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postnord

Theme: The path to e-commerce purchases

# E-commerce in the Nordics

Q2 2015



# Nordic e-commerce valued at SEK 40.5 billion in Q2

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## FOREWORD



E-commerce in the Nordics rose significantly during the second quarter. Nordic residents spent SEK 40.5 billion on shopping online, which is a clear increase compared to Q2 last year (23%). Online shopping within national borders grew particularly strongly. The percentage who shop online from abroad is decreasing slightly in most of the countries.

E-commerce is also continuing to grow robustly from PostNord's perspective. About a third of the new agreements that we sign are in the strongly expanding e-commerce segment. Our e-commerce-related B2C parcel volumes climbed 17% during the quarter.

In this report we are looking into "The path to e-commerce purchases" for the second time. It is clear that Nordic consumers have high expectations of the process involved in an online purchase. This applies not least to deliveries: residents in the Nordics today attach nearly as much importance to clear information about how and when a product will be delivered as to good and clear information about the product itself.

At PostNord we are monitoring the development of e-commerce with great interest. Nordic consumers are buying more and more online, at the same time as setting high requirements. It is clear to us that listening to their requests is the key to having successful e-commerce offerings.

### **Håkan Ericsson**

President and Group CEO of PostNord

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# About E-commerce in the Nordics

Since the start of Q1 2014, PostNord has been monitoring Nordic developments in e-commerce each quarter. The survey is based on consumers' estimates of how much they have spent on shopping online.

E-commerce in the Nordics is published once a quarter and is based on a consumer survey conducted in Sweden, Denmark, Norway and Finland involving nearly 5,000 respondents.

In E-commerce in the Nordics, e-commerce is defined as the sale of products via the Internet that are delivered to the consumer's home or a distribution point or are collected by the consumer from a store, warehouse or distribution site.

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 2015 with a representative national selection of the population aged 18-79 in each country. The survey was conducted via the TNS SIFO online panel. In all, 1,122 respondents took part in Sweden, 1,205 in Denmark, 1,191 in Norway and 1,175 in Finland.

Seeing as this is an online survey, the findings are representative for the percentage of the population who 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.

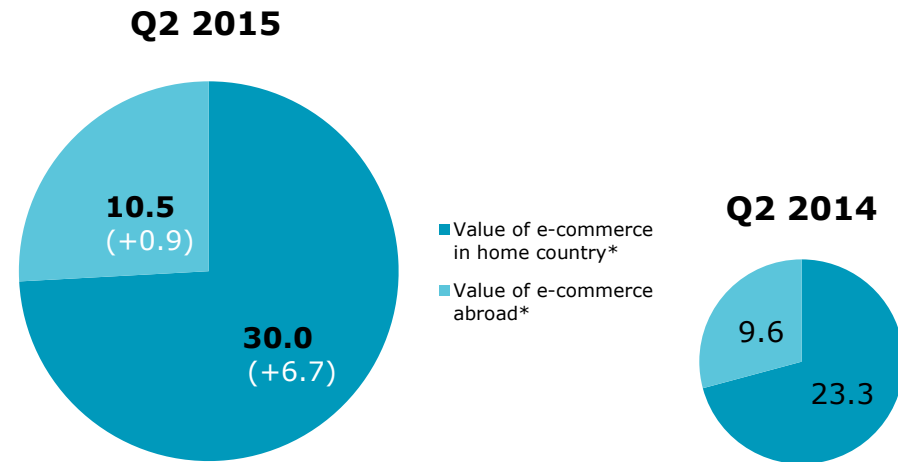
# Nordic e-commerce worth SEK 40.5 billion in Q2 2015

### E-COMMERCE GROWING STRONGLY

Residents of the Nordics spent SEK 40.5 billion on e-commerce in Q2 2015. This was a major increase of about SEK 7.6 billion, or 23%, compared to the same quarter last year. E-commerce within national borders rose particularly strongly, by SEK 6.7 billion, or 29%.

Of total e-commerce, about SEK 10.5 billion is from websites that consumers regard as foreign. This corresponds to an increase of just under 10% compared to the preceding year.

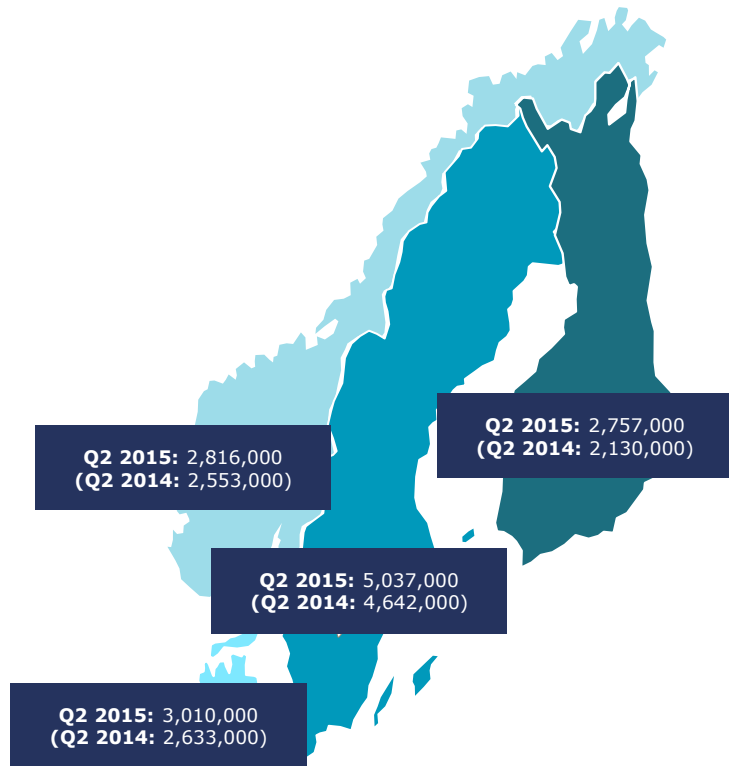
### The value of Nordic consumers' e-commerce in Q2 (SEK billion)



\* E-commerce in home countries is based on consumers' estimates of how much they have bought in total during the period, less the value that they estimate they have spent on e-commerce from websites abroad.

# Norwegians shop online the most

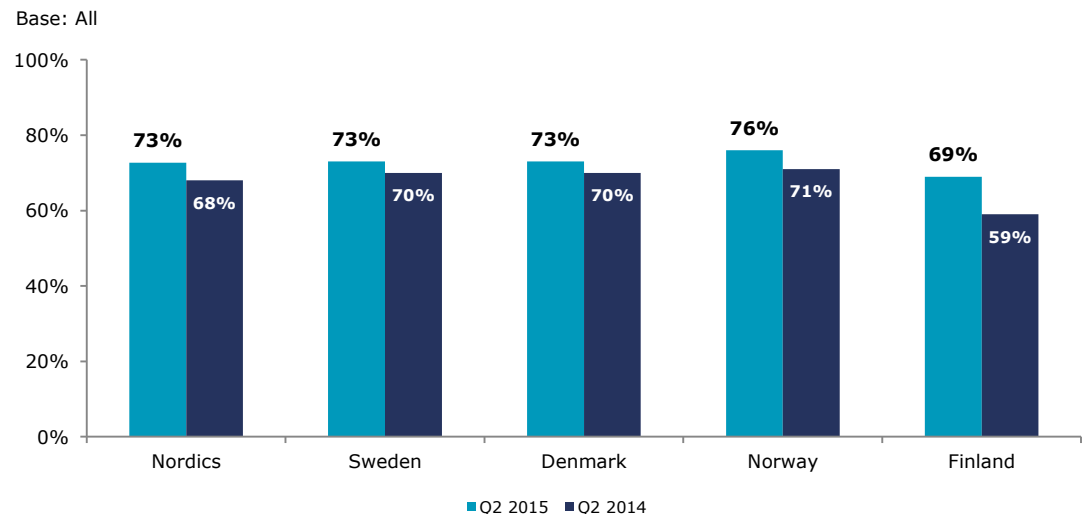
## CONSUMERS WHO HAVE SHOPPED ONLINE



Increasing numbers of consumers shop online. Both the percentage and number who shopped online in the second quarter rose compared to last year. This development was especially clear in Finland, where the percentage who shopped online increased by 10 percentage points.

Compared to the Q1 of this year, Norway rose considerably, while Denmark declined slightly. Norwegians are therefore the nationality who currently shop the most online.

## Number of consumers who have shopped online during the quarter



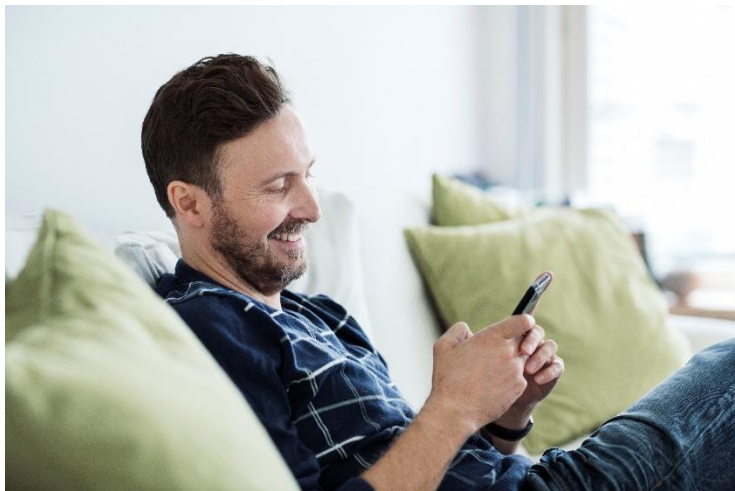
## Mobile commerce growing steadily

### SHOPPING USING A MOBILE PHONE

Mobile commerce is growing strongly throughout the Nordics. The majority of e-commerce purchases are still made from computers, and the percentage made from tablets is also increasing, but mobile phones are the platform displaying the strongest growth.

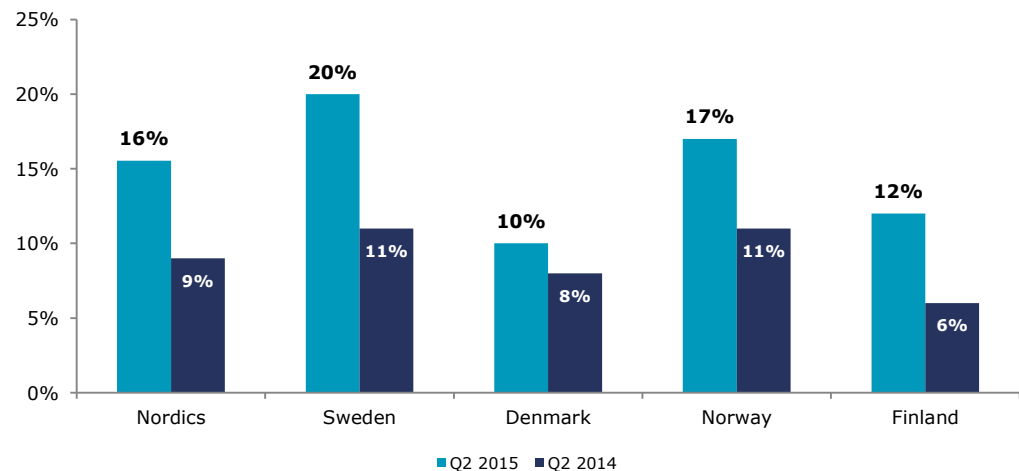
Compared to the previous year, the percentage of residents in the Nordics who shopped online using a mobile phone rose by 7 percentage points, from 9% to 16%. The growth was particularly strong in Sweden, where the percentage climbed by 9 percentage points, from 11% to 20%.

By a wide margin, the largest percentage who shop online from a mobile phone currently live in Sweden and Norway.



### Percentage who purchased products online using their mobile phone

Base: Have shopped online during the quarter



# Clothing/shoes most popular in all countries

## CLEAR LIST OF TOP PRODUCTS

Residents of the Nordics have clear and similar preferences in terms of which products they buy online. Clothing/shoes, media and home electronics are the most popular product categories. Clothing/shoes top the list in all the countries.

Health/beauty is also a popular category in all markets, but especially in Sweden, where it is in third place.

## Which types of products have you bought online in the past three months?

Base: Have shopped online during the quarter	Nordic region	Sweden	Denmark	Norway	Finland
Clothing/shoes	41%	41%	40%	40%	42%
Media*	36%	40%	31%	36%	35%
Home electronics**	29%	27%	28%	31%	33%
Health/beauty	25%	30%	22%	26%	19%
Sports/leisure	16%	13%	17%	17%	17%
Car/boat/motorcycle	8%	8%	7%	9%	9%
Children's articles/toys	8%	10%	9%	6%	6%

\* Includes products such as books, CDs and films.

\*\* Includes products such as computers and computer accessories, mobile phones and audio visual products.

Due to changes to how the question is reported there are no comparative data for Q2 2014.

# E-commerce from abroad most common in Norway and Finland

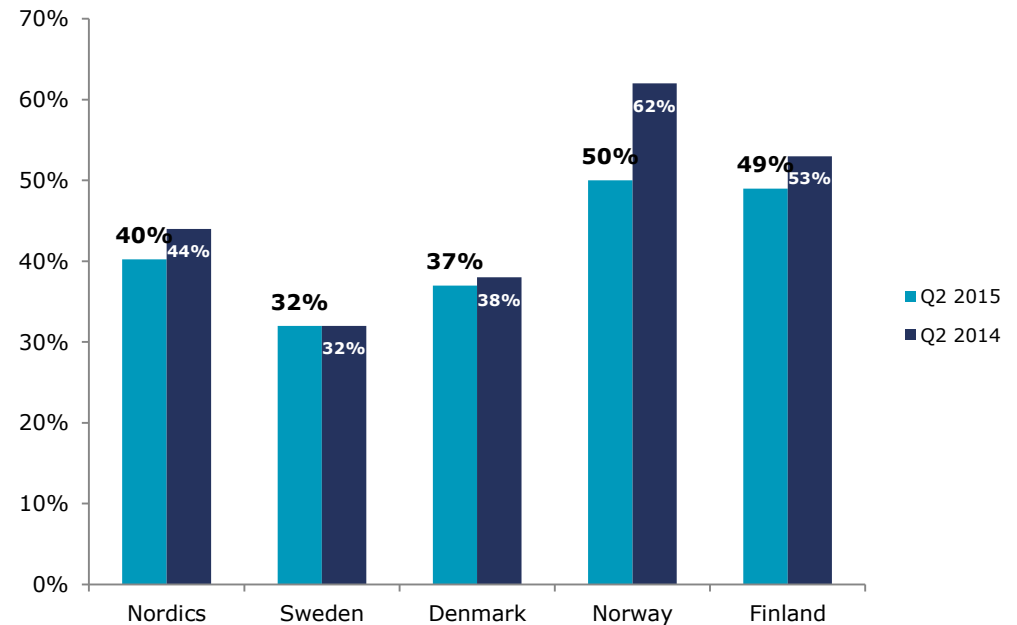
## E-COMMERCE FROM ABROAD

The percentage who shopped online from abroad decreased slightly in most of the markets compared to the same period last year. The clearest decreasing percentage is in Norway, which nonetheless maintains its position as the country with the largest number of people who shop online from abroad.

In Sweden, the percentage remained stable, while in Denmark it decreased by just one percentage point.

## Percentage who bought products online from abroad

Base: Have shopped online during the quarter





# UK favorite throughout Nordics

## E-COMMERCE FROM ABROAD

Consumers in all the Nordic countries preferably shop online from the UK. However, the percentage who shopped from the UK fell slightly in Norway and Finland.

Swedish and Norwegian consumers still like to shop online from the USA, but overall the percentage of Nordic purchases from the USA is decreasing.

E-commerce from China is rising in Denmark and Norway, but declining slightly in Sweden and Finland.

When Nordic residents shop online from each other, Sweden remains the most popular country by a wide margin.

## Top 5, From which countries have you bought products online in the past quarter?

Base: Have shopped online from abroad during the quarter	Sweden	Denmark	Norway	Finland
United Kingdom	<b>40%</b> (40)	<b>56%</b> (53)	<b>39%</b> (43)	<b>27%</b> (34)
Germany	32% (27)	35% (34)		26% (30)
USA	25% (29)	14% (13)	35% (42)	15% (18)
China	22% (25)	17% (9)	33% (27)	16% (18)
Denmark	5% (9)		13% (13)	
Sweden		13% (12)	20% (17)	20% (20)

Comparative data from Q2 2014 within parentheses.

A blocked field means that the response option is either outside the Top 5, or is not applicable.

## Top 5, Rest of Nordic region

Base: Have shopped online from abroad during the quarter	Sweden	Denmark	Norway	Finland
Sweden		<b>13%</b> (12)	<b>20%</b> (17)	<b>20%</b> (20)
Denmark	<b>5%</b> (9)		13% (13)	3% (3)
Norway	0% (2)	1% (1)		1% (2)
Finland	2% (1)	0% (0)	0% (1)	

Comparative data from Q2 2014 within parentheses.

A blocked field means that the response option is not applicable.

## Clothing/shoes dominate e-commerce from abroad

### E-COMMERCE FROM ABROAD

Clothing/shoes constitute by far the most popular product category when Nordic consumers shop online from abroad. This category is particularly dominant in Sweden and Finland.

In all countries, the largest categories are clothing/shoes, home electronics and media. In Norway, consumers also like to buy health/beauty products online from abroad, while in Finland and Denmark they prefer to buy products in the sports/leisure category.

### Which types of products have you bought online from abroad in the past three months?

Base: Have shopped online from abroad during the quarter	Nordic region	Sweden	Denmark	Norway	Finland
Clothing/shoes	35%	34%	28%	39%	42%
Home electronics*	19%	16%	19%	22%	22%
Media**	18%	15%	24%	22%	15%
Health/beauty	13%	11%	12%	20%	11%
Sports/leisure	13%	11%	17%	9%	15%
Car/boat/motorcycle	7%	10%	5%	6%	7%
Children's articles/toys	5%	5%	6%	4%	3%

\* Includes products such as computers and computer accessories, mobile phones and audio visual products.

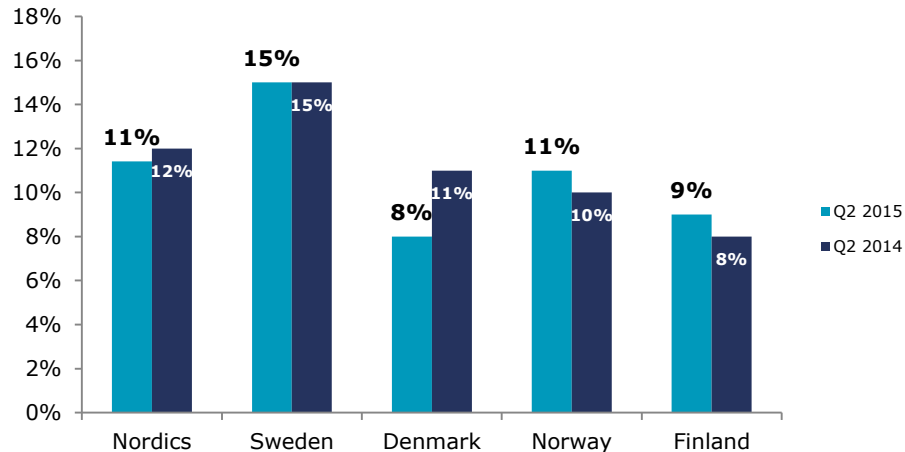
\*\* Includes products such as books, CDs and films.

Due to changes to how the question is reported there are no comparative data for Q2 2014.

# Omni-channel remains important

## Percentage who during the past three months looked at/tried on an item in store before buying it online

Base: Have shopped online during the quarter

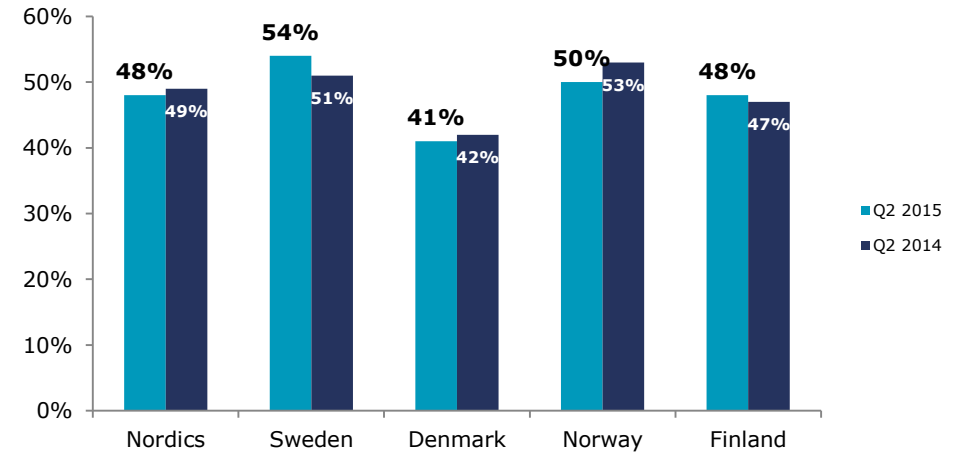


The percentage of Nordic consumers who have at some point looked at an item in store before buying it online is at the same level as in Q2 2014.

The fact that this type of consumption pattern prevails makes it important for companies to be visible in many different channels and media.

## Percentage who at some point during the past three months first researched a product on the Internet and later bought it in a store

Base: Have shopped online during the quarter



Among Swedish and Norwegian consumers, more than half who have shopped online stated that they did online research before making their purchase.

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# Theme: The path to e-commerce purchases

Q2 2015



# The path to purchases is often through Google

## ONLINE RESEARCH COMMONPLACE

In all the countries consumers usually evaluate a potential online purchase in various ways through online research. Consumers usually use Google or other search engines, but it is also common to do research via comparison sites, other online stores or customer reviews.

Overall, the preferences are similar in the different countries. Finland is one clear exception, however, where it is common for consumers to browse through printed catalogs or customer magazines before buying products online.

Think back on your most recent online purchase. Which of the options below did you do before deciding which online store to buy your item from?

Base: Have shopped online during the quarter	Sweden	Denmark	Norway	Finland
Did research at a physical store	11%	8%	10%	9%
Used Google or a different search engine	<b>49%</b>	<b>49%</b>	<b>48%</b>	<b>56%</b>
Did research in other online stores	30%	27%	37%	33%
Visited comparison sites	30%	26%	24%	20%
Read customer reviews on the Internet	23%	12%	27%	17%
Spoke to friends and acquaintances	14%	14%	16%	14%
Read tips and advice in social media	4%	3%	5%	2%
Browsed in printed customer catalogs and/or customer magazines	7%	5%	8%	19%

# Physical stores important source of information for many

## SEARCH ENGINES TOP THE LIST

In all the countries, consumers think that Google and other search engines are the most important sources of information. The rest of the top-five list in all countries contains the same sources, but in varying order.

In Denmark and Finland, for example, consumers state that the second most important source is visits to physical stores, while consumers in Sweden and Norway turn to comparison sites as their number-two source. Friends and acquaintances are the third most important source for most of the countries.

## How important are the following sources when you plan to buy an item online? (percentage who responded “very important” or “important”)

Base: Have shopped online during the quarter	Sweden	Denmark	Norway	Finland
Comparison sites	68%	61%	60%	49%
Google/search engines	<b>82%</b>	<b>82%</b>	<b>73%</b>	<b>75%</b>
Friends and acquaintances	63%	70%	50%	49%
Newsletter via e-mail	28%	34%	31%	30%
Newsletters via text message (SMS)	10%	7%	7%	6%
Product catalog/customer magazine/offer received in mailbox/letterbox	38%	43%	31%	45%
Advertising in social media	16%	18%	21%	17%
Information/recommendations in social media	24%	25%	26%	21%
Advertising on the Internet	18%	22%	21%	21%
Advertising in newspapers/magazines	31%	33%	28%	42%
Advertising on TV/radio	15%	24%	20%	29%
Visit to a physical store	62%	71%	54%	63%

# E-mail the most effective channel

## COMMUNICATION CHANNELS

An e-commerce company that wants to attract Nordic consumers should primarily focus on communication via e-mail. According to residents in the Nordics, this is by far the best channel through which to get them to visit an online store.

In Sweden and Finland physical information that people receive in their mailboxes is also particularly effective. As their second choice, Danes and Norwegians prefer to receive communication via other online channels, such as banners or pop-up windows.

If companies have offers that they want you to read about in their online store, which is/are the best channel(s) to get you to visit the online store?

Base: Have shopped online during the quarter	Sweden	Denmark	Norway	Finland
Text message (SMS)	10%	2%	5%	8%
Internet (via banners, pop-up windows or similar)	16%	21%	26%	15%
E-mail	<b>45%</b>	<b>32%</b>	<b>50%</b>	<b>52%</b>
Mailbox/letterbox	19%	16%	12%	28%
Physical magazine/newspaper	18%	17%	16%	27%
Radio	2%	6%	6%	9%
TV	10%	19%	13%	16%
Social media	14%	16%	21%	18%

# High expectations of e-commerce offerings

## IMPORTANT TO BE CLEAR

Residents of the Nordics place high requirements on most of the characteristics of an e-commerce offering. It is particularly important that the online store is easy to navigate and contains clear information about prices and products.

Relatively speaking, knowledge of the company or brand is regarded as the least important factor. Despite this, nearly 7 out of 10 state that this is important, which illustrates the high expectations that Nordic consumers now have when they shop online.

## How important are the following characteristics when you plan to shop online? (percentage who responded “very important” or “important”)

Base: Have shopped online during the quarter	Nordic region
Clear information on what the total price will be	93%
Information about products is good and clear	<b>95%</b>
The site is easy to navigate	91%
Good search function on the site	88%
Information about the company is good and clear	76%
How to contact customer service is clearly indicated	82%
Lowest price	85%
That it is a company/brand that I recognize	67%
Not having to register/become a member	76%



# Clarity about deliveries important

## EXPECTATIONS OF THE DELIVERY PROCESS

More than 90% of Nordic consumers think it is important to receive clear information on when and how an item bought online will be delivered. Nearly the same percentage think that clear information on procedures for returns is important, and that you can choose how and where an item will be delivered.

More than half of Nordic residents rate it as very important or important to be able to choose which logistics operator will deliver the product.

## How important are the following characteristics when you plan to shop online? (percentage who responded “very important” or “important”)

Base: Have shopped online during the quarter	Nordic region
That delivery is fast (1–2 days)	71%
Getting clear information on <i>when</i> the item will be delivered	91%
Getting clear information on <i>how</i> the item will be delivered	<b>92%</b>
That delivery is free of charge	73%
That clear information is given on procedures for returns	89%
That I can choose how and where I will receive the product	87%
Being able to choose the logistics operator who will deliver the item	55%

# Membership requirement is off-putting

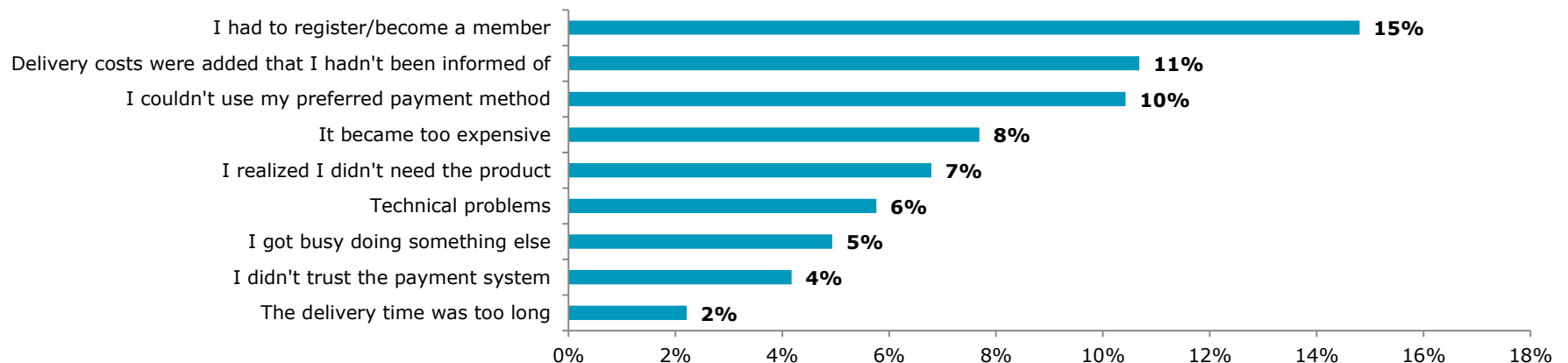
## REASONS FOR CANCELING PURCHASES

Membership requirements are the most common reason why residents in the Nordics cancel their e-commerce purchases in advance. Other common reasons are added unexpected delivery costs or that the payment method that they want to use is not available.

Among the less common reasons, 4% stated that they canceled their most recent purchase because they did not trust the payment system. Only 2% stated that the delivery time was too long.

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

Base: Have shopped online during the quarter



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