



E-Commerce in Europe: Offering Retailers Diverse Consumer Cultures

E-commerce sales in Europe continue to rise, and there is no end in sight. The outlook is bright for online retailers from around the world.

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Offering Retailers Diverse Consumer Cultures

Digitization and e-commerce are two critical issues affecting both Europe's future and developments in the retail sector. With more and more people choosing to shop on the web, online retailing is booming. According to Ecommerce Europe B2C business totaled 455 billion euros in European countries in 2015. That figure positions Europe as one of the top three e-commerce markets, along with China and the United States.

Europe clearly is a major force, but what do we mean when we talk about Europe and the European market today? Europe comprises 47 countries. Of these, 28 make up the community known as the European Union (EU). The region is characterized by a variety of cultures and languages. The EU offers a common currency – the euro – which is accepted in 19 of 28 EU member states.

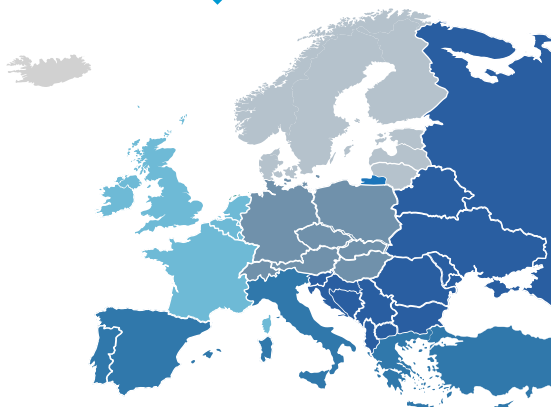
Recognizing the importance of online retailing to the continent, European leaders' political agenda places the promotion of cross-border e-commerce as a top priority. In fact, the *European Commission's 2015 strategy for a single digital market* encourages online retail and efforts to apply common standards to enterprises offering goods and services within the EU. Specific actions include improvements designed to foster more efficient, lower-cost parcel deliveries EU-wide and addressing data and cloud services. The Commission also seeks to prevent unwarranted geoblocking (the process of blocking users from accessing foreign, web-based content). Collectively, these steps – and others – will benefit vendors from other continents looking to sell their goods in the EU.

Demand continues to rise in Europe. Approximately 75 percent of the population use the web, while 43 percent have purchased goods online. Over the past few years, e-commerce sales have consistently risen 12-13 percent each year. Experts estimate that this trend will continue. Currently, e-commerce accounts for 2.59 percent of the overall European GDP. Ecommerce Europe predicts this figure will double by 2020.

Different Countries, Different Customs

To gauge potential opportunities for online retailers in Europe, it is important to understand the various nations. The UK, Germany and France drive e-commerce. Germany, with a population of 82 million offers the largest consumer market. There is plenty of room to grow when it comes to online shopping. In 2015, 73 percent of German consumers shopped online, spending an average of 1,157 euros. Overall, B2C e-commerce sales totaled 59.7 billion euros. In comparison, France's 2015 per capita online spending was 1,780 euros while the UK doubled this amount with an average of 3,625 euros. UK's turnover totaled 157.1 billion euros in 2015, leading all European e-commerce markets.

B2C E-COMMERCE TURNOVER PER REGION IN 2015



West	€ 252.9 bn	+12,9 %
Central	€ 89.5 bn	+14,2 %
South	€ 50.9 bn	+17,1 %
North	€ 37.6 bn	+10,1 %
East	€ 24.5 bn	+ 9,1 %

COMPARATIVE STATISTICS 2015

COUNTRY	TURNOVER	PROPORTION OF E-SHOPPERS
France	€ 64.9 bn	67,0 %
Germany	€ 59.7 bn	73,0 %
UK	€ 157.1 bn	67,0 %

Source: Ecommerce Europe (2016)

Among countries, personal attitudes toward online shopping vary. And, there are distinct differences in consumer usage and payment preferences.

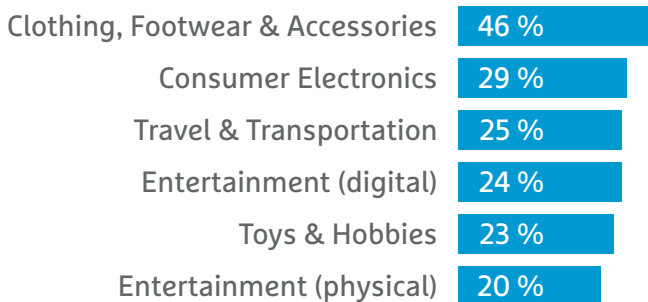
According to a market analysis conducted by Asendia, German customers value online shopping for its convenience (57 percent), favorable pricing (52 percent) and broad product offerings (30 percent). Yet, many consumers remain cautious when it comes to e-shopping, citing concerns over personal data protection (57 percent) and security of online payment methods (30 percent) as reasons for not shopping online. French consumers reflect growing trust in paying by credit card. In 2004, only 45 percent used a bank or credit card. By the first half of 2015, this figure had grown to 81 percent.

Europe manifests diversity in its online marketplaces, too. A study conducted by the Federal Association of Online Trade (BVOH) and p.digital identified 335 trading platforms (60 in Germany, 30 in France and 24 in Italy). Some focus on a special product category, such as fashion or wine, where e-shoppers can find a wide variety of goods. However, vendors need to distinguish between open marketplaces, which require them to register, and closed ones. These portals offer retailers many options to tap target consumers in Europe, regardless of whether the marketplace is operated by traders such as Amazon, OTTO and Zalando, or a mediating function such as eBay or Rakuten.

Cross-Border Shopping: Popular with Brits

Online shopping in other countries and continents is popular among Europeans. The reason is simple: domestic markets simply do not carry everything shoppers want to buy. A PostNordEurope study found that some 160 million customers from western and northern Europe shopped on non-domestic websites in 2014. Clothing (46 percent) and consumer electronics (29 percent) topped their shopping lists. Payvision reports that British shoppers lead the way when it comes to making cross-border purchases on the web. The study highlighted that 54 percent of UK e-shoppers bought at least one product on a foreign website and 27 percent purchased from U.S. vendors. The country's decision to leave the EU could put a damper on prospects for international providers, however. Following the Brexit vote, the British pound fell 7.5 percent against the dollar, making overseas shopping online much more expensive for British shoppers. Experts predict that supply chain processes will, under certain circumstance, become more complicated. Amazon, for example, can ship goods from any fulfillment center in the EU to anywhere in Europe. If the future raises separate transport issues, it could make it more difficult to reach British customers.

TOP CROSS-BORDER CATEGORIES AMONG ONLINE-SHOPPER IN 2016



*Results are among all consumers surveyed, not weighted for population size.

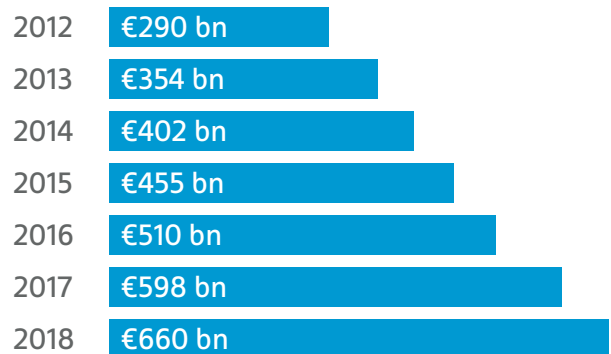
Source: PayPal (2016)

Northern Europe, Sweden and Norway currently lead cross-border online shopping statistics. Consumers in each of these countries spent 1.2 billion euro on international websites. A PostNord study found that 42 percent of the residents of northern Europe use this option each quarter. Eastern European countries such as Poland, Czechia and Romania still have a lot of catching up to do when it comes to e-commerce. Nevertheless, more and more consumers in Poland, for example, are ordering international brands online and accessing a wider range of products. In 2015, Poland achieved growth of 17.8 percent in B2C e-commerce.

Potential for International E-Commerce

For international e-commerce companies, rising demand, a common currency and well-developed logistics networks signal that the European market offers solid prospects for growth. Experts from Ecommerce Europe anticipate that turnover in European B2C e-commerce will increase to 660 billion euros by 2018 compared to 290 billion euros in 2012. Besides the "Big 3" (UK, Germany and France), Eastern Europe and the Nordic countries are promising prospects for online shopping. Companies that target the market early with appealing offers and top-quality products stand to gain.

OVERVIEW AND FORECAST OF EUROPEAN B2C E-COMMERCE TURNOVER



Source: Ecommerce Europe (2016)

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