



Country factsheet - February 2014

Spain

The fifth largest country in Europe and the leader in southern European e-commerce without yet having reached full maturity, Spain has many characteristics which make the country extremely attractive to foreign retailers. There are real opportunities for development as currently e-commerce sales still only represent 1.2% of national GDP. In addition, the potential for shoppers is enormous as in Spain there are still 18 million people with access to the internet but who do not yet shop online.

1. The Spanish consumer



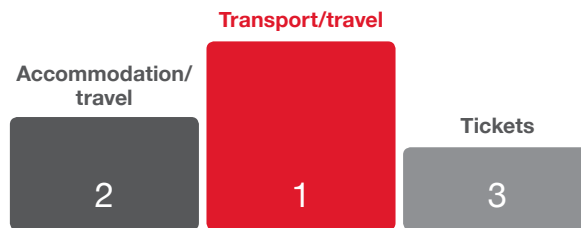
The typical online shopper:

- In the 25-49 age group and in particular 35-49 year olds.
- Living in urban areas with more than 100,000 inhabitants.
- Possessing university level qualifications.
- Belonging to a medium to high professional social class.
- Working full-time.

In 2013 almost 11 million Spaniards made purchases online, a figure which represents 31.5% of the total population. 35-44 year olds (29.4%) and 25-34 year olds (28%) are those who shop most online, with the elderly (65-74 year olds) making less than 2% of online purchases.

What do they buy?

The top 3 most purchased categories online are made up exclusively of the «services» category and not products.



Categories most purchased by the Spanish e-shoppers

E-commerce as a response to the recession

Spain has undoubtedly been enormously affected by the recession, but for Spaniards e-commerce is an ideal response to the economic crisis as it enables them to increase their purchasing power. In fact, price is the main reason for Spaniards making an online purchase. And when e-shoppers are asked to give a reason for not finishing their purchase, 2 out of 4 of the main reasons given are linked to the price (of delivery and of the product).



Why do Spanish eshoppers not complete their online purchase?

- They want free shipping costs.
- Prices should be lower.
- Greater guarantees should be provided in terms of returns.
- More security is needed when it comes to payments.

How can Spanish shoppers be won over?

Probably with just cause (as we will see in the section describing the market), Spaniards still lack confidence when it comes to online shopping. When non-shoppers were questioned this time on the reasons why they don't shop online, 3 reasons out of the 4 given were linked to a lack of confidence.



Why do those who don't shop online choose not to do so?

- They want to be able to see what they are buying.
- They are reticent about giving out personal details.
- They don't think it is reliable/They don't trust it.
- There is a lack of confidence in the methods of payment.

To encourage a novice Spanish eshopper to overcome these barriers and to start making online purchases, there are **key elements that provide them with the reassurance they need**:

- **Consumer opinions**: to prove that others have purchased a product before them, that they haven't had any problems and that they are satisfied with it.
- **Security of payments**: with tools such as Google Wallet or Paypal.
- **The possibility of returns being sufficiently visible**: so as not to give the impression that it is an «irreversible purchase».
- **Easy access to contact information**: to reduce the feeling of there being «nobody behind the screen», having contact channels reassures new eshoppers.
- **Abundant information**: photos and detailed descriptions of the products make up for the fact that the products cannot actually be seen or physically touched.

2. The market

Local big businesses have been late to enter the world of e-commerce, which is a specific aspect of the Spanish online market.

Cross-border already well integrated

Looking at the **top 5 etailers in Spain, 4 out of 5**

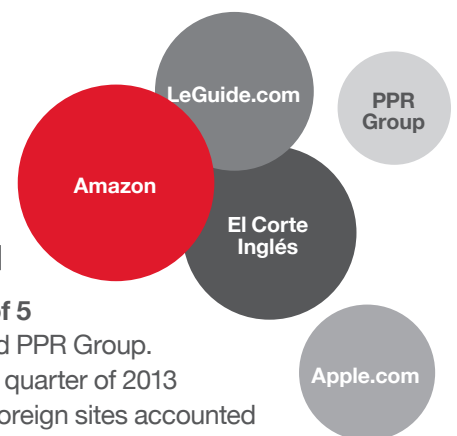
are foreign: Amazon, Apple, LeGuide.com and PPR Group.

This is also reflected in purchases as in the 1st quarter of 2013

the number of transactions made in Spain on foreign sites accounted for 56.5% of e-commerce transactions and their volume accounted

for 43.2% of the total value of the online market. The preferred countries

for cross-border eshopping are France, the United States, Germany and China.



Online payment is a real Achilles' heel

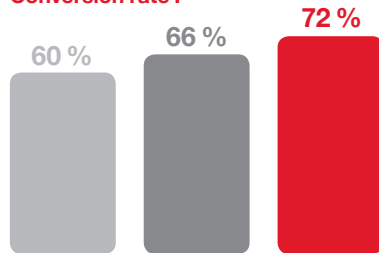
Payment methods are a real impediment to the development of e-commerce in Spain and the problem is two-fold: security and practicality. We saw above that Spanish eshoppers suffer from a lack of confidence; only 54% of them feel comfortable with the idea of using their credit card to make purchases online. However, for a large majority, credit cards are the preferred method of payment.

Every day there are 600,000 aborted payment attempts

At the same time, **every day there are 600,000 frustrated attempts to make payment, which means that 35% of consumers who want to purchase a product aren't able to.** The great paradox is that the main reasons for these aborted attempts include overly rigid antifraud filters, a lack of choice of payment methods and restrictions on credit card purchases.

It is also interesting to note that conversion rates vary depending on the number of different payment methods offered: **72% where there are 4 different payment methods, 66% where there are 2 and 60% where there is only one.**

Conversion rate :



Number of payment methods offered: ■ 1 ■ 2 ■ 4

M-commerce is still underused

Spain has **one of the highest penetration rates for smartphones**: in 2012 it had already reached 66%, higher than the European average of 57%. Some 92% of digital natives (18-24 year olds) now possess a smartphone.

However, this doesn't mean that Spaniards are very used to m-commerce (yet); **only 6% of smartphone owners use their phone to make purchases.** There is, however, still underused potential (70% already engage in showrooming) and margin for growth. In fact, **it shouldn't be long before m-commerce explodes**, given that advertising investments in mobile marketing campaigns in 2013 had already reached 150 million euros. Currently only 53% of etraders have sites adapted for mobile, whilst the remaining 47% state that they are in the process of adapting their own sites for mobile, which suggests further potential for growth.

What do m-commerce purchases primarily consist of?



Ticket sales via mobiles increased by 34% in 2013.

3. Trends

In constant growth and verging on maturity, the Spanish e-commerce market will experience the classic trends: mobile, multichannel, transparency of information, growth in shopping basket size, increase in the number of eshoppers...

Here, however, we'll highlight the most specific trends to come.

The practice of «iPad Sunday» in a non-conductive cultural context

In Spain, street culture is extremely strong - Spaniards like being outside and meeting up away from their homes. The custom of going out into the street to make purchases is therefore deeply embedded, historically speaking. Spanish consumers tend to do their shopping during the week, Monday being the day on which most purchases are made (in many places in Spain shops are traditionally closed on Saturday afternoons). The infrastructure for retail sales is relatively effective and extremely well developed, shops open late and there are lots of boutiques, even in the smallest of villages. Initially, therefore, the Spanish were not prone to making purchases at home instead of in bricks and mortar shops.

However, new technologies have arrived, changing Spaniards' habits and a new phenomenon has come about known as «iPad Sunday» - which describes the peak shopping time that occurs on a Sunday, usually between 6 pm and 7 pm or even mid-morning. Another important detail to highlight is that the vast majority of Spaniards use e-commerce at home (90.7%).

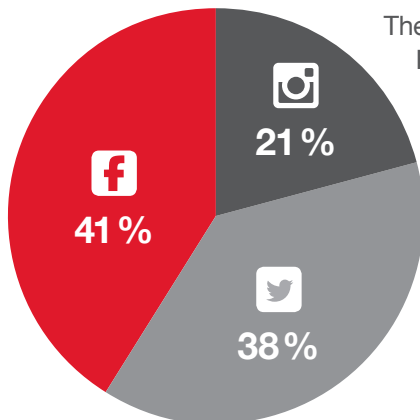
The consequence of «iPad Sunday» is that Spaniards spend more (in terms of average value per order) using their tablets (€42) than their smartphones (€34).

An insatiable desire for social networking

Spaniards share the most content on their social networks, with almost half of the population (45%) stating that it has already shared information, a figure which is far higher than the global average of 36%.

When it comes to using social networks during the shopping process, 2 out of 3 internet users take recommendations from other users into account. They look for these consumer opinions on specialist portals (59%) and blogs (31%).

90,7 %
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They also use social media to find out about brands: Facebook (41%), Twitter (38%) Instagram (21%). And a large majority, 65%, admit that they are close to making another purchase from a company that has serviced them via a social network. It is not simply a case of using social networks in any way whatsoever: 65% have a negative image of companies that use social networks as a substitute for catalogues or to advertise offers or promotions. They therefore expect real added value and it is up to traditional after-sales service operators to take on the role of community managers.

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