Country factsheet - November 2013

Netherlands

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Small in size, but impressive in terms of its internet maturity, the Netherlands is a very valuable market for etraders. After Iceland, its internet penetration rate is the second largest - 94% of households have internet access.

Ecommerce is well established in the Netherlands - **95% of consumers** purchase online, representing a population of **10.6 million eshoppers**. In a study of the most mature markets from an ecommerce perspective, Forrester classified the Netherlands in its top 5, along with the United Kingdom, Germany, Norway and Sweden.

Growth in ecommerce sales is **8%**, which is a significant amount given the economic crisis. By the end of 2013, online sales should generate **€10.8 billion** and the number of orders should **increase by 10%**. Online trading has proven successful at offering consumers a range of choices that traditional trading cannot compete with. This is why large retailers react by providing “bricks and clicks” schemes, which offer a multi-channel approach that places eshopping at the heart of its strategy.

1. The Dutch consumer

The average Dutch eshopper is aged between 50 and 65 years old

The average Dutch eshopper mirrors the typical Dutch citizen - **aged between 50 and 65 years old** and with an average level of education. It’s interesting to note that the more ‘serious’ cyberpurchaser is slightly younger, with an average age of 43.

The Dutch consumer is comfortable with eshopping and is generally very satisfied with the ecommerce offering, both in terms of the diversity of the service and the payment options.

Full of paradox and demands

In theory, at least in other markets, the more mature a shopper is, the less likely he is to be an opportunist. The Dutch cyberpurchaser, however, does not fit this profile. Despite his maturity, he remains an opportunistic shopper and is not particularly loyal. Only 5% are loyal to an eshop and 51% do not return to an eshop from which they have already made a purchase.

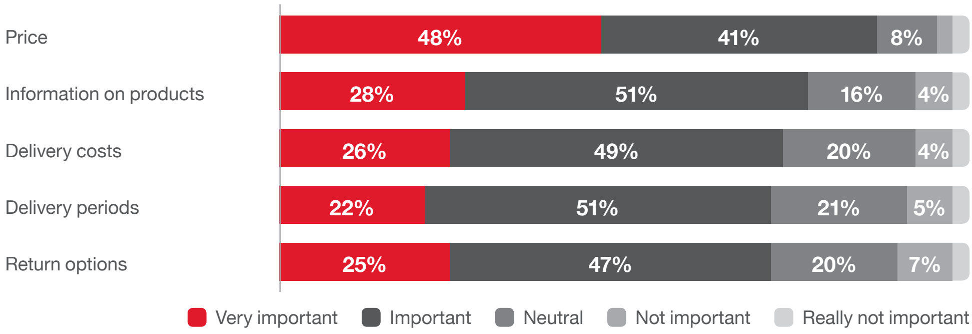
With regards to their requirements, their top five priorities include transparency of information, recognition and reputation and reliability.

Top 5 priorities for a good eshop

Another paradox is that whilst budgetary factors do not appear in the above classification, **the main priority when purchasing is price for 89% of Dutch eshoppers**.

The returns procedure also features among the **top 5 priorities** and 93% of eshoppers want free returns. However, it is not simply a case of the returns themselves, but also concerns over the speed of the refund issued when purchased goods are sent back.

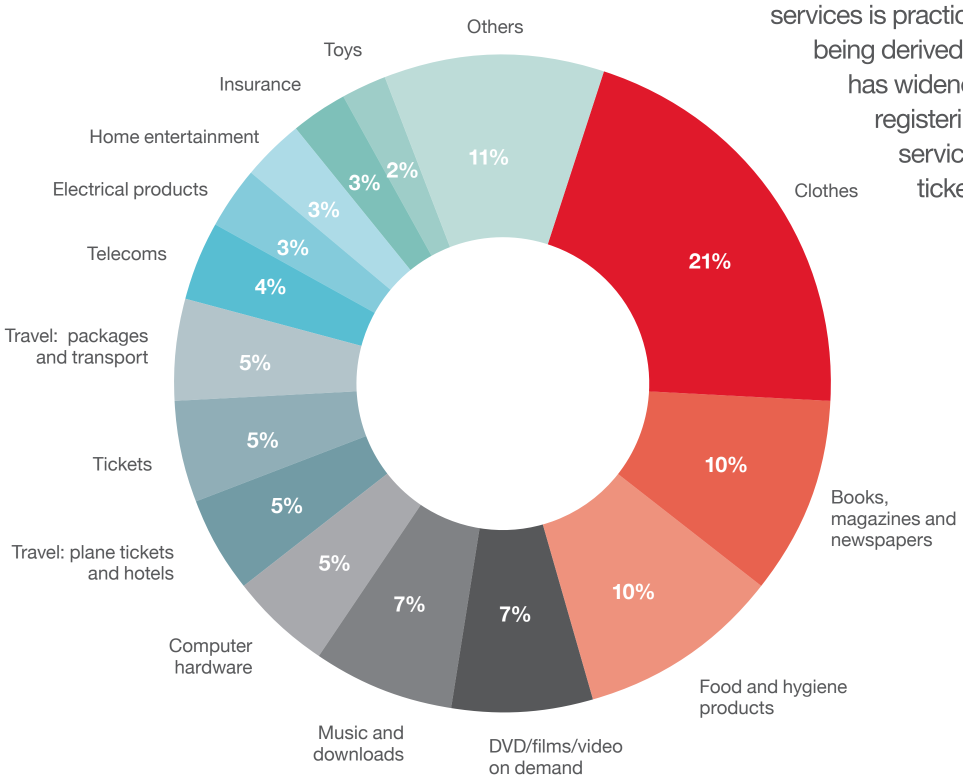
Top 5 most important factors leading to an online purchase



39% of Dutch people making a first purchase online buy clothing or a pair of shoes

In terms of the expectations of eshoppers when it comes to returns, **the ideal situation is a free return, permitted within a period of up to 30 days, with use of the same packaging and confirmation that the return has arrived safely at the destination and is being processed.**

What do Dutch eshoppers buy?



The distribution of income from sales of products and services is practically symmetrical, with 52% of sales being derived from products. However the gap has widened with the sale of online products registering a growth of 11% versus only 6% for services such as travel, insurance or plane ticket purchases.

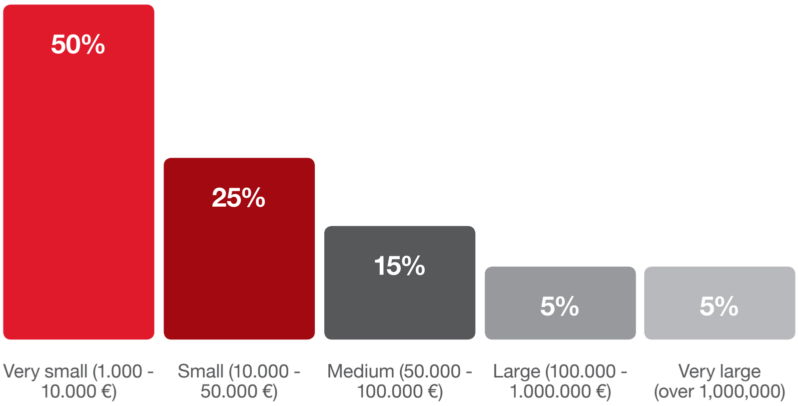
Clothes and shoes are particularly favourable markets - sales increased by 14% in 2013 and 39% of Dutch people making a first purchase online buy clothing or a pair of shoes.

The sector to have enjoyed the greatest growth is toys. With an income of €31 million, it has seen an increase of 22%.

2. The ecommerce market in the Netherlands

A market of small players

In 2012 around 20,000 eshops in the Netherlands were surveyed, a figure which will be reviewed at the end of 2013. Unlike other markets, the Dutch market is not based primarily on a number of big players. On the contrary, very small sites account for half of the ecommerce landscape in the Netherlands.



Labelling credibility

At the start of 2013, 1700 eshops bore the «Thuiswinkel waarborg» label

Although it can be seen that price is the main priority when making purchases, playing the price game is not what is required to become established in the Dutch market. Above all, etraders must inspire confidence and provide reassurance. In the Dutch online market there are many guarantee labels and the number is increasing each year. The most widespread is '**Thuiswinkel waarborg**'. The organisation that issues these certificates was founded in 2001 and this label is supported by consumer organisations. At the start of 2013, 1700 eshops bore the «Thuiswinkel waarborg» label.

iDeal the trusted partner of Dutch eshoppers

iDeal is a real-time online payment tool used by 59% of eshoppers in the Netherlands. It involves paying via a platform that integrates the online banking interface of the eshopper. Cyberpurchasers must have online banking activated with one of the participating banks.

It seems that in the Netherlands, payment by credit card is still suffering from a crisis of confidence, with scarcely 4 eshoppers in 10 thinking that bank cards are a safe means of paying for online purchases.

59% of Dutch eshoppers use a real-time online payment tool: iDeal

Inbound and outbound cross-border activities

Looking at the cross-border purchases made from the Netherlands, it can be seen that 23% of eshoppers buy from foreign sites. The main reason for purchases made by eshoppers outside of their own country is that they come across exclusive products that they cannot find in their own market. The preferred country for Dutch eshoppers is the United States, the United Kingdom and Germany.

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However, Dutch cybertraders are not to be outdone by their international competitors. They too have seized **opportunities outside of their own borders**, particularly with the Belgian market where they export increasing numbers of packages each year. In fact, owing to its geographic proximity and its linguistic affinities, Belgium is a flourishing market for the Dutch. Some eshops have also improved their service to be competitive with local etraders and provide their Belgian customers with next day delivery for orders made before 10:00 pm.

3. Trends in the Dutch market

The increase in the number of orders and their amount will be the main driver for ecommerce growth in the Netherlands. In the first half of 2013, the number of orders per person had already increased by 7%. The amount invested individually on online sales sites also increased by 5% to €568.

The three growth factors

As with all markets, **mobile** technology is going to help the sector grow, along with **multi-channel** and **multi-screen**. **The overlapping of the different sales media** that they involve will in fact make the time and space factors associated with traditional shopping obsolete. Ecommerce makes shopping possible everywhere and at all times, therefore orders will naturally increase.
In a market that is aware of the requirements of mature consumers, **improvements in return procedures and the increased speed of deliveries will** also push eshoppers to order more, and more often.

«Bricks and mortar» retailers will suffer from ecommerce

The economic situation in the Netherlands is not at its best and the growth in ecommerce is an exception to this. Retail sales had already fallen by 4.8% at the end of 2012. With purchasing power not increasing, online purchases will therefore be made at the expense of purchases from bricks and mortar retailers. The number of retail businesses has already fallen from 112,100 in 2005 to 106,100 in 2012.

Social media and consumer opinions

Knowledge and particularly use of social media for online purchases will continue to grow. An impressive **77% of Dutch consumers use social networks** to make online purchases. Pinterest, which is still marginal in many markets is already known and used by 18% of Dutch consumers.

The importance of customer opinions also plays a more and more important role for those consumers who are very distrusting by nature and need a lot of reassurance. Almost 70% of them already consult comments left online.

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