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B2C e-Commerce 2011

Study of B2C Electronic Commerce 2011

2012 Edition

The Study on B2C Electronic Commerce 2011, 2012 Edition, was carried out by the ONTSI (Spanish Observatory for Telecommunications and the Information Society) team:

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EXECUTIVE SUMMARY

The economic context during 2011 has been one of stagnation. Even so, B2C e-commerce in Spain has grown considerably this year, even more than in previous years. In absolute terms, the estimated figure for the total turnover in the sector is €10.917 billion, up 19.8% from 2010. It should be noted that the sector grew 17.4% in 2010 compared to 2009, with a more favourable economic backdrop. This confirms that e-commerce is a young form of business in the midst of expansion and growth, even in adverse economic conditions.

This growth is the result of the evolution of three main variables: the number of Internet users, the proportion of Internet users who make purchases online and the average expenditure per purchaser.

We see that this year the total growth in the sector is mainly due to a sharp increase in the number of Internet purchasers, which has jumped from 11 million in 2010 to 13.2 million in 2011, a 20.2% increase in absolute values.

The 1.2% increase in the total number of Internet users (online purchasers and non-online purchasers), is similar to that seen in previous years, taking the total percentage to 66.3% of the Spanish population aged 15 and over. Therefore, the increase in the number of Internet users makes only a small contribution to the increase in B2C e-commerce.

Furthermore, the average expenditure per Internet purchaser in 2011 is very similar to the level seen in 2010 and even experienced a slight drop. The average annual expenditure per Internet purchaser in 2011 stands at €828, whereas the same value in 2010 was €831.

We can therefore conclude that the observed increase in the volume of B2C e-commerce in 2011 is due, above all, to the increase in the number of Internet purchasers. The increase in the number of Internet users is very moderate and the average expenditure saw a slight decrease. It must be remembered that the average expenditure of the 2.2 million new purchasers in 2011 is considerably lower, €316, and this has had an influence on the fall in total average expenditure.

The sustained growth in the total Internet user population maintains and intensifies the change seen in the overall Internet user profile in 2010. Most notable are the additions of older adult age groups to the Internet user population, especially in the 50 to 64 age range. This addition is more numerous than the one noted in the previous year. The more intensive use currently seen among young people aged between 15 and 34 is also significant. There are two interesting and oppositely-moving trends in Internet use compared to the previous year if we consider the town size and social class variables. On the one hand, there is a higher percentage of new Internet users in towns with fewer than 20,000 inhabitants and from lower-middle-class backgrounds. On the other hand, among those who have stopped using the Internet, there is a higher concentration in towns with fewer than 10,000 inhabitants and a low socio-economic status. There is a higher concentration of people who maintain their use at constant levels in towns or cities with more than 50,000 inhabitants and from upper or upper-middle-class backgrounds.

As was the case in previous years, the online purchaser profile continues to be similar to the traditional Internet user profile and is more intensive in adult age ranges between 25 and 49 years old, with secondary-level or university education, a middle or upper-middle-class background, working full-time and living in urban areas (more than 100,000 inhabitants).

Online purchasing behaviour continues to show signs of maturity, yet there are some interesting variations which point towards changing habits:

- This year has been noteworthy for a fall in purchasing frequency. In the case of those purchasers who make a purchase at least once a month, the percentage in 2010 was 16.7%, while in 2011 this stands at 13.3%.
- Online and mobile-phone searches are dominating as the means of searching for information and comparing prices. They are also the most frequently-used source and

the source with the biggest influence on the purchase, especially in more mature sectors where purchases are mainly made online.

- Search engines, shop websites and the websites of manufacturers or suppliers are the most used sources of information and have the biggest impact on the purchase.
- Even in the case of purchases made using traditional means, a significant percentage of purchasers, 43.6%, read online reviews. This percentage rises considerably if we consider online purchasers specifically, as here the figure stands at 73.3%.
- Exclusively online sales channels (manufacturers' websites and exclusively online shops, 46.9% and 40.9% respectively) are the main purchasing channels.
- There has been growth in new purchasing channels such as voucher or discount-coupon websites that, with 22.3%, exceeds the frequency of use of online auctions, which suffered a sharp drop (14.3% in 2011 compared to 21.4% in 2010). The use of voucher or discount-coupon websites is more intensive among women between 25 and 34 years old, living in towns or cities of more than 50,000 inhabitants, and with a certain degree of intensity in low and lower-middle-class backgrounds.

The new purchaser profile in 2011 is quite similar to the emerging new purchaser profile analysed in 2010. On the one hand it is more intensive among younger age groups, but also in adult age groups living in small towns and from a low and lower-middle-class backgrounds.

Mature, tourism-related sectors (travel tickets and accommodation reservations) continue to lead online business. These two sectors, along with the financial sector, are those which contributed most in absolute terms to the growth of the B2C e-commerce sector in 2011.

Internet and telephony services, film, music and videogame downloads and online services, car rental and motoring products and gambling are the products and services that have experienced the biggest growth in the percentage of purchasers in 2011, with increases of between 40% and 80% in the absolute number of purchasers. However, their relative weight remains very small in terms of the total volume of e-commerce. In addition, the average expenditure in these sectors is quite low and, as such, so too is its impact on the increase in e-commerce in 2011.

Of the emerging sectors from 2010 that were also associated with this new purchaser profile in 2011, clothes and accessories have contracted sharply, with a drop in the absolute number of purchasers and in average expenditure, which represents a negative contribution to the total increase in the volume of e-commerce. The absolute number of purchasers of food and housewares has also dropped, although the average expenditure has increased. It has had a very small positive contribution to the sector's total volume.

E-commerce continues to be a sector with strong year-on-year growth, maintaining the trend whereby non-traditional segments are starting to use it. Nevertheless, the special economic circumstances in 2011 have slowed down the growth of the sectors that were emerging in 2010, associated with the high consumption of products that have found e-commerce to be a more economical distribution channel that has greater reach among more disadvantaged social classes, in both young and adult age groups, and those living in smaller towns.

Satisfaction with the range of products and services on offer in Spanish e-commerce remains high, although it should be noted that 2011 saw a slight drop in the levels of satisfaction with the online purchasing channel. The main reasons for this slight decrease may be related to:

- The increase in the perception of problems associated with receiving the product. More than a third of purchasers said that they had returned a product. Almost half of these found the returns process to be easy or very easy.
- The percentage of online consumers who take the seal of quality into account has dropped.

- The increase in the obstacles to greater online consumption, associated with the security of the purchase process and the fulfilment of expectations in relation to the product.

This general trend must nevertheless be considered and explained in greater detail according to the different groups:

- Non-purchasers: their resistance due to having no physical contact with the product before purchasing or in relation to security when providing personal data, or distrust of payment methods, are being overcome more and more. 2011 saw the percentage of non-purchasers who have stated an interest in purchasing online in the near future increase by 3.6%. This lays the foundations for predicting that the number of Internet purchasers will continue its strong growth in the near future.
- Ex-purchasers: In order to explain the 3.6% increase in 2011, we must bear in mind that in 2010 the sector saw the entry of population groups that are more vulnerable to unfavourable economic conditions, such as those of 2011. In actual fact, the negative reasons are losing importance (preference for the physical channel or interest in the products or services on offer) and the absence of neutral motivation, mainly centred on a lack of necessity, has risen.
- Purchasers: Motivations related to price and convenience are losing importance and the motivation of exclusivity, i.e. the fact that the product or service cannot be found through other channels, has risen.

In this way, after analysing non-purchasers and ex-purchasers, we can say that e-commerce will continue its accelerated trend towards higher growth in the near future. The more the economic situation stabilises, the stronger this trend will be. The more numerous and experienced current purchasers become, they will start to disregard the traditional advantages of the online channel, expecting greater differentiation of its strengths compared with the physical channel.

Online sales/purchases between individuals, as an alternative form of e-commerce, has experienced a fall this year. This is associated with the decline in the frequency of use of online auctions.

Purchases through mobile devices are growing in importance, especially in the case of two types of products: travel tickets and tickets for shows. The progressive consolidation of highly intensive users has been noted in this medium. Almost 20% of online purchasers using mobile devices make at least 60% of their online purchases through said devices.