



An Oracle White Paper
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European Consumer Views of E-Commerce: A Consumer Research Study of Buying Behavior and Trends

Introduction

In July 2009, ATG (acquired by Oracle in 2010) commissioned a consumer survey to examine the differences in attitudes toward online shopping across the U.K., Spain, Germany, France, and Benelux (Belgium, the Netherlands, and Luxembourg). The study asked more than 6,500 consumers about their satisfaction, likes and dislikes, common frustrations, and spending habits related to online shopping. The research shows marked differences in buying behaviors among the countries surveyed and highlights clear areas where retailers can improve the online shopping experience they offer to customers.

Specific topics covered in the survey include the following:

- General satisfaction levels with online shopping across Europe
- Reported perceptions of which sectors offer the best online service in different European geographies
- Ranking of the most-valued features of online shopping—including the ability to offer a personal touch, access to ratings/reviews, speed, and price comparisons
- The most common online shopping frustrations in different countries
- Reported variations in how much money consumers are willing to spend online in different countries

The results of this survey are presented in this white paper, along with the critical findings that will enable organizations to market their products and services more effectively across Europe.

Survey Overview

The European Consumer Views of E-Commerce survey's results reveal that, while many retailers have extended their online offerings into Europe, few cater to local needs. Consumer spending is lower in countries where satisfaction with online shopping is poor, pointing to a need for service improvements. The research indicates that simple solutions such as shortening check-out processes in the U.K. and Germany, integrating customer service in France and Spain, as well as adding peer reviews in the U.K. and mobile commerce (m-commerce) in Benelux would help retailers to boost revenues further in Europe.

Key findings of the survey include the following:

Satisfaction Rates

Satisfaction rates are low in France and Spain. Related findings are listed below:

- A quarter of Europeans would not describe their online shopping experiences as anything more than “satisfactory.”
- 1 in 5 Spanish consumers over 55 years old went so far as to call their experience of e-commerce “poor” or “very poor.”
- 1 in 10 French respondents would also say their experience is “poor” or “very poor.”
- In contrast, 86 percent of German, U.K., and Benelux consumers surveyed say their experiences are “good” or “very good.”

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Best Service Sites

Entertainment sites were voted best for service. Related findings are listed below:

- Overall, entertainment retailers (that is, sites selling such products as DVDs and CDs) are most popular in Europe, with almost half of respondents (43 percent) citing them as best for service.
- Fashion and travel sites follow closely behind, with a quarter of respondents believing they offer the best online service.
- In Spain, travel sites are particularly well liked, with almost half surveyed (47 percent) saying they offered the best online service.
- Fashion sites are held in the highest regard in France, with a quarter of those questioned (27 percent) naming the sector best for service.
- However, the homeware, food and drink, and electronics sectors fared poorly, with just 26 percent of Europeans surveyed saying they offer superior service levels.

Favorite Features of Online Sites

Every country showed a different bias for favored features in online shopping. Related findings are listed below:

- Comparison is the favorite feature of a third (38 percent) of responding online shoppers in France.
- A third of Germans surveyed (34 percent) like the speed and efficiency of shopping online best.
- 1 in 5 Britons (20 percent) prefer the feature of peer reviews and comments to help them make a buying decision.
- Approximately 1 in 10 in the Benelux region (13 percent) like having information e-mailed or texted to them best.

Satisfaction with Online Service

Significant percentages of Europeans, in various categories, were frustrated by poor online service. Related findings are listed below:

- The majority of Europeans surveyed are most annoyed by a lack of customer service online (64 percent).
- The biggest frustration for a third of respondents in France and Spain (38 percent) is that they have had difficulties in reaching an organization when they have questions.
- A third of Germans are most annoyed by problems at checkout (36 percent).
- Forgetting log-in account details is the biggest frustration for nearly 1 in 3 Britons (29 percent).

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Online Spending

Online spending drops in countries with poor service levels. Related findings are listed below:

- More than half (53 percent) of those Europeans surveyed said they would not part with more than €50 at a time online.
- Just 1 in 5 French respondents (20 percent) said they would spend over €500.
- A quarter of Spanish consumers surveyed (26 percent) would not spend more than €1,200.
- In contrast, 1 in 14 Britons (7 percent) would spend UK£5,000 or more.

Research Highlights

E-commerce is showing robust growth in Europe. The internet offers new ways for retailers to sell to international audiences and enter geographies previously out of reach. So it comes as no surprise that e-shops sell more products in more countries each year and are benefiting from higher growth rates and profitability as a result. In fact, online retail continues to grow in Europe even as traditional retail sales stall.

Internetworldstats.com provides the following vital statistics related to European e-commerce:

- Internet usage in Europe has grown by 275 percent since 2000.
- Europe now accounts for a quarter of internet users worldwide.
- Online retail sales grew 31 percent across France, Germany, Italy, the Netherlands, and the U.K. in 2007 alone.
- In 2005, the top 250 retailers operated in 5.9 countries on average. By 2007, that number increased to 6.8 countries.
- Retailers with a presence in ten or more countries are growing faster and more profitably than retailers operating in just one or two countries.

Finally, according to industry analyst firm Paul Budde Communication, worldwide spending is increasing:

- Worldwide, consumers spend an estimated US\$470 billion online, with this number expected to exceed US\$1 trillion by 2012.

Internationalization: Not One-Size-Fits-All

As the European e-tail market matures at a staggering rate, the research shows that e-shops could do more to increase sales. A successful internationalization strategy is more than just language translation and currency conversion. It stems from a rock-solid understanding of local drivers and shopping behaviors on the ground. However, that doesn't mean e-tailers need to rebuild their e-commerce sites from the bottom up to tap into regional needs effectively. Simple changes to sites in some countries can go a long way to improve customer retention.

Physical and Online Stores

Opening an online store is a fast, low-risk way to enter new countries without investing in physical stores. But retailers must not ignore the in-store experience when it comes to e-commerce. Many people visit a retailer's Website because they had a good in-store experience, so it's vital that customers receive a similar experience online if retailers want to maintain loyalty and attract prospects. Some countries, such as France and Spain, still place a high value on the in-store experience. Giving Web visitors the option to speak with a customer service agent in their local language can help to replicate the personal service they look for in a physical store. Offering the same experience, whether in-store or online, means the retailer is always in the front of their minds, regardless of how the purchase is made.

Relevance Based on Region

When online is the only channel available, retailers must work even harder to offer superior customer service and stand out from the competition. All visitors look for something specific. The sooner they find what they want, the more likely they are to buy and return to the site in the future. E-tailers need to seize every sales opportunity by offering features that appeal to local shoppers. For example, “searchandizing” returns the best results based on not just the search term but also the user’s profile and behaviors. It will meet the German shopper’s desire for speed and efficiency online. One aspect of personalization is that user profiles are stored, so that shoppers in the U.K. do not have to worry about remembering their account log-in details. Interactive help such as that provided by Oracle Live Help Interactions On Demand and Oracle Live Help Chat On Demand can make needed improvements to service levels in France and Spain by giving prospects the option to speak with a real person. Texting or e-mailing order details to Benelux customers drives loyalty. The research indicates that it’s often the small added extras that improve service and keep customers coming back for more.

Localization, Adaptation, or Standardization

As internet adoption continues to grow and international retail markets mature, there is tremendous opportunity for retailers to drive global profitability with e-commerce strategy. But there are important considerations for retailers before making the international leap. One key decision is whether to take a centralized or local approach to e-commerce. It’s important to balance consistency and efficiency with flexibility to suit the needs of local markets. Local profiles and personalization, for instance, can help to address variations in how each geographical infrastructure manages technology, legal issues, privacy and security, content, brand, promotions, logistics, and fraud and payments. Each retailer should evaluate its business strategy, organizational structure, international brand strength, and operational issues before selecting the international e-commerce approach that’s right for the brand.

The Advantage of One Platform

True internationalization is managed best from one platform that delivers a seamless shopping experience online and offline across many countries, languages, and Websites. A centralized approach gives the retailer added control and the tools to localize different country sites within the same framework. Retailers using profiling, personalization, searchandizing, and interactive help services such as Oracle Live Help Interactions On Demand and Oracle Live Help Chat On Demand can capture local nuances, tastes, and online shopping behaviors to ultimately give consumers the type of online shopping experience they want.

Survey Results

The survey featured the following questions, along with the responses as represented in the accompanying charts.

- What is your gender?

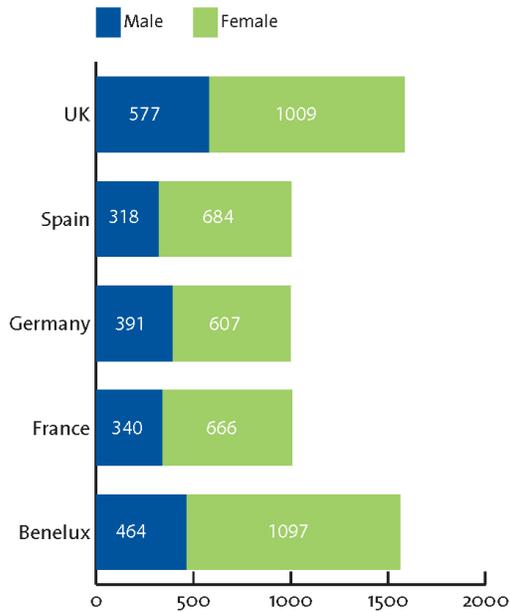


Figure 1. This figure shows the number of respondents of each gender by country.

- How would you describe your experience of online shopping?

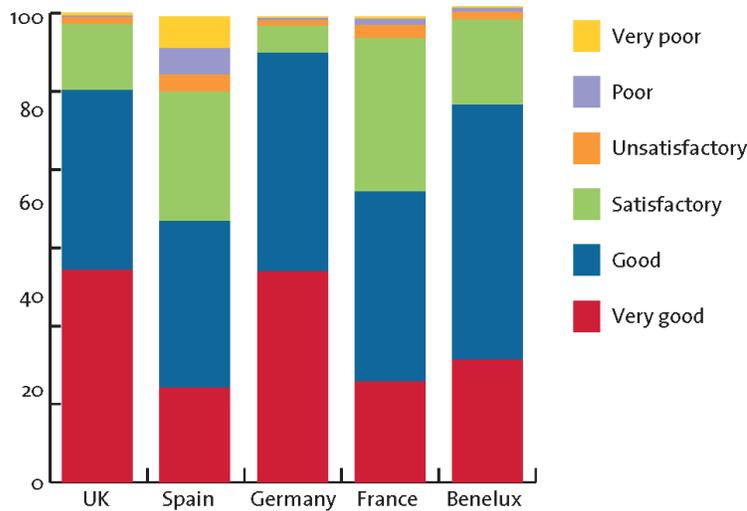


Figure 2. Satisfaction levels for online shopping were higher in the northern European countries than in the southern countries.

- Which sector do you think offers the best online service?

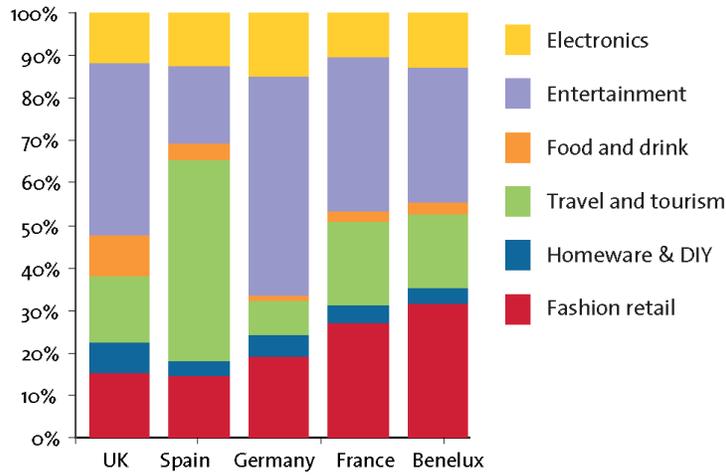
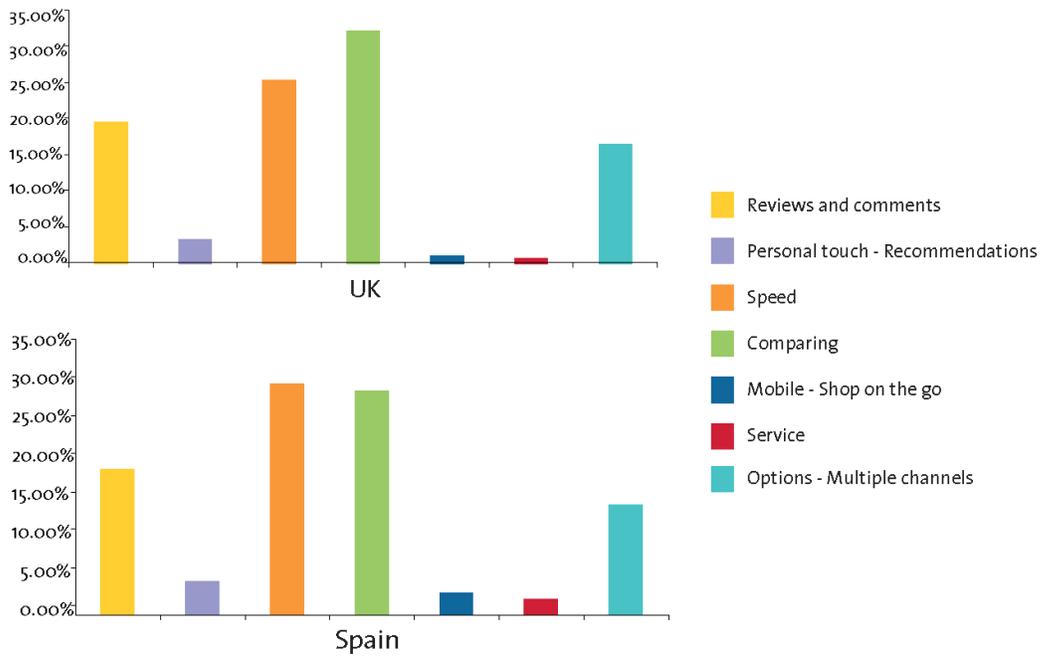


Figure 3. 43 percent of Europeans voted for entertainment Websites as offering the best online service.

- What do you like best about online shopping?



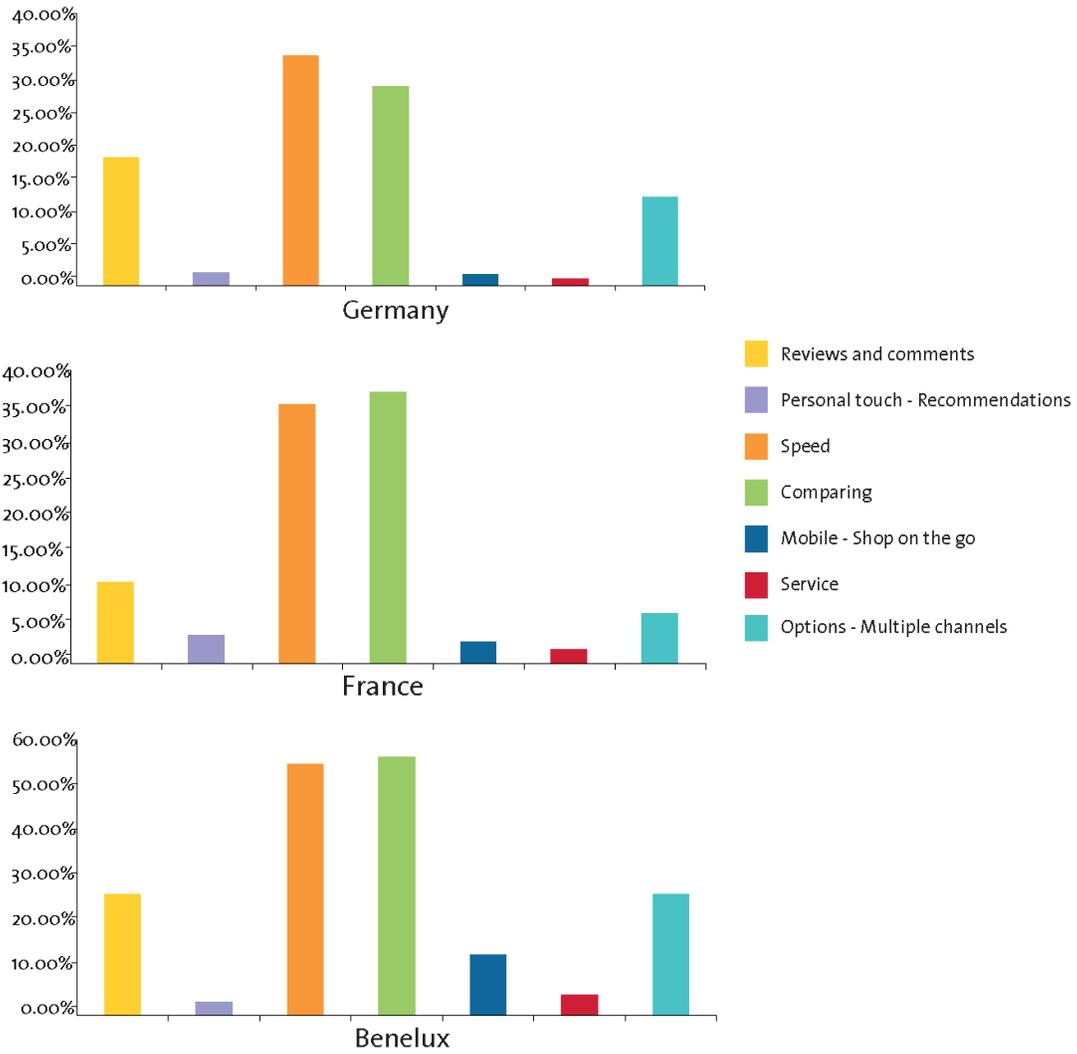


Figure 4. Based on this research, retailers can adjust Website service to match the preferences of each country.¹

¹ The research in Benelux was conducted in person (not online), and each respondent was allowed to choose more than one answer to the question. As a result, the sum total in the Benelux chart is greater than 100 percent. In all other countries, respondents were permitted to select just one option.

- How much would you be willing to spend online (in one transaction)?

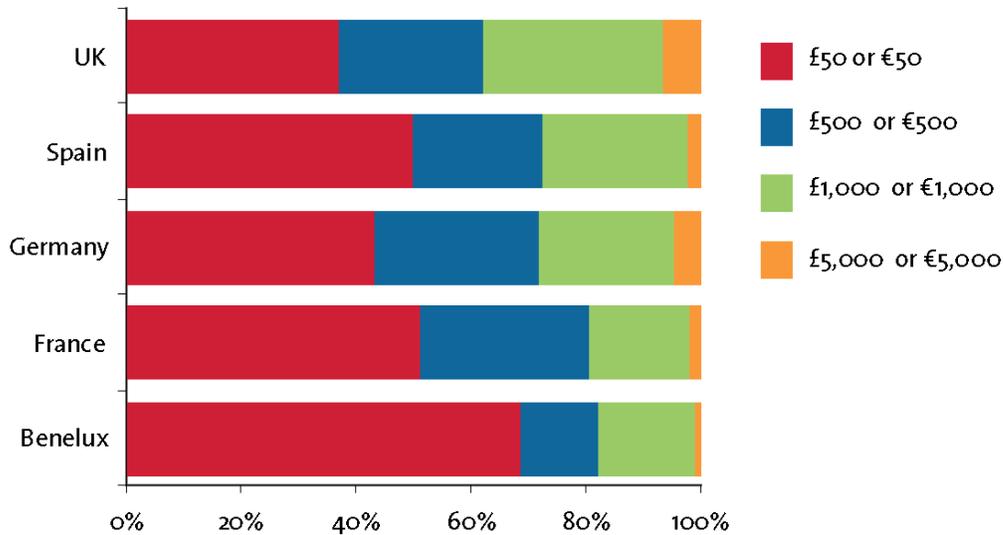


Figure 5. Respondents in the U.K. are most likely to spend large amounts of money in online transactions.

- What are your most common frustrations with online shopping Websites?

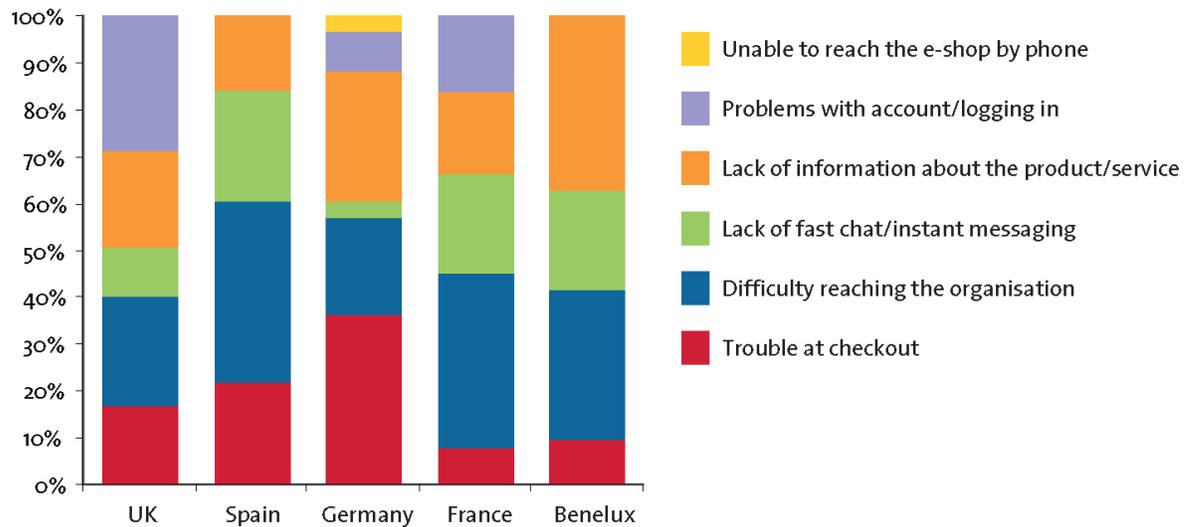


Figure 6. The survey revealed variations in how people in each country believe service on the Web can be improved.

Methodology

Responses to the European Consumer Views of E-Commerce survey were generated from 6,565 European consumers. The survey was conducted using Toluna Quick Surveys in June and July 2009. The study compiled responses from 2,000 respondents in the U.K.; 1,000 in Spain; 1,000 in Germany; 1,000 in France; and 1,565 across Belgium, the Netherlands, and Luxembourg (Benelux).

Conclusion

Retailers with a presence in ten or more countries are growing faster and more profitably than those retailers that focus on just a few regions. Therefore, it is now an imperative for retailers to compete in the international online market. The results of the European Consumer Views of E-Commerce survey show variations across countries in key areas: satisfaction rates with the online experience, opinions on which sector offers the best service, favored features and greatest frustrations on Websites, and how much money people will spend online.

Retailers should leverage this data to ensure that their online presence in each country caters to the needs and desires of each region's consumer segment. Those retailers that use profiling, personalization, searchandizing, and interactive help services such as Oracle Live Help Interactions On Demand and Oracle Live Help Chat On Demand are able to provide the type of personalized customer service and shopping experience that will bring consumers from every country back again and again.



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