purchase

REJECT MEMBERSHIP

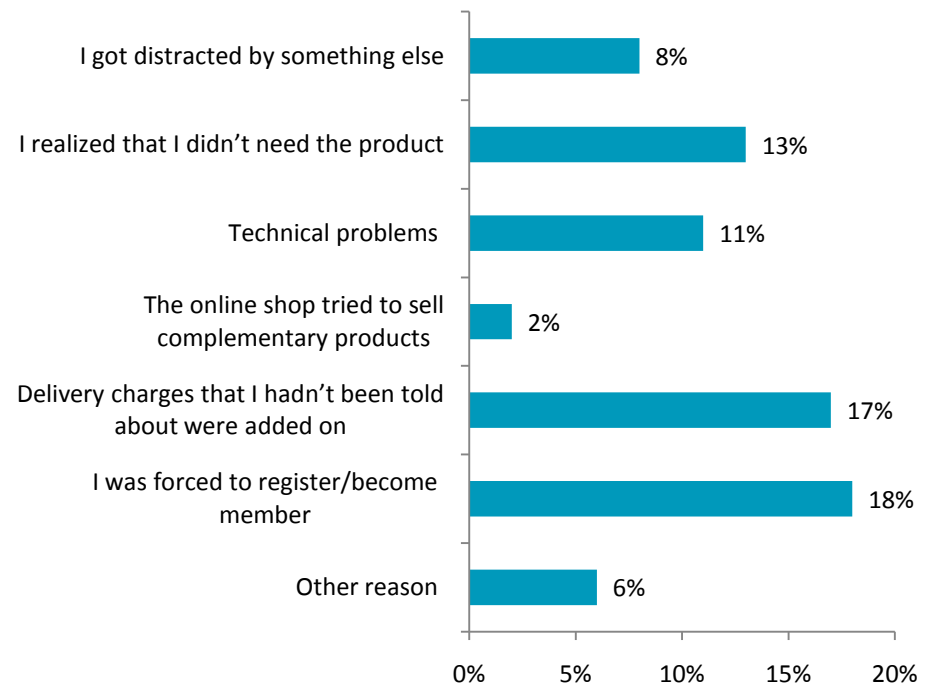
The most commonly quoted reason for canceling a purchase on the Internet is that the buyer has to register or become a member. Another reason for canceling is that no information is given about delivery charges that have to be added on.

13% of consumers canceled their most recent purchase on the Internet because they realized that they did not need the item they were just about to buy.

REASON FOR CANCELING PURCHASE

The last time you canceled an online purchase – what was the reason for that?

Base: Have bought online



Omnichannel in practice

DIGITAL FACILITIES IN PHYSICAL STORES

The e-commerce phenomenon and buying from physical stores are beginning to some extent to converge.

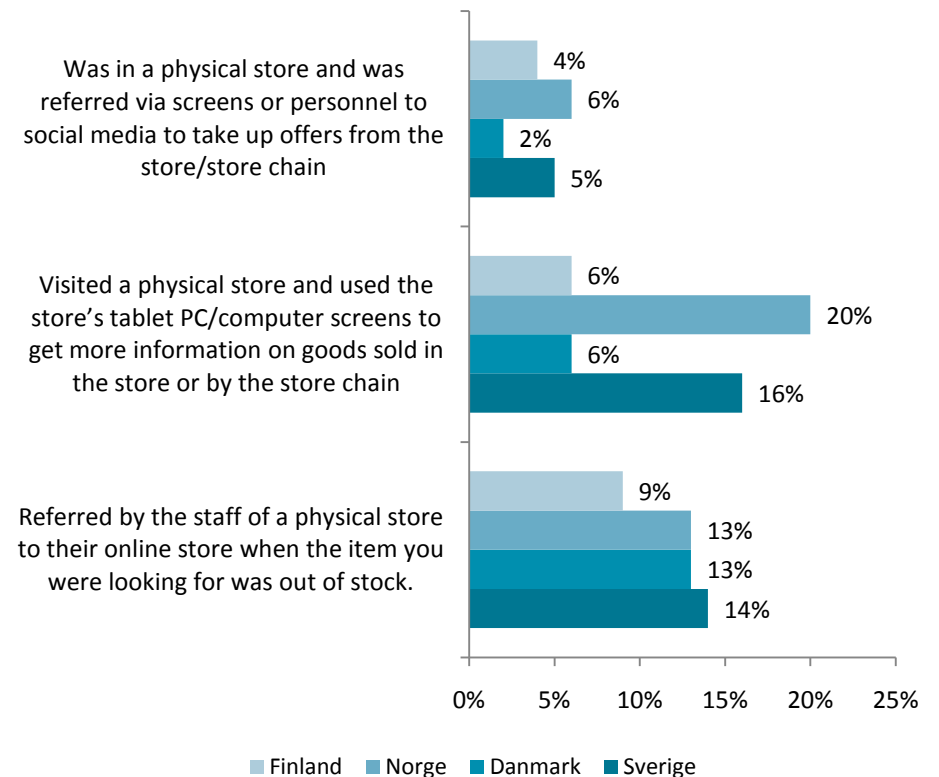
One out of ten northerners have been referred by the staff of a physical store to their online store if the item they are looking for is out of stock.

Tablet PCs and computer screens are also used in store for information on about items that are sold in the store. This is most common in Norway, at 20%, and Sweden, at 16%.

USE OF TABLET PCS IN STORE

At any time in the past twelve months, have you ... ?

Base: Have bought online



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