

# Distance selling today 2008

– a report on Swedish people's habits and attitudes in relation to distance selling





## Preface

More and more Swedes are choosing to make an increasing number of their purchases from home. In 2007, the distance-selling market amounted to 22.4 billion kronor. E-commerce continues to account for the largest proportion of the increase, growing by almost 24 percent.

Distance selling comprises a growing proportion of Posten's business. Our network of agents and our rural delivery routes have meant that we have an important role to play in the development of distance selling. Posten therefore aims to continually contribute to improving knowledge of selling via the Internet and via traditional postal order, the growth of this trend and its significance for companies and consumers.

This year's report is the third in the series, "Distance selling today", which charts Swedes' habits and attitudes in relation to distance selling. One clear trend is that an increasing number of people are making the majority of their purchases via the Internet. Another obvious trend is that text messages are gaining popularity as a way of notifying the recipient that an item is ready for collection.

This year, for the first time, we have also looked more closely at what happens after a purchase has been made by distance selling. Half of all consumers report that they have at some point returned an item that they have purchased from home, and more than eight out of ten think that the process functioned well.

Another aspect that is now being raised for the first time is consumer-to-consumer distance selling. The results show that almost nine out of ten people that shop from home with other individuals made contact with the other party via advertising sites on the Internet.

The survey speaks for itself. Distance selling is maturing and has established itself as a natural way of shopping for Swedish consumers.

The report is aimed at those who want to learn more about the role that distance selling plays in everyday life, and the attitudes of Swedish consumers towards this trend.

We hope that this report will be informative and inspirational for both active and budding distance selling companies and consumers.

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## Contents

Distance selling growing on all fronts	3
Internet dominates ordering channels	4
Sophisticated online shopping in several stages	5
One in three choose text message notification	6
Efficient handling of returns	7
Four out of ten have shopped from abroad using the Internet	8
Widespread consumer-to-consumer distance selling	9
Consumers trust each other	10
Appendix – questions	11

### About the survey

The survey is based on telephone interviews with 2,000 individuals in a nationally representative selection. The interviews were conducted during the period 20 to 29 November 2007 by SIFO Research International.

In order to be able to discern trends, the results from previous surveys are also shown. Some of the changes that are reported are within the statistical margin of error. A rule of thumb is that changes that are greater than four percentage points are statistically guaranteed. Those results that have a smaller base, i.e. that are based on smaller samples, should be interpreted with great care.

The report uses the terms distance selling and e-commerce. Distance selling encompasses all ordering of goods at a distance, regardless of the mode of ordering (Internet, mail order catalogue, reply coupon, telephone or TV). Distance selling means that the buyer and seller never meet physically. E-commerce refers solely to ordering goods over the Internet.

## Summary

For the third year in succession Posten has interviewed Swedish consumers on their attitudes and habits in relation to distance selling. The purpose of the survey is to increase understanding of the role and extent of Distance selling in Sweden today.

- **Distance selling is growing on all fronts** – Compared with previous years the proportion of Swedes shopping from home has increased by four percentage points, to 75 percent. The proportion of people that shop each month is barely one in five, 18 percent.
- **The Internet is the dominant ordering channel** – Seven out of ten Swedes who shop from home do so mostly using the Internet. Three out of ten who order via the Internet believe that they will do so more this year than they did last year. Only five percent believe that they will buy less using the Internet.
- **Sophisticated online shopping in several stages** – Online orders are often preceded by an extensive information-gathering exercise. Over half, 56 percent, begin by obtaining an overview via price comparison websites. Almost as many, 44 percent, read consumer ratings on Internet sites before they begin shopping.
- **More choose text message notification** – An increasing number prefer a text message notifying them that their parcel is ready for collection from an agent. The proportion of people that prefer to receive a text message has increased by twelve percentage points over the past two years, and now amounts to 32 percent
- **Distance selling with efficient handling of returns** – About half of those who shop from home at least once a year have at some point returned an item. Of these, more than eight out of ten, 84 percent, feel that the process has worked well.
- **Four out of ten have bought online from abroad** – Four out of ten who shop online have at some point made a purchase from a foreign website. The countries that Swedes shop most frequently from include the USA, UK and Germany.
- **Widespread consumer-to-consumer distance selling** – Almost two out of ten Swedes have sold an item to another individual from home, and one in four Swedes have at some point purchased an item in this way. For consumer-to-consumer distance selling, the Internet is the single most common meeting place.
- **Consumers trust each other** – The most common method of payment when individuals trade with each other from home is direct deposit into the seller's account. Forty percent pay in this way. Other common forms of payment include Internet bank and payment on collection.

## Distance selling is growing on all fronts

**Three out of four Swedes have shopped from home. Almost nine out of ten of those under the age of 50 have shopped from home. And the frequency is also increasing. Almost one in five Swedes now shop from home at least once a month**

Seventy-five percent of Swedes state that they have at some point shopped from home. Almost nine out of ten of those under the age of 50 have shopped from home.

This is an increase compared with previous studies. When we look at developments during the 2000s it is clear that distance selling has reached a phase of maturity. Shopping from home is now an established way of shopping for Swedish consumers.

### More frequent distance selling

There is an increasing trend towards shopping from home on a regular basis. The trend is most apparent in the 30 to 49 age group. Of these, one in four shop at least once a month, an increase of five percentage points compared to previous years.

Shopping from home is least widespread among those people over the age of 64. Yet of this group, 44 percent have bought goods from home, but only five percent shop at least once a month.

### Women buy clothes, men buy home electronics

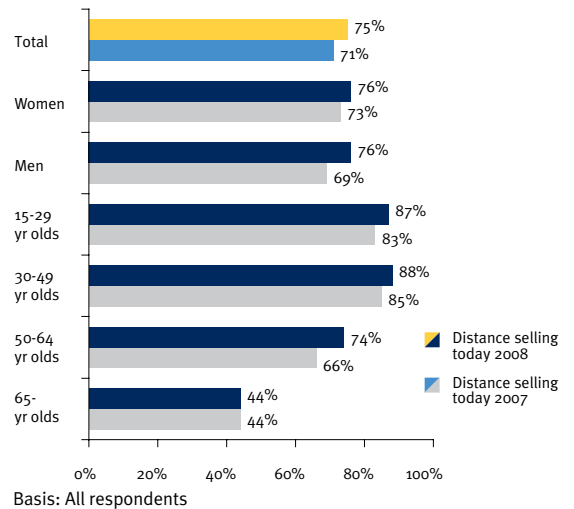
Half of all Swedes, 49 percent, say that they have bought clothes and shoes from home. That makes this the most common group of goods that is bought from home. It is most often women who buy clothes in this way. Two out of three women, 67 percent, say that they have bought clothes and shoes from home. The equivalent figure for men is three out of ten, 30 percent.

Clothes and shoes are closely followed by home electronics, which 47 percent of respondents have bought from home. Men are in the clear majority. Seven out of ten men, 70 percent, have bought home electronics from home. The equivalent figure for women is just under three out of ten, 27 percent.

Other common distance selling goods include books and music, which 25 and 19 percent of Swedes respectively state that they have purchased from home.

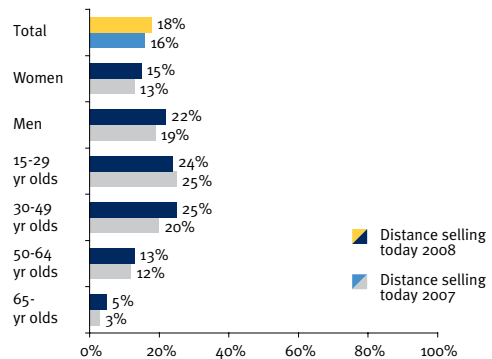
**Approximately how often do you shop from home, for example via the Internet, mail order catalogues, reply coupons, telephone or TV?**

**Answers: Shop from home at least once a year + Less often**

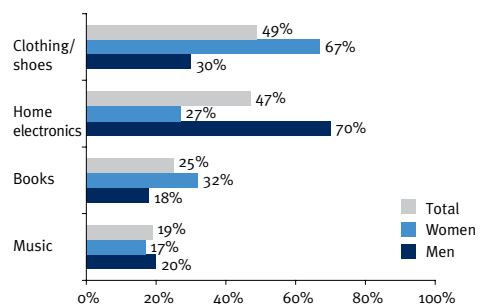


**Same question as above**

**Answers: Percentage of people who shop from home at least once a month**

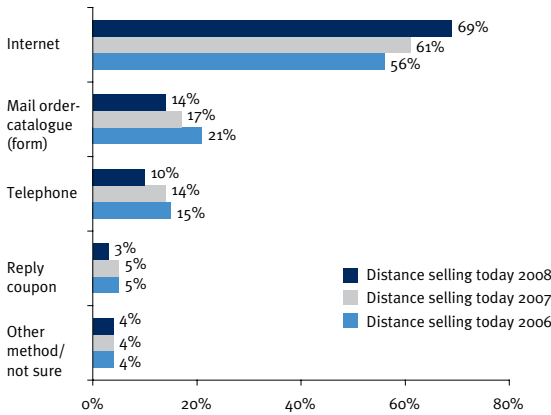


**What kind of goods have you purchased from home during the past year?**



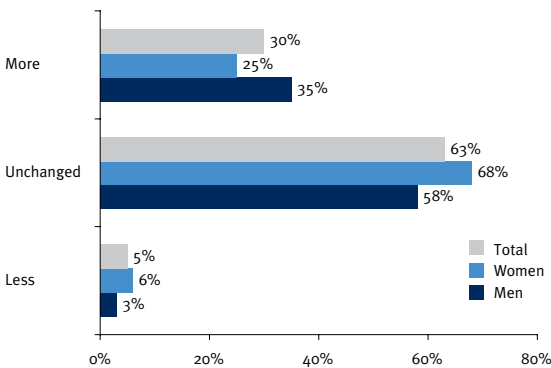
## Internet dominates ordering channels

**Which method of payment do you most often use when shopping from home?**



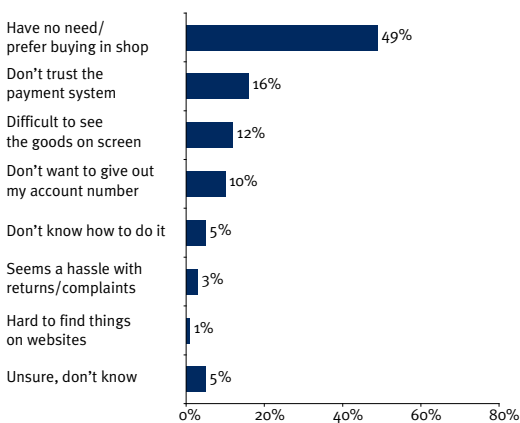
Basis: Those who shop from home at least once a year

**Compared with last year, do you think that you will buy more or less goods over the Internet/websites during the coming year, or about the same?**



Basis: Have shopped online in the last year

**Why don't you shop over the Internet?**



Basis: Internet users that have not shopped online in the past year

The Internet is gaining significance and growing rapidly as the most important ordering channel for distance selling. Seven out of ten Swedes who shop from home make their orders online. This year's survey clearly shows that Internet shopping is expected to continue to grow.

Today, most Swedes use the Internet as a matter of course, and an increasing number are becoming more adept at using the Internet. For many, it is as natural now to shop online as it is to go to a physical store.

### Internet most common method of ordering goods

Of those who shop from home at least once a year seven out of ten, 69 percent, say that they often order via the Internet. In the previous survey the proportion was 61 percent. The proportion of respondents saying that they order via the Internet has increased by 13 percentage points compared with the results two years ago.

The increase in the Internet's significance as an ordering channel has occurred at the cost of more traditional alternatives. However, mail order catalogues are still the main ordering channel when shopping from home for 14 percent of those interviewed. The telephone is used almost as frequently. One in ten of those questioned state that this is the ordering channel they use most.

### E-commerce continues to grow

Of those Swedes that have shopped online over the past year, three out of ten state that they will buy more goods via the Internet next year. Of those interviewed, a greater proportion of men than women, 35 and 25 percent respectively, say that they will buy more goods online.

Only five percent of those questioned who shop online believe that they will reduce their online shopping compared to last year. All in all, those who already shop online are expected to increase their online consumption during the coming year.

### Few concerned about payment security

One in three Internet users state that they have not shopped online over the past year. Half, 49 percent, say that this is due to lack of need or because they would rather shop in a store. Barely two out of ten, 16 percent, says that they do not trust the payment systems. One in ten state that they do not want to give out their account number.

## Sophisticated online shopping in several stages

**E-commerce consumers make their purchases in several stages. More than half begin by obtaining an overview by visiting price comparison websites. The most important qualities for a good e-commerce site are that it is easy to navigate, has detailed product information and seems professional.**

The actual e-commerce purchase is part of a sophisticated process, and is often preceded by a thorough information-gathering exercise. While e-commerce is on the increase, this year's survey also reveals that the Internet is an important source of information for those shopping online.

### Thorough research

Almost six out of ten, 56 percent, of those who have shopped online during the past year state that they often use price comparison sites before making a purchase. This behaviour is more widespread among men than women. Besides comparing prices, the buyer visits these sites to obtain an overview of the product range that is available on the market.

When buying home electronics, for example, it can be worthwhile supplementing companies' product information with opinions from other consumers. More than four out of ten, 44 percent, say that they often read consumer reviews on the Internet before making a purchase. Men are overrepresented in this group.

Four out of ten, 41 percent, state that they look at a mail order catalogue before buying goods online. This channel is used more by female consumers than by men. One explanation could be that clothes, the type of goods that women most often buy when shopping from home, are often marketed via mail order catalogues.

Around one in five of those interviewed, 22 percent, go to a normal store first in order to look at the item they plan to buy online. The figure for men is 25 percent and for women, 18 percent. One possible explanation is that men buy home electronics to a greater extent when shopping from home, so they often want to speak to an expert before making the purchase

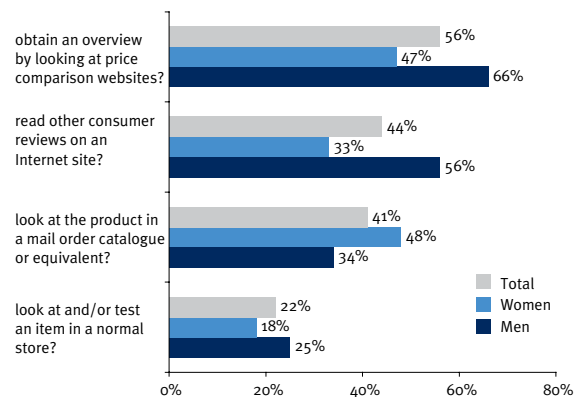
### User-friendliness essential

The chief characteristic of a good e-commerce site is that it is user-friendly. Four out of ten, 39 percent, state that an e-commerce site must be easy to navigate. Almost as many, 34 percent, highlight that there should be good product information. Just over one in four, 27 percent, feel that a good e-commerce site should have a professional feel.

It is interesting to note that only 16 percent highlight that a good e-commerce site should offer various ways of making a payment. One interpretation of the result is that there is an increasing level of confidence in the established payment methods on the Internet.

**When you are going to buy a product using the Internet, how often do you first...**

**Answers: Always + Very often + Quite often**



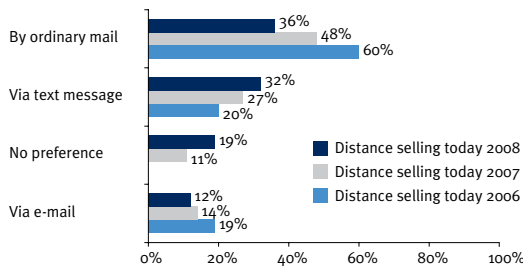
Basis: Have shopped online in the last year

**What are the most important individual features in a "good" e-commerce site?**



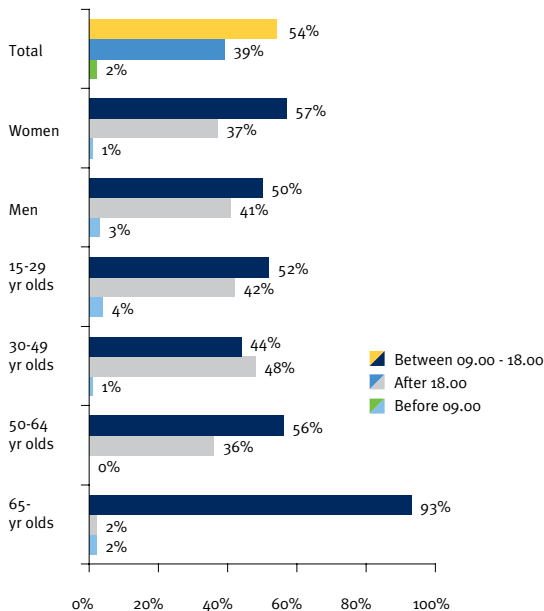
Basis: Have shopped online in the last year.  
Several possible answers

**When an item that you have ordered is available for collection, what is your preferred way of being informed?**



Basis: Those who shop from home at least once a year  
("No preference" was not an available option in Distance selling today 2006)

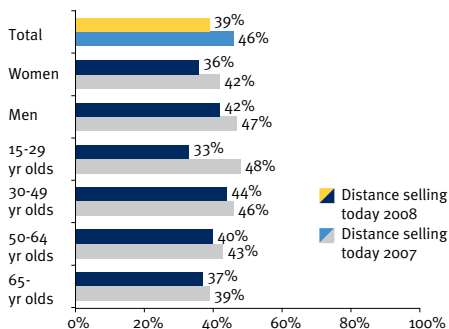
**What is the best time of day for you to collect goods that you have bought from home from your collection point?**



Basis: Those who shop from home at least once a year

**Roughly what proportion of the goods that you buy from home do you get delivered to your letterbox?**

Answers: Half or more



Basis: Those who shop from home at least once a year

## One in three choose text message notification

Demand for text message notification is increasing, and a third of consumers that shop from home now want to be notified via text message when their goods are ready for collection. Interest in receiving notification via ordinary mail has fallen dramatically since 2006.

The final stage in the process for individuals making purchase from home is the collection of the goods. It is clear here that Swedes want to be notified in different ways.

## Notification to mobile or letterbox

Receiving notification by ordinary mail is no longer an obvious choice, as it was previously. The proportion of people who prefer physical notification amounts to just over a third, compared with 60 percent just two years ago.

Compared with previous studies, there is a clear trend towards text message notification, where the recipient is informed via a text message of the consignment number, time and place for collecting the goods. A third of those who shop from home at least once a year, 32 percent, now want to be informed via text message. This is an increase of 12 percentage points over two years. One explanation could be that in some cases, text message notification allows the recipient to collect the goods earlier.

One in ten home shoppers, 12 percent, prefers the third form of notification, e-mail.

## Four out of ten want to collect in the evening

Just over half, 54 percent, want to collect the goods they have bought from home between 9.00 a.m. and 6.00 p.m. Four out of ten, 39 percent, state that they prefer to collect their goods after 6.00 p.m. Some differences are noticeable between the various age groups in relation to collection. Forty-eight percent of 30-49 year-olds prefer to collect their goods after 6.00 p.m.

Four out of ten get half or more of the goods that they have bought from home delivered direct to their letterboxes.



## Efficient handling of returns

Half of those who shop from home at least once a year have returned an item. More than eight out of ten of these think that the process worked well.

A well-functioning returns process boosts consumer confidence and is an important aspect of successful distance selling. This year's interview survey shows that Swedish consumers who shop from home think that the returns process works very well.

### Half have returned an item

Just over half, 53 percent, of those who shop from home at least once a year state that they have at some point returned an item. The figure is highest among female respondents, where two out of three, 66 percent, have at some point returned an item. One reason for this may be that women tend to buy more clothes from home, and that these need to be tried on at home before the consumer knows whether or not they are satisfied with the purchase. (See page 3)

### More than eight out of ten are satisfied with the returns process

In order to establish a good relationship with one's customers, it is essential that all aspects of the purchasing process work well, even if the consumer wants to exchange an item or return it for some other reason.

84 percent of those who have returned an item that they have purchased from home feel that the process worked well. The level of satisfaction is evident in all respondent groups. Among the women, nine out of ten, 89 percent, say that it worked well. The corresponding figure for men is 75 percent.

All in all, the results give a clear message. An absolute majority of those Swedes who have returned an item that they have purchased from home are very satisfied with the way in which the returns process worked in practice

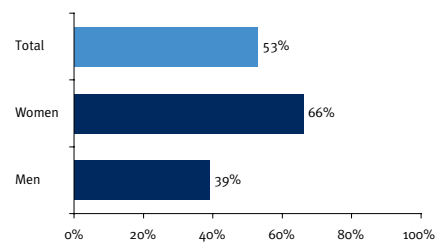
### Satisfaction with the purchase main reason for not returning an item

Half of home shoppers have never returned an item that they bought from home. Almost nine out of ten of those that have not returned an item, 86 percent, say that they have always been satisfied with the goods they have bought from home. Only six percent say that it was too complicated to return items. Even fewer, three percent, say that they did not feel that it was worth the effort.

All in all this result supports the image of a distance-selling infrastructure that functions well. A good returns process goes hand in hand with well-organised distribution and long opening hours to provide a secure and smooth distance-selling operation.

#### Have you at some point returned an item that you have bought from home?

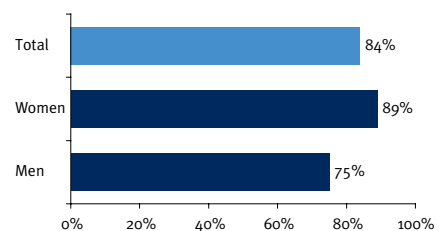
Answers: Yes



Basis: Those who shop from home at least once a year

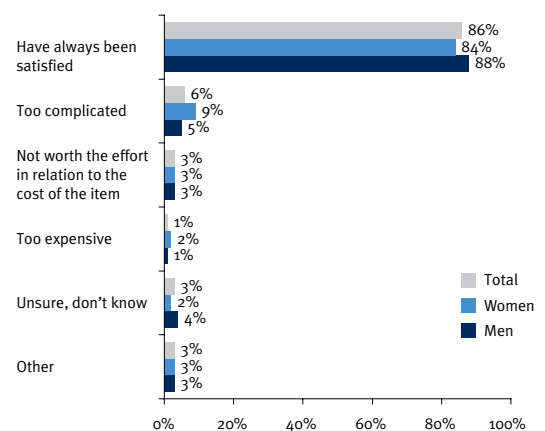
#### How do you think the returns process worked?

Answers: Very well + Quite well



Basis: Has at some point returned an item bought from home

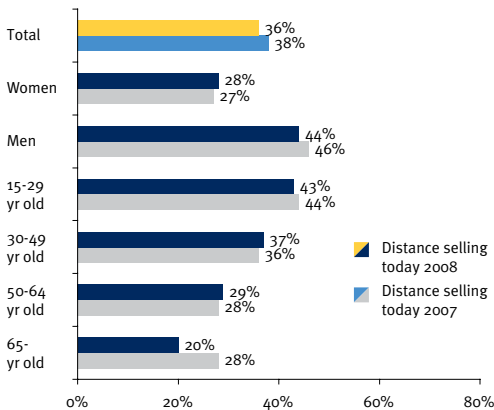
#### Why did you decide not to return an item bought from home?



Basis: Those who shop from home at least once a year + have not returned any of their items they purchased from home

## Four out of ten have bought goods online from abroad

**Approximately how often do you purchase goods online from abroad? (Sites in a language other than Swedish and/or where you know that the company is located outside Sweden)**  
**Answers: At least once a year + less often**



Basis: Have shopped online in the past year

Almost four out of ten online shoppers have purchased from a foreign site at some time. Compared with previous years, e-commerce from abroad remains at a constant level. The countries that Swedes shop most frequently from include the USA, UK and Germany.

The Internet has given consumers access to an almost limitless range of foreign products and online stores. At just the touch of a button, the Swedish consumer can now buy a book from the USA or a pair of jeans from the UK.

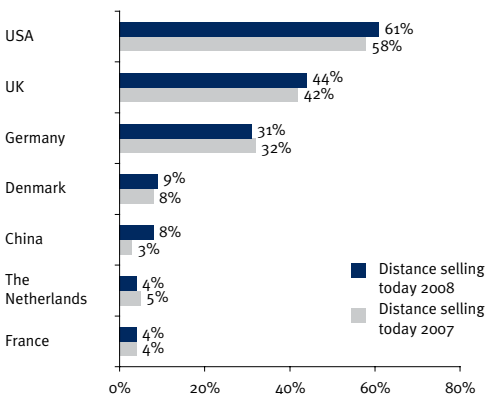
### Online shopping from abroad most common among men and young people

Almost four out of ten, 36 percent, of those Swedes that shop online have also purchased items online from abroad. This proportion is largely unchanged compared with previous years.

E-commerce from abroad is more firmly established among male online consumers than among female consumers. Among men, almost half, 44 percent, says that they have shopped online from a foreign site. The percentage for women is just over a quarter, 28 percent.

Younger consumers have used foreign e-commerce sites to a greater extent than older consumers. Forty-three percent in the 15-29 age group have shopped online from abroad. The figure for those aged over 65 is a fifth, or 20 percent.

**What countries have you purchased items from online?**



Basis: Shopped online at least once from a foreign site in the past year. Several possible answers.

### USA and UK top the list

The USA was top of the list when Swedish consumers were asked which countries they buy online from. Around six out of ten that have shopped online from abroad have done so from American sites. The difference is marginal compared with previous year. The fall in the US dollar has not yet been reflected in increased buying from the USA. British sites are the second most popular, with 44 percent having bought from them. One possible explanation is that American and British sites are in English and thus relatively accessible for Swedish consumers.

German sites are in third place, with 31 percent buying from them. It is not until we get to fourth place that we find a Nordic neighbour, Denmark, from which nine percent have purchased online.

The same countries have been at the top of the list in previous years. However, one interesting observation is that the proportion of consumers that have bought from China has more than doubled compared with previous surveys, albeit from a relatively low level.

## Widespread consumer-to-consumer distance selling

Three out of ten Swedes have bought from or sold goods to another individual from home. One in four Swedes have bought from, and almost two out of ten have at some point sold an item from home to another individual. The most common meeting place for transactions between individuals is advertising sites on the Internet.

Trading between individuals is a standard alternative for people who, for example, want to sell a computer game they have grown tired of, or want to buy second hand clothes. Distance selling allows individuals to trade with each other without having to meet physically.

A quarter of Swedes have at some point bought an item from another individual from home. Somewhat fewer of those questioned, 17 percent, have themselves sold an item from home.

According to the survey, distance selling between individuals is more widespread among men than women. The practice is most common among those aged between 15 and 49 years. In the youngest age category, 15-29 years, 22 percent have sold an item to and 35 percent have bought an item from another individual. The equivalent percentages for those aged 30-49 years are 25 percent that have sold and 31 percent that have bought an item.

### Internet the top meeting place

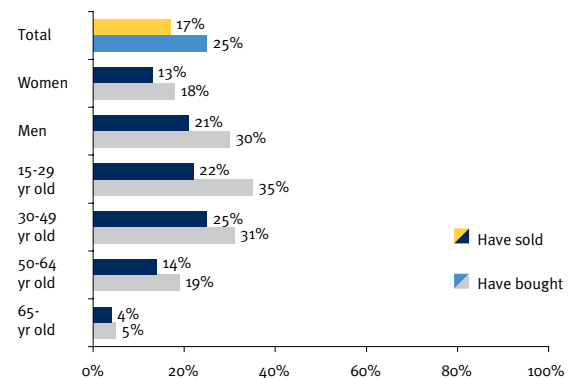
Distance selling between individuals has become a much simpler affair with the development of the Internet. Sites such as Blocket, Tradera and eBay have granted individuals access to a considerably larger market when they want to sell an item.

The most common way to make contact with a seller or buyer when distance selling between individuals is via advertising sites on the Internet. Almost nine out of ten Swedes that shop from home with other consumers usually meet the other party this way.

It is becoming increasingly unusual for individuals who want to trade with each other from home to make contact via newspaper adverts, with just six percent of those interviewed stating this as the method of contact.

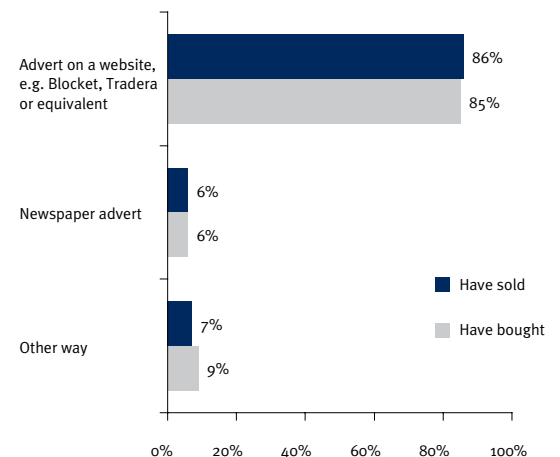
### How often have you sold an item to/bought from another individual from home?

Answers: Have sold an item to/bought from another individual from home at least once



Basis: All respondents

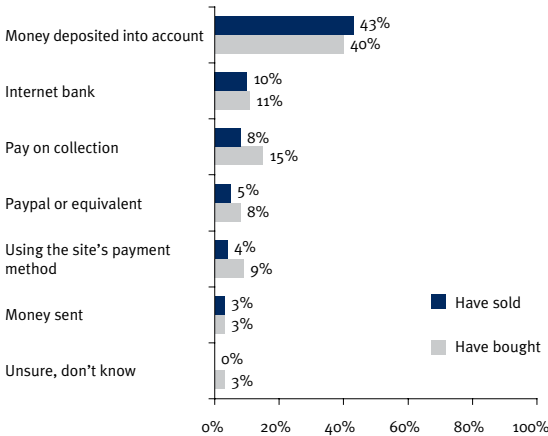
### How do you usually make contact with the buyer/seller?



Basis: Have sold an item to/bought from another individual from home

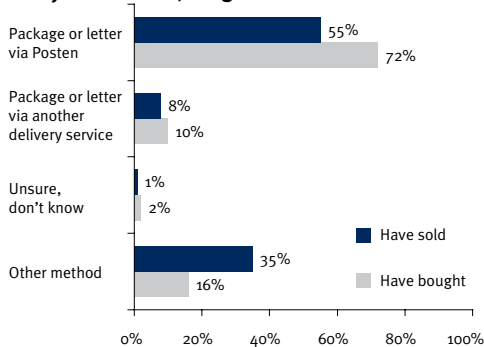
\* This figure (29 percent) has been produced based on those who responded that they had sold and/or bought goods from home with another individual as the opposite party..

**How do you usually receive payment for an item you have sold/pay for an item you have bought?**



Basis: Have sold an item to/bought from another individual from home

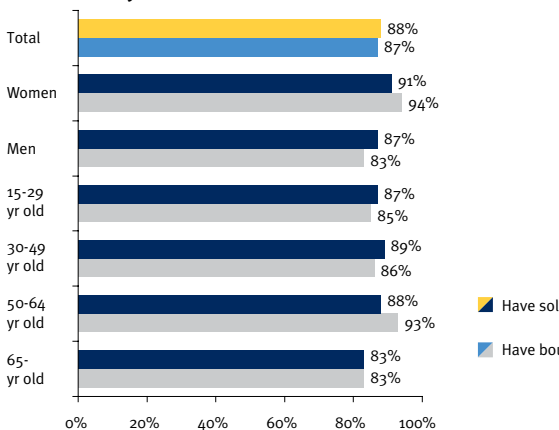
**What is the most common delivery method for the item you have sold/bought?**



Basis: Have sold an item to/bought from another individual from home

**How well do you think the delivery process usually works?**

Answers: Very well + Quite well



Basis: Have sold an item to/bought from another individual from home

## Consumers trust each other

The most common form of payment with consumer-to-consumer distance selling is for the money to be deposited directly into an account. Over half of those who have sold an item from home to another individual have sent the item using Posten. Almost nine out of ten that have traded from home with other individuals think that the delivery process usually works well.

With consumer-to-consumer distance selling, the method of payment and delivery security are of vital importance. Sellers need to know that they will receive payment, and buyers need to know that they will actually get what they have paid for.

### Money deposited in an account most common

The most common form of payment with consumer-to-consumer distance selling is for the money to be deposited directly into the seller's account. Four out of ten of those questioned specified direct deposit as the most commonly used payment method. The result indicates that there is a high level of trust between buyers and sellers.

Various payment services have emerged as a way of improving security. These services allow individuals to avoid giving out account details and numbers. However, only nine percent of the buyers and four percent of the sellers interviewed make use of such services.

Advertising sites advise against sending money physically through the post. The advice appears to have had an effect. Only three percent say that they often use this method of payment

### Posten most commonly used delivery service

Fifty-five percent of those interviewed that have sold goods to another individual state that they often send the items via Posten. For those who have bought items from home, the corresponding percentage is 72 percent. Around one in ten say that the item is delivered by an alternative delivery service.

### Delivery process works well

With consumer-to-consumer distance selling, almost nine out of ten of those questioned feel that the delivery process usually works well. Women are somewhat more positive towards the delivery process than men. Taken from an age group perspective, the 65+ group is the least positive. However, even in this group more than eight out of ten, 83 percent, think that the delivery process usually works well.

## Appendix – questionnaire

1. Roughly how often do you shop from home, e.g. via the Internet, mail order catalogue, reply slip, telephone or TV?
2. What kind of goods have you purchased from home during the last year?
3. Which method of payment do you most often use when shopping from home?
4. Compared with last year, do you think that you will buy more or fewer goods over the Internet/ websites during the coming year, or about the same?
5. Why don't you shop over the Internet?
6. When you are going to buy a product using the Internet, how often do you first...
  - a. obtain an overview by looking at price comparison sites?
  - b. consult consumer reviews on a website?
  - c. look at the product in a mail order catalogue or equivalent?
  - d. look at and/or test the product in an ordinary shop?
7. What are the most important individual features in a "good" e-commerce site?
8. When an item that you have ordered is available for collection, what is your preferred way of being informed?
9. What is the best time of day for you to collect goods that you have bought from home from your collection point?
10. Roughly what proportion of the goods that you buy from home do you get delivered to your letterbox?
11. Have you at some point returned an item that you have bought from home?
12. How do you think the returns process worked?
13. Why did you decide not to return an item bought from home?
14. Approximately how often do you purchase goods online from abroad? (Sites in a language other than Swedish and/or where you know that the company is located outside Sweden)
15. What countries have you purchased items from online?
16. How often have you sold an item to another individual from home?
17. How often have you bought an item from another individual from home?
18. How do you usually make contact with the buyer?
19. How do you usually make contact with the seller?
20. How do you normally receive payment for the item you have sold?
21. How do you normally pay for the item you have bought?
22. What is the most common delivery method for the item you have sold?
23. What is the most common delivery method for the item you have bought?
24. How well do you think the delivery process usually works?





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