

DIBS E-COMMERCE SURVEY 2011

A COMPREHENSIVE STUDY
OF EUROPEAN E-COMMERCE

A GROWTH OPPORTUNITY FOR MERCHANTS



Preface

DIBS Payment Services, the largest provider of Internet payment solutions in Northern Europe, has completed a comprehensive survey of e-commerce in selected major European countries.

The DIBS E-Commerce Survey 2011 gives an overview of e-commerce in Sweden, Denmark, Norway, Finland, UK, Germany, France, Poland and Spain, including commerce based on:

- Online retailers who ship physical goods to their customers (e.g. books, clothes and electronics)
- Online sales of non-physical products such as experiences and services (e.g. hotel booking and theatre tickets).
- Digital sales, distribution and consumption (e.g. online software or music).

Launched in 2007, the DIBS E-Commerce Survey is a well established tool for analysts and companies who already have, or are about to launch, an e-commerce platform. Special attention is given to m-commerce, which is a growing segment of e-commerce. This year's version is also expanded to include Poland.

For the purpose of this report, e-commerce is primarily seen as an opportunity for merchants. By knowing the customers and their online buying behavior, e-merchants can tap into a significant market.

The survey was conducted in the third quarter of 2011 by research agency YouGov, and includes interviews with over 9,000 Internet users and 333 online retailers. The online retailers are customers of DIBS or its partner PrestaShop.

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About DIBS

DIBS Payment Services is Northern Europe's leading supplier of functional, secure and innovative payment services for commerce via Internet. DIBS manages transactions for more than 15 000 customers. DIBS has offices in Stockholm, Gothenburg, Oslo and Copenhagen and is traded on the First North marketplace with Erik Penser Bankaktiebolag as Certified Advisor. Please, visit www.dibs.se.



Content

1. A massive commercial opportunity	6	5. E-commerce per country	38
2. Drivers and optimism for growth	10	5.1 E-commerce in Sweden	38
3. Commerce is going mobile	14	5.2 E-commerce in Denmark	39
3.1 M-commerce in Sweden	18	5.3 E-commerce in Norway	39
3.2 M-commerce in Denmark	19	5.4 E-commerce in Finland	40
3.3 M-commerce in Norway	20	5.5 E-commerce in UK	40
3.4 M-commerce in Finland	21	5.6 E-commerce in Germany	41
3.5 M-commerce in UK	22	5.7 E-commerce in France	41
3.6 M-commerce in Germany	23	5.8 E-commerce in Poland	42
3.7 M-commerce in France	24	5.9 E-commerce in Spain	42
3.8 M-commerce in Poland	25	5.10 Opportunities across borders	43
3.9 M-commerce in Spain	26	Definitions	44
4. Finding the right payment methods across Europe	27		
4.1 To pay or not to pay – huge differences between countries	29		
4.2 Payments in Sweden	29		
4.3 Payments in Denmark	30		
4.4 Payments in Norway	31		
4.5 Payments in Finland	32		
4.6 Payments in UK	33		
4.7 Payments in Germany	34		
4.8 Payments in France	35		
4.9 Payments in Poland	36		
4.10 Payments in Spain	37		



Executive summary

DIBS E-Commerce Survey 2011 reconfirms that e-commerce is a major transformative force across Europe and a driver of change in the commercial landscape. For years, e-commerce has been providing options for consumers, driving growth for merchants, and affected business in profound ways. This year's study indicates that mobile commerce is reaching its tipping point.

E-commerce is a huge market opportunity

The total e-commerce market grew with 14% last year and is estimated to amount to 213 billion euros in the nine countries for 2011.

Per capita consumption in Northern Europe and UK is higher than in continental Europe. The interval stretches from 293 euros per capita in Poland to 952 euro per capita in Norway for the last six months.

The change in buying pattern is well established across all consumer segments in all markets. Consumers of all ages and from all regions fuel the migration towards online shopping.

Powerful drivers for continued growth

European e-consumers shop online primarily to increase convenience in everyday life.

E-commerce is still in its infancy and both e-consumers and online retailers have high expectations for the future. As many as 74% of the consumers expect to maintain or increase their online spending over the next 12 months.

The potential for further growth across Europe is large, both in terms of volume and number of e-commerce transactions. The average consumer completes only slightly more than one online purchase per month. Furthermore, e-commerce is still just a fraction of total household consumption.

Going mobile

M-commerce is a growing segment of e-commerce. Young people everywhere are going mobile. Total transaction levels are still modest, but an impressive 17% of the people aged 15–34 are using m-commerce in the nine countries. As the early adopters are starting the trend, the volumes will expand when wider demographic groups pick up the new buying pattern.

As both a reaction and a future growth driver, 21% of the stores are planning to "soon" launch m-commerce initiatives. It will multiply the amount of goods and service offered via mobiles.

Poland, Sweden and Denmark are leading the way and the best sellers on the mobile include media, services, travel and electronics.

In the coming years, consumers expect to change the way they use their mobile phones. The triggers for m-commerce are safe payment solutions and new mobile shops.

Finding the right payment methods

The survey concludes that, although e-commerce is international in scope, there are major differences between the countries, especially with regard to payment methods. Consumers opt for the perceived safest and easiest method and payment habits vary greatly between regions. E-merchants should take national differences into account and turn them into advantages when pursuing or launching a Pan-European e-commerce strategy.



While a lot of consumers prefer to pay with cards, other payment options such as online bank transfers, invoices and micropayment services are also popular. Payment infrastructure is important, as consumers tend to abandon an online purchase if the stores lack their preferred payment method. A successful e-merchant should respond to this by offering relevant payment methods to its target groups.

To avoid losing sales opportunities it is critical for merchants to cater to very different payment preferences across Europe.

The British, Spanish and French consumers have a strong preference for using cards, but nowhere is card as popular as in Denmark. The Germans prefer invoice and the Poles and the Finns prefer transfer via Internet bank. The Swedes' preferences are balanced between cards, invoices and transfers via Internet banks.

European consumers plan, book and pay their travelling online. Travel is the largest e-market in all countries, and it constitutes a third of the Nordic market. A sector that has grown considerably since last year's version of DIBS E-Commerce Survey, is household consumables. The category is now the second largest in all countries but Germany. Household consumables constitute 17% of the UK market and 10% to 14% of other markets. Electronics is the third largest category in all countries except Germany where it took the second place. The market for electronics stands at about 10% to 13%, so it is trailing very close behind the market for household consumables.

158 million e-consumers in 9 countries

Total e-market estimated to be 213 billion euros in 2011

74% of consumers plan to maintain or increase their e-commerce

17% of consumers aged 15–34 have used mobiles to buy products and services

21% of the e-stores plan to “soon” launch m-commerce

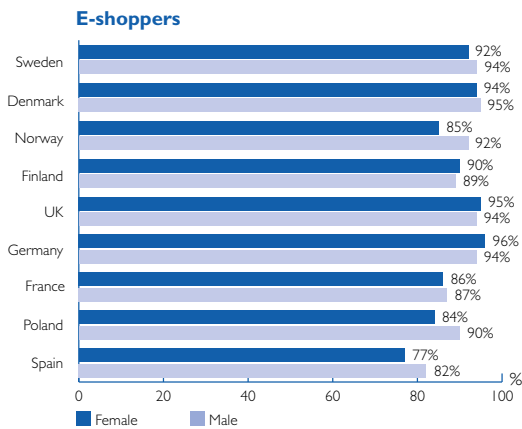


I. A massive commercial opportunity

Throughout all nine countries, e-commerce is established as a convenient way of shopping. People of all ages and incomes are very accustomed to e-commerce, and the number of e-consumers is consistently very high. A total of 158 million consumers (15–74 years old) were active e-shoppers in these countries during the last six months. This is 90% of all Internet users.

In countries with high Internet penetration such as the Nordic countries, UK and Germany, up to 95% of people with access to Internet have engaged in e-shopping during the last six months. Spain has lower Internet penetration and only 79% of the Spanish online consumers made purchases on the Internet last six months. This indicates that e-commerce is both a very widespread phenomenon and that it grows with Internet maturity. As more people gain access to Internet an even larger share tend to use it for online shopping.

Men and women are more or less equally likely to engage in e-commerce in all countries. The share of female Internet users who have made online purchases (89%) is nearly at the same level as male Internet users (91%).



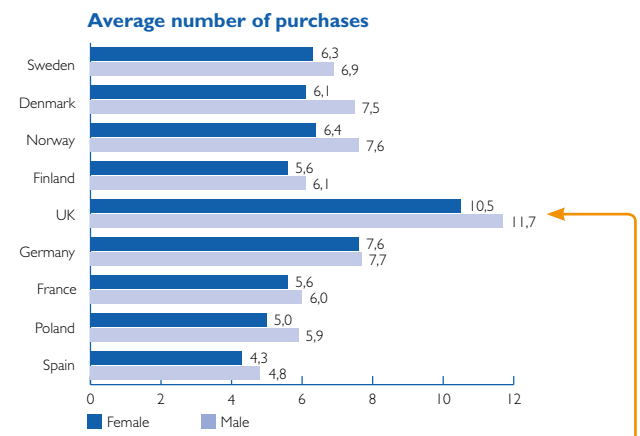
The 158 million active e-shoppers made on average 7.4 purchases within the last six months. Last year it was 6.6 purchases for the same period. This is a great growth in one year, and reflects changing online habits.

People bring their offline shopping behavior to an online environment, which basically means more frequent purchases. However, this is still just above one purchase per month.

The most frequent shopping behavior is seen in the UK with eleven purchases within the last six months, that is nearly two per month.

Spanish and Finnish consumers made between four and five purchases, last six months.

In most countries the 25–44 year-olds show the most frequent pattern. In Spain even younger people (15–24 years old) are the most frequent e-shoppers.



British consumers are frequent e-shoppers

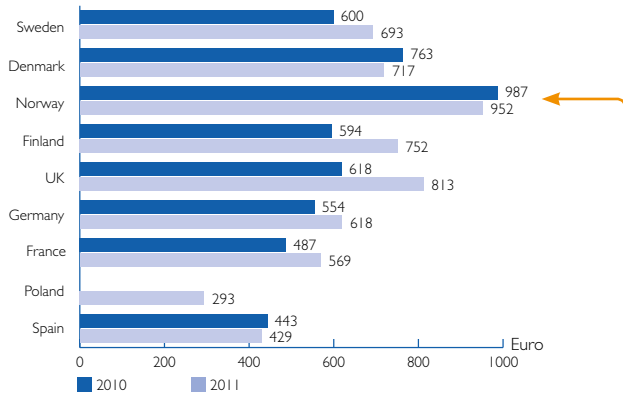
Based on consumers' own estimate of their consumption last six months, the estimated average spending per capita varies greatly across the region. A typical Norwegian e-shopper spends more than three times as much on e-commerce than a Polish e-shopper (952 euros compared to 293 euros per six-month period). Following Norway, UK had the second highest consumption of 813 euros per e-consumer during the last six months. Finnish consumers have outgrown the Danish and consume for 752 euros. Danish consumers average 717 euros and Swedish 693 euros for the same period.

Estimated e-commerce per person increased in Sweden, Finland, UK, Germany and France. Consumers in Denmark, Norway and Spain reported somewhat lower average consumption. Norway remains by far the most active market, and Denmark is also one of the most advanced markets in the study. At the time of the survey, the summer of 2011, the newspapers reported heavily on the economic crisis, which might have impacted consumers' estimate of their own past consumption.



Norwegian and Danish consumers reported lower online consumption of electronics and travel services. In Denmark, electronics decreased from 16% to 10% and travel from 43% to 36% of total e-commerce compared to last year. Corresponding numbers for Norway was 18% to 12% for electronics and 47% to 29% for travel. Household consumables, home non-consumables and media have increased their share of total market in both countries.

Average consumption



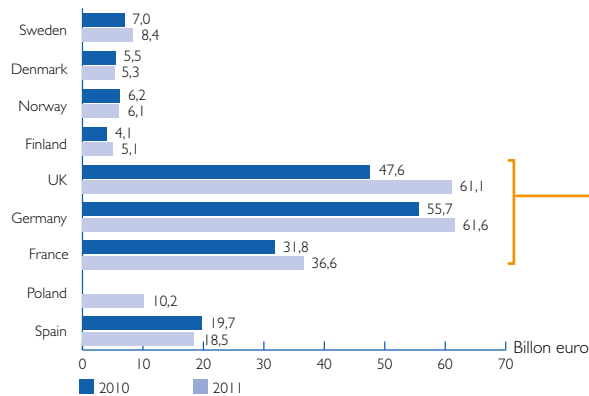
Norwegians are the top online consumers

Based on Internet users' online purchases of the past six months, the annual e-commerce in the selected countries is estimated to be around 213 billion euros. That is an annual growth rate of 14%, adjusted for Poland that was only added to the survey this year. The German market is the largest, followed by the UK and thereafter France. The Nordic market is estimated to total around 25 billion euros, up 9% since last year.

The UK market is growing rapidly as British consumers quickly expand the number of purchases and average consumption per person.

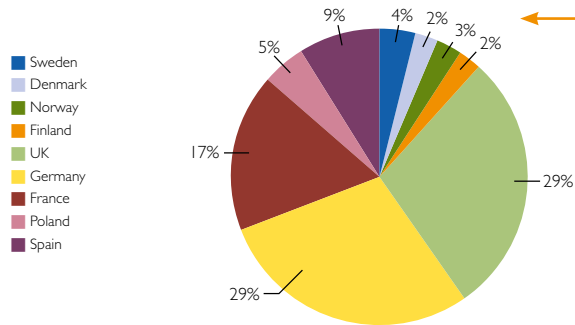
Compared to last year, UK, Finland and Sweden grew 20% or more. France and Germany grew more than 10%. Denmark, Norway and Spain experienced modest declines in total estimated market.

Total market per country



Hefty growth in the largest markets

Total market per country

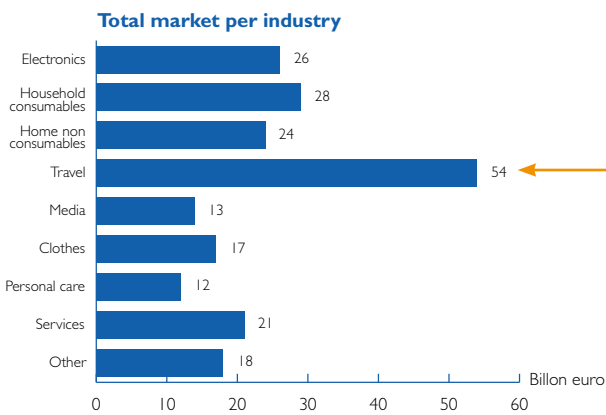


The Nordic region is 12%



The largest product category in the region is travel. The sector generates about 25% of the e-commerce in the major European markets and up to 36% in Denmark. This corresponds to a massive 54 billion euros in 2011.

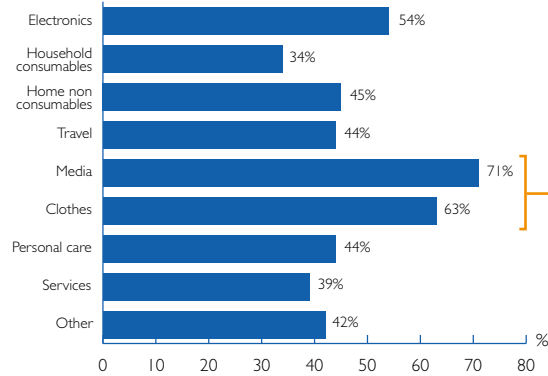
The second largest category is household consumables. In several countries, the share of electronics of total e-commerce has shrunk, but it is still a sizable market with 26 billion euros in estimated sales for 2011.



The online travel market is a massive 54 billion euros

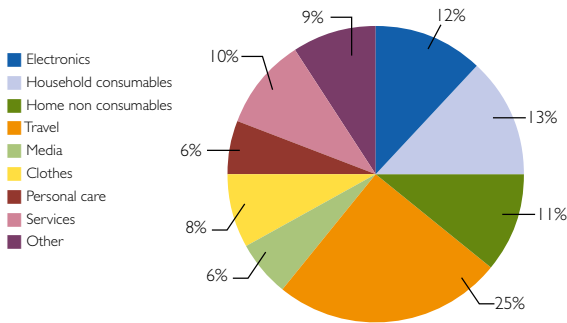
Over two thirds of the consumers have made online purchases of media. Nearly as many purchased clothes, shoes and accessories and over 54 % purchased electronics online last six months.

Percentage of active consumer per industry



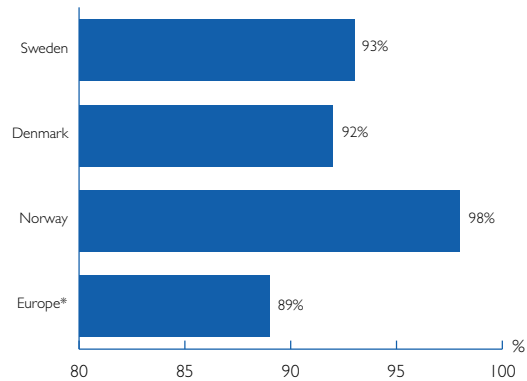
About two thirds of the consumers have bought media and fashion online

Total market per industry



Travel is by far the largest market

E-commerce is a safe place to sell



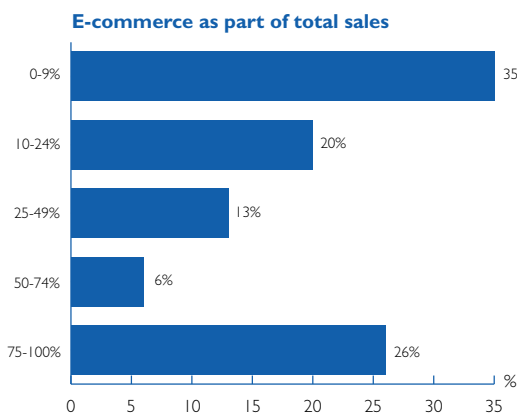
E-stores see e-commerce as a safe channel compared to traditional stores

A safe way to reach a huge market opportunity



It is possible to divide the e-stores in different categories: stores that have most of its sales online, stores that have much of its sales in both channels and stores that have e-commerce as a complement to traditional channels. Just over a quarter of the e-stores have 75% or more of its sales online. Approximately 35% of e-stores report that e-commerce represents less than 10% of their total turnover.

E-commerce is not only for pure e-retailers, but it is a natural complement to traditional retailers to reach new customers and purchasing habits.



For most e-stores, Internet is a complement in the channel mix

E-commerce is well integrated with other channels to reach customers. Only 26% of the merchants rely purely on Internet sales. Most e-stores also have traditional stores (28%), dealers (26%), mail orders (25%), trade shows (24%), call centers (14%) or its own sales force (8%).

Many companies operate offline and online sales at the same time, and are experimenting with new ways to combine these two channels.

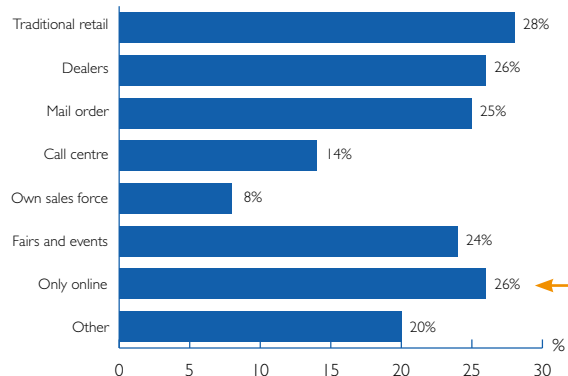
61% of the e-stores have two or fewer employees

35% of the stores get less than 10% of revenues from e-commerce

26% of the stores rely purely on internet

Establishments that offer traditional commerce already possess a structure for procurement, logistics, returned goods and so on. For such a company it is easy to start offer goods via the Internet. Technology platforms have become available at low costs, and there is great potential to increase sales over the Internet.

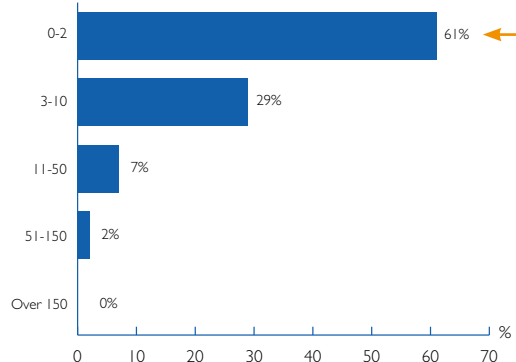
E-commerce integrated with other channels



A quarter of the e-stores are pure Internet

E-stores in the nine countries address a market estimated at 213 billion. 61% of the stores have fewer than two employees, 29% have 3–10 employees and 7% have 11–50 employees dedicated to e-commerce. It is possible to drive e-business with few employees and limited resources as it is possible to take advantage of different platforms, such as simple low-cost e-commerce platforms from technology companies, sourcing through distributors, payment infrastructure such as DIBS with more, search engine marketing, etc. Small e-retailers have vitality in niches between large companies and with specialized offerings. This is in line with Chris Anderson's Long Tail concept.

No of employees per e-store



A 213 billion euro market approached by many very small companies



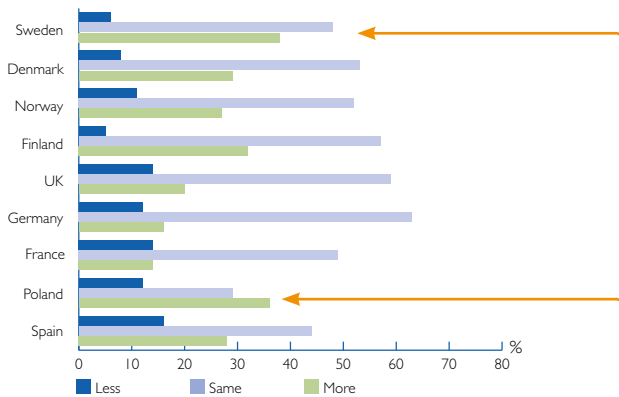
2. Drivers and optimism for growth

Following a long period of growth, consumers continue to expect to buy more online in the next twelve months. Across the region, 74% expect to maintain or increase their online consumption. Only 13% of consumers expect to decrease their online consumption. Last year it was 78% versus 10%, meaning that the consumers on average are slightly less optimistic about future consumption growth this year, than they were last year. This might be a response to the unfavorable macro environment during the period of the questionnaire.

The Swedish and Polish consumers are most optimistic about their own consumption next year:

In Sweden 38% of the consumers expect to increase their spending, compared to Denmark 29%, Norway 27%, Finland 32%, UK 20%, Germany 16%, France 14%, Poland 36% and Spain 28%. Only 7% of the Nordic consumers expect to decrease e-commerce, whereas 16% of Spanish and 14% of French and British consumers expect to buy less online in the next twelve months.

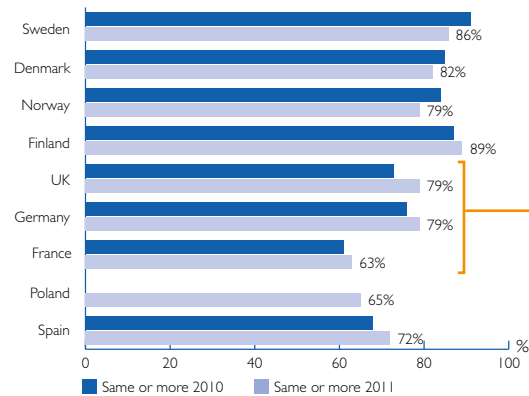
Optimism for further growth, consumers



The Swedes and the Poles are on a roll

Increasing portions of the consumers in Finland, UK, Germany, France and Spain believe their e-commerce will remain stable or increase next year. In Sweden, Denmark and Norway, the optimism for the future remains high, but slightly lower than last year.

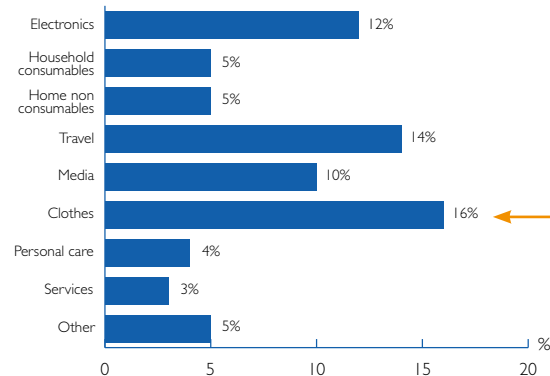
Optimism for further growth, consumers



Growing optimism in the largest markets

Fashion is a market in fast growth and with good prospects for the future. 16% of all consumers say that this is the sector where their online purchases will grow the most. The travel sector is also heading for growth, as 14% of the consumers expect that to be the fastest growing category in their own consumption. Others sectors with good prospects include electronics (12%) and media (10%).

Consumers expectations for further growth across Europe

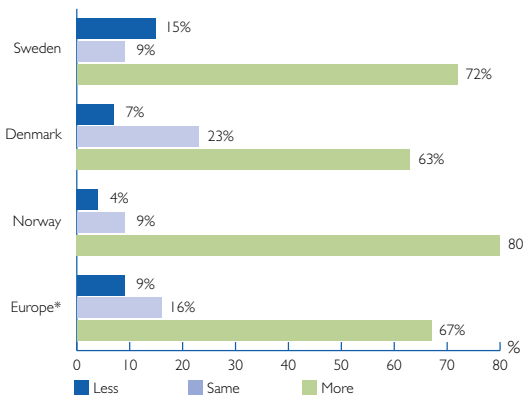


Fashion online appears to have great potential

The merchants share the optimism of the consumers. About 71% of the online merchants expect increased sales in the coming twelve months.

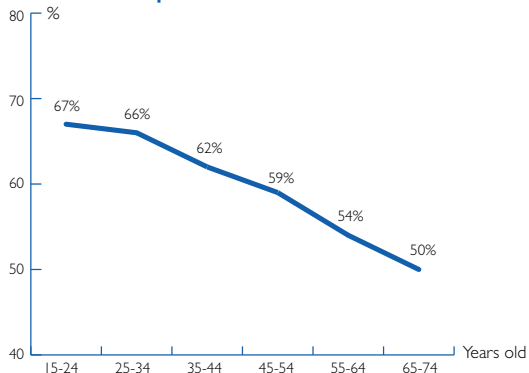


Optimism for further growth, e-stores



Norwegian stores are optimistic

To find lower prices as a driver for e-commerce

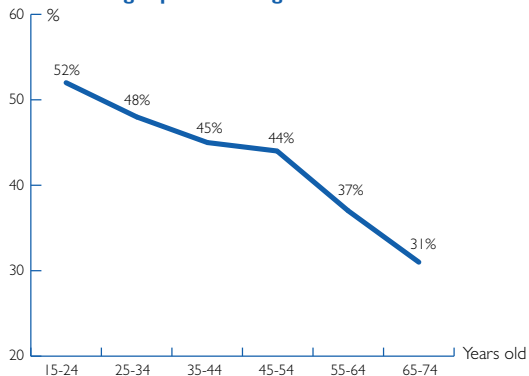


Young people are looking for bargains

The underlying drivers of e-commerce have remained relatively unchanged over time. European e-consumers shop online because it is easy and it saves time (69%). This is the main motivation in all nine countries. Less important, but still a major influence, is the possibility to find lower prices (61%). The third most frequently quoted reason for online shopping is that it can be carried out regardless of opening hours. The fourth most quoted reason combines simplicity with cost saving; that it is easy to compare products and prices. Considering all of these factors, e-commerce has established itself primarily as a tool for increased convenience in everyday life.

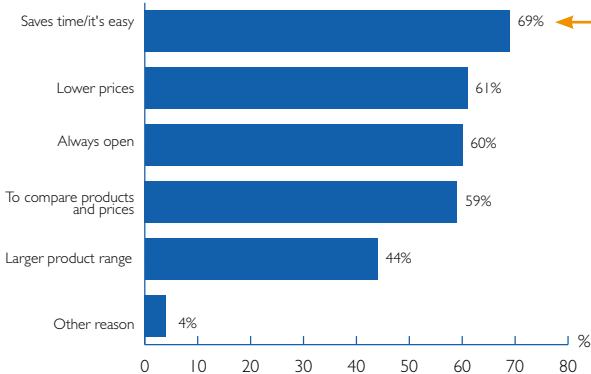
Young people are especially motivated by lower prices and wider product range. To save time is basically equally appreciated by all age groups. Consumers from the large markets in Germany, UK and France appreciate the convenience of e-commerce more than the other. Polish e-commerce is to a larger degree motivated by the search for lower prices.

To find larger product range as a driver for e-commerce



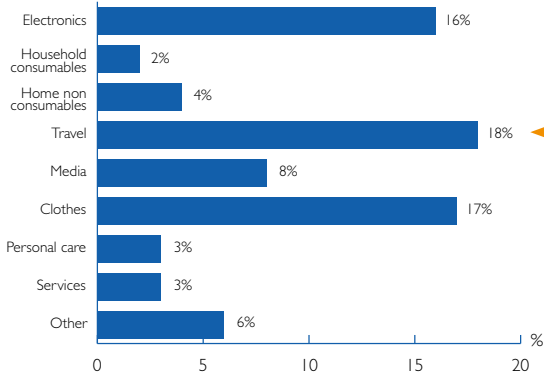
Young people use Internet to personalize their consumption

Drivers of e-commerce, consumers



European e-consumers shop online because it is easy and saves time

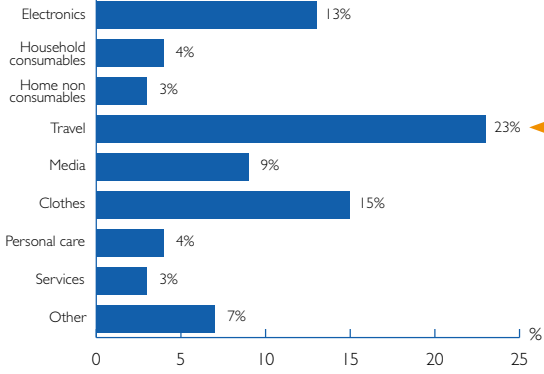
Fastest growth areas according to Swedish consumers, next 12 months



Swedes expect to travel more!

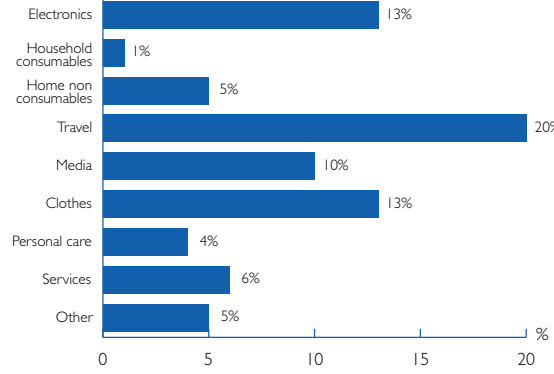


Fastest growth areas according to Danish consumers, next 12 months



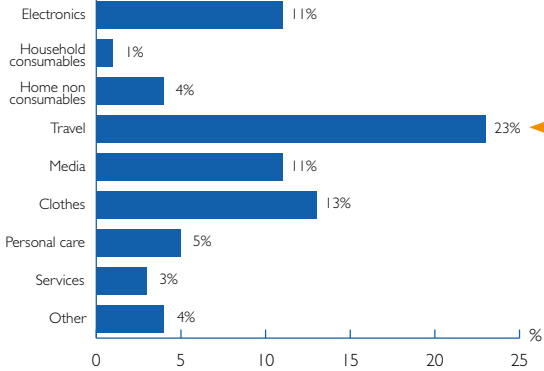
Danish travel sector is large, with continued potential!

Fastest growth areas according to Finnish consumers, next 12 months



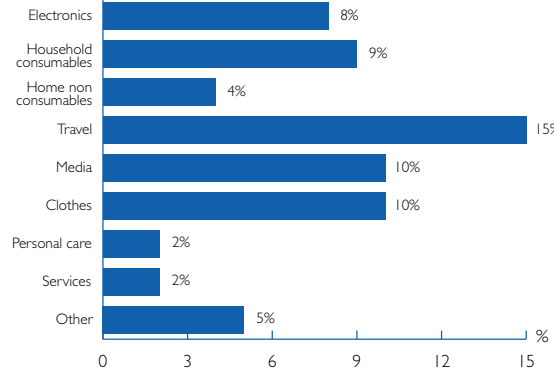
Like its Nordic neighbors, Finns look forward to more traveling

Fastest growth areas according to Norwegian consumers, next 12 months



Norwegians expect to buy more travel services online

Fastest growth areas according to British consumers, next 12 months

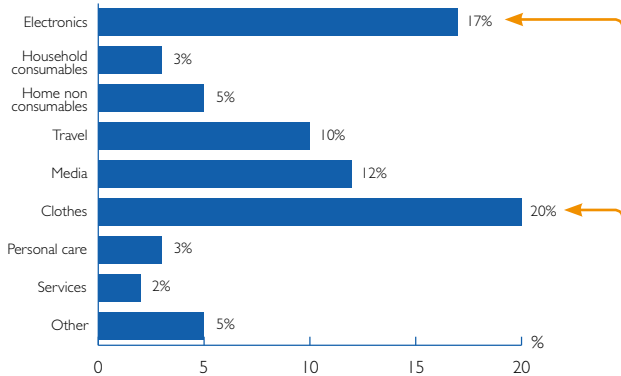


British consumers expect to buy more travel services online, but not to the same extent as the Nordic consumers

Following a long period of growth, consumers expect to buy more online next 12 months

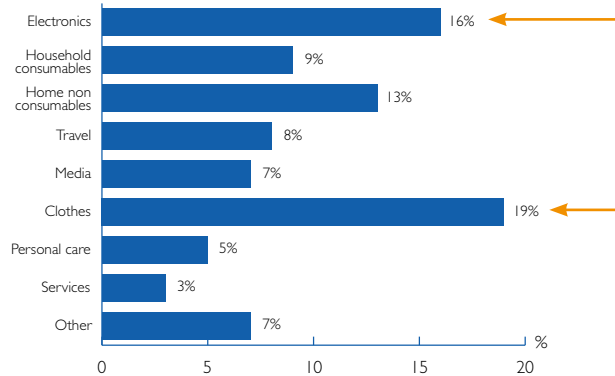


Fastest growth areas according to German consumers, next 12 months



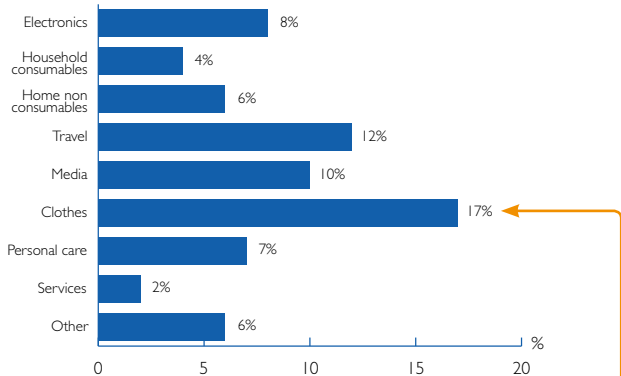
Germans expect to shop fashion and electronics online

Fastest growth areas according to Polish consumers, next 12 months



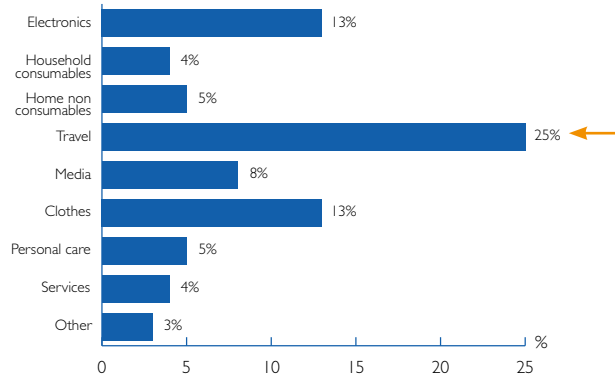
The Poles expect to buy more fashion and electronics online

Fastest growth areas according to French consumers, next 12 months



French go fashion!

Fastest growth areas according to Spanish consumers, next 12 months



The Spanish travel market has potential!

Fashion and travel industry seem to have good prospects for growth



3. Commerce is going mobile

After years of hype, e-commerce via the mobile, so called m-commerce, is reaching a phase of major consumer adaptation. Total transaction volumes are still modest, but already today, 17% of the consumers aged 15–34 have used their mobile phones to buy products or services. Young people lead the way and other demographic groups will join as the new buying pattern matures and volumes expand. Out of all consumers, 11% have used their mobile phones to find, shop and pay for products and services, ranging from 6% in Germany to a massive 24% in Poland.

The industry has for some time claimed that m-commerce is the next big thing. The DIBS E-Commerce Survey 2011 offers some illuminating and promising observations, that indicate that m-commerce has now reached its tipping point. These include:

- Major adaptation by young people everywhere (17% of people aged 15–34)
- 27% of the merchants expect their m-business to expand in the next twelve months
- 21% of the stores are planning to “soon” launch m-commerce initiatives
- Poland, Sweden and Denmark are leading the way
- Media, services, travel and electronics are the best sellers on the go

Many forces fuel the growth of m-commerce. E-stores expand their m-commerce offerings, payment providers launch new payments solutions, mobile operators aspire to extend the use of mobiles and consumers are increasingly equipped with smart phones. As several new initiatives are about to be launched, consumers will soon be heavily exposed to marketing and incentivized with offers of new m-services.

As of today, 10% of the stores sell their products and services via mobile phones. But here comes the good news; it is about to triple.

21% of the stores say that they soon will launch m-shops. It will multiply the amount of goods and service offered via mobiles.

The triggers for m-commerce are safe payment solutions and new mobile shops. 20% of the consumers say that they would increase m-commerce if new payment solutions were made available and 11% believe that new e-shops would attract them to m-commerce. Especially, young people say that new payment solutions, new m-shops, and personalized offers could attract them into m-commerce. Much fewer believe that location based offers could do the job.

Only 3% of the stores say that they lack trust in the payment process for m-commerce. At the same time, 20% of the consumers say that the creation of new payment methods would encourage them to become m-consumers. The gap is interesting. Presumably the shops have evaluated payment processes and gained trust, whereas consumers are guided by habits. Technology as well as the communication of technology plays a vital role in developing the m-market.

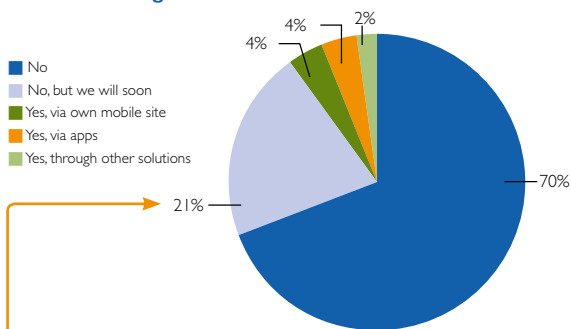
In section 4, 1% stated that they prefer to pay for e-commerce with their phone. This refers to consumers who prefer to pay via their phone for products and services he or she found on the web, via a PC or laptop. In this section, m-commerce refers to occasions when the consumers find, buy and pay the product via their mobile phone.

27% of the merchants expect mobile commerce to expand next twelve months

Poland, Sweden and Denmark in pole position

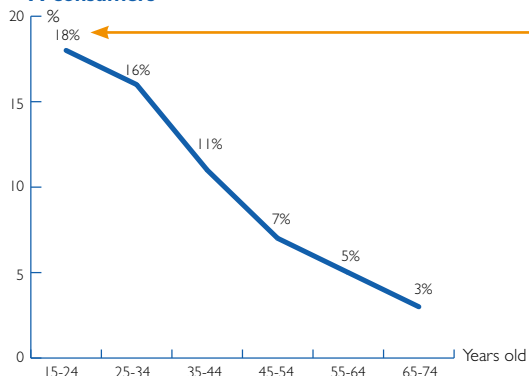


E-stores offering mobile commerce



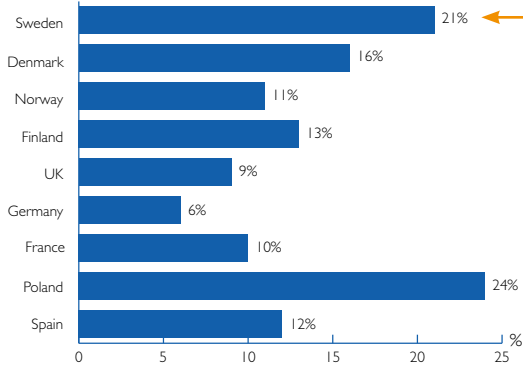
21% of the stores are about to launch m-commerce

M-consumers



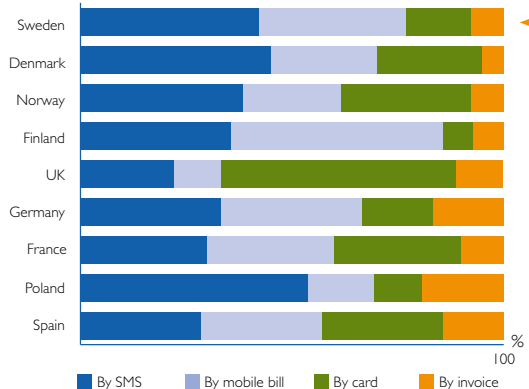
M-commerce is reaching out to younger crowds

M-consumers



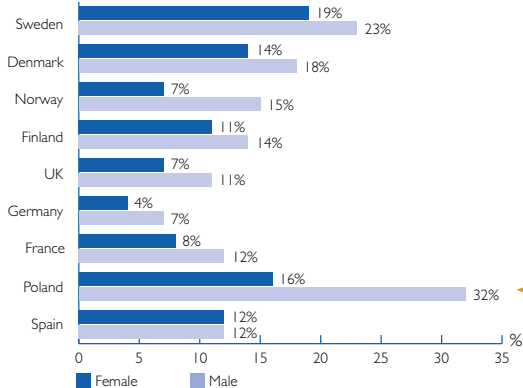
There is a lot of mobile action in Sweden and Poland

How m-consumers paid for the service or product



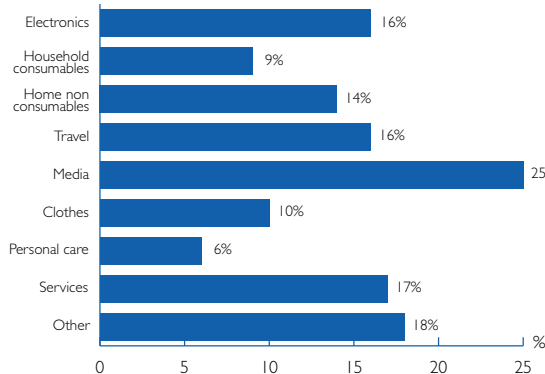
SMS is so far the most used form of payment

M-consumers



The early adopters of m-commerce are often men

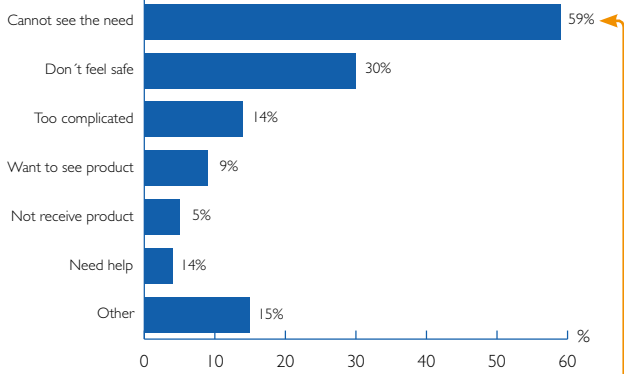
What they bought with their phones



M-commerce is especially successful for services to be consumed "on the go"

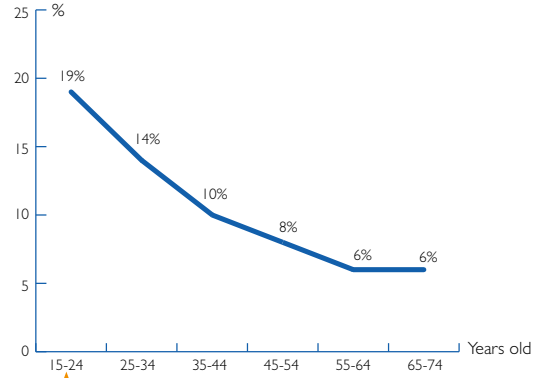


Why they have not tried m-commerce



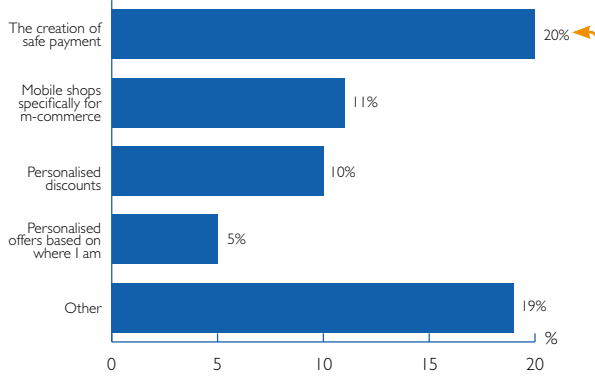
Perceived need is the key

New m-shops as a driver for m-commerce



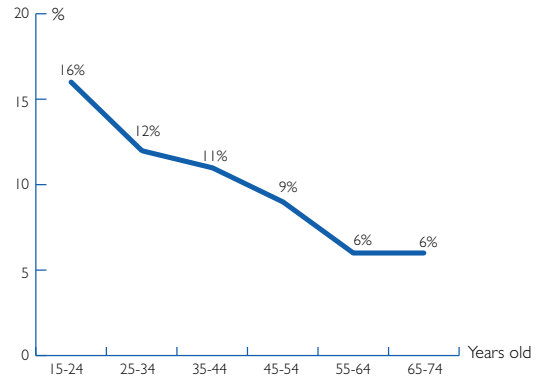
Young people want new m-shops

What would it take to become an m-consumer



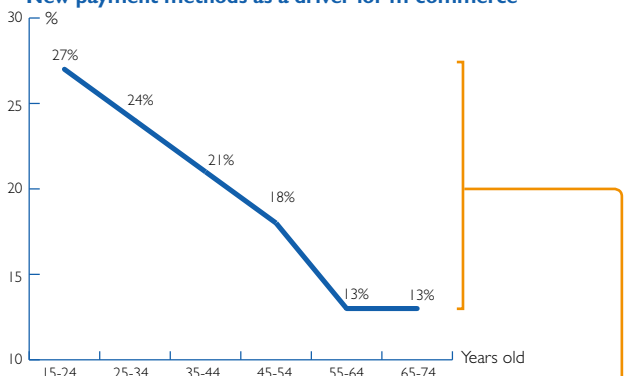
Consumers hold back as they hesitate on payment methods

Personalized discounts as a driver for m-commerce



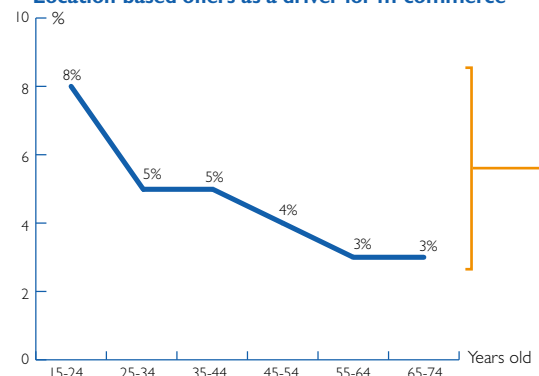
Young people are no strangers for a good deal

New payment methods as a driver for m-commerce



Payment methods are important for all ages

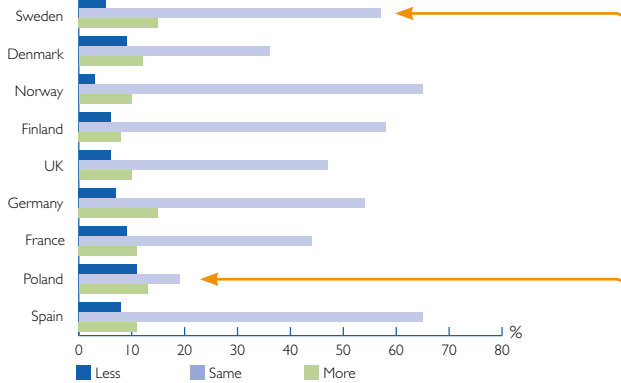
Location-based offers as a driver for m-commerce



Few consumers desire location-based offers

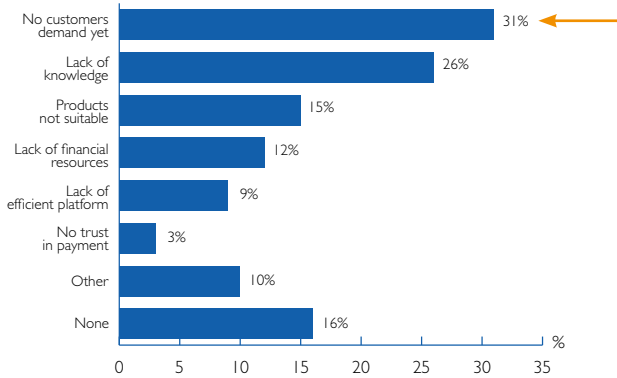


Expectations for mobile purchases



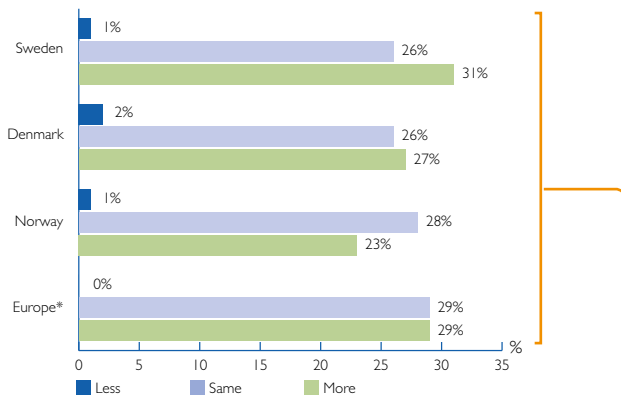
The heavy users in Sweden and Poland are optimistic

Perceived obstacles for m-commerce, stores



Two thirds of the stores do not say that there is no customer demand

Expectations for m-commerce, stores

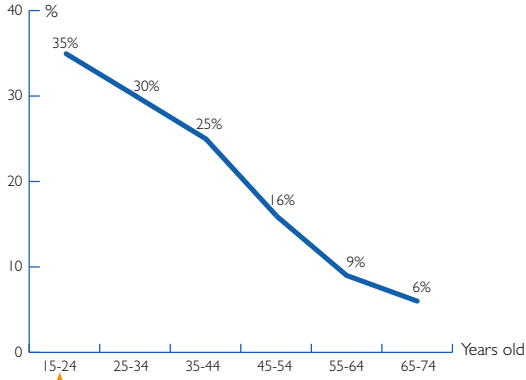


E-stores in all countries are overwhelmingly optimistic about growth in m-commerce



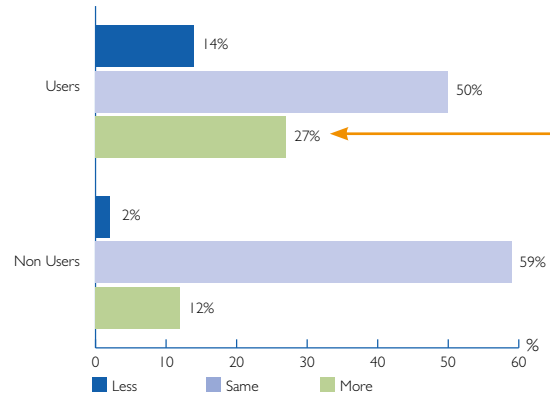
3.1 M-commerce in Sweden

M-consumers per age group in Sweden



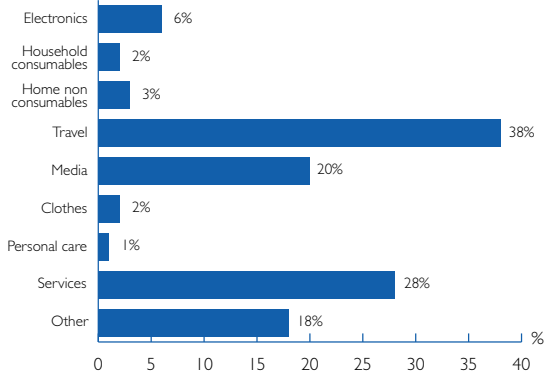
Young Swedes are early adopters

Expectations for mobile purchases – users and non users in Sweden



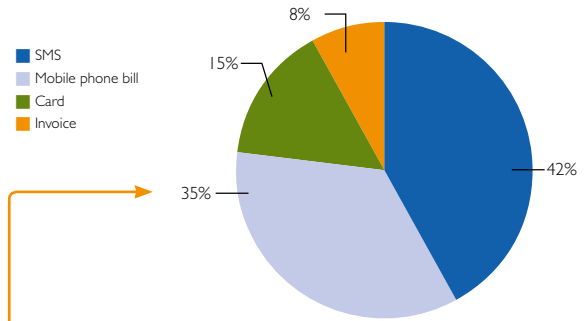
Users are optimistic!

What Swedish consumers buy with their phones



Travel and media are doing good on the phone

Mobile payment methods consumers used in Sweden

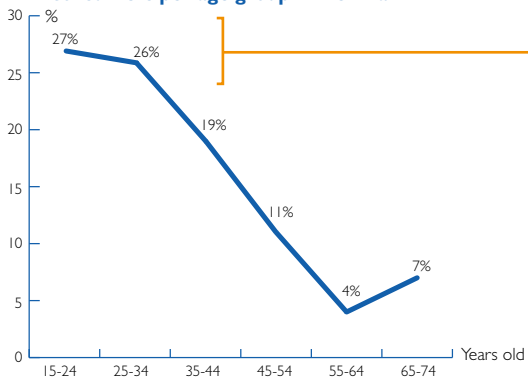


Major involvement by mobile operators



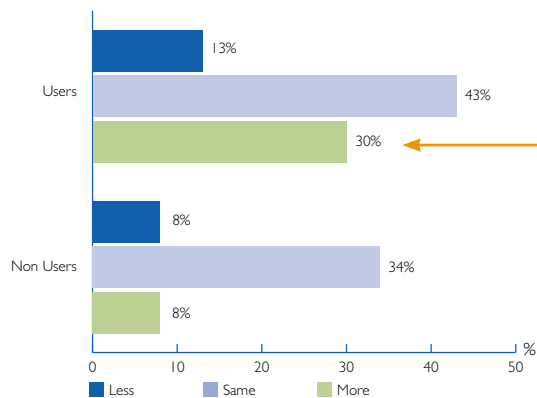
3.2 M-commerce in Denmark

M-consumers per age group in Denmark



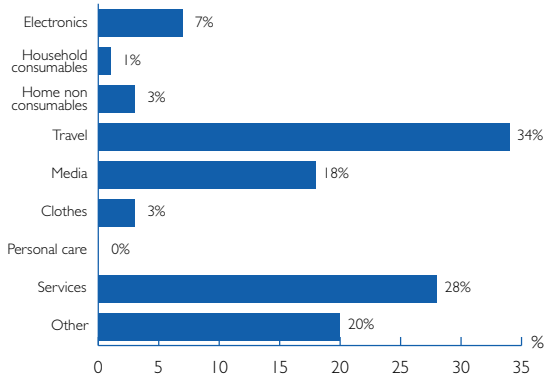
Over a quarter of Danes below the age of 34 are m-shopping

Expectations for mobile purchases – users and non users in Denmark



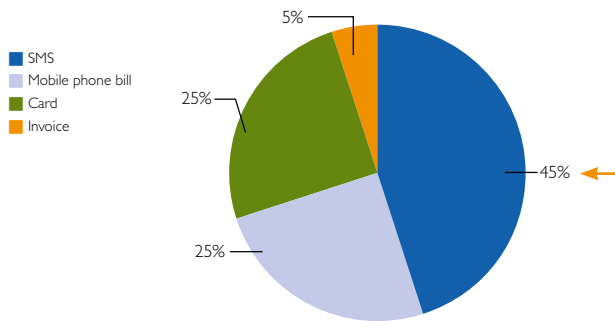
Users are optimistic!

What Danish mobile consumers buy with their phones



Travel is a large part of the m-commerce market

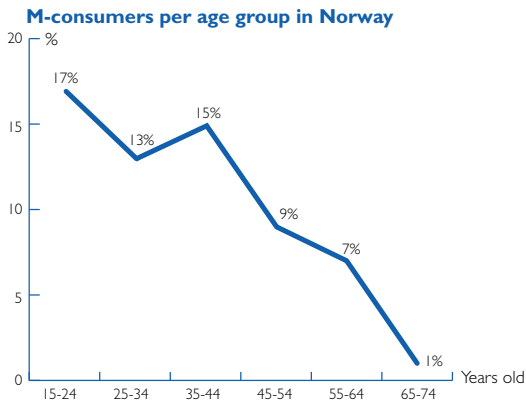
Mobile payment methods consumers used in Denmark



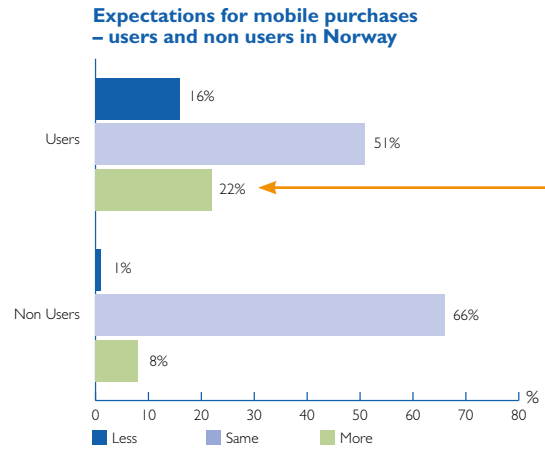
In Denmark, 45% of m-consumers have paid via SMS



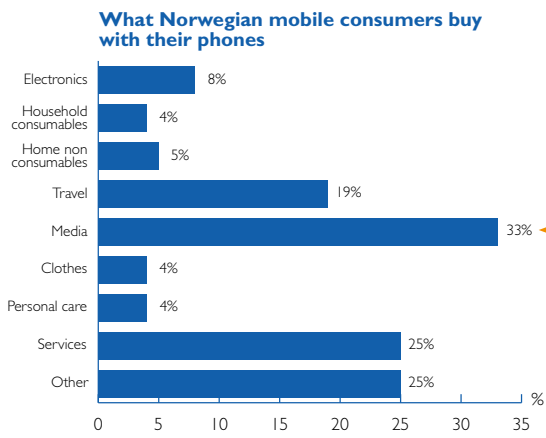
3.3 M-commerce in Norway



Norwegian early adopters are 15-44 years old

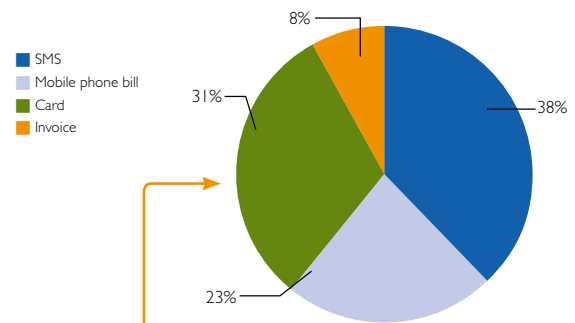


Users are optimistic!



Norwegians are m-spending on media

Mobile payment methods consumers used in Norway

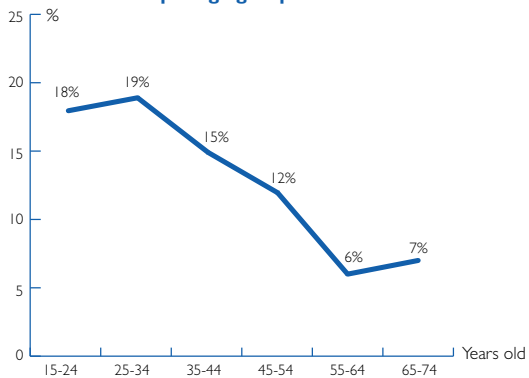


Using the card more than in other Nordic countries

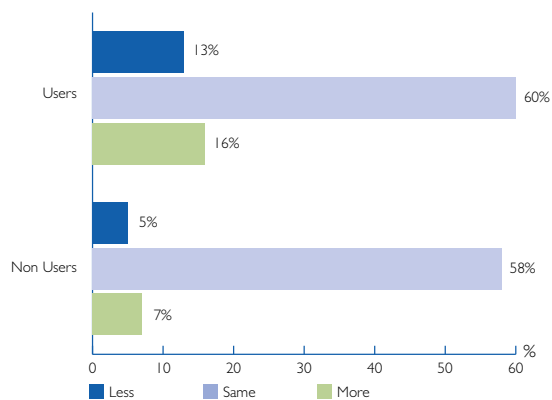


3.4 M-commerce in Finland

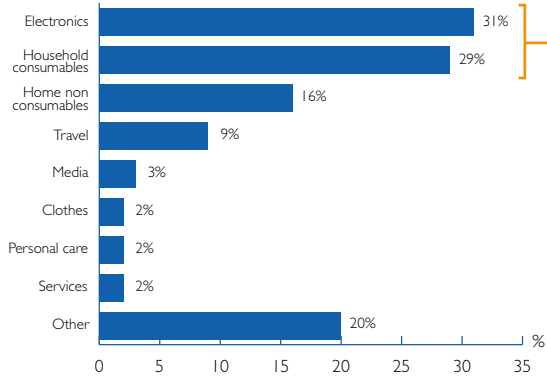
M-consumers per age group in Finland



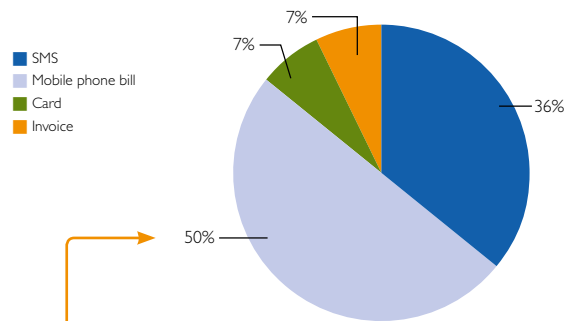
Expectations for mobile purchases – users and non users in Finland



What Finnish mobile consumers buy with their phones



Mobile payment methods consumers used in Finland

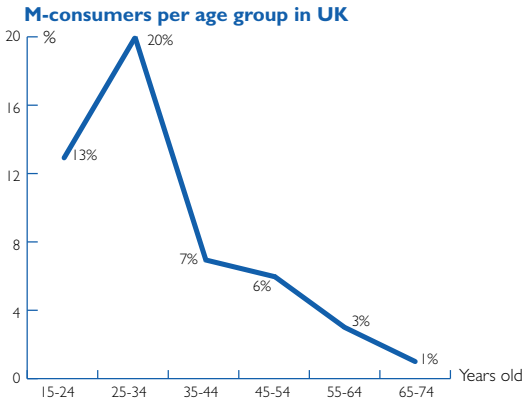


The Finnish m-market is different; it is dominated by electronics and household consumables

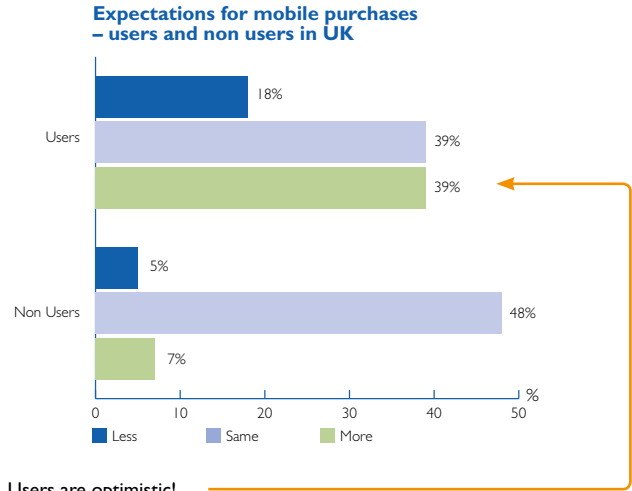
More than others, the Finns pay for m-commerce via their mobile phone bill



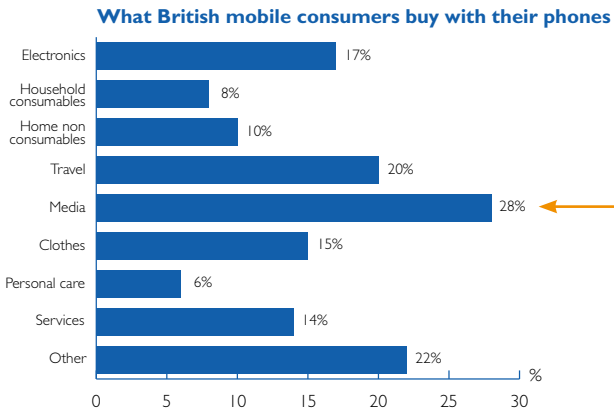
3.5 M-commerce in UK



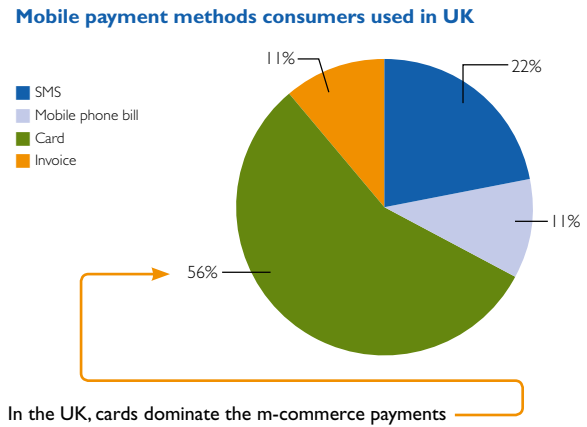
Half the penetration compared to Sweden and Poland



Users are optimistic!



Media has the largest m-market share

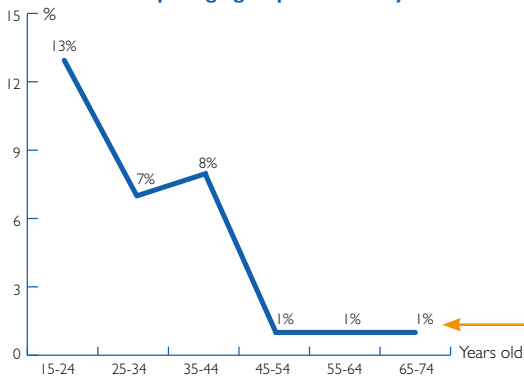


In the UK, cards dominate the m-commerce payments



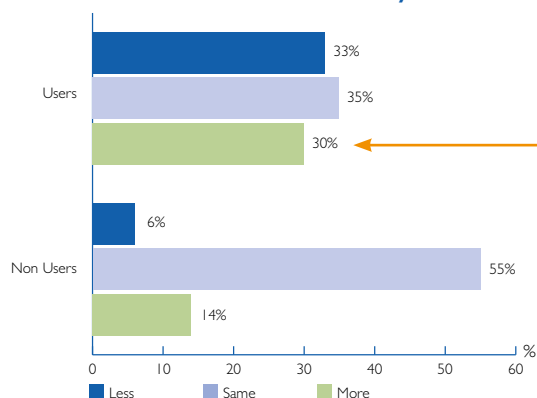
3.6 M-commerce in Germany

M-consumers per age group in Germany



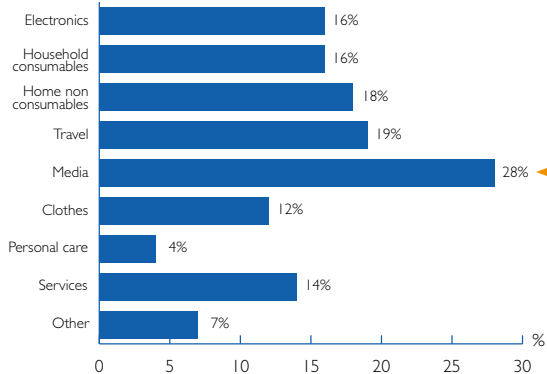
Nearly no m-commerce for people older than 45 years

Expectations for mobile purchases – users and non users in Germany



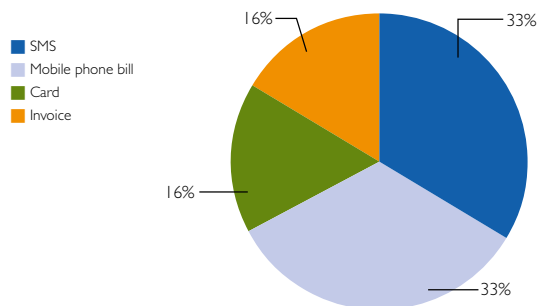
Compared to non-users, users are both more optimistic and pessimistic. The m-shopping experience seems to get mixed reviews.

What German mobile consumers buy with their phones



Germans are buying media in the phone

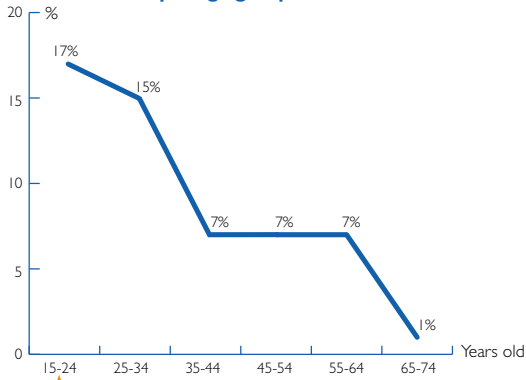
Mobile payment methods consumers used in Germany





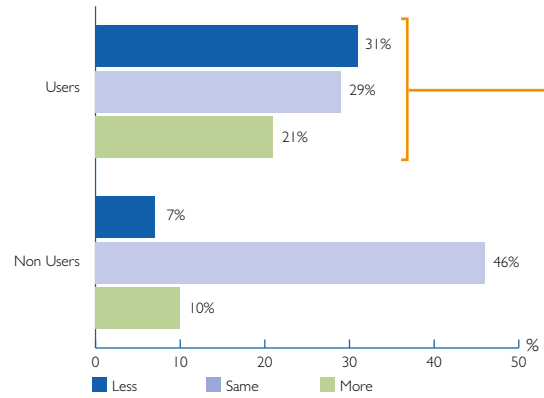
3.7 M-commerce in France

M-consumers per age group in France



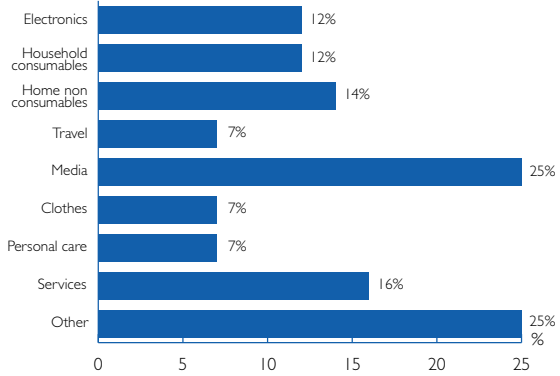
Most m-consumers are young

Expectations for mobile purchases – users and non users in France



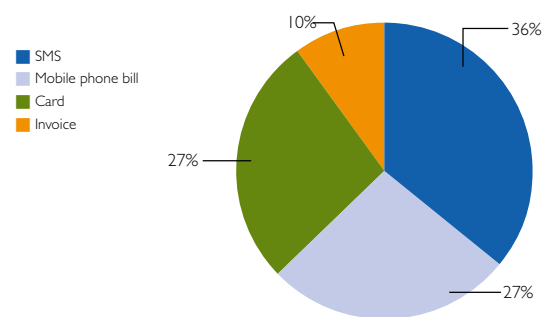
Compared to non-users, users are both more optimistic and pessimistic. The m-shopping experience seems to get mixed reviews.

What French mobile consumers buy with their phones



French m-commerce is a lot about media

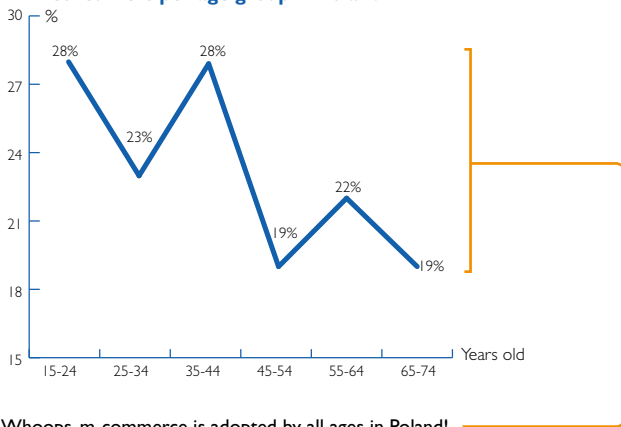
Mobile payment methods consumers used in France





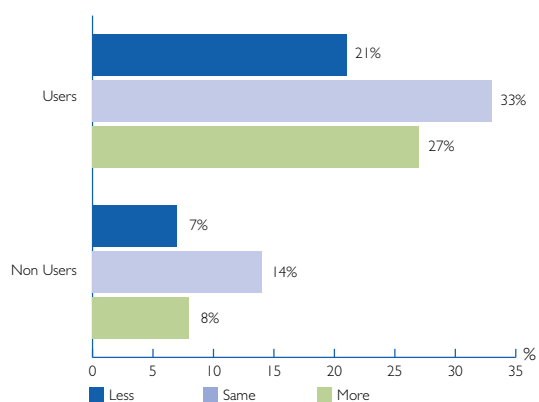
3.8 M-commerce in Poland

M-consumers per age group in Poland

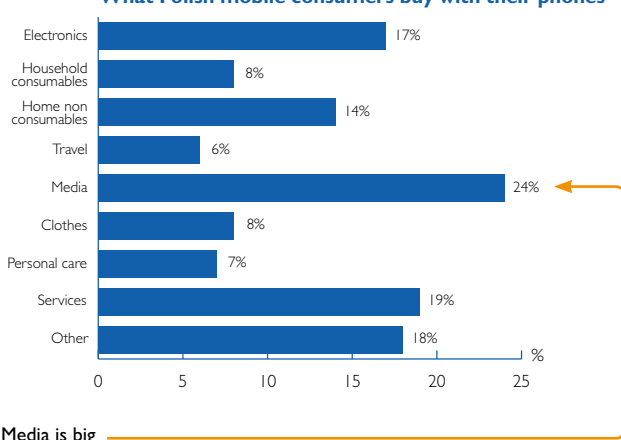


Whoops, m-commerce is adopted by all ages in Poland!

Expectations for mobile purchases – users and non users in Poland

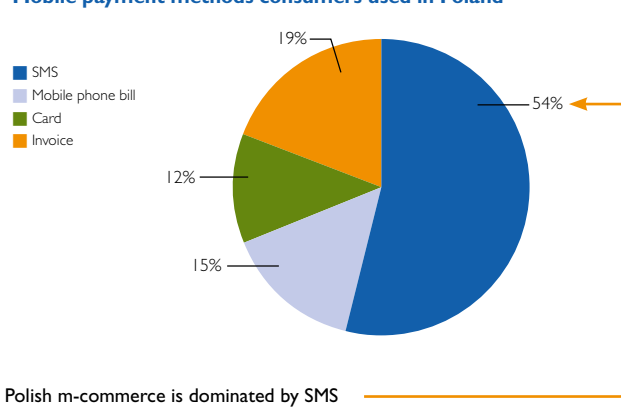


What Polish mobile consumers buy with their phones



Media is big

Mobile payment methods consumers used in Poland

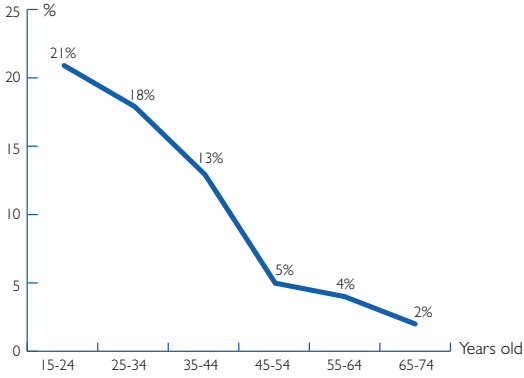


Polish m-commerce is dominated by SMS



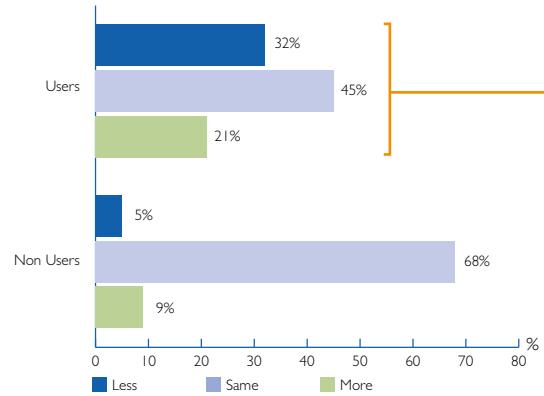
3.9 M-commerce in Spain

M-consumers per age group in Spain



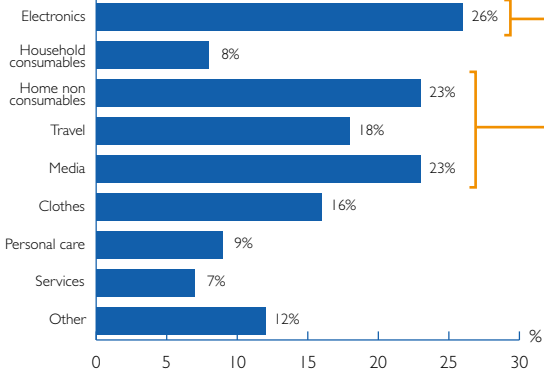
The early adopters are 15-44 years old

Expectations for mobile purchases – users and non users in Spain



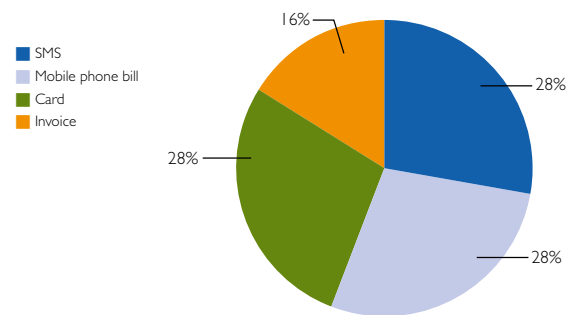
Compared to non-users, users are both more optimistic and pessimistic. The m-shopping experience seems to get mixed reviews.

What Spanish mobile consumers buy with their phones



Big on electronics, home non-consumables and media

Mobile payment methods consumers used in Spain



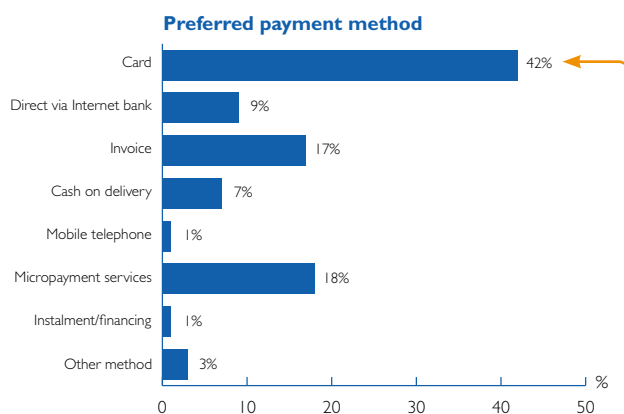


4. Finding the right payment methods across Europe

The European markets share several traits across borders. Consumers' drivers, behavior and preferences are to a large degree similar across Europe. However, there are a few notable exceptions, and that includes how consumers pay for the goods and services. Depending on national payment infrastructure, national laws, competitive landscape, consumption pattern, historic facts etcetera, consumers' preferences for payments are very different in different countries.

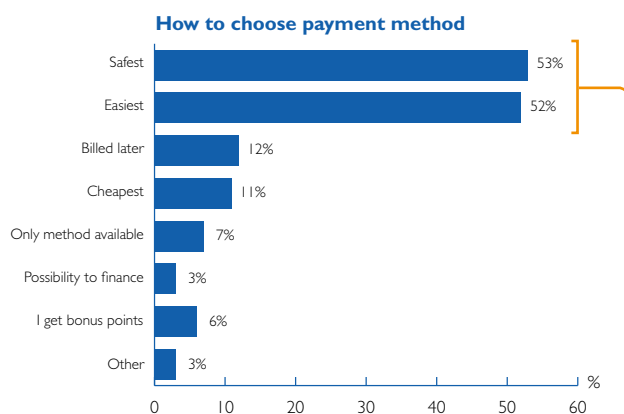
Europeans' way of paying online differs substantially across borders. A successful e-merchant should respond by offering relevant payment methods to its target groups.

Card is preferred by the largest group of consumers (42%), but other payment options such as micropayment services (18%), invoices (17%) and Internet bank transfers (9%) are also fairly popular overall, and in some countries dominant methods.



Card is the most popular method, but not in every country

Consumers opt for what they believe is the safest (53%) and easiest (52%) method and the preferred payment method is closely related to e-consumer perceptions of security and convenience. Opportunity to be billed later (12%) and perceived cost also weighs in (11%).

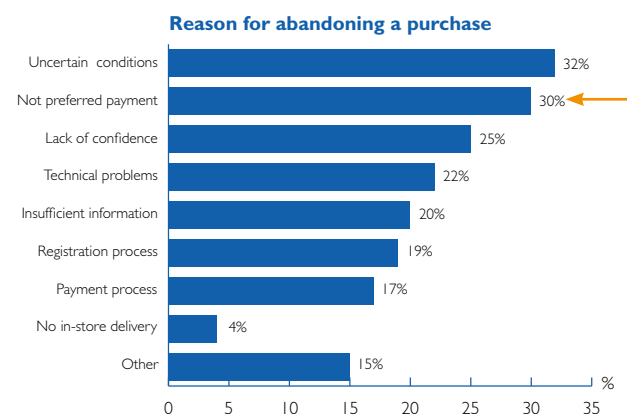


Safe and easy are triggers

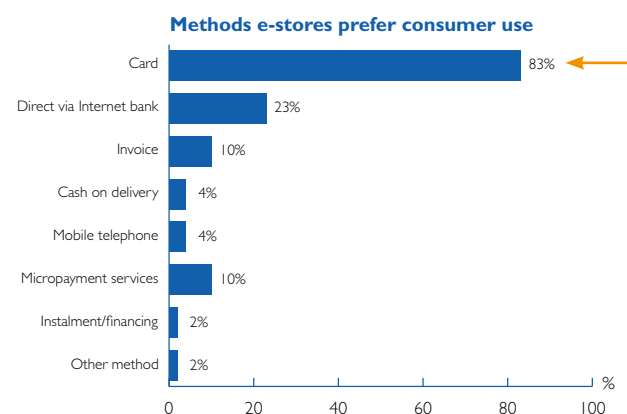
About one quarter of the consumers have chosen to abandon an online purchase after having placed goods in an electronic shopping cart. The second most common reason to cancel an ongoing purchase is that the consumer could not pay with his or hers preferred method. This clearly shows the importance of offering the right payment method in order to maximize conversion rates.

The most frequent reason for abandoning the checkout window is uncertainty regarding terms and conditions of the purchase (32%).

This is followed by lack of the consumers' preferred payment method (30%).



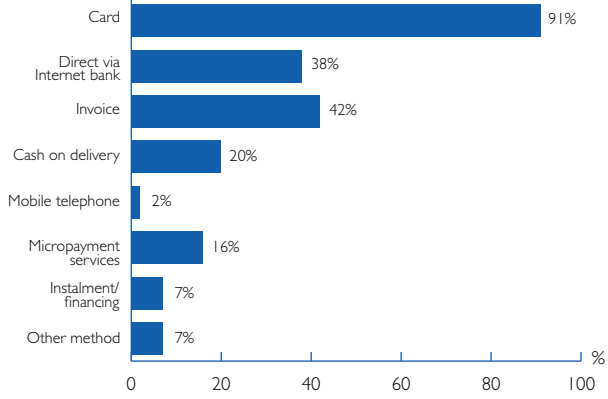
30% of the consumers have abandoned a purchase due to lack of payment alternatives



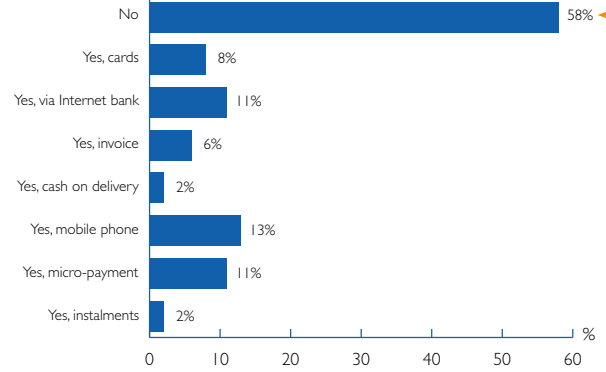
Stores prefer cards



Methods e-stores offer

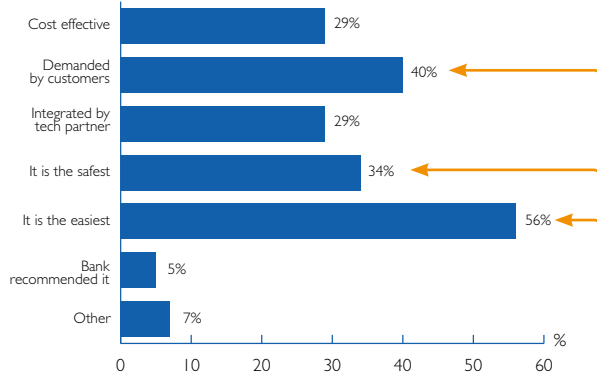


Plans for new payment methods



42% plan to offer new payment methods

Why e-stores decide what payment method to offer



Safe, easy and popular are triggers



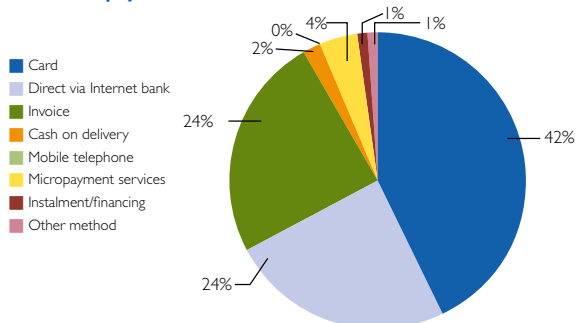
4.1 To pay or not to pay – huge differences between countries

On an accumulated level, cards are Europe's preferred payment method (42%), but if we dig deeper into the data, a very disperse pattern emerge. The countries vary greatly with regards to consumers' preferred payment methods. There is no other factor in the study with such a wide discrepancy between the countries.

4.2 Payments in Sweden

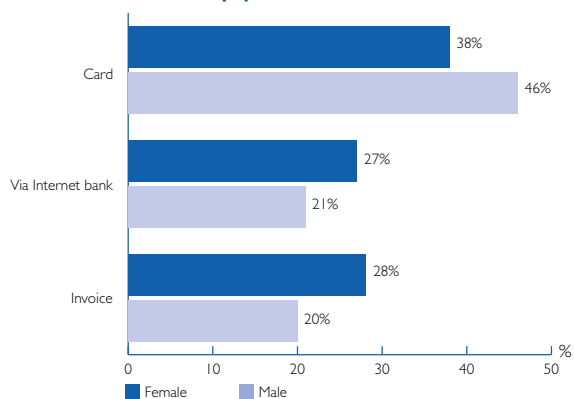
In Sweden, cards are growing in popularity. Last year 33% of the consumers preferred to pay by card, but this year the number has grown to 42%. Cards are especially popular among men and in Stockholm. Internet bank transfer (24%) and invoicing (24%) are also popular; but they have lost some of their appeal since last year. The popularity of invoice seems to grow with age, as it is most popular for the 65–74 year-olds. Of the consumers that have cancelled an ongoing purchase, 31% abandoned the checkout window because the e-merchant lacked their preferred method of payment.

Preferred payment methods in Sweden

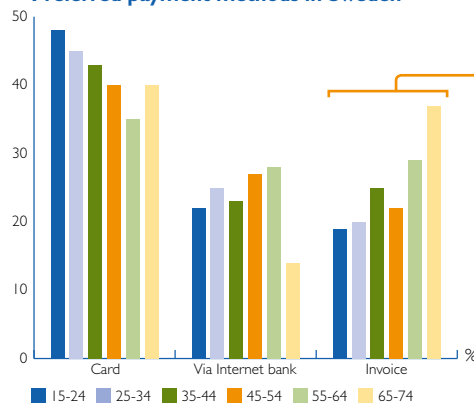


Three main alternative methods

Preferred payment methods in Sweden

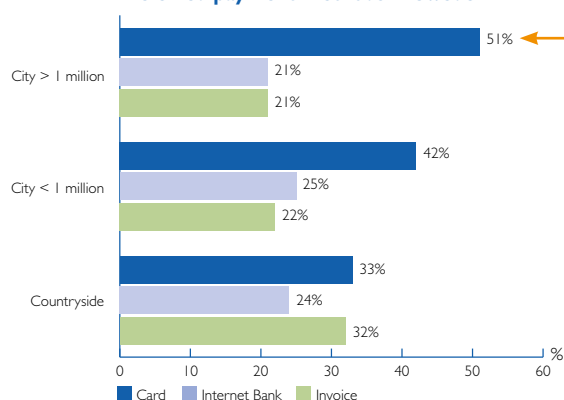


Preferred payment methods in Sweden



Older people like invoices

Preferred payment methods in Sweden



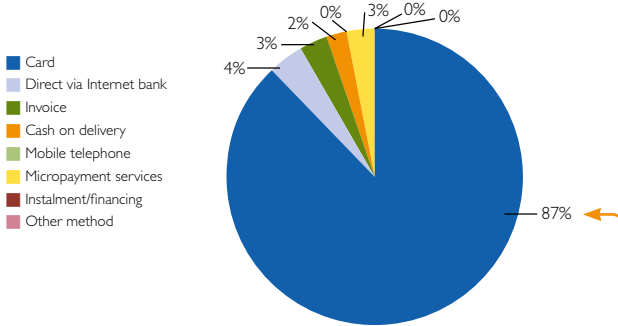
Young, urban men prefer cards



4.3 Payments in Denmark

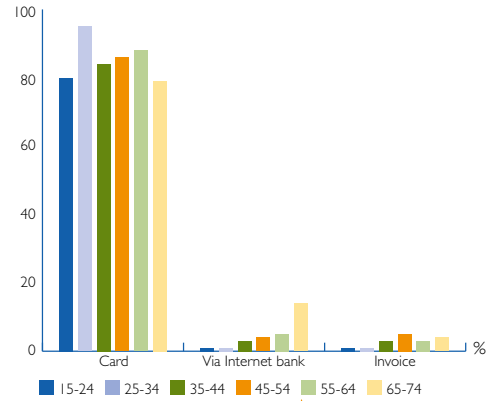
Denmark is without doubt the country in which card payments are most common, with 87% preferring to use this method, up from 80% last year. This is due to the dominant position of the Dankort. Only 4% of Danish e-consumers prefer Internet bank transfer payments and 3% invoices. Of the consumers that have cancelled an ongoing purchase, 18% abandoned the checkout window because the e-merchant lacked their preferred method of payment.

Preferred payment methods in Denmark



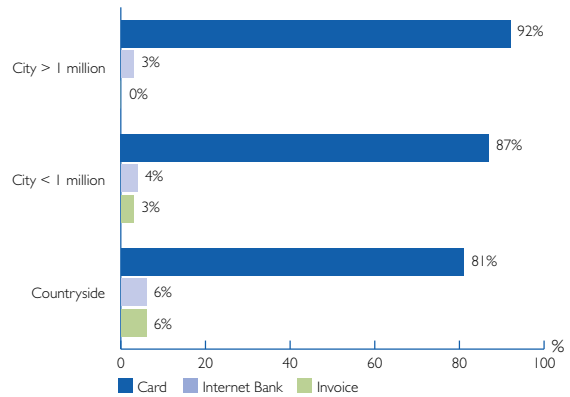
Cards dominate the market

Preferred payment methods in Denmark

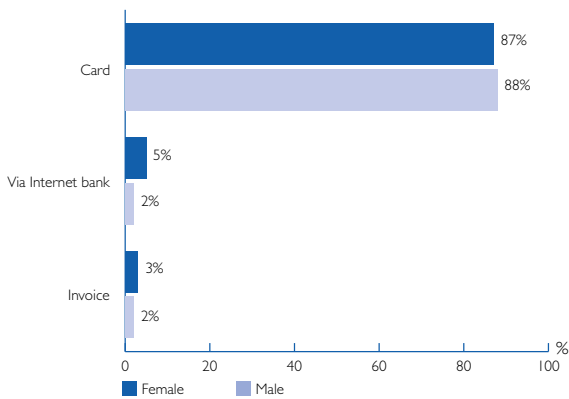


Transfer via Internet bank is relatively popular for people aged 65-74

Preferred payment methods in Denmark



Preferred payment methods in Denmark

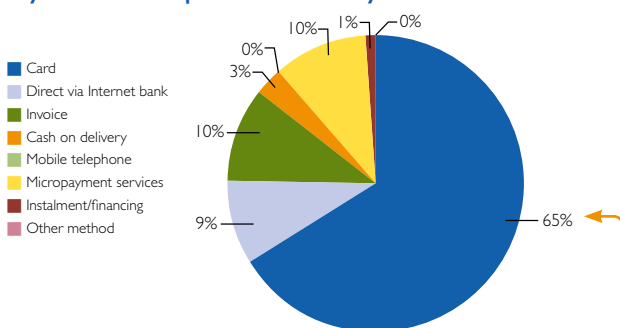




4.4 Payments in Norway

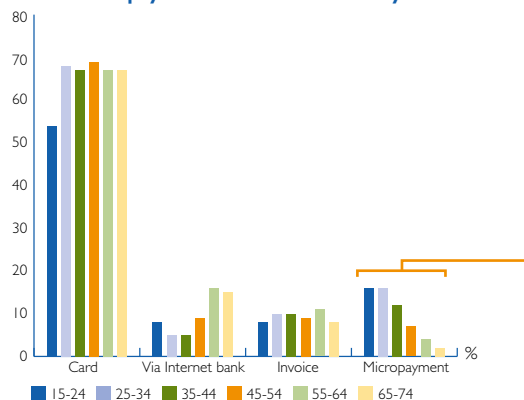
Two thirds of the Norwegian consumers prefer to pay with credit card (65%). 10% prefer invoices, 10% prefer micropayments and 9% prefer to pay via Internet bank transfers. Compared to its Nordic neighbors, micropayments are very popular. Of the consumers that have cancelled an ongoing purchase, 24% abandoned the checkout window because the e-merchant lacked their preferred method of payment.

Payment methods preferred in Norway



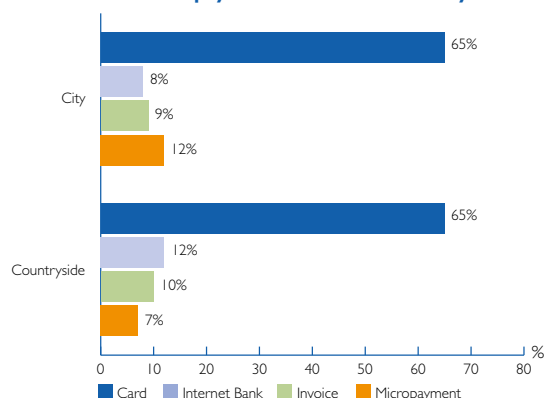
Card has the strongest appeal

Preferred payment methods in Norway

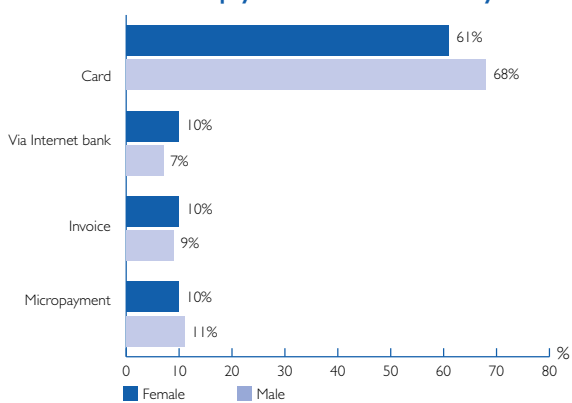


Micropayments are used by young Norwegians

Preferred payment methods in Norway



Preferred payment methods in Norway

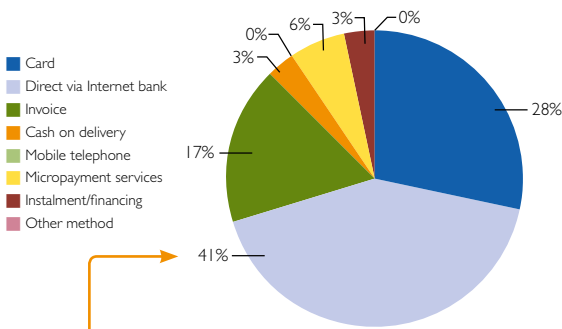




4.5 Payments in Finland

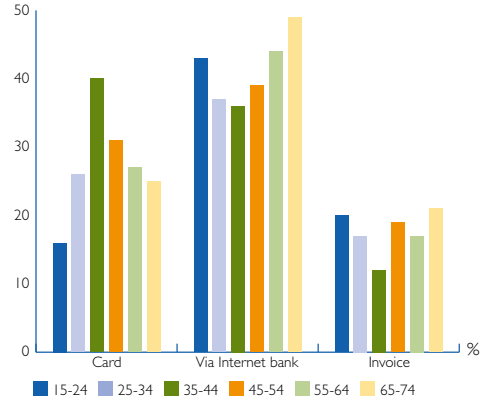
The situation is markedly different in Finland, where only 28% prefer cards. Here 41% prefer invoices and 17% prefer Internet bank transfers. Of the consumers that have cancelled an ongoing purchase, 37% abandoned the checkout window because the e-merchant lacked their preferred method of payment.

Preferred payment methods in Finland

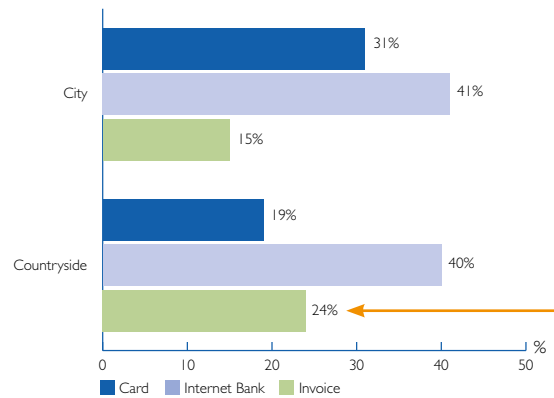


Internet transfer is big

Preferred payment methods in Finland

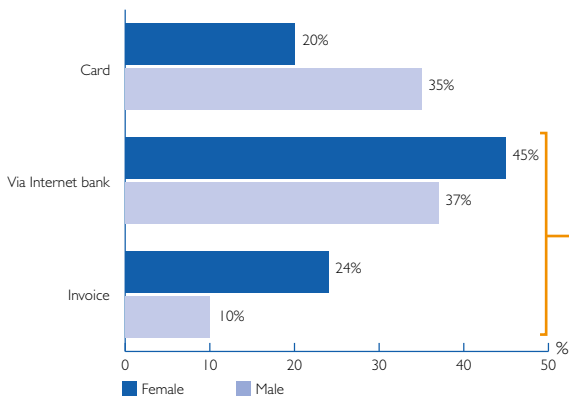


Preferred payment methods in Finland



Invoice is more popular in rural areas

Preferred payment methods in Finland



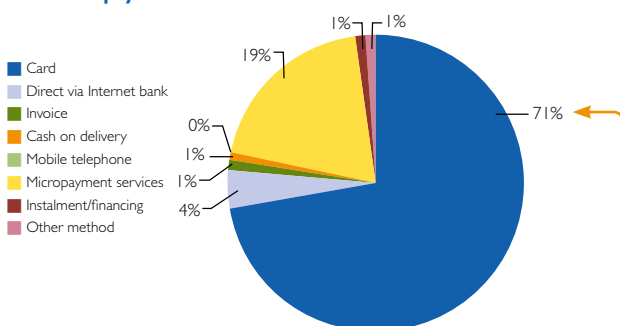
Invoice and internet bank are more appealing to women



4.6 Payments in UK

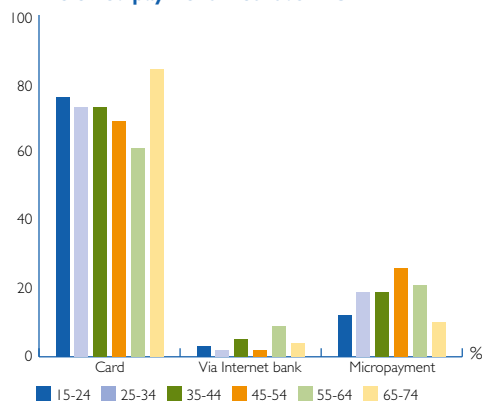
UK consumers have a strong preference for using cards (71%). The UK also stands out since as many as 19% of the consumers prefer micropayment services such as PayPal. Women and people 45–64 years old especially favor them. Only 4% prefer to pay via Internet bank transfer.

Preferred payment methods in UK

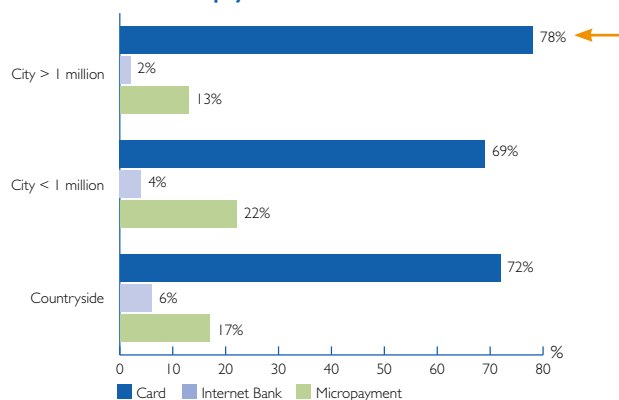


People pay with the plastics

Preferred payment methods in UK

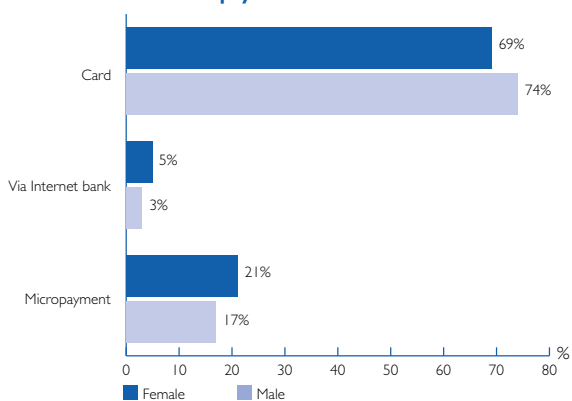


Preferred payment methods in UK



Cards are more popular in largest cities

Preferred payment methods in UK

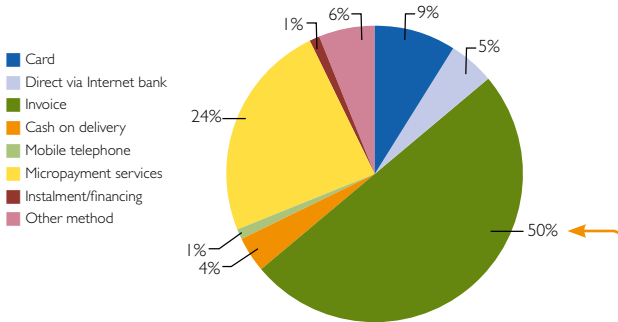




4.7 Payments in Germany

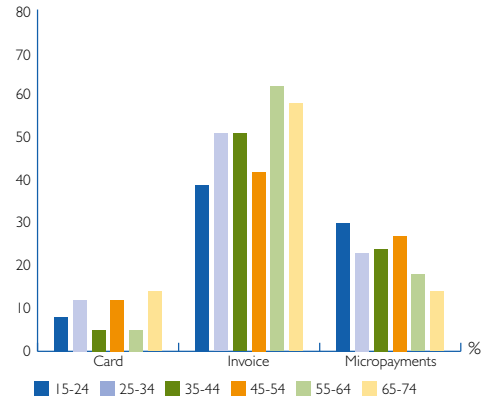
More than the others, German consumers prefer invoice payments (50%). Invoice has also grown in popularity during the last year: Micropayments are also very popular (24%), whereas cards are preferred by only 9% (on par with Poland). Last year 20% of the consumers preferred cards. Of the consumers that have cancelled an ongoing purchase, 46% abandoned the checkout window because the e-merchant lacked their preferred method of payment.

Preferred payment methods in Germany

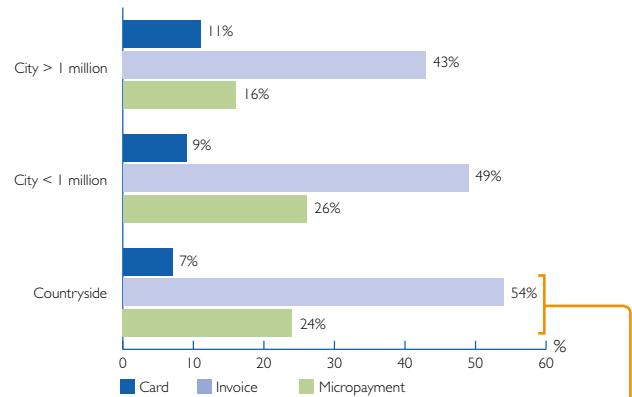


Invoice dominates, with micropayments being very popular

Preferred payment methods in Germany

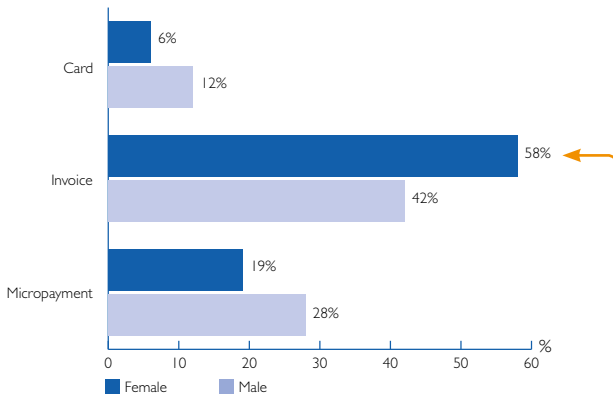


Preferred payment methods in Germany



Micropayments and invoices are more popular outside the major metropolitan areas

Preferred payment methods in Germany



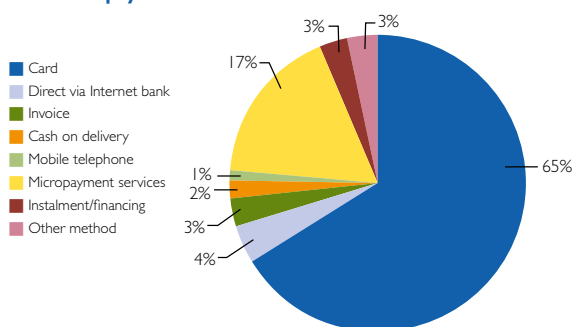
Women prefer invoice



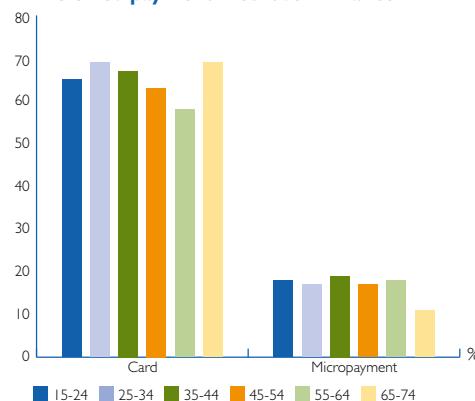
4.8 Payments in France

In France, cards have a dominant position, preferred by 65%. Micropayments are also popular (17%). There are no substantial differences between men and women, different age groups or different regions of France. Of the consumers that have cancelled an ongoing purchase, 24% abandoned the checkout window because the e-merchant lacked their preferred method of payment.

Preferred payment methods in France



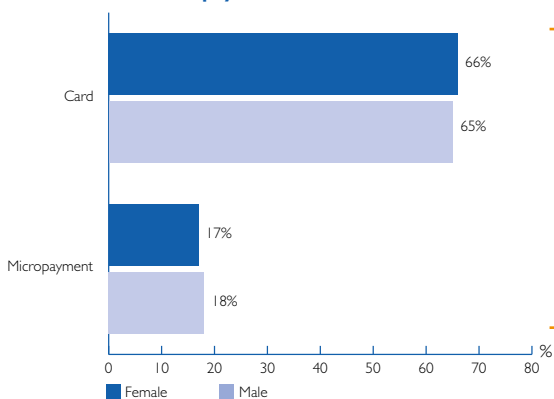
Preferred payment methods in France



Preferences not determined by age

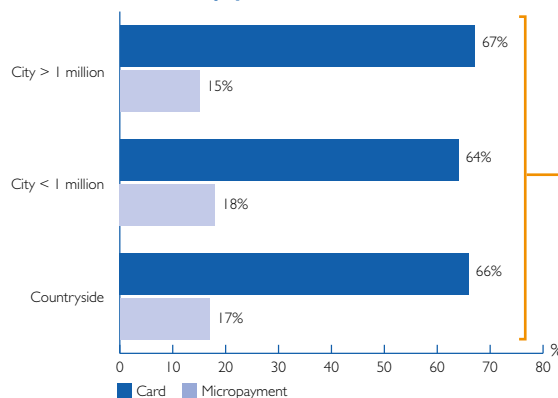
Cards and micropayments

Preferred payment methods in France



Preferences not determined by sex

Preferred payment methods in France



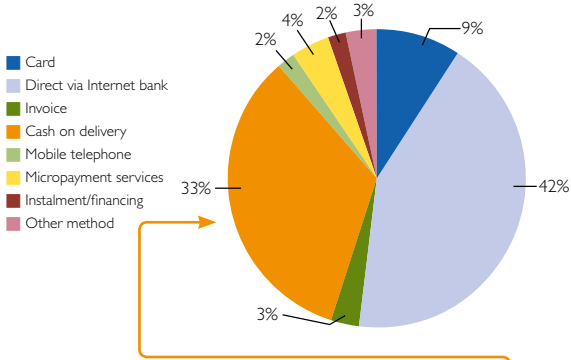
Preferences not determined by region



4.9 Payments in Poland

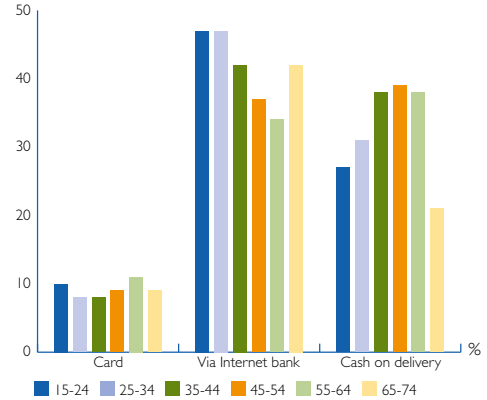
A third of the consumers in Poland prefer to pay cash on delivery. Poland really stands out, since cash on delivery is not preferred by more than 4% in any other country. 42% prefer to transfer the money via Internet bank. 9% prefer to pay with cards, which is the same percentage as in Germany. Of the consumers that have cancelled an ongoing purchase, 16% abandoned the checkout window because the e-merchant lacked their preferred method of payment.

Preferred payment methods in Poland

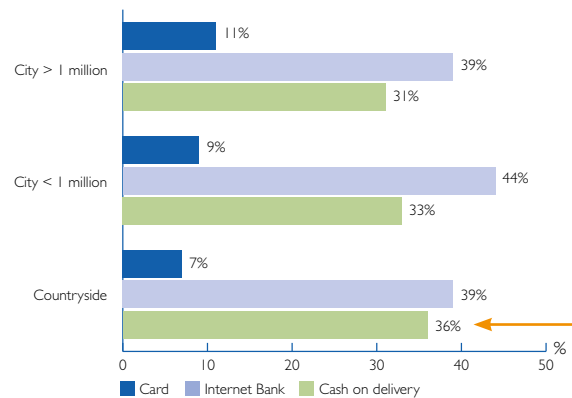


Cash on delivery is more popular than elsewhere

Preferred payment methods in Poland

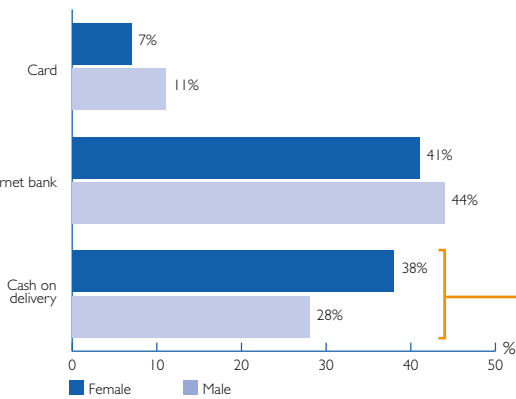


Preferred payment methods in Poland



Cash on delivery is more popular in rural areas

Preferred payment methods in Poland



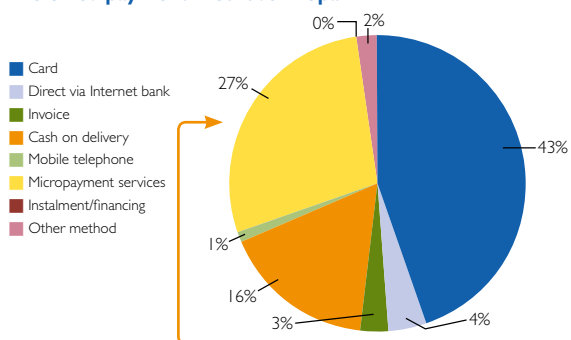
Cash on delivery is more popular among women



4.10 Payments in Spain

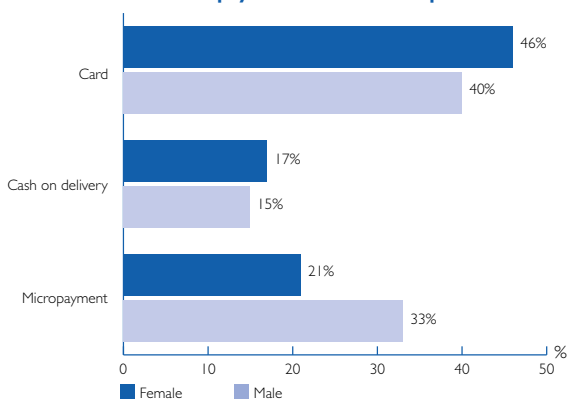
Most Spanish consumers prefer to pay by card (43%). As in Poland, cash on delivery is fairly popular (16%), but far from the Polish level. 27% of the consumers prefer micropayment. Of the consumers that have cancelled an ongoing purchase, 27% abandoned the checkout window because the e-merchant lacked their preferred method of payment.

Preferred payment methods in Spain

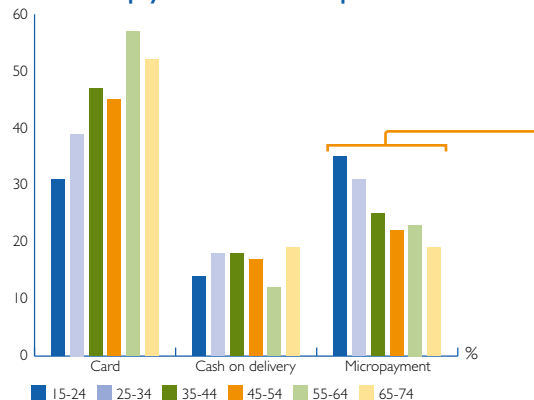


Micropayments and cash on delivery are popular

Preferred payment methods in Spain

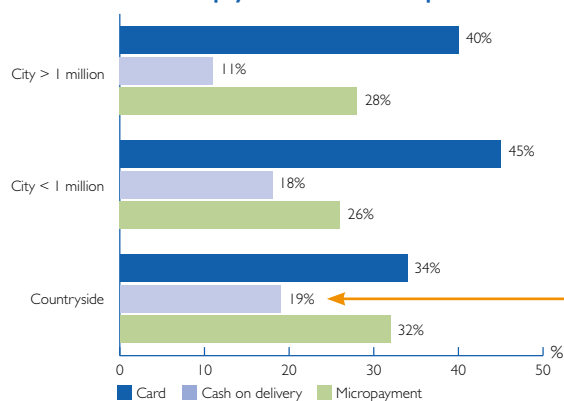


Preferred payment methods in Spain



Young people like micropayment

Preferred payment methods in Spain



Cash on delivery is larger outside the cities



5. E-commerce per country

The European consumers plan, book and pay their travelling online. Travel is the largest e-market in all countries, and in the Nordic region, a full third of the market is travel. Travel constitutes 36% of the Danish e-commerce market. Sweden is not far away and 31% of the Swedish e-commerce market is travel related.

A sector that has grown considerably since last year's version of DIBS E-Commerce Survey is household consumables.

The category is now the second largest market in all countries but Germany. In the UK, the household consumables category constitutes 17% of the market and for the other countries it is between 10% and 14%.

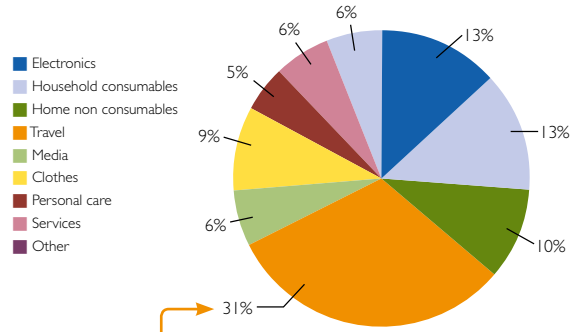
Electronics is the third largest category in all countries except Germany where it took the second place. The market for electronics stands at about 10% to 13%, so it is trailing very close behind the market for household consumables.

People from major cities shop online more often and spend more money, than people who live in smaller cities or on the countryside. Urban people have access to more traditional stores, but still use e-commerce far more than people on the countryside.

The graph of average consumption per age group has the pattern of a sad smile. Although young people have frequent purchasing behavior, their total spending power is limited. Average e-commerce increases with age up until a certain level and then it decreases again and the 65–74 year-olds spend less online. Most countries fit into this picture, but in Norway the 65–74 year-olds are on a shopping spree. In Poland young people are the biggest spenders.

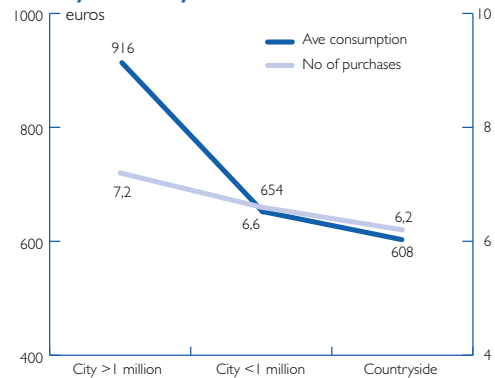
5.1 E-commerce in Sweden

Swedish e-market



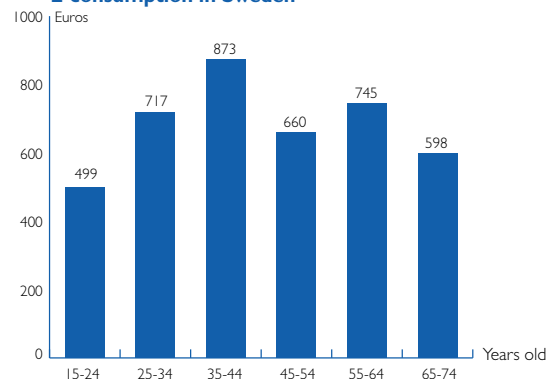
Travel is big in all Nordic countries

City vs countryside in Sweden



More activity in Stockholm

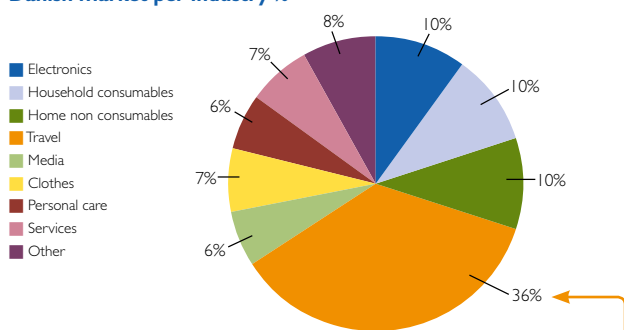
E-consumption in Sweden





5.2 E-commerce in Denmark

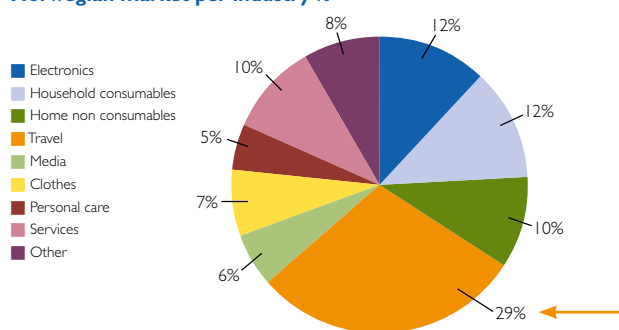
Danish market per industry %



Travel is big in all Nordic countries

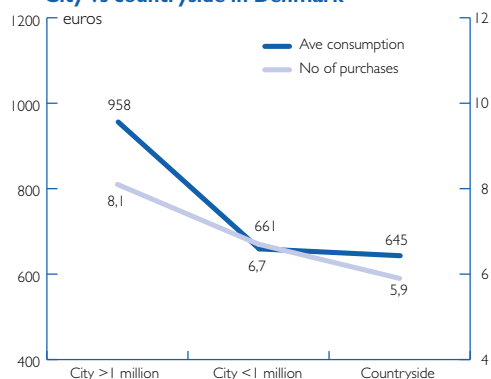
5.3 E-commerce in Norway

Norwegian market per industry %



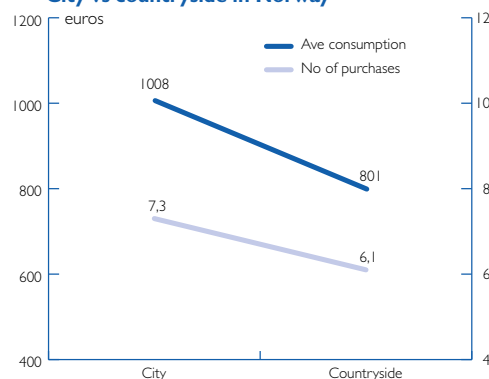
Travel is big in all Nordic countries

City vs countryside in Denmark



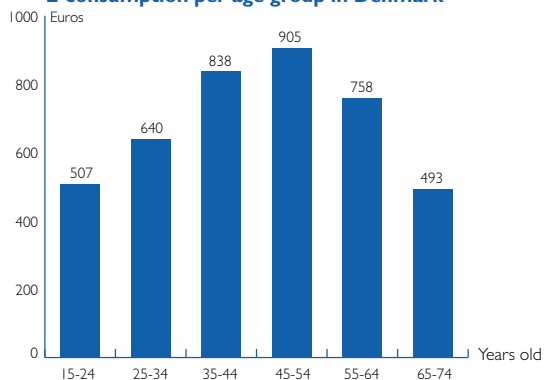
More activity in Copenhagen

City vs countryside in Norway

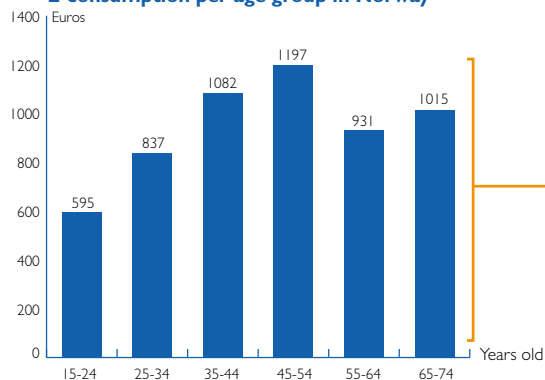


More activity in the cities

E-consumption per age group in Denmark



E-consumption per age group in Norway

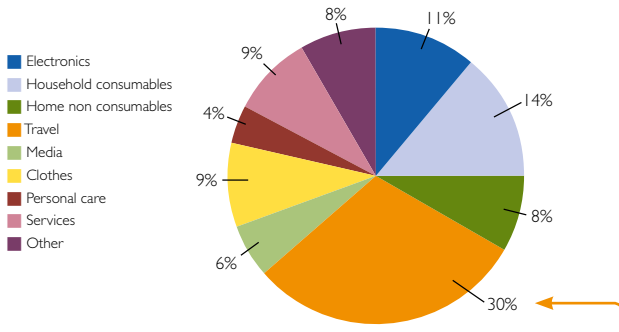


The Norwegians have the highest online consumption



5.4 E-commerce in Finland

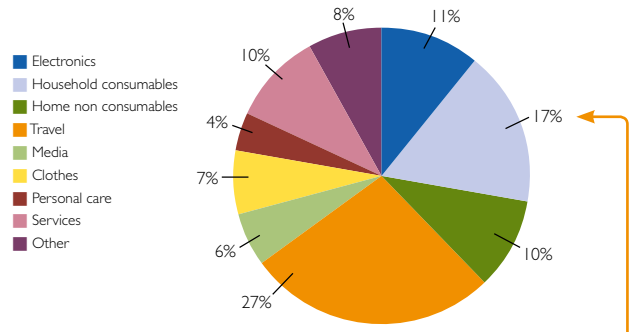
Finnish market per industry %



Travel is big in all Nordic countries

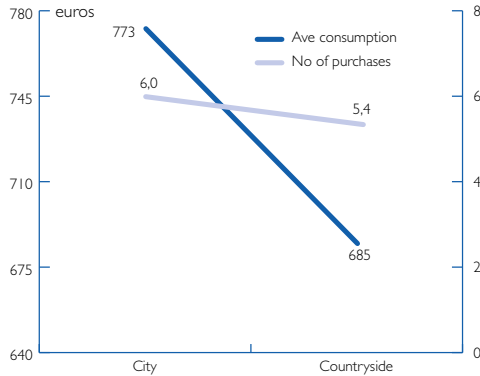
5.5 E-commerce in UK

UK market per industry %



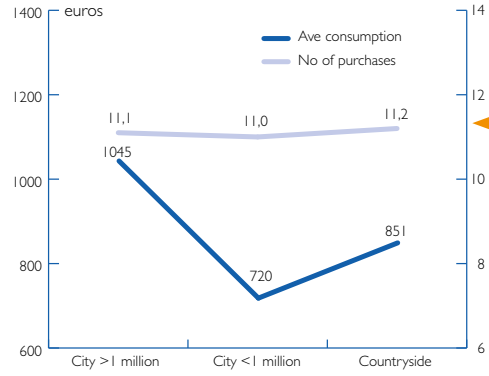
Household consumables are popular online

City vs countryside in Finland



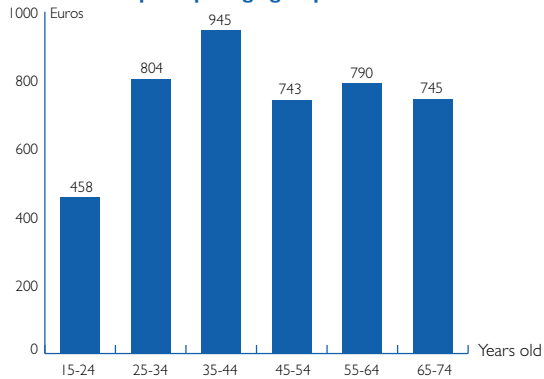
More activity in the cities

City vs countryside in UK

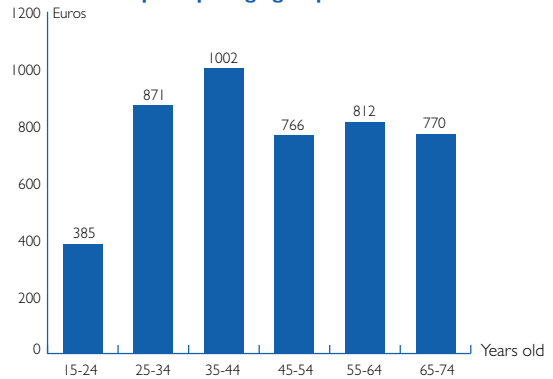


Equally frequent shopping in cities and outside

E-consumption per age group in Finland



E-consumption per age group in UK

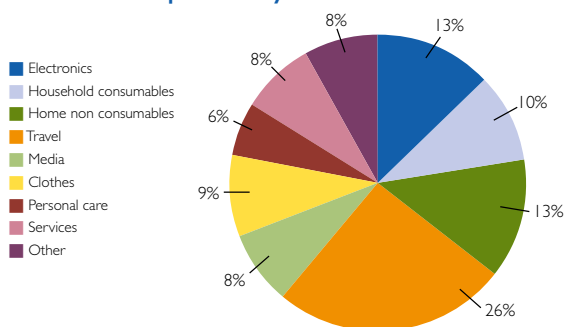


Low online consumption for the youngest



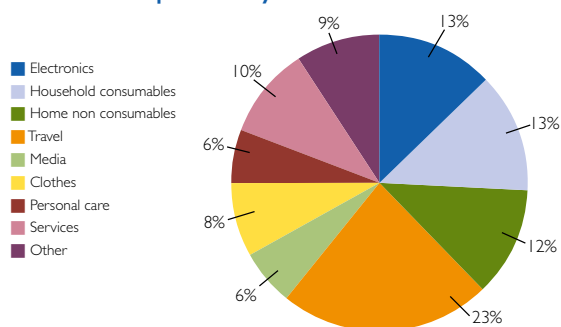
5.6 E-commerce in Germany

German market per industry %

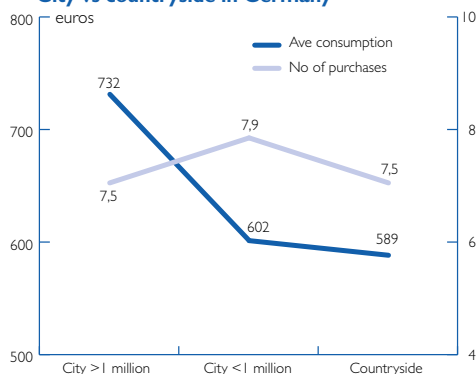


5.7 E-commerce in France

French market per industry %

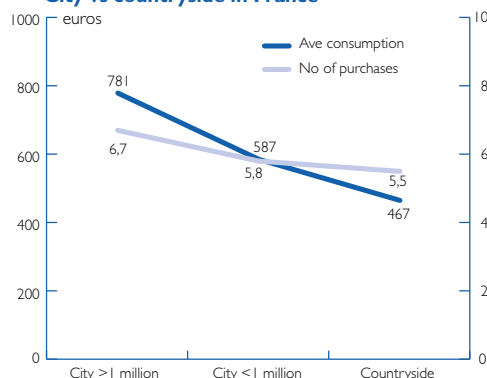


City vs countryside in Germany



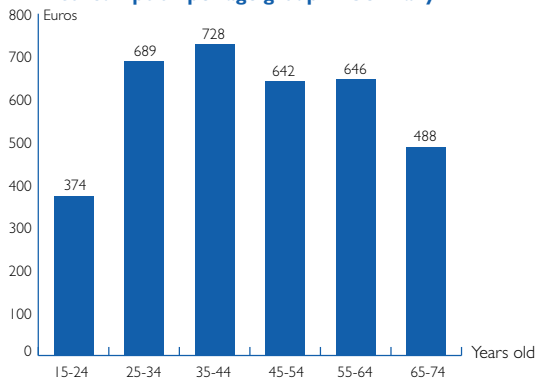
Higher average consumption in the largest cities

City vs countryside in France

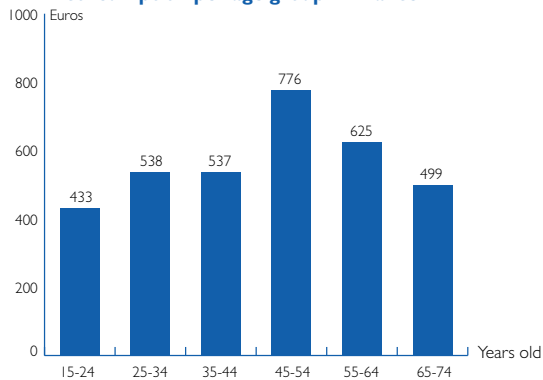


More activity in the cities

E-consumption per age group in Germany



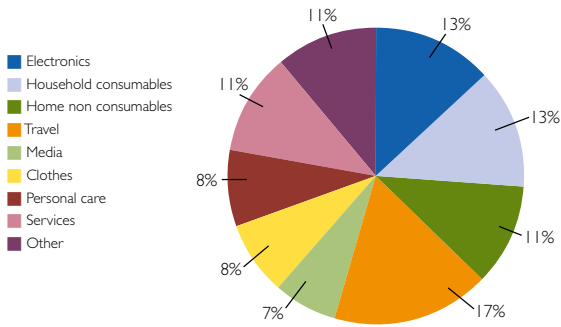
E-consumption per age group in France





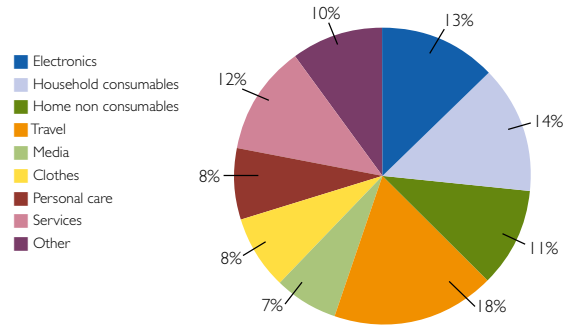
5.8 E-commerce in Poland

Polish market per industry %

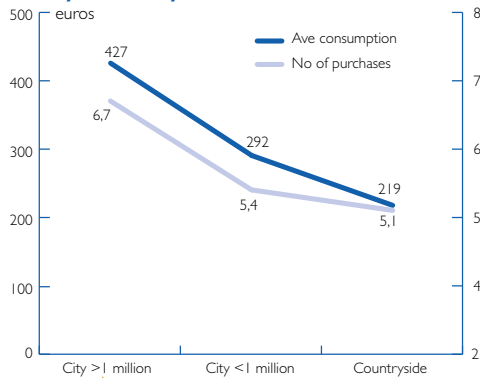


5.9 E-commerce in Spain

Spanish market per industry %

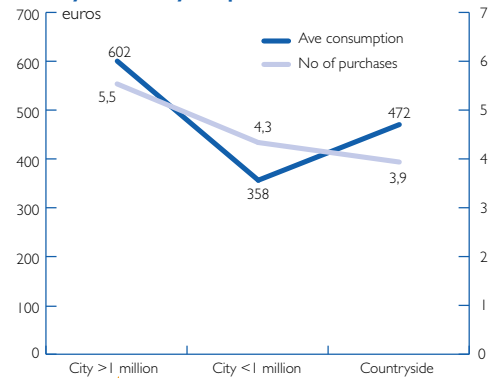


City vs countryside in Poland



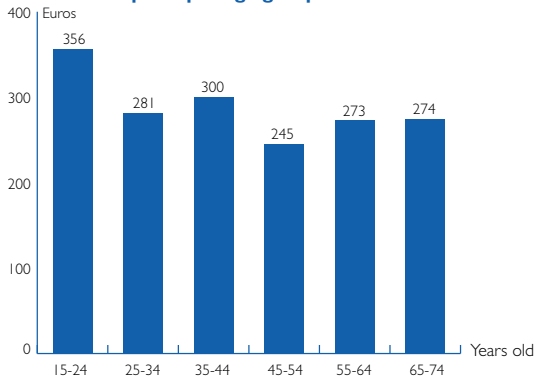
More activity in the cities

City vs country in Spain



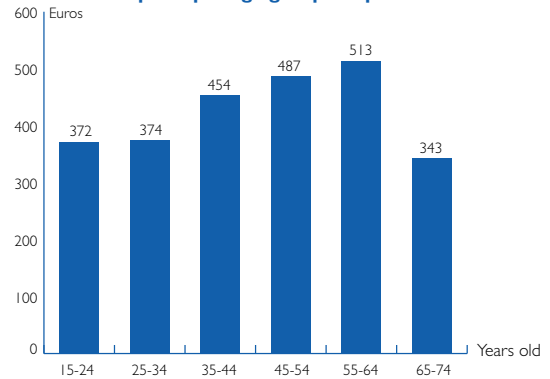
More activity in the cities

E-consumption per age group in Poland



The youngest consumers are on a shopping spree

E-consumption per age group in Spain





5.10 Opportunities across borders

E-commerce is international in its character and many consumers take advantage of opportunities outside their home market. To that end, e-commerce is a change agent pushing for the integration of the European single market. Cross-border commerce is an important opportunity for merchants, with great potential as Internet maturity increases.

Across Europe, a fifth of the consumers have completed purchases on websites from outside their own country.

The most internationally minded consumers have their domicile in the Nordic countries, with high Internet maturity and relatively smaller home markets. In the UK and Germany fewer people shop abroad, probably due to the large domestic supply and competition. The Spaniards also shop across borders.

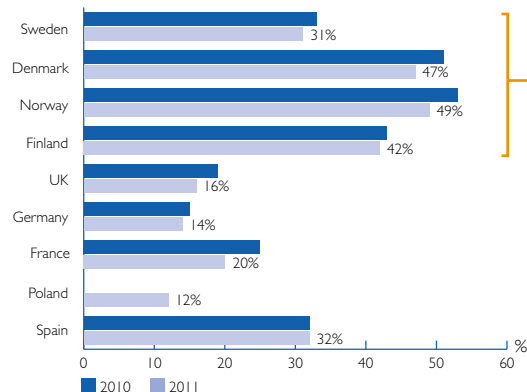
Compared to last year, slightly fewer consumers shop from foreign websites. Maybe that is because many stores have expanded into new countries and launched websites with local payments, in local language and etcetera. Thereby their products have been made available locally. Another factor is the unfavorable economic climate that could have impacted international shopping behavior.

The most important reason to shop abroad is to find products that are not available in the home country (42%), and the second most important driver is to find lower prices (39%). Interlinked to that are possibilities related to differences in taxes.

Both merchants and consumers contribute to the trend. E-merchants are getting more international in their outlook, and build brands that reach outside their home market.

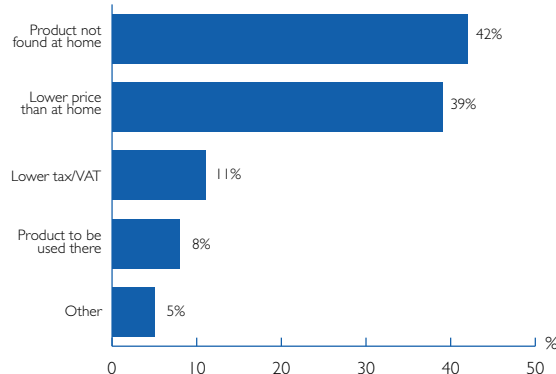
At the same time consumer confidence is on the rise for international consumer protection, delivery and payment methods.

E-consumers who shopped abroad



Nordic consumers take advantage of foreign opportunities

Why shop abroad





Definitions

For the purpose of this survey, the following definitions have been used:

Europe* includes Finland, UK, Spain, France, Germany and Poland

Electronics refers to computers, hardware, radio, TV and electronics

Household consumables refers to food, beverages, household products, alcohol and flowers

Home non-consumables refers to furniture, garden tools, DIY, domestic appliances and other products for the home

Travel related services refers to hotels, travel agents, tour operators, transport, such as air flights

Media/entertainment refers to books, music & films, software programs, toys, PC and DVD games, adult entertainment, events, tickets, clubs, associations and media

Clothes refers to clothes, shoes, jewellery, clocks and watches and sports equipment

Personal care refers to pharmacy products, medicine, treatments, health and beauty products

Services refers to public sector; finance, insurance, charities, business services, telecom and telephony

Mobile commerce refers to situations when consumers find, buy and pay for products and services via their mobile phones

E-commerce is a huge market opportunity for merchants

Consumers shop online to increase convenience in everyday life

Payment preferences vary greatly between markets

Young people have taken the lead into mobile commerce



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