E-commerce in Belgium

Overview by the numbers

by @tomstaelens

There’s a lot of online knowledge available on e-commerce in Belgium. By sifting through as much data as possible, we intent to get an as accurate as possible view on what is happening in the **online sales** sphere, where opportunities and learnings can be found.

Overview

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2. Who’s selling?
3. E-shopping in Belgium
4. A shift to online
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Overview

6. Pre-shopping
7. Our online wallet
8. Our online shopping cart
9. Why online
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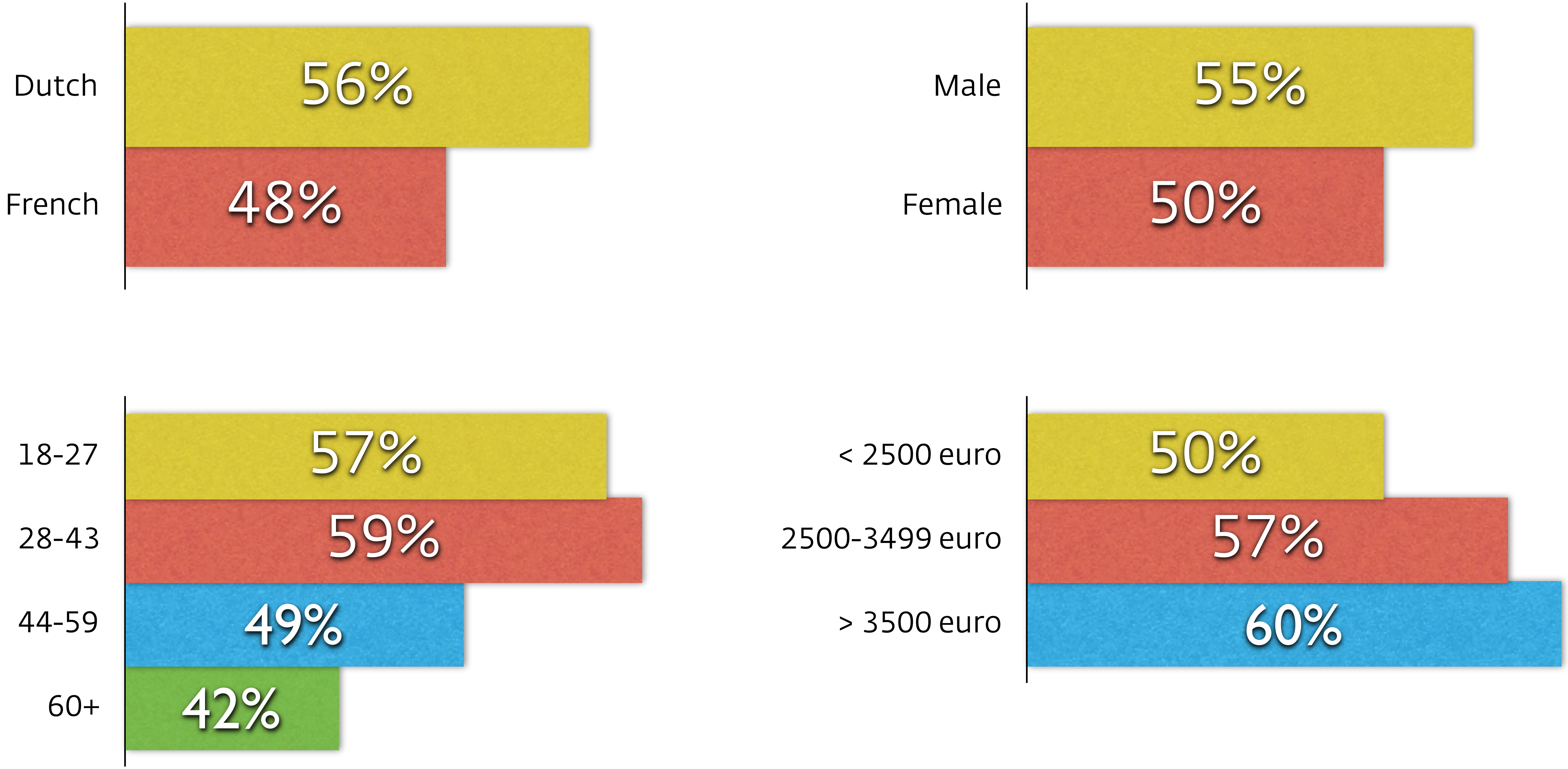
Who's buying?

Consumer profile

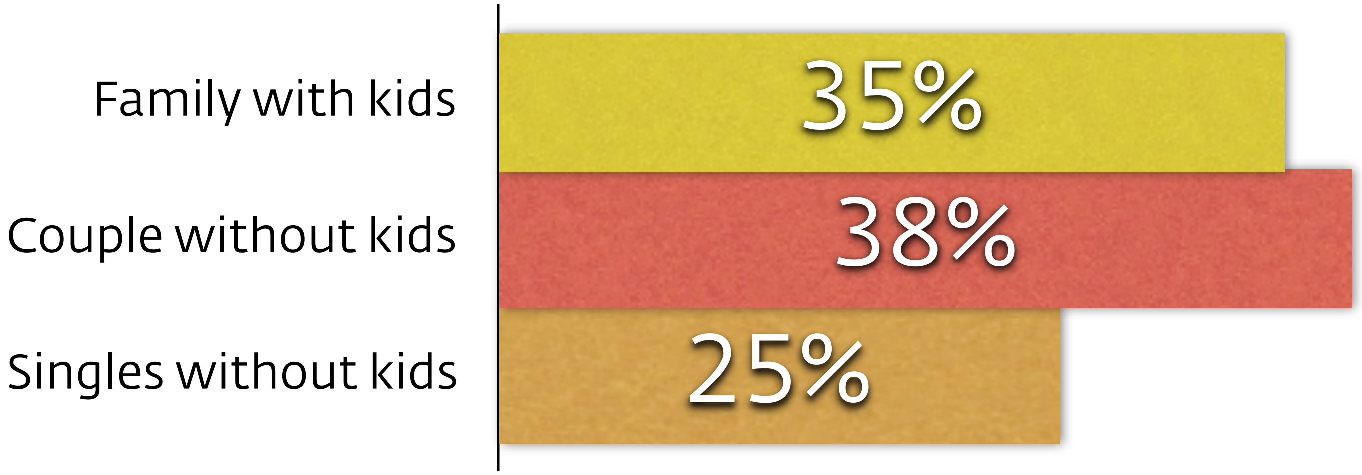
Consumer profile (2012)

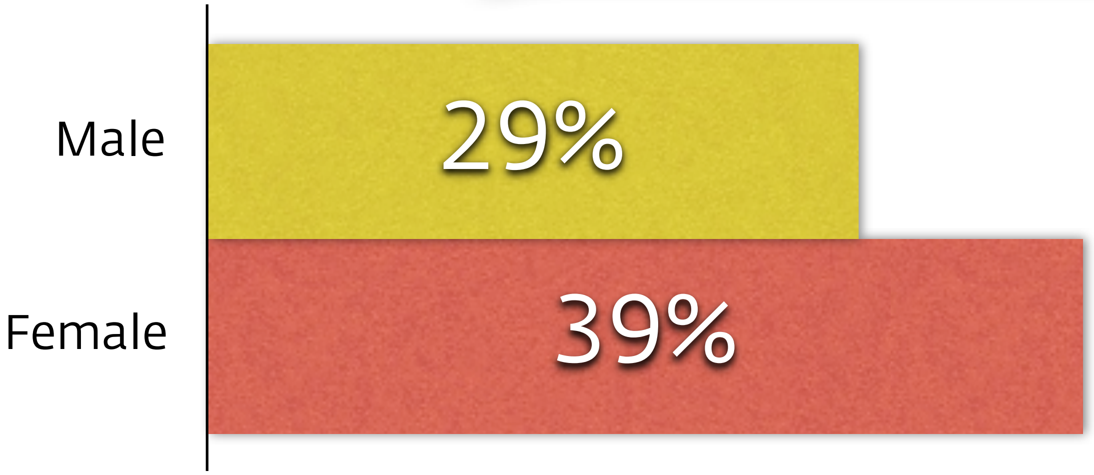


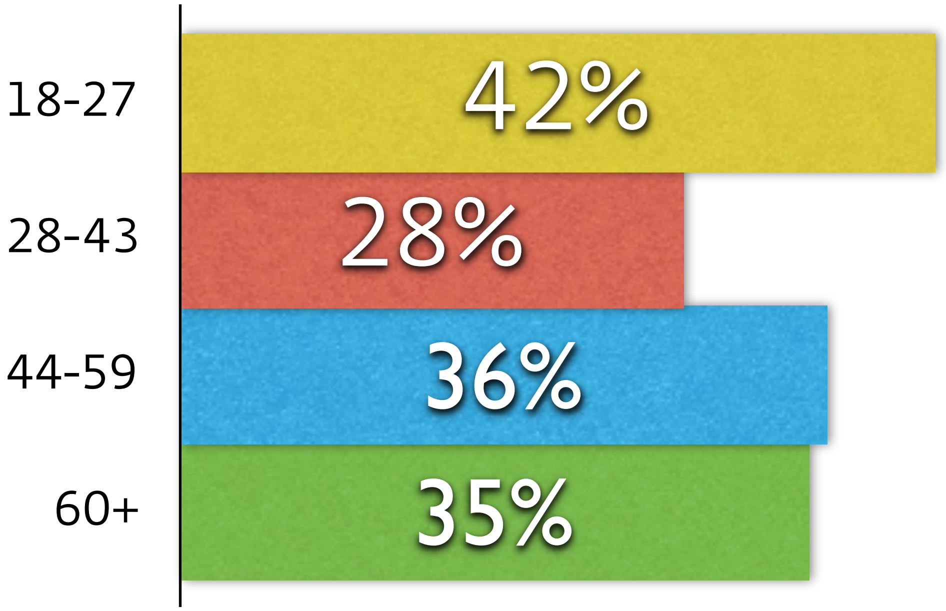
% of Belgian population; gross income

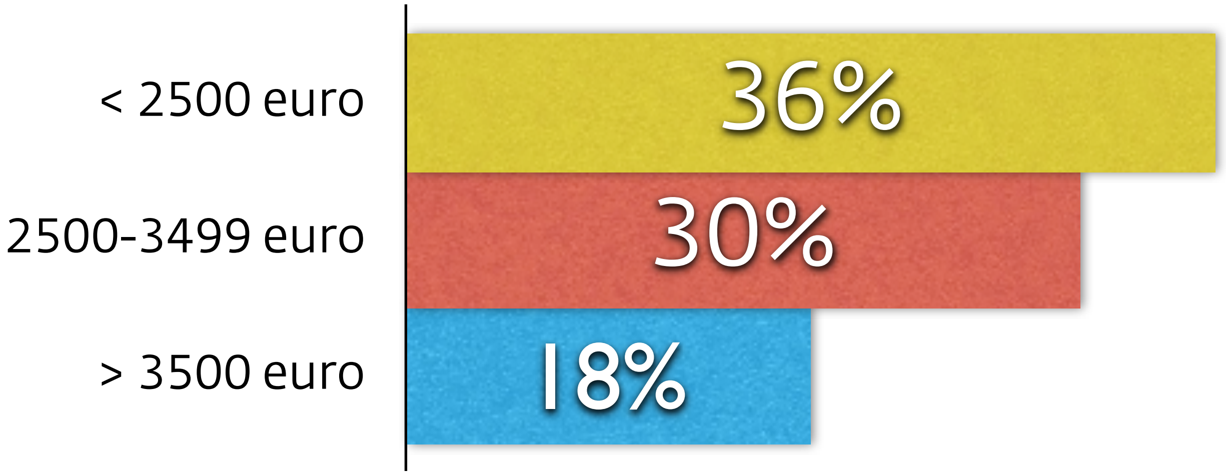
New consumers (2012)

fast upcoming group : Younger people, women and people with a lower income





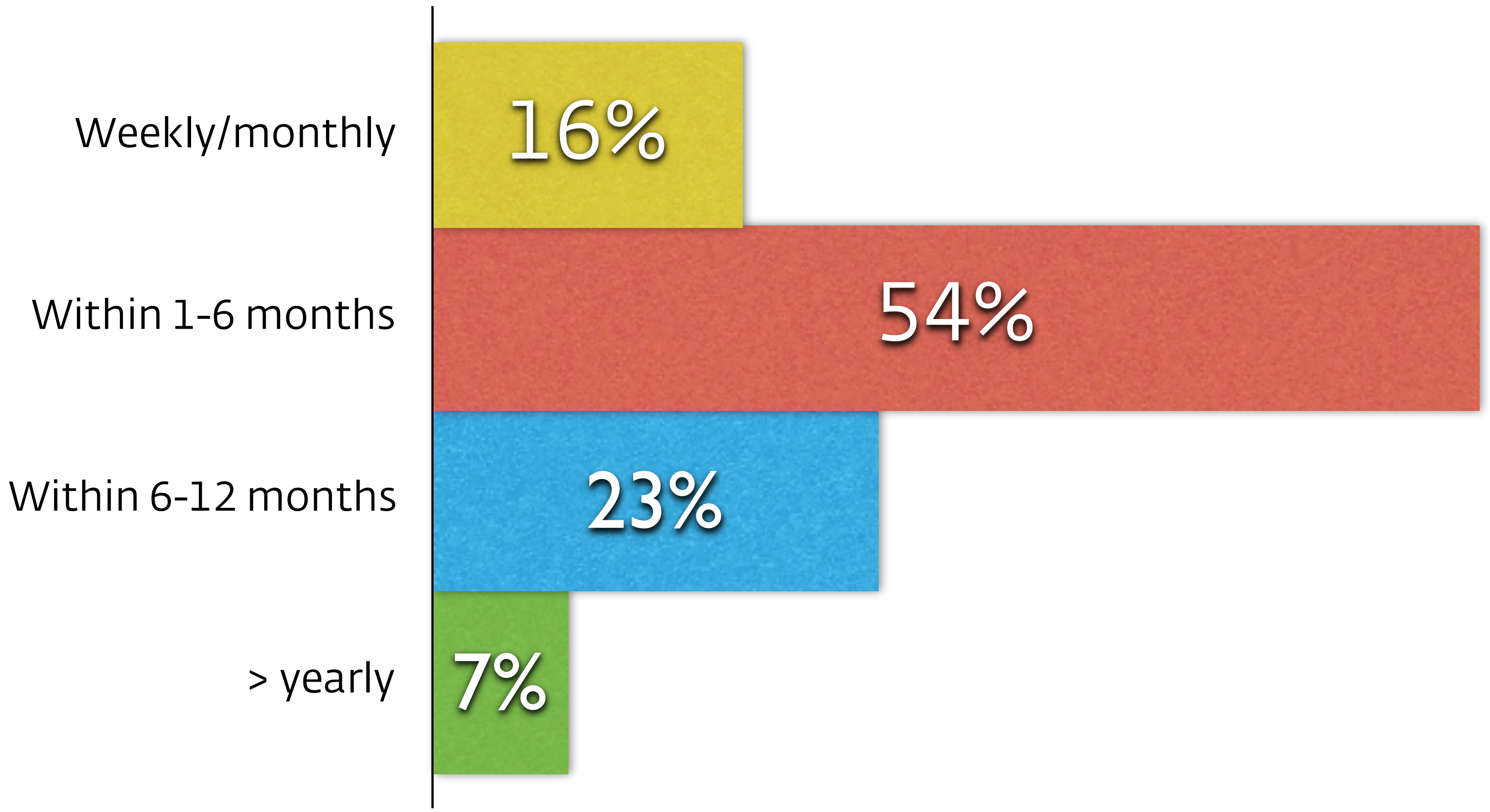




% of Belgian population, first online purchase in the last 2 years

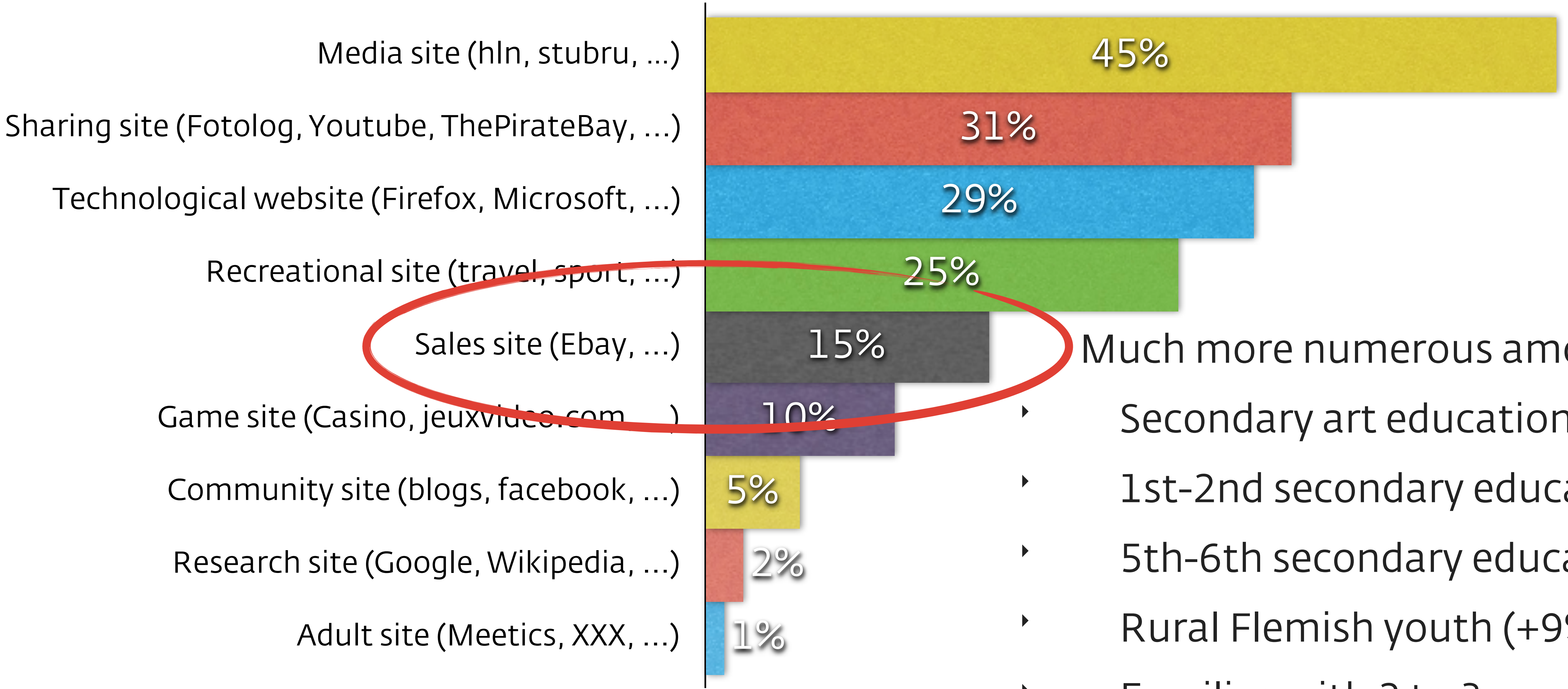
Repeated buying (2012)

no significant changes compared with 2011



% of Belgian population, first online purchase in the last 2 years

Preferential sites - Youth

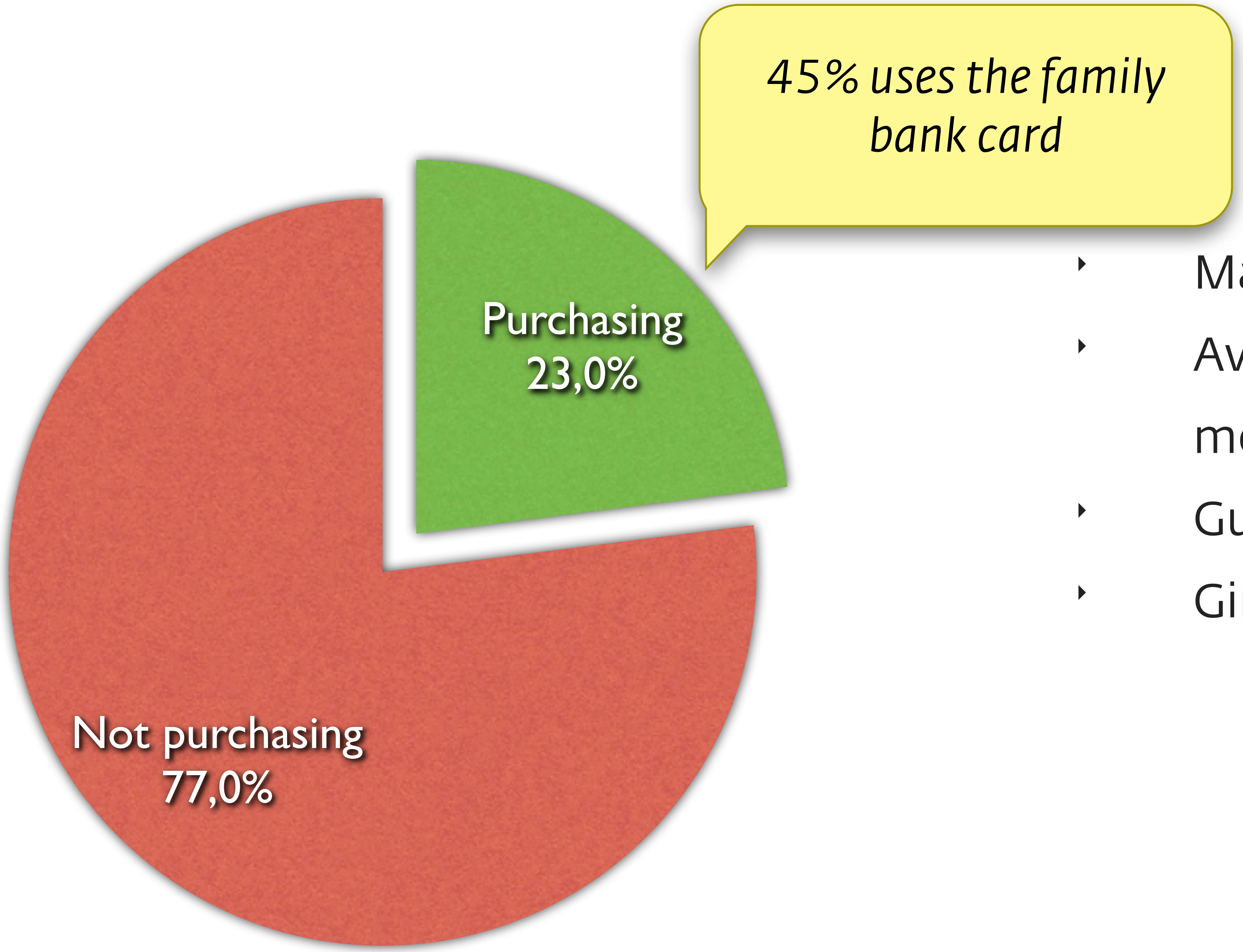


Much more numerous among:

- Secondary art education (+21%)
- 1st-2nd secondary education (+10%)
- 5th-6th secondary education (+15%)
- Rural Flemish youth (+9%)
- Families with 2 to 3 people (+14%)

October 2010 - January 2011; Youth = 10-17 years old

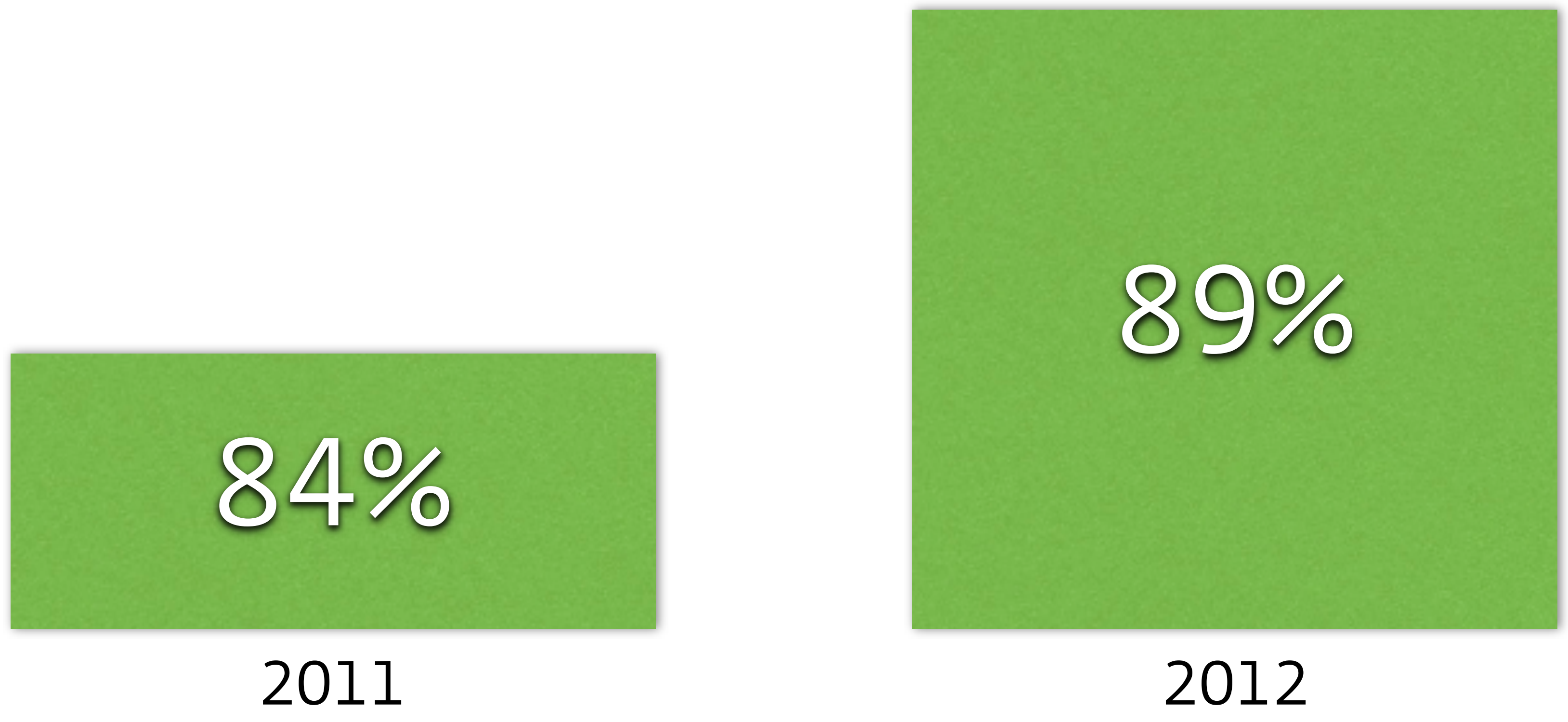
Online purchasing - Youth



- Mainly 14 to 16 years old
- Average of 1,5 purchases in the last month
- Guys buy mainly games
- Girls buy mainly clothes and shoes

October 2010 - January 2011; Youth = 10-17 years old

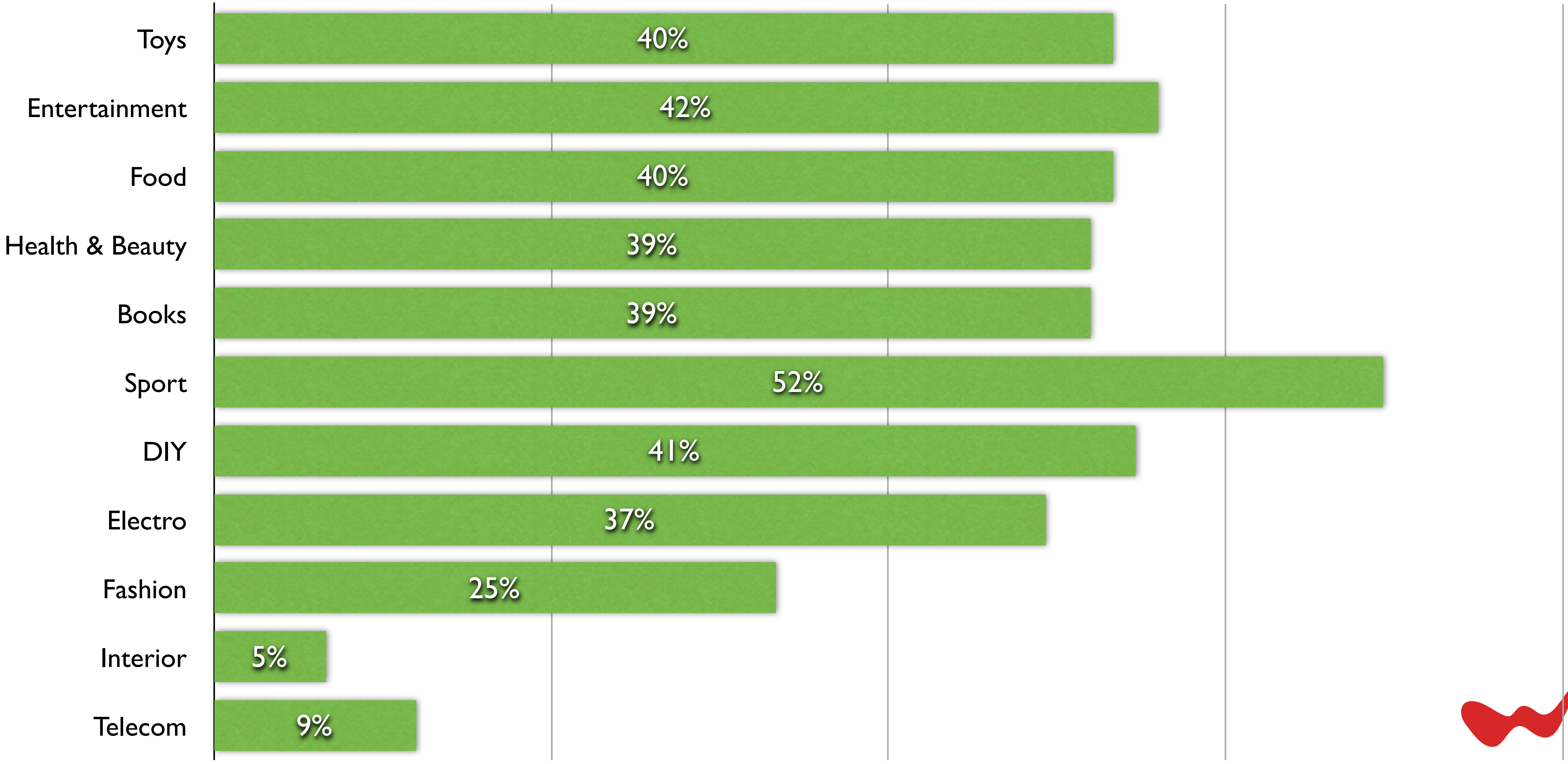
Online loyalty - Belgium



% of Belgian population, first online purchase in the last 2 years

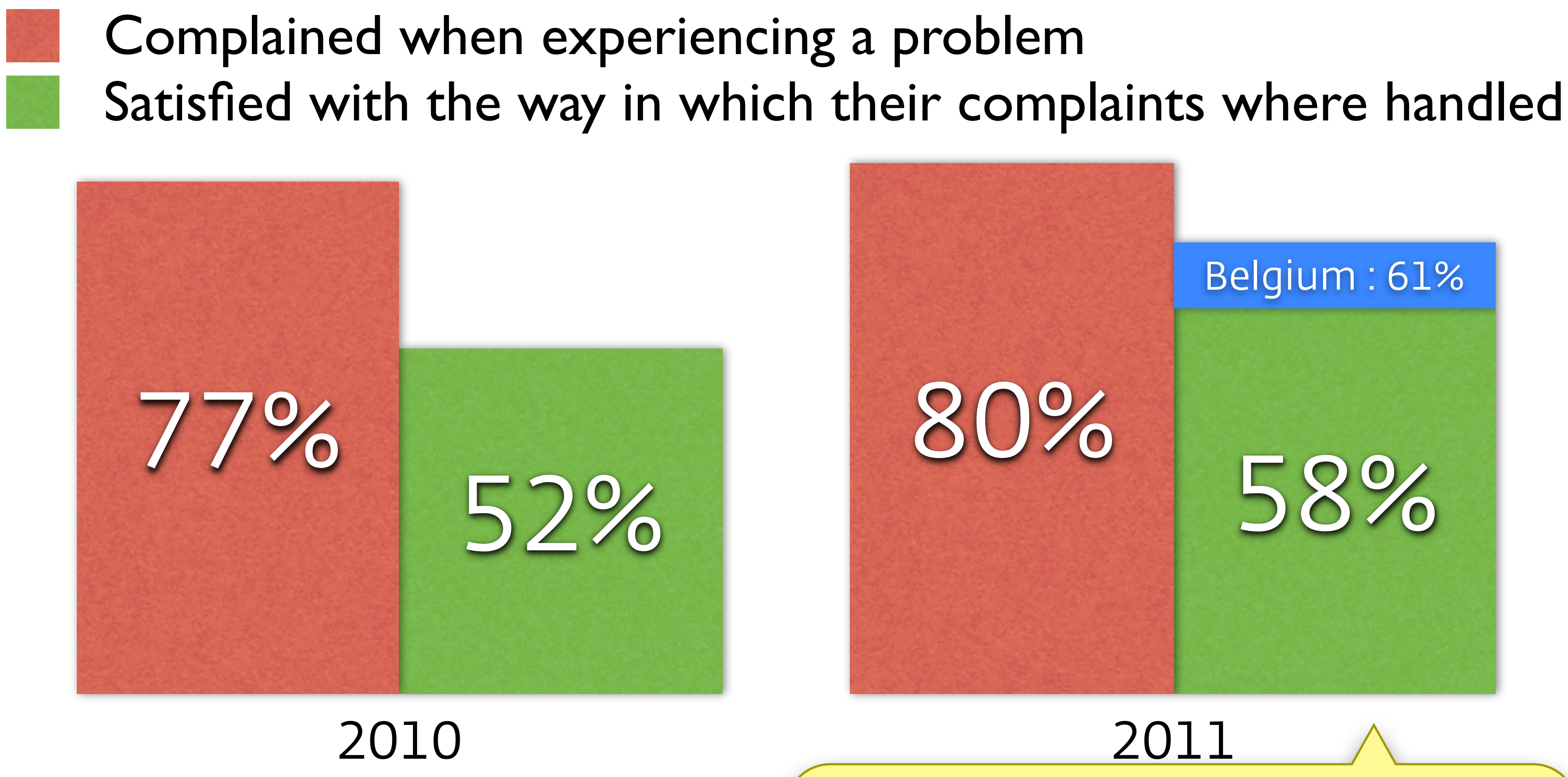
Net promotor score - Belgium

Q: How likely are you to recommend 'website' to a friend, on a scale from 0 to 10?



% of Belgian population, first online purchase in the last 2 years

17% of EU consumers reported they had problems when buying something in their country



Yet, almost half (45%) of those who were not satisfied did not seek further redress.

Google trusted stores

BE Commerce

Unizo

Safeshops

A Forrester study shows that, when e-merchants suggest relevant products, they increase the average basket by 47% and the number of products sold by 27%.

Persuasive personalization can improve conversion rates up to 40%.

Amazon used Facebook.com's social graph to define what influences each site visitor : customer reviews, comments from friends, expert advice, or promotions. They also connected an identified stimulus for one person to similar purchasing habits for any products.

Conclusions

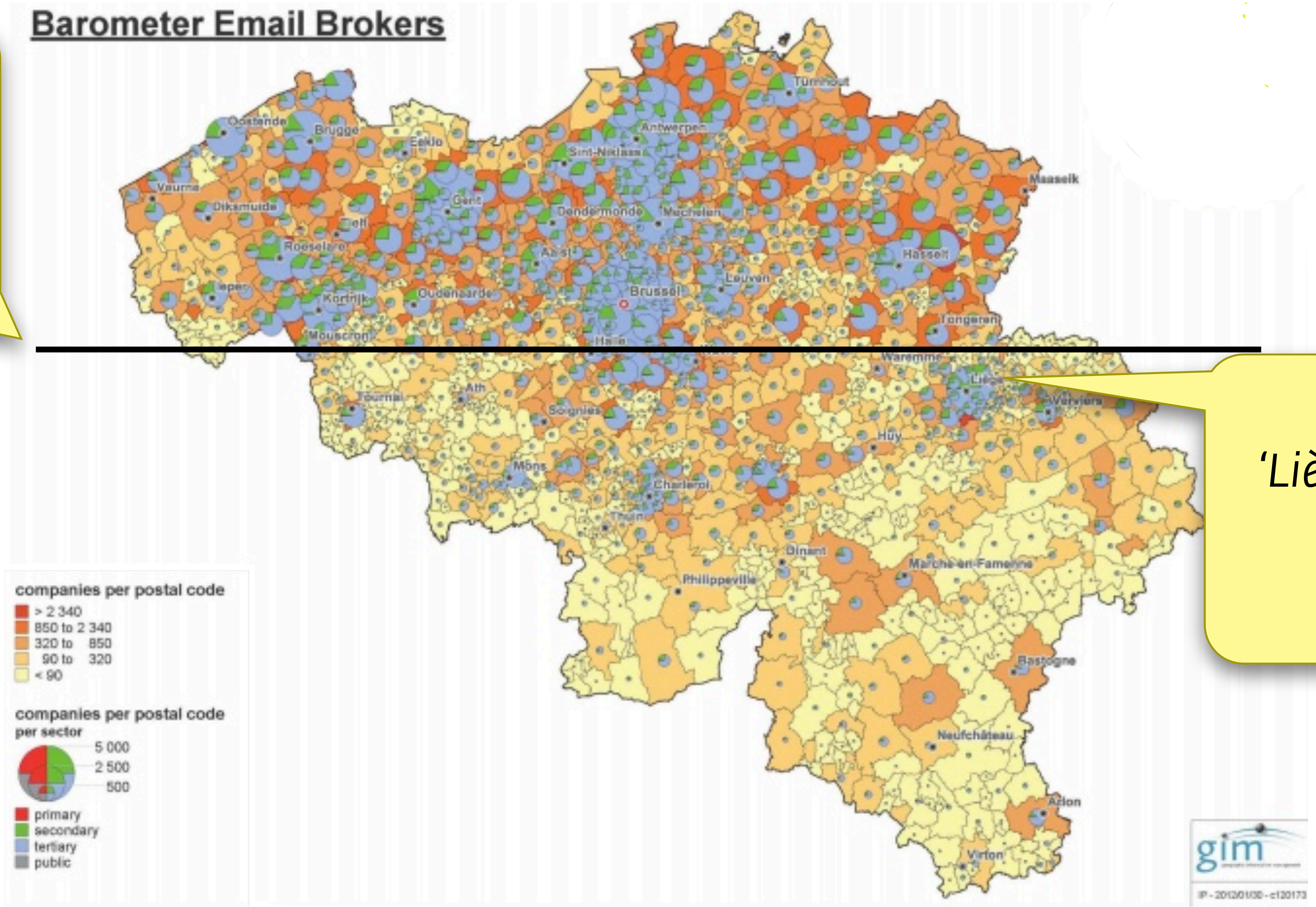
- In the near future, all consumer groups will be equally represented in e-commerce.
- Belgians are (increasingly) loyal, and an average of 40% would recommend their preferred e-shop.
- We easily complain, and are being helped when doing so.

Who’s selling?

E-shop profile

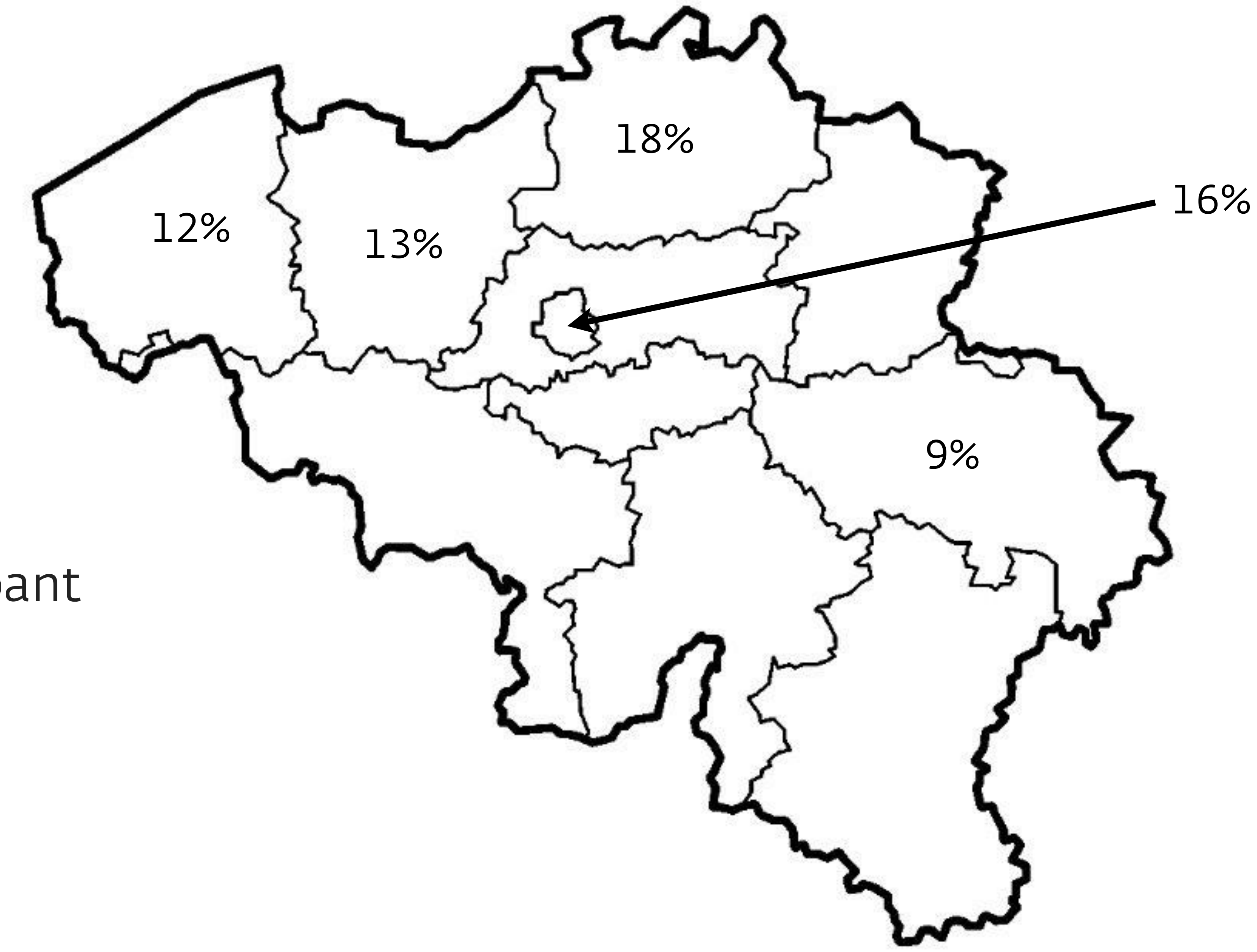
Websites in Belgium

Clear difference between Flanders and Wallonia



'Liège' stands out clearly within Wallonia

Percentage of websites in Belgium



% of region's companies who own a website

38-42% : Antwerp, Brussels, Namur, East Flanders, Fl. Brabant and Wal. Brabant

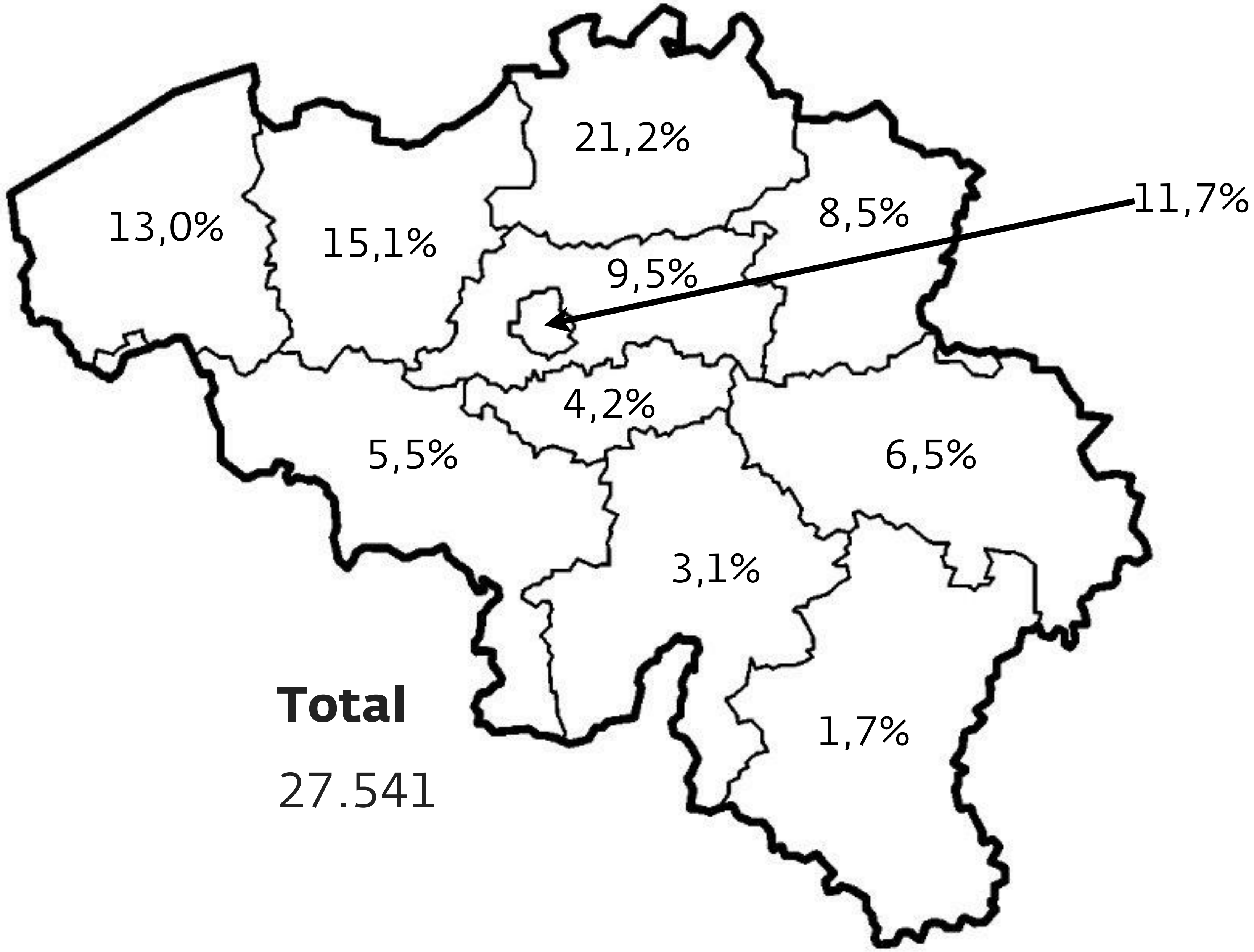
35% : Limburg

33% : Luxembourg

29% : Liège

26% : Hainaut

E-commerce websites in Belgium



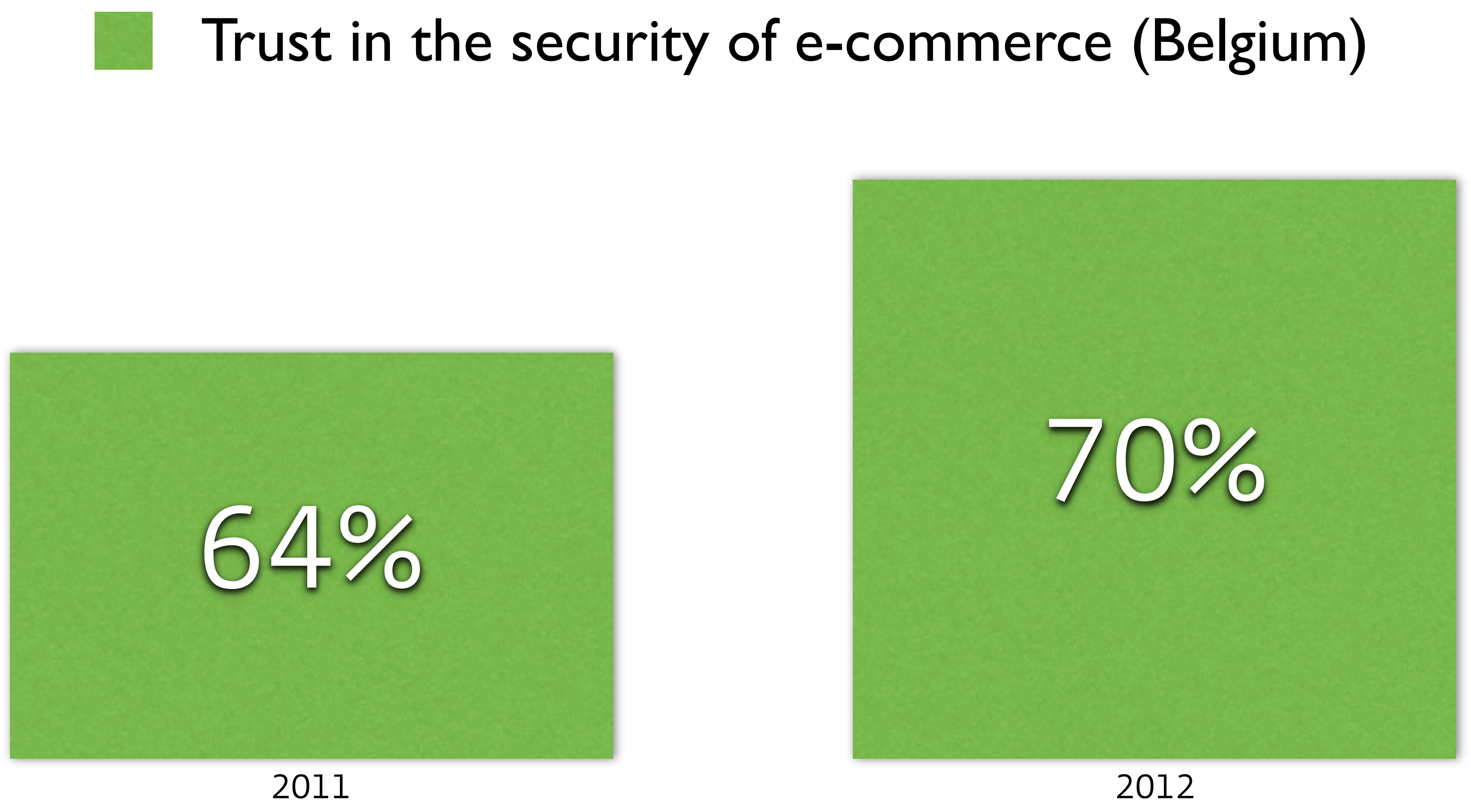
Total

27.541

E-commerce in Belgium is also foreign companies

- 60% of the keywords that are being advertised on in Belgium, are owned by foreign companies.
- For every € 1 that we export, other companies are importing € 1,5.

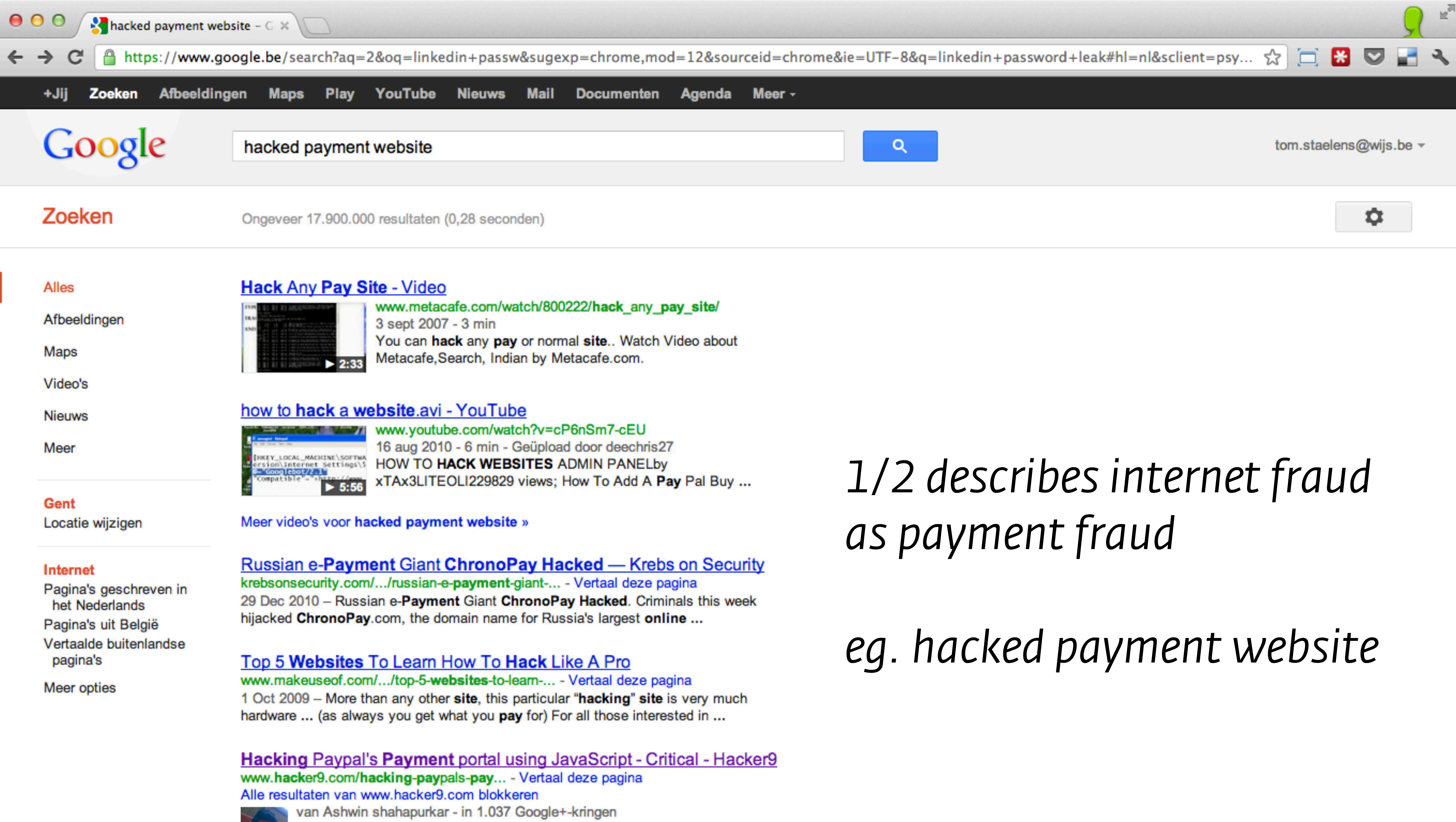
General trust in e-commerce Belgium



Safety concerns (EU)

- Fraudulent advertisements and offers were still spotted by :
  - **29%** of consumers
  - **23%** of retailers

29% of fraud stays unsolved



1/2 describes internet fraud as payment fraud

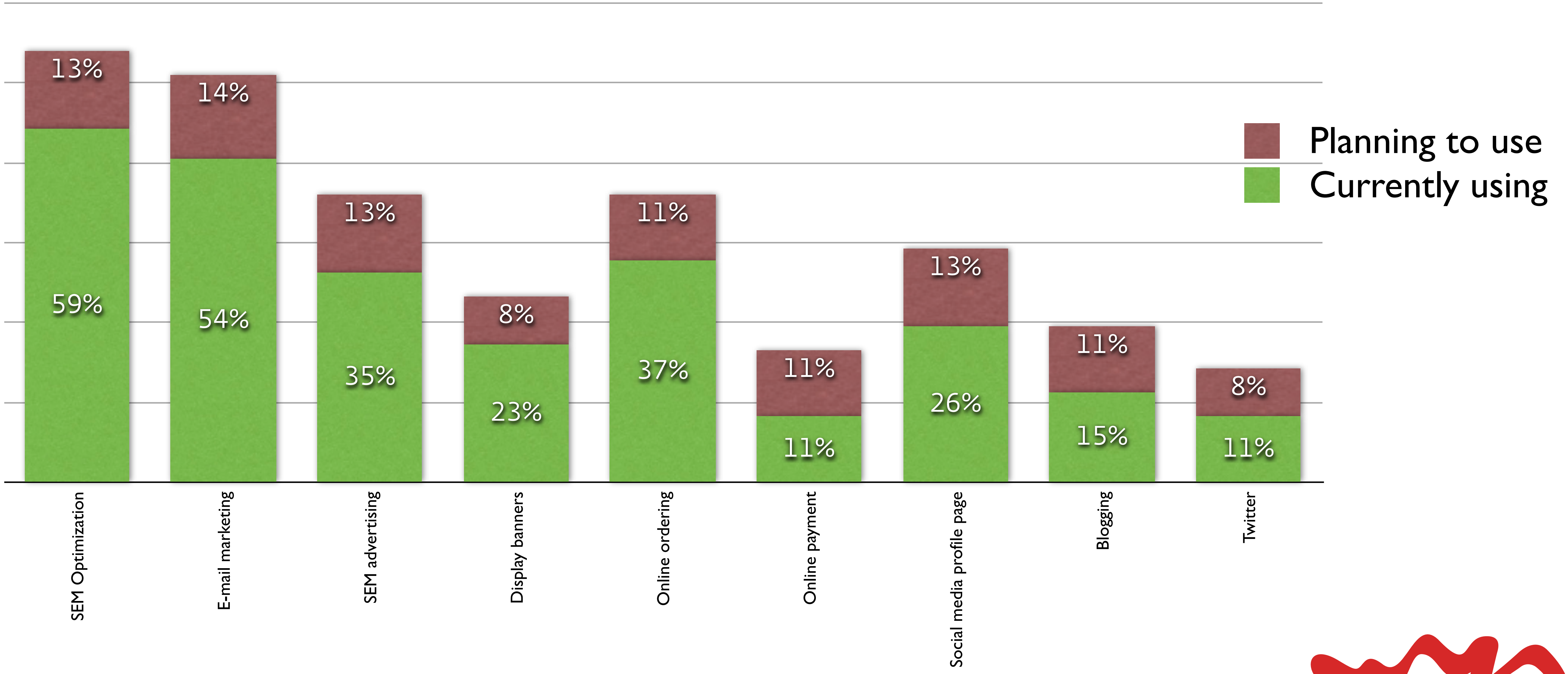
eg. hacked payment website

Only 1/2 of online shoppers prefer to buy from a Belgian shop than from a foreign shop.

We are playing it rather safe when it comes to buying products or services from other internet users or unknown websites.

SME online intentions (2010)

% SME companies actively selling and/or promoting online their products and services



Conclusions

- Flanders (and mainly Antwerp) is much stronger represented in e-commerce than Wallonia.
- But our strongest competition comes from behind the Belgian borders.
- We buy mainly local, as we have trust in Belgian e-shops.

Conclusions

- SEM and e-mail marketing are the main promotional effort, and efforts herein are increasing.
- Social had (in 2010) still ground to cover, but is growing.

E-shopping in Belgium

Belgium vs EU

EU consumers still prefer to buy goods and services in their own country even though the past five years have seen a steady, if slow, increase in the level of cross-border shopping.

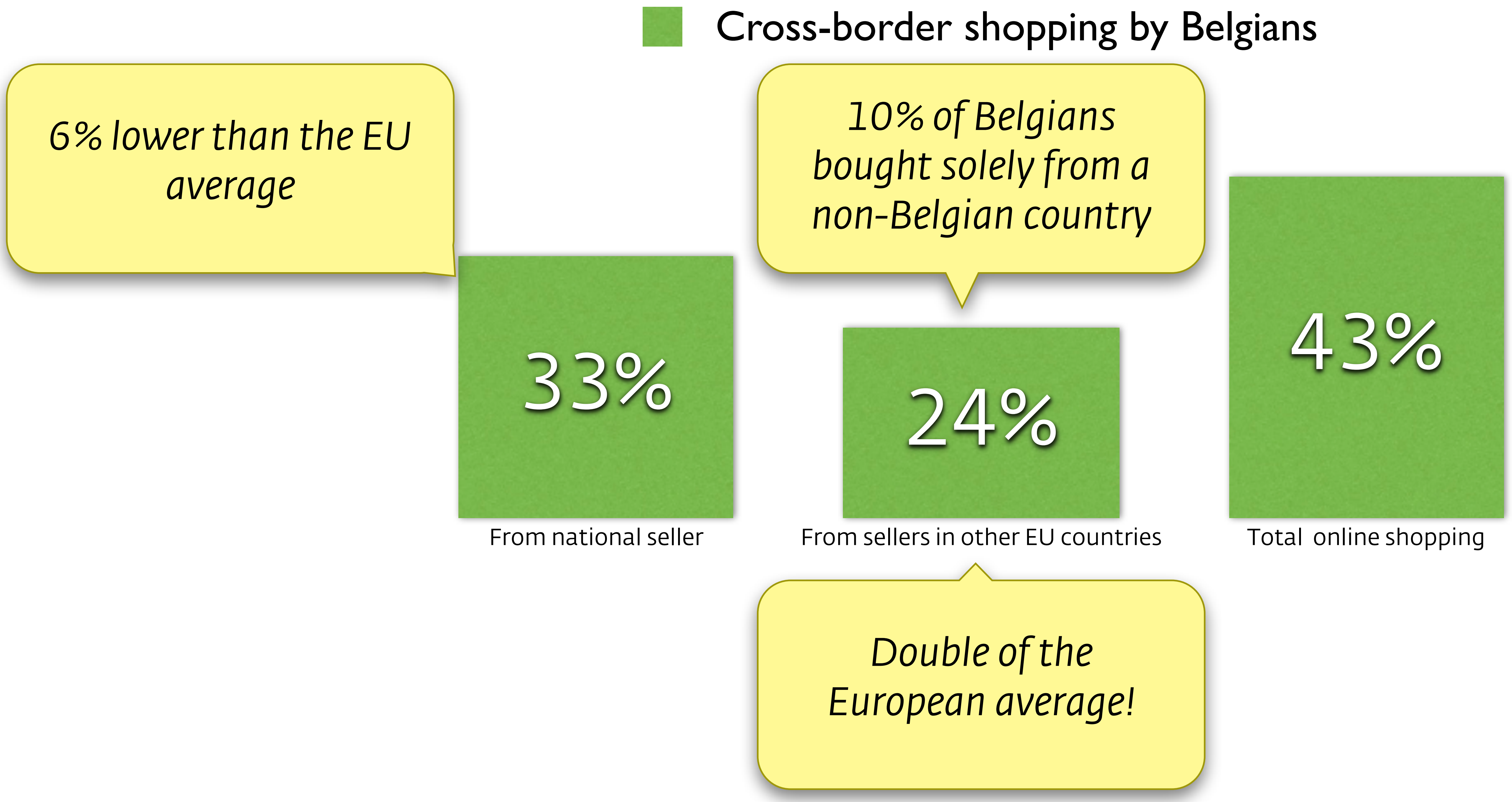
Domestic e-commerce shopping

- **43%** of EU-consumers bought over the internet in 2011 (versus 40% in 2010)

Belgium = 43%
Highest : UK & Sweden (71%)
Lowest : Romania (6%)

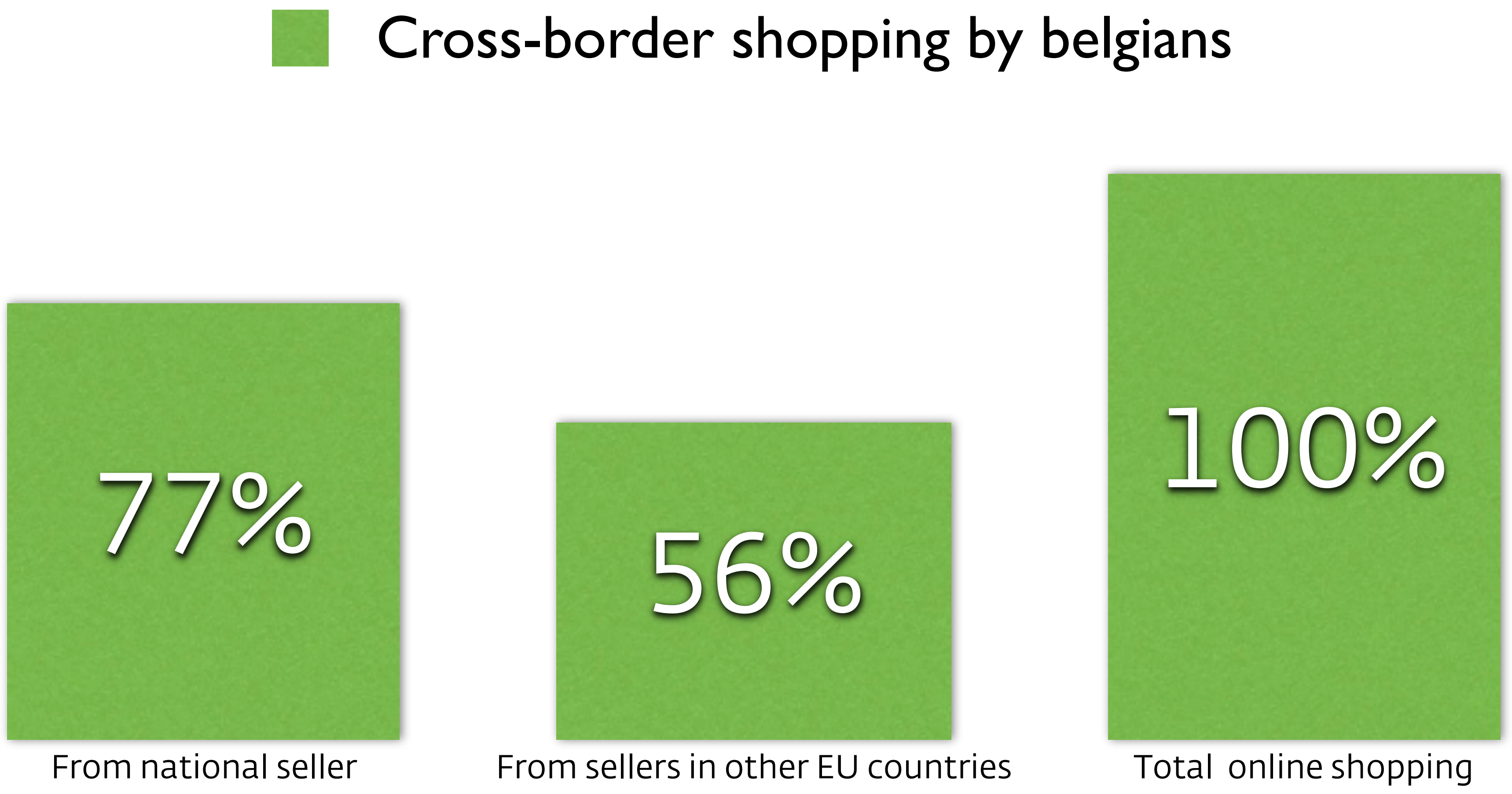
Buying from domestic seller		Buying from other EU country	
2010	**2011**	**2010**	**2011**
36%	39%	9%	12%

Cross-border e-commerce in Belgium



% of Belgian population

Cross-border e-commerce in Belgium



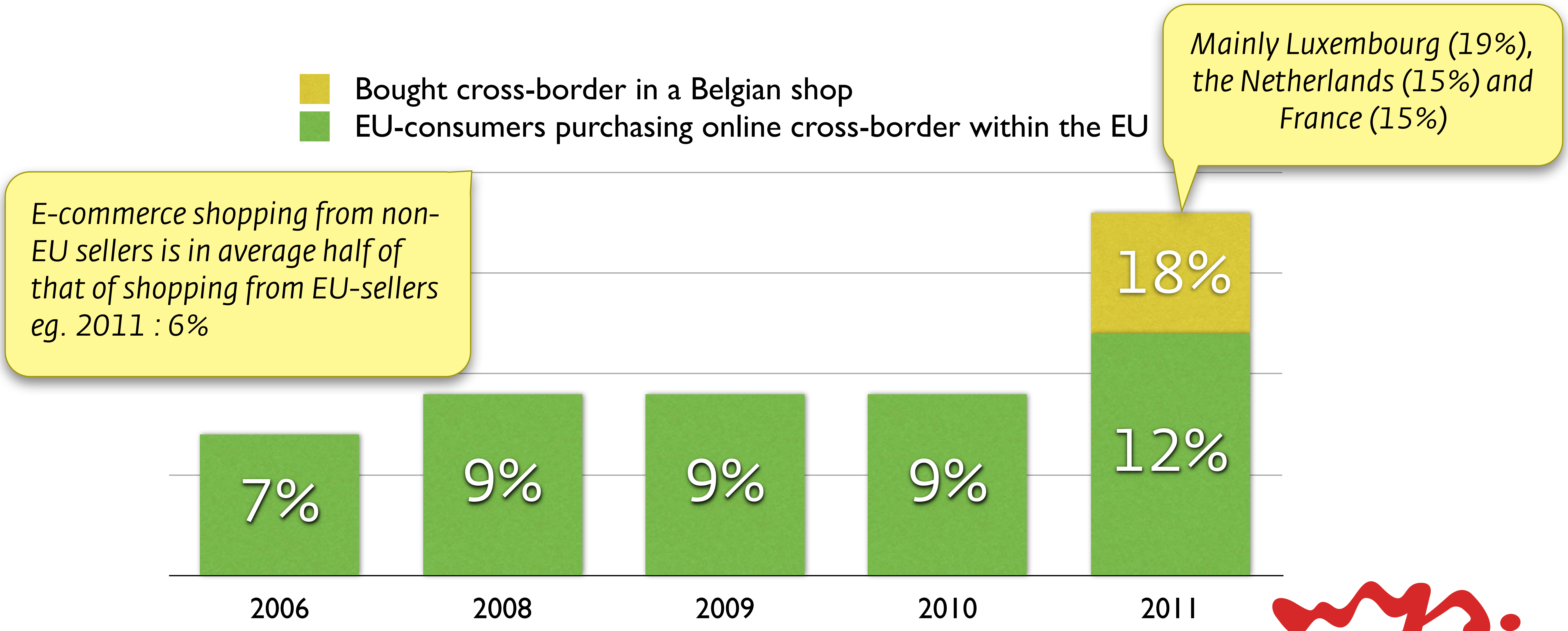
Mainly in France (42%), the Netherlands (38%), Germany (26%), UK (20%) and US (14%)

% of Belgian online consumers

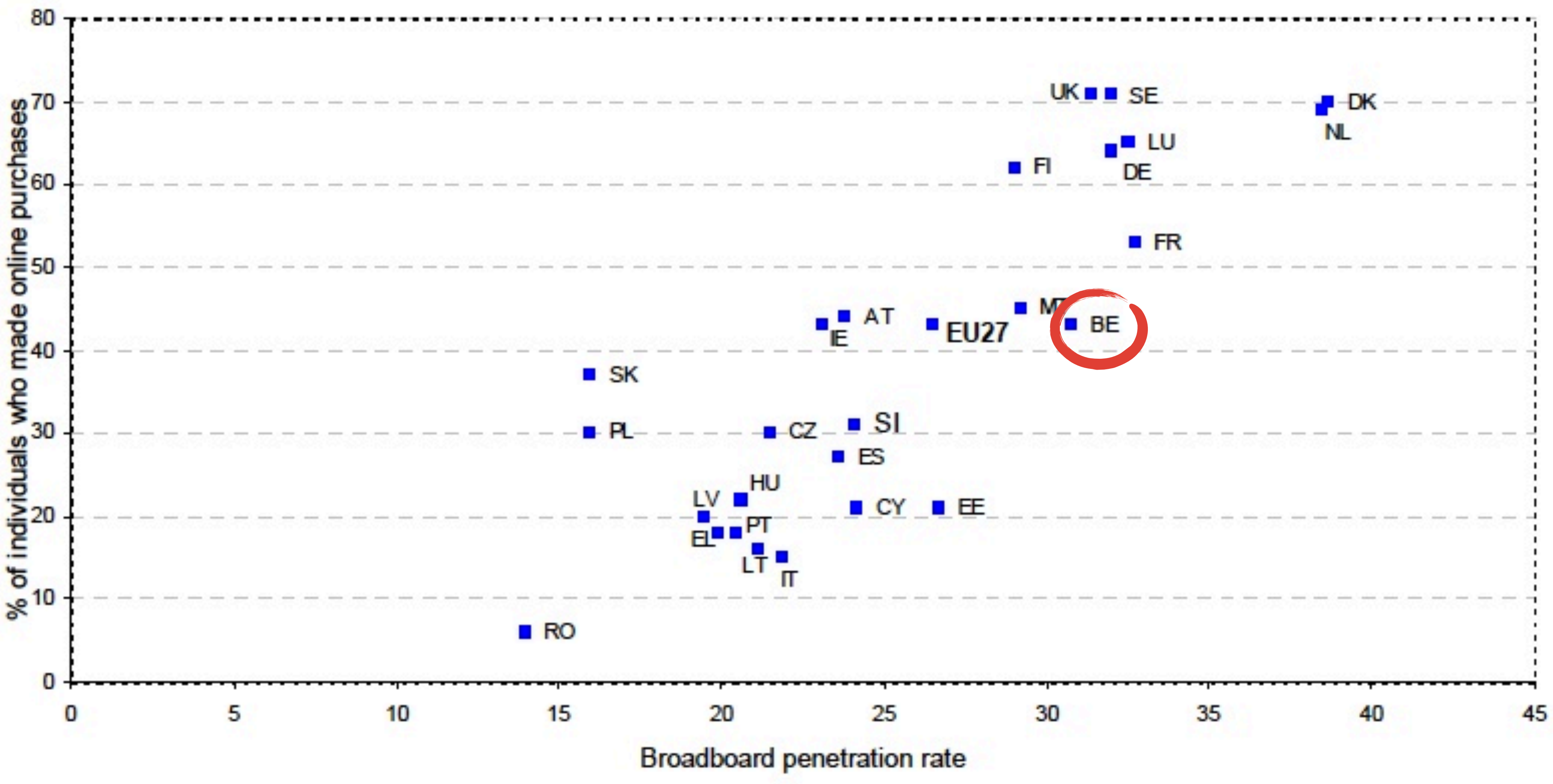
For 50% of the product searches, prices are 10% cheaper when buying cross-border than buying from a belgian web shop.

65% of the products we search are only available in foreign shops.

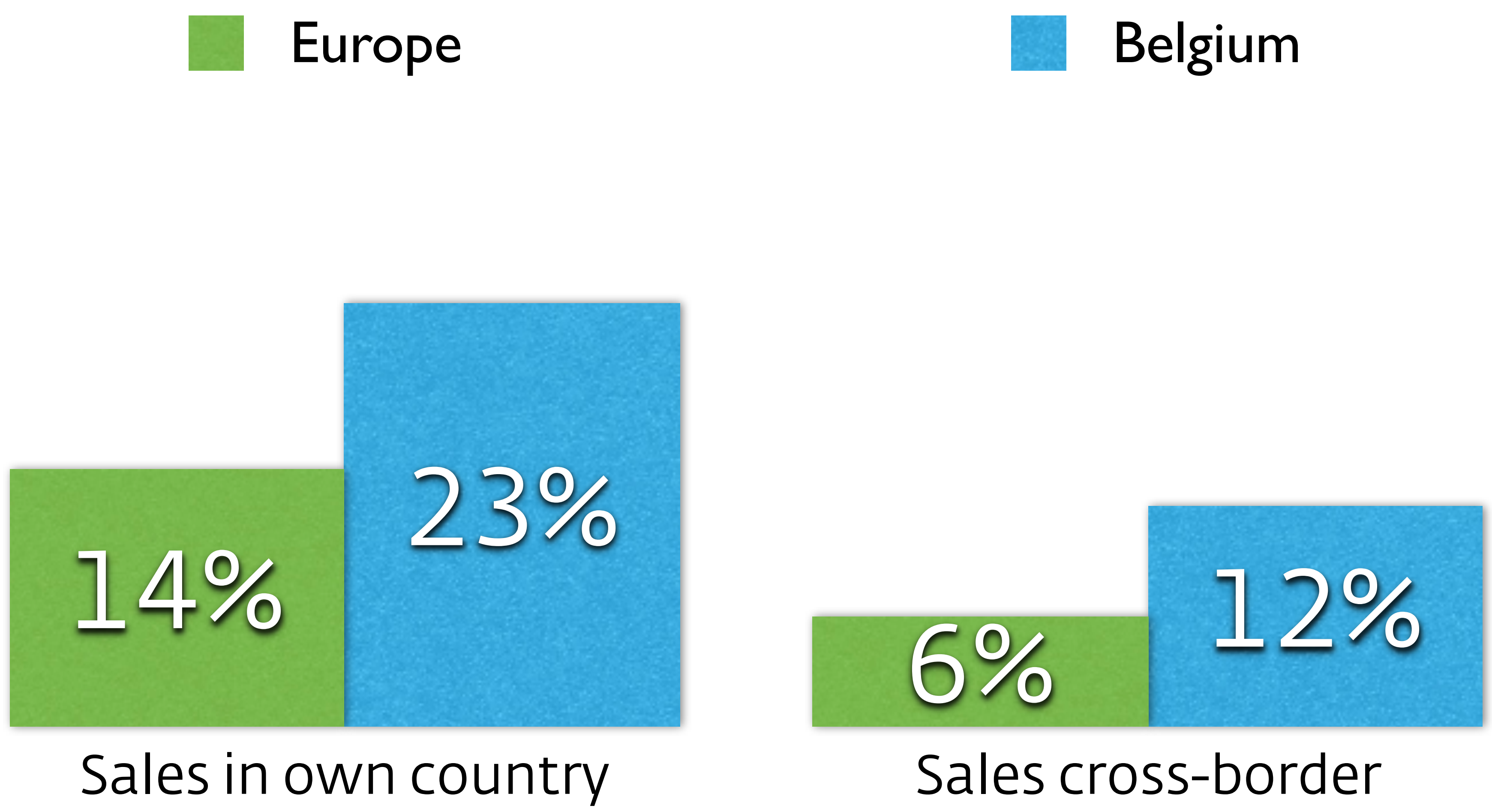
Cross-border e-commerce



Correlation between online sales and broadband penetration



E-commerce in enterprises



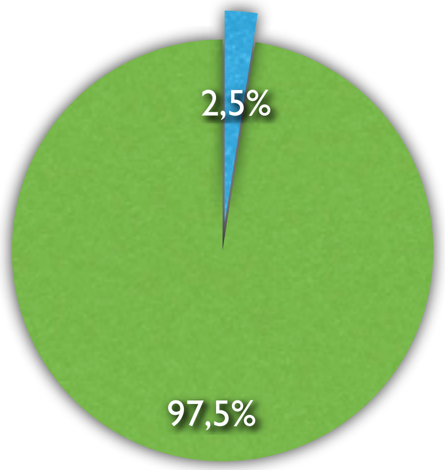
Share of e-commerce in retail sales of the GDP

Value of total retailing and internet retailing in 2010

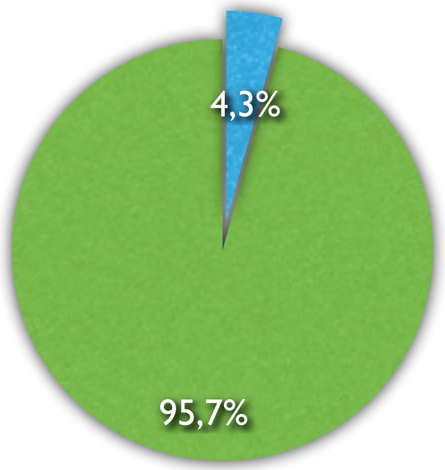
Country	Retailing*		Internet retailing**		Share Internet retailing
	(in million Euro)	(in percent of EU total)	(in million Euro)	(in percent of EU total)	(in percent of country retailing)
Austria	65,285.4	2.5%	709.2	0.8%	1.1%
Belgium	81,784.7	3.1%	1,756.4	1.9%	2.1%
Bulgaria	9,239.1	0.4%	29.0	0.0%	0.3%
Czech Rep.	31,617.7	1.2%	1,082.8	1.2%	3.4%
Denmark	43,810.9	1.7%	2,354.3	2.6%	5.4%
Estonia	4,350.0	0.2%	15.0	0.0%	0.3%
Finland	39,834.7	1.5%	1,596.5	1.8%	4.0%
France	441,607.7	17.0%	17,324.9	19.1%	3.9%
Germany	458,803.4	17.6%	17,774.8	19.6%	3.9%
Greece	59,254.3	2.3%	441.9	0.5%	0.7%
Hungary	29,824.8	1.1%	339.5	0.4%	1.1%
Ireland	33,535.0	1.3%	523.1	0.6%	1.6%
Italy	314,370.8	12.1%	3,018.8	3.3%	1.0%
Latvia	4,316.9	0.2%	34.0	0.0%	0.8%
Lithuania	5,903.3	0.2%	63.5	0.1%	1.1%
Netherlands	105,915.3	4.1%	3,659.5	4.0%	3.5%
Poland	84,808.1	3.3%	1,968.3	2.2%	2.3%
Portugal	48,300.4	1.9%	365.6	0.4%	0.8%
Romania	27,198.2	1.0%	197.1	0.2%	0.7%
Slovakia	13,152.2	0.5%	108.7	0.1%	0.8%
Slovenia	7,375.1	0.3%	129.2	0.1%	1.8%
Spain	232,462.4	8.9%	3,188.4	3.5%	1.4%
Sweden	66,064.3	2.5%	2,618.0	2.9%	4.0%
UK	395,698.1	15.2%	31,412.2	34.6%	7.9%
TOTAL EU***	**2,604,512.8**	100.0%	**90,710.7**	100.0%	**3.5%**

Share of the internet of GDP

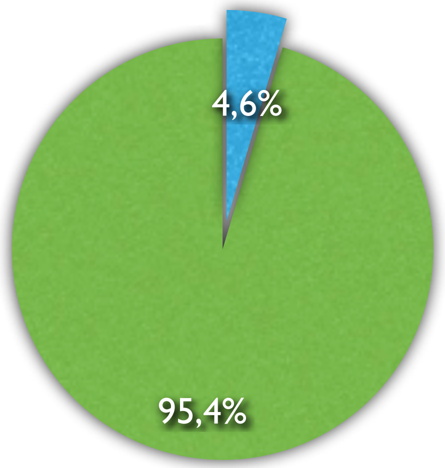
Belgium (in 2009)



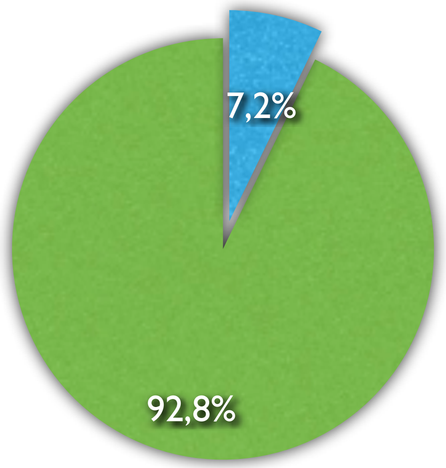
The Netherlands (in 2009)



Belgium (by 2015)



United Kingdom (in 2009)



E-commerce in Belgium

	Number of transactions	Revenue (shops)	Growth	Spending (consumers)	Average revenue	Average spending
2007	4.500.000	460.000.000 €		989.000.000 €	102 €	220 €
2008	6.400.000	590.000.000 €	28,3%	1.325.000.000 €	92 €	207 €
2009	8.400.000	705.000.000 €	19,5%	1.600.000.000 €	84 €	190 €
2010	10.700.000	903.000.000 €	28,1%	1.756.000.000 €	84 €	164 €
2011	13.200.000	1.118.000.000 €	23,8%	2.355.700.000 €	85 €	178 €
2012	15.454.000	1.367.602.000 €	22,3%	2.815.861.000 €	88 €	182 €

Light grey = extrapolation based upon given numbers

EU action plans by 2015

- **50%** of EU-consumers buy online
- **20%** of EU-consumers buy cross-border (EU)
- Double the share of e-commerce in retail sales (currently 3,4%)
- Double the share of e-commerce on GDP (currently 3%)

Conclusions

- We buy mainly from a national seller.
- Growing trend of buying cross-border.
- When buying cross-border, EU-citizens buy mostly from neighboring countries.

Conclusions

- Belgians buy up to 2 times more cross-border than the EU-average.
- But we also sell 6% more to other Europeans than the EU-average.
- 10% of belgians only shop cross-border.

Conclusions

- We buy cross-border because of price and product range.
- In 2012, we will lose about 1500 million euro to cross-border e-shops.

Conclusions

- We rank 5th within the EU in enterprises selling in their own country, and shared 3th (!!!) when it comes to selling cross-border.
- We rank only in the middle of the EU when it comes to online shopping.

Conclusions

- The EU average of online revenue is 215% of that of Belgium, with Germany having a value of internet retailing of almost 1800% of that of Belgium.

Is there still room for growth?

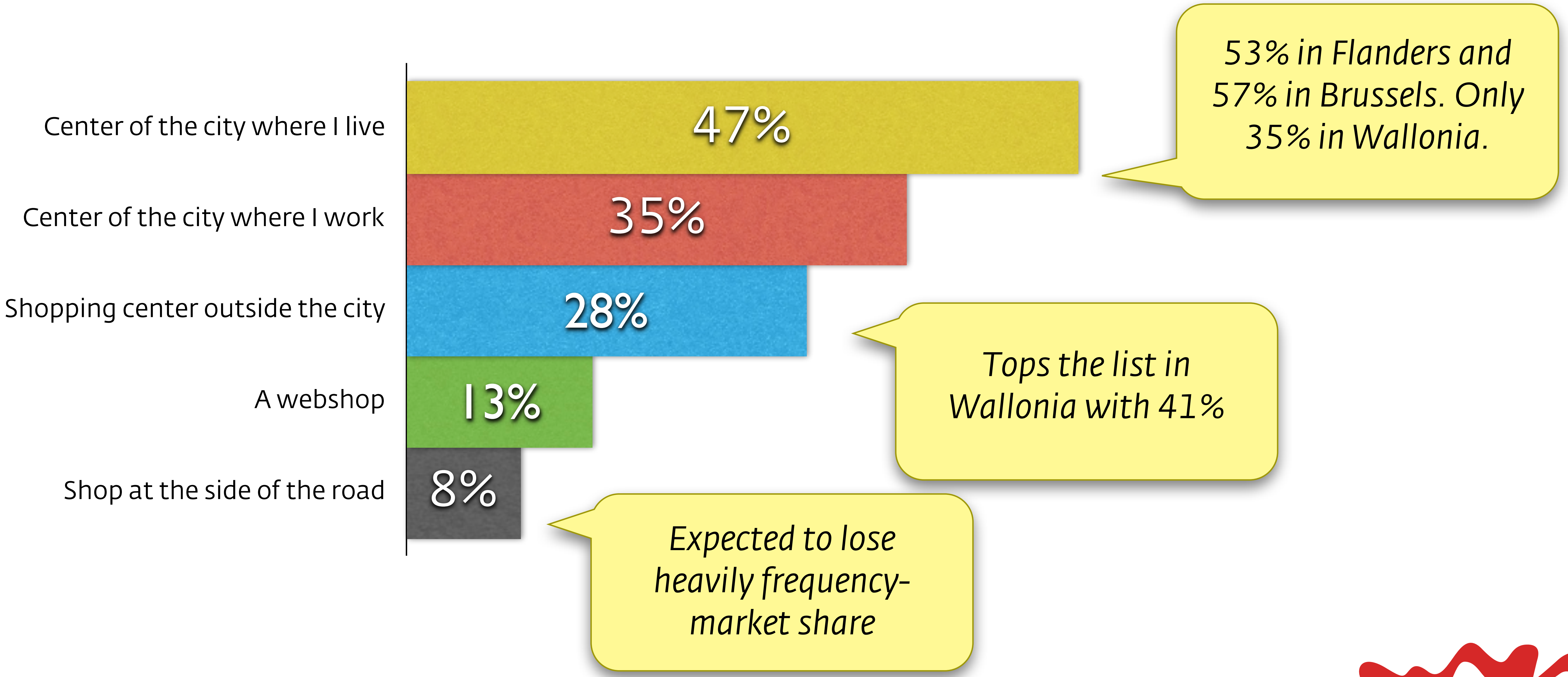
17-25%/year

Expected growth of the internet market

A shift to online

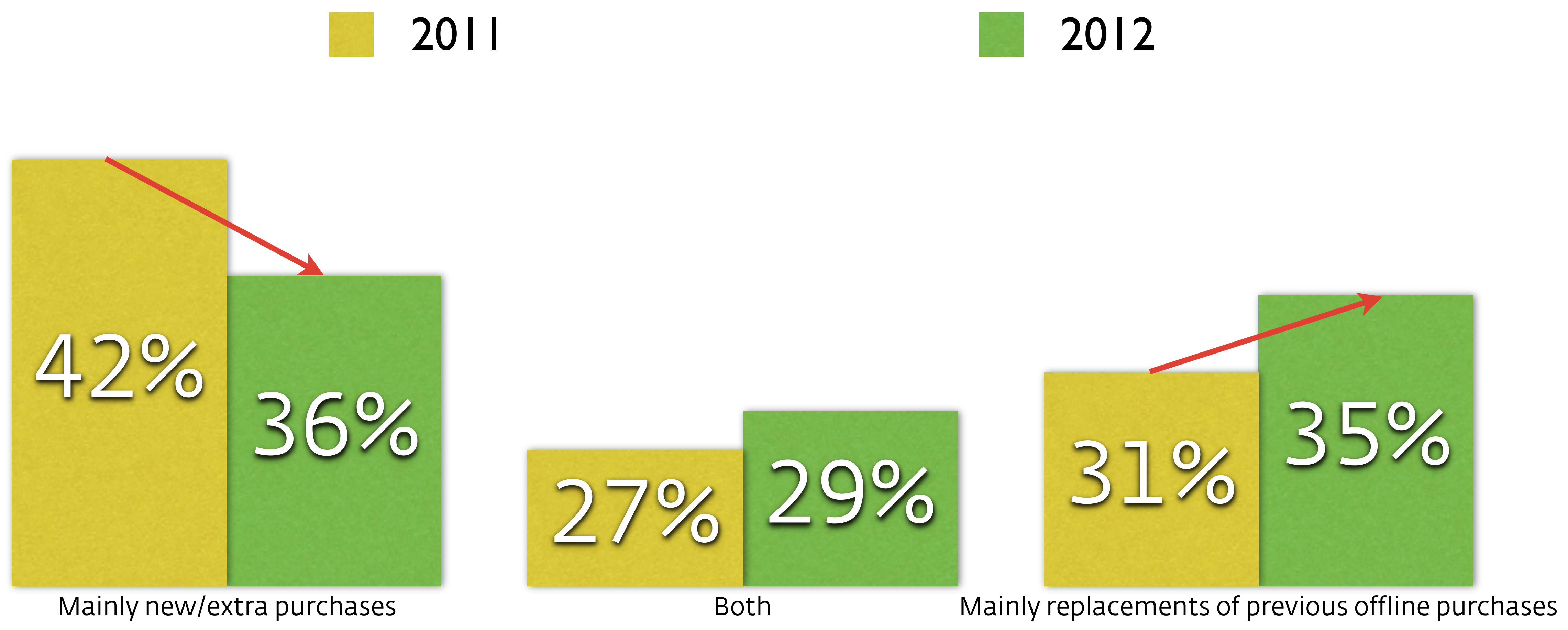
Online vs Offline shopping

Frequency of where I shop



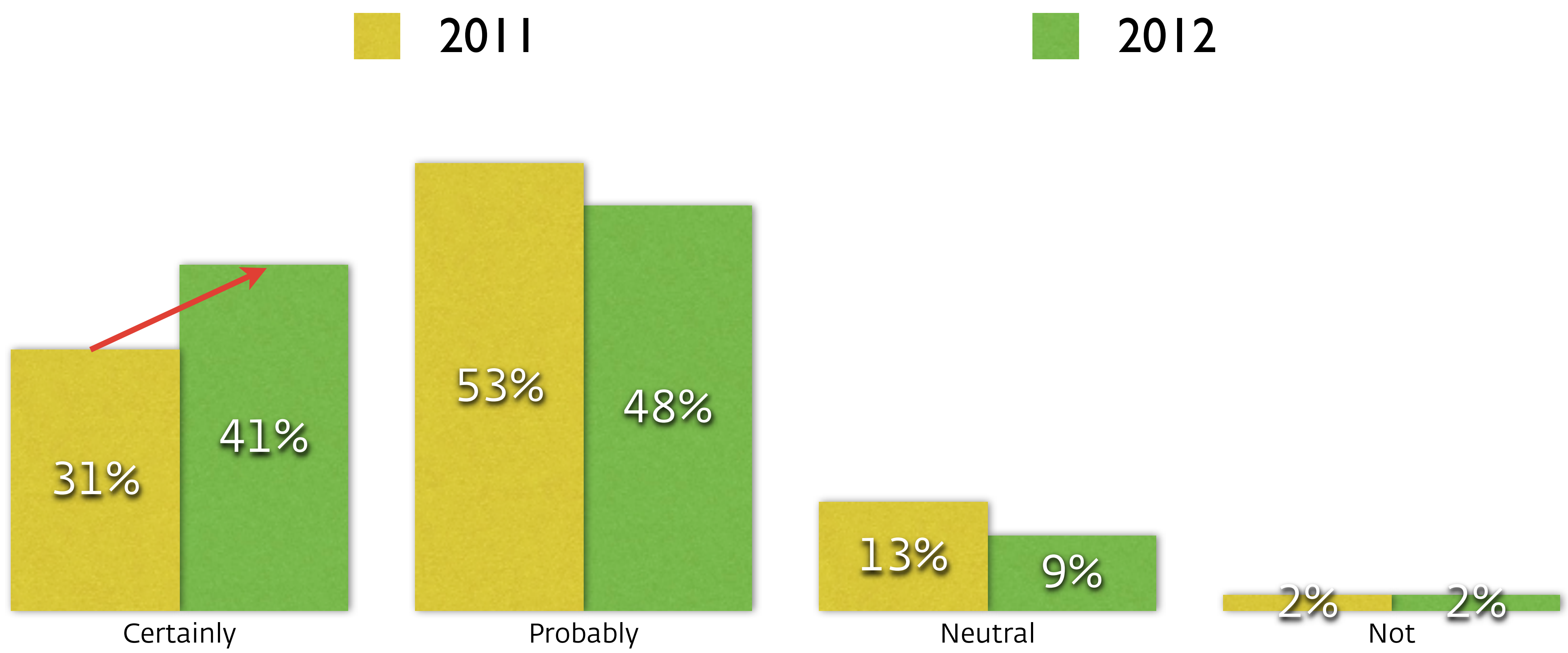
Substitution offline purchases

of people already buying online



Online purchase

Future intention to buy on the internet



Conclusions

- Those experienced with online shopping, are shifting from new and extra purchases towards replacement purchases.
- Cannibalization today is rather limited to 50%, but is growing.
- The growth of online shoppers will continue.

Market size

Facts & numbers

Market size - E-commerce 2012

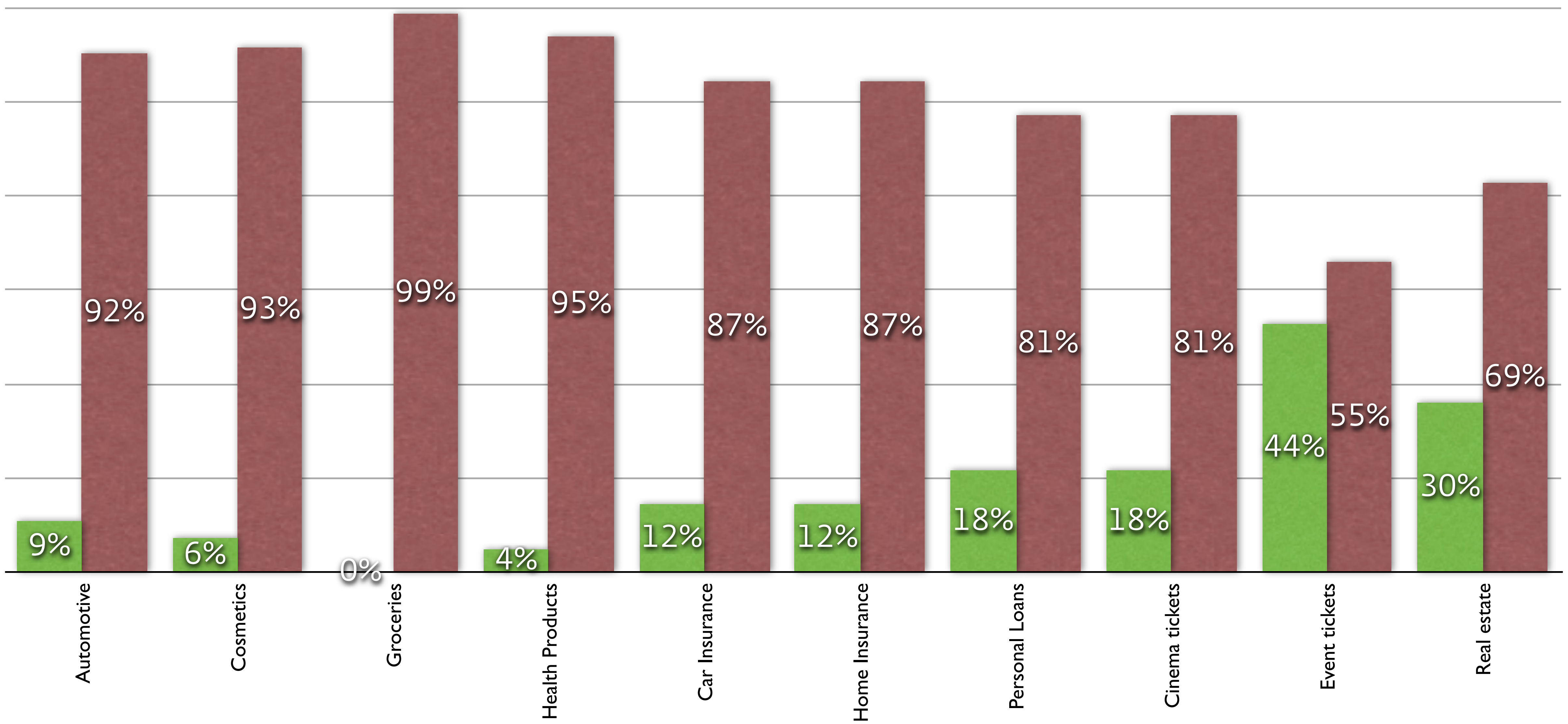
- Revenue from the home market
  - € 1.095.838.980
- Cross-border revenue
  - € 240.550.020
    - Luxembourg : € 45.704.504
    - The Netherlands : € 36.082.503
    - France : € 36.082.503

Market size - E-commerce 2012

- Money that we lose to cross-border competition
  - € 1.479.472.000

Purchases per sector

Online vs offline purchases



Purchases per sector

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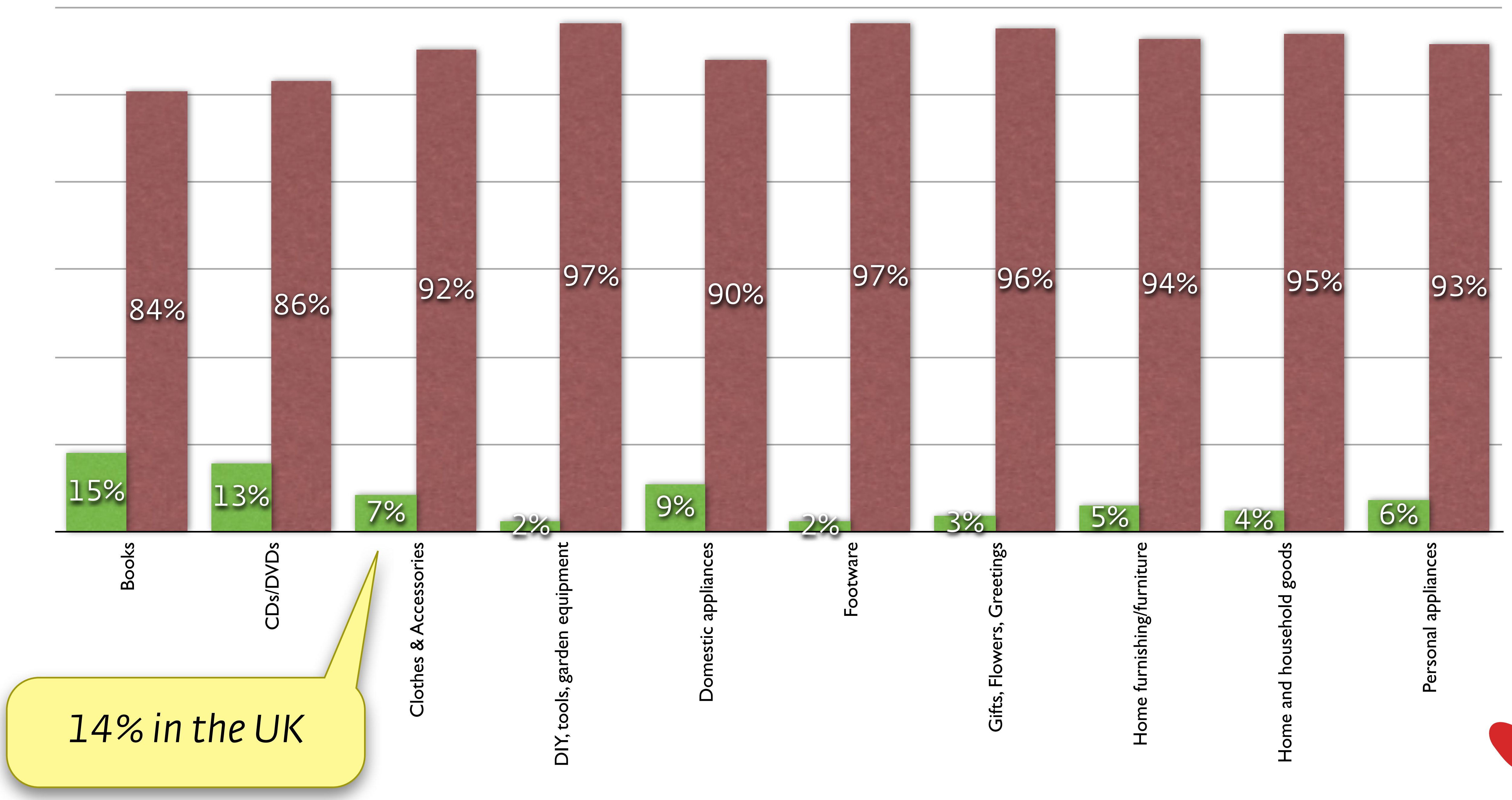

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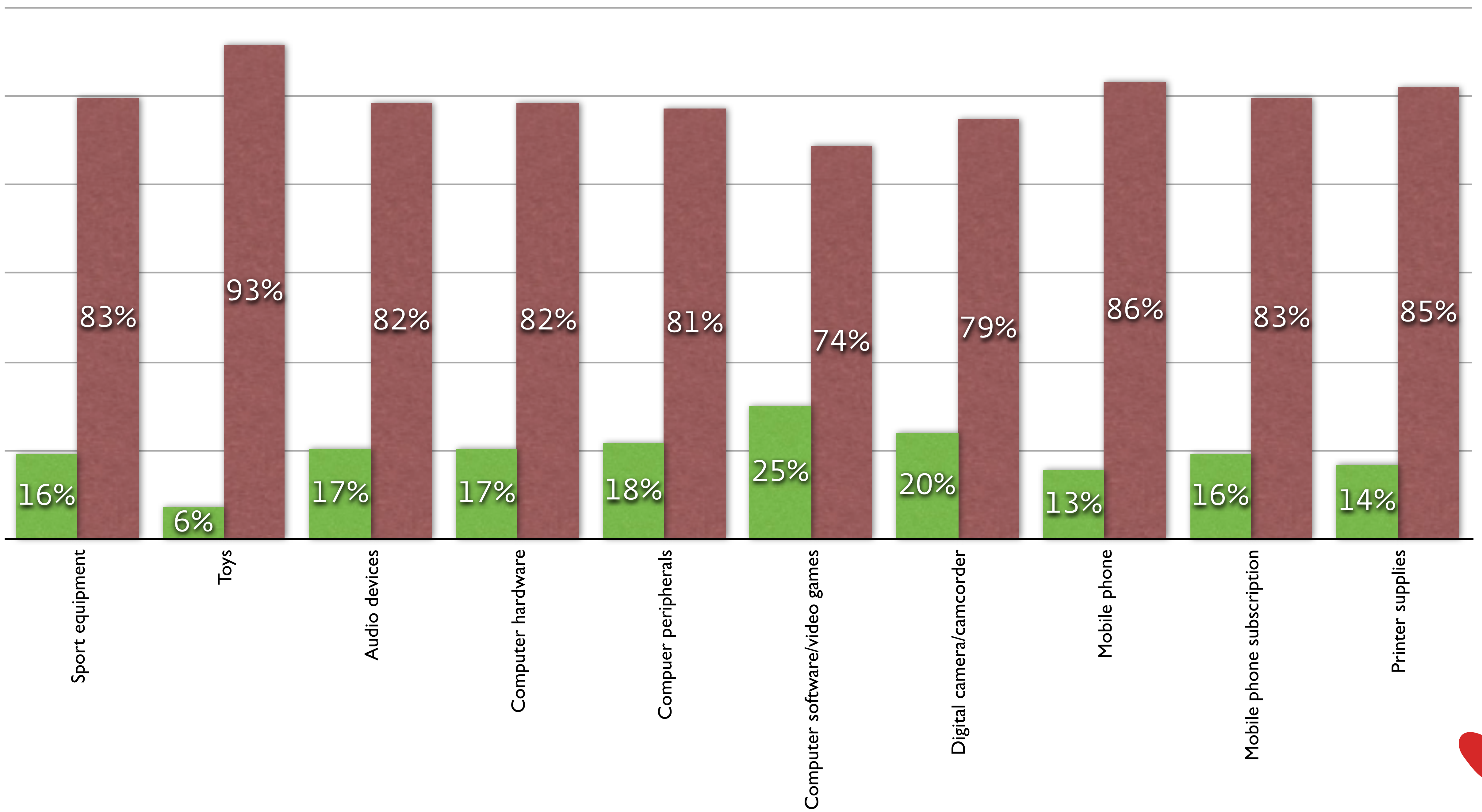
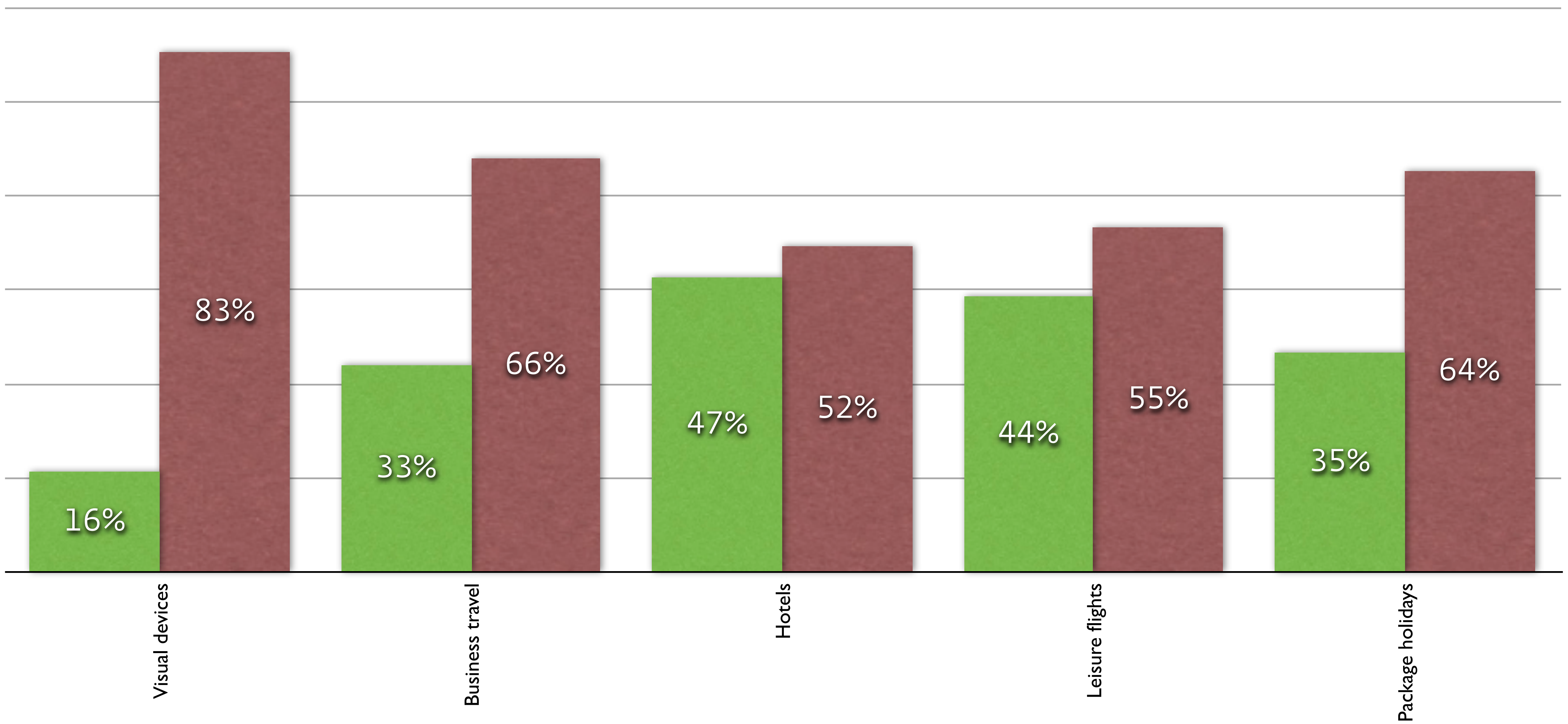


Purchases per sector

Online vs offline purchases

European average is 60% online purchases for travel



Growth

- SME with e-commerce have grown 3,7% in 2011.
- They grow 4 times more than SME without e-commerce.

Cross-border opportunity

- SME with e-commerce sell in average 17,4% to foreign countries.
- SME without e-commerce sell in average 12,4% to foreign countries.

Conclusions

- SME with e-commerce activities, are growing faster and selling more cross-border.
- Adapting for Luxembourg, the Netherlands and France are real opportunities to increase sales cross-border.

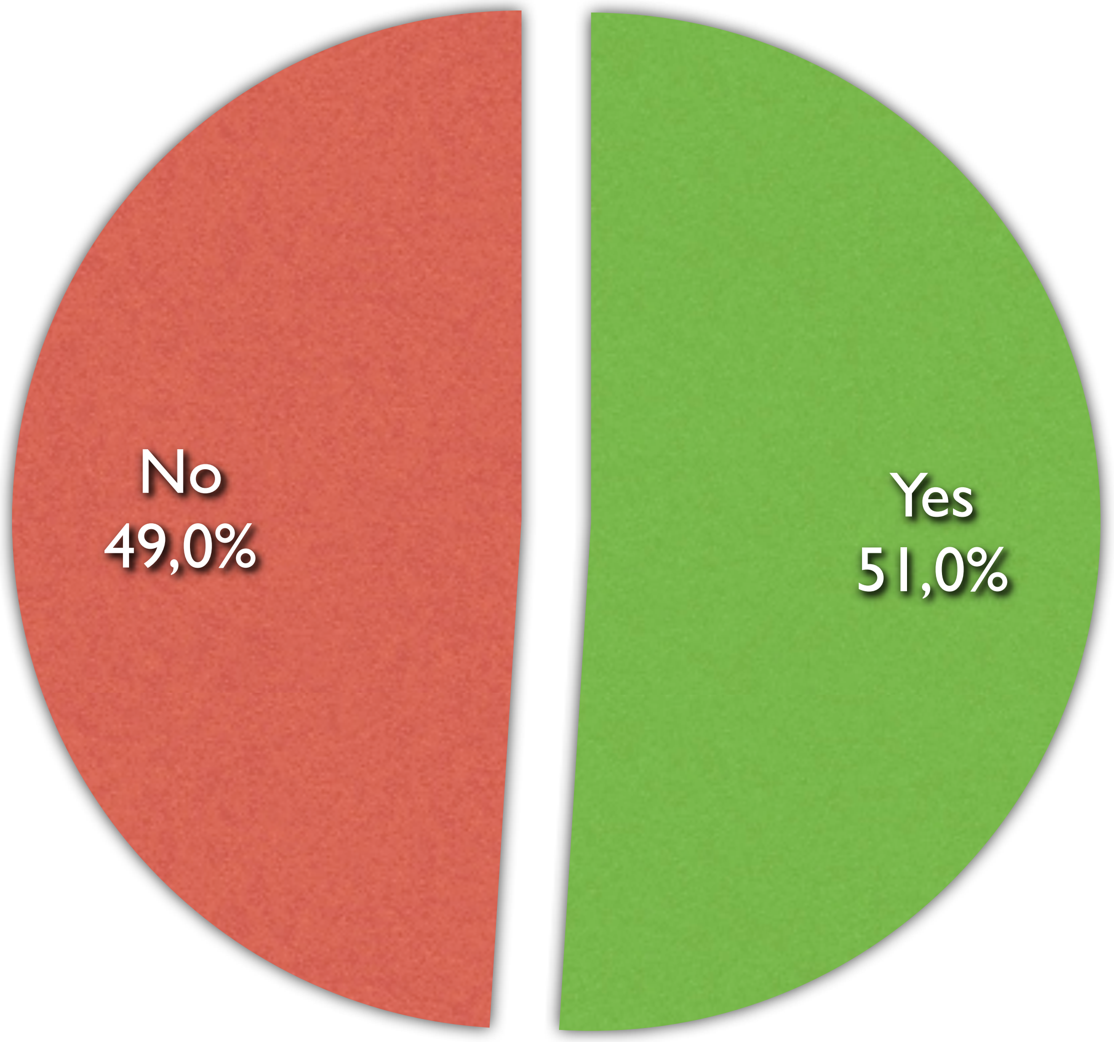
Conclusions

- Today, most purchases are still taking place offline, providing large growth opportunities for online sales.

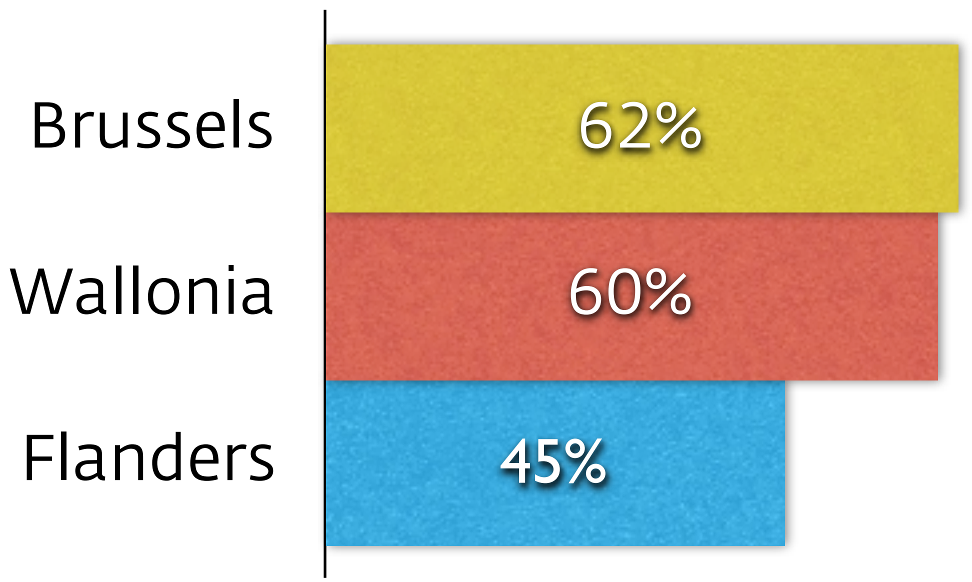
Pre-shopping

Research methods

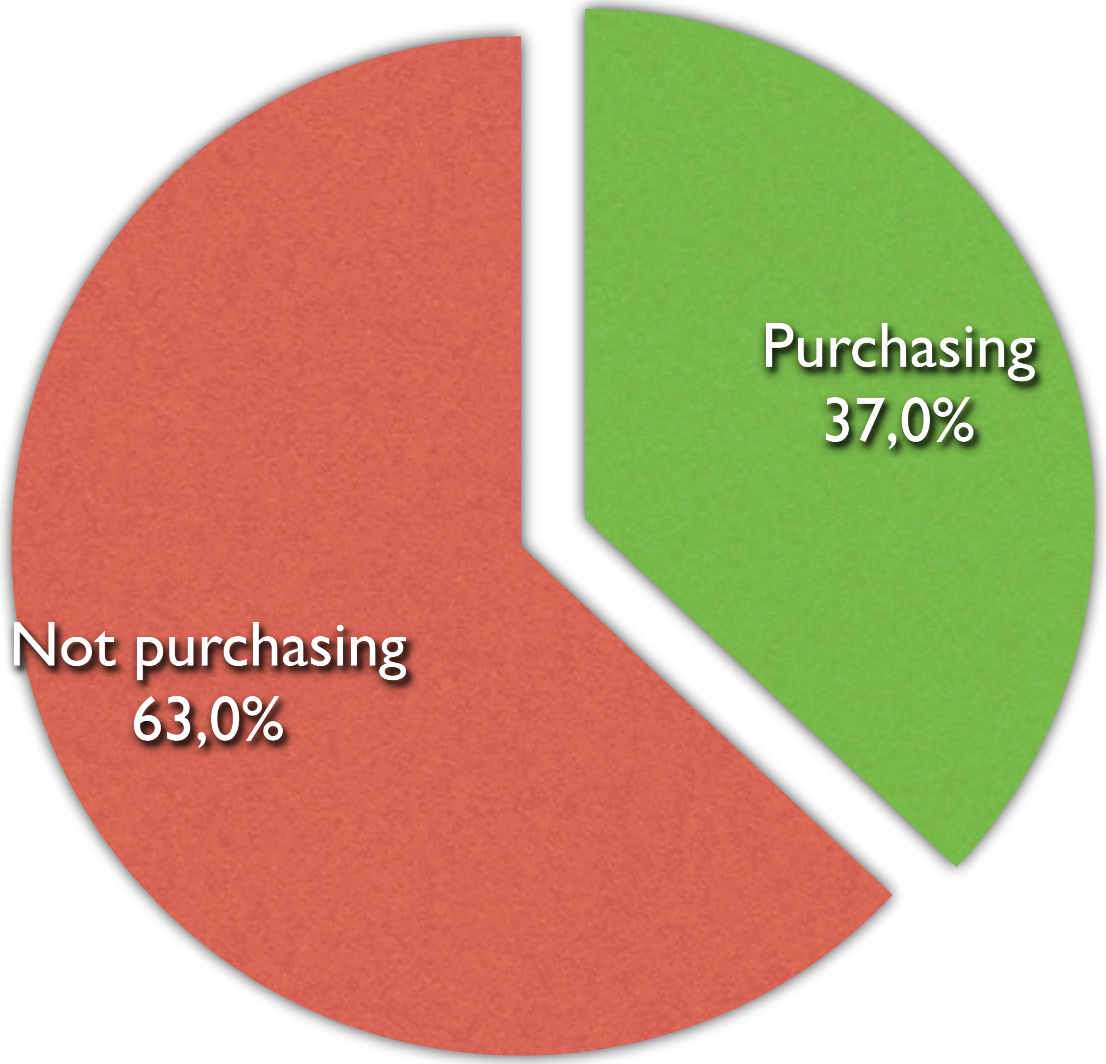
Online price research - Youth



- average : 16,7 times a week
- 16 + : 80%

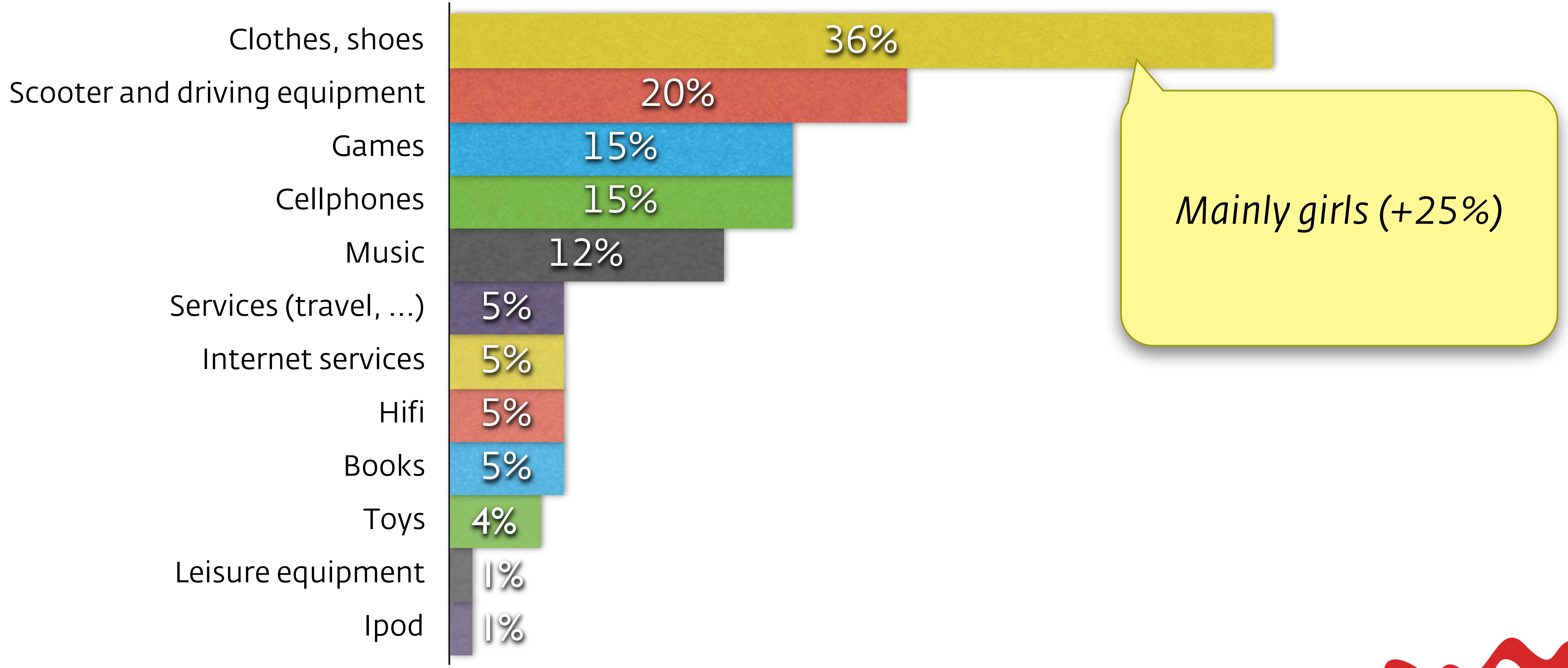


Online purchase - Youth



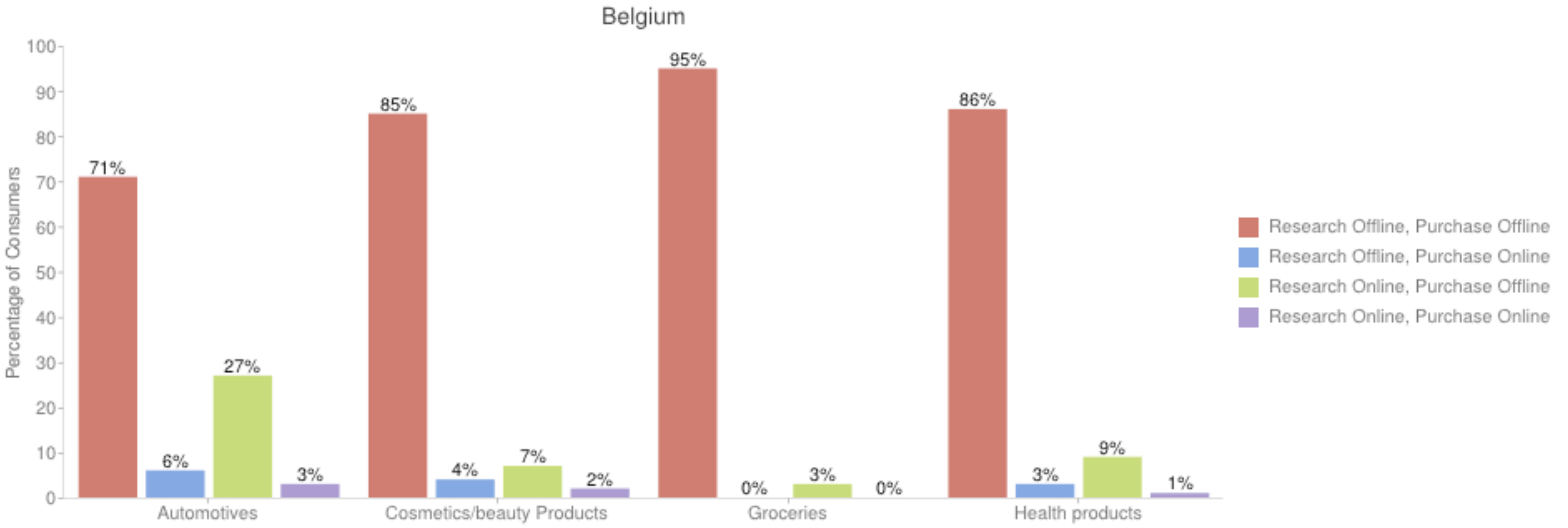
- Purchasing mainly happens in physical stores
- 87% does not share their experiences

Information sharing - Youth



From research to purchase

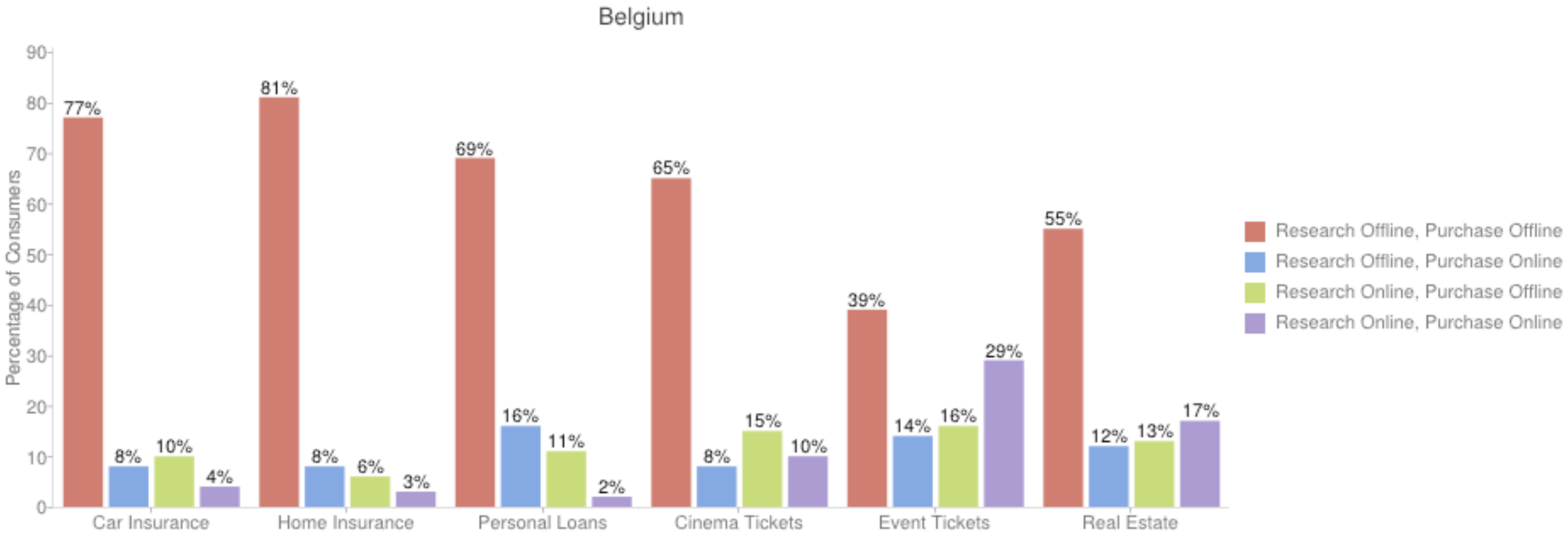
Online vs offline purchase



Base: consumers purchasing a product within the selected categories in the 12 months prior to interview
Source: www.consumerbarometer.com
Data may not sum to 100% on a category level as consumers are asked about their most recent product-level purchase, and each of these purchases may have been bought and researched difl

From research to purchase

Online vs offline purchase



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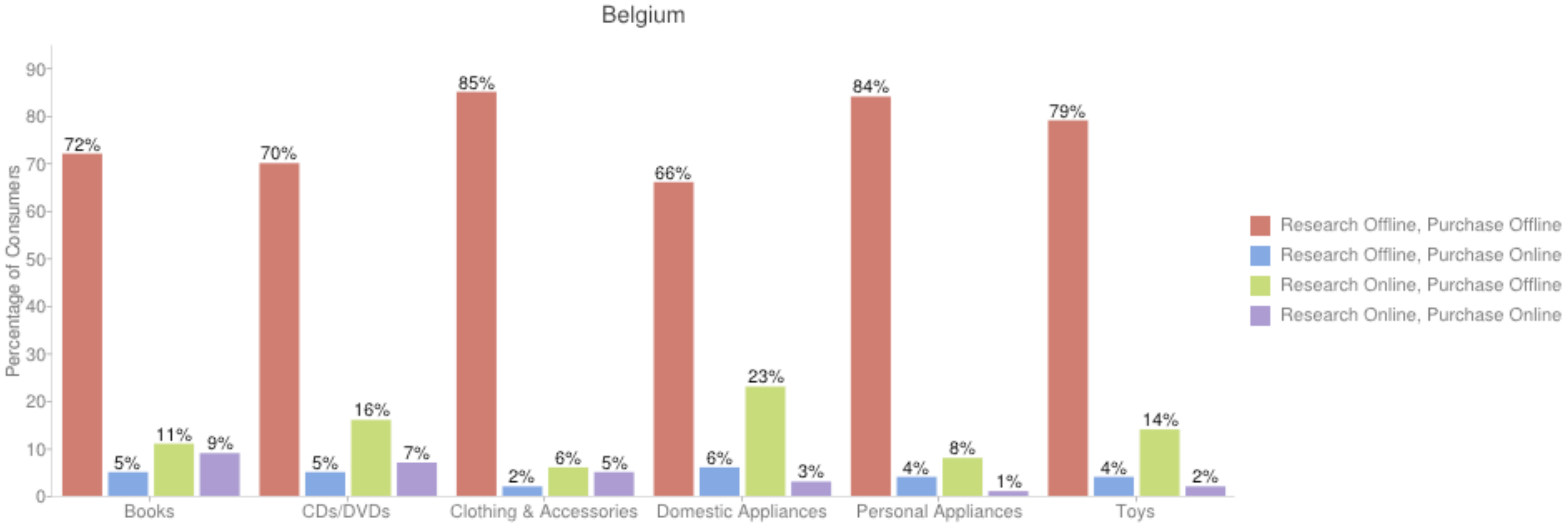

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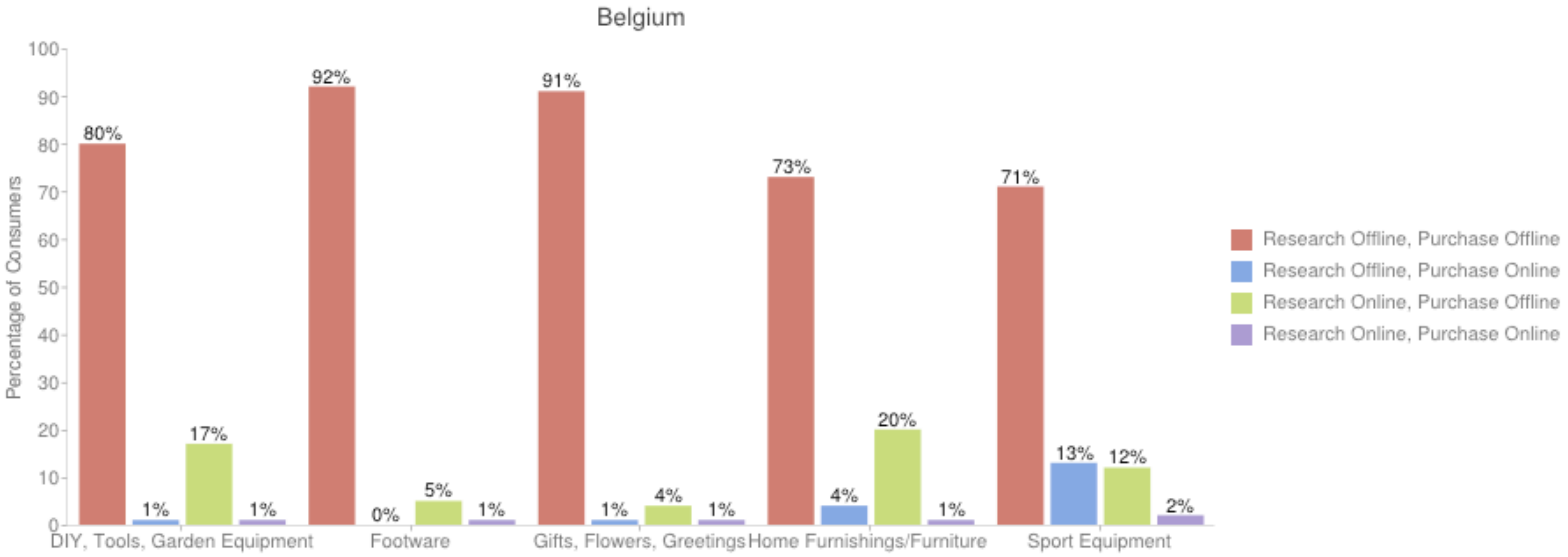

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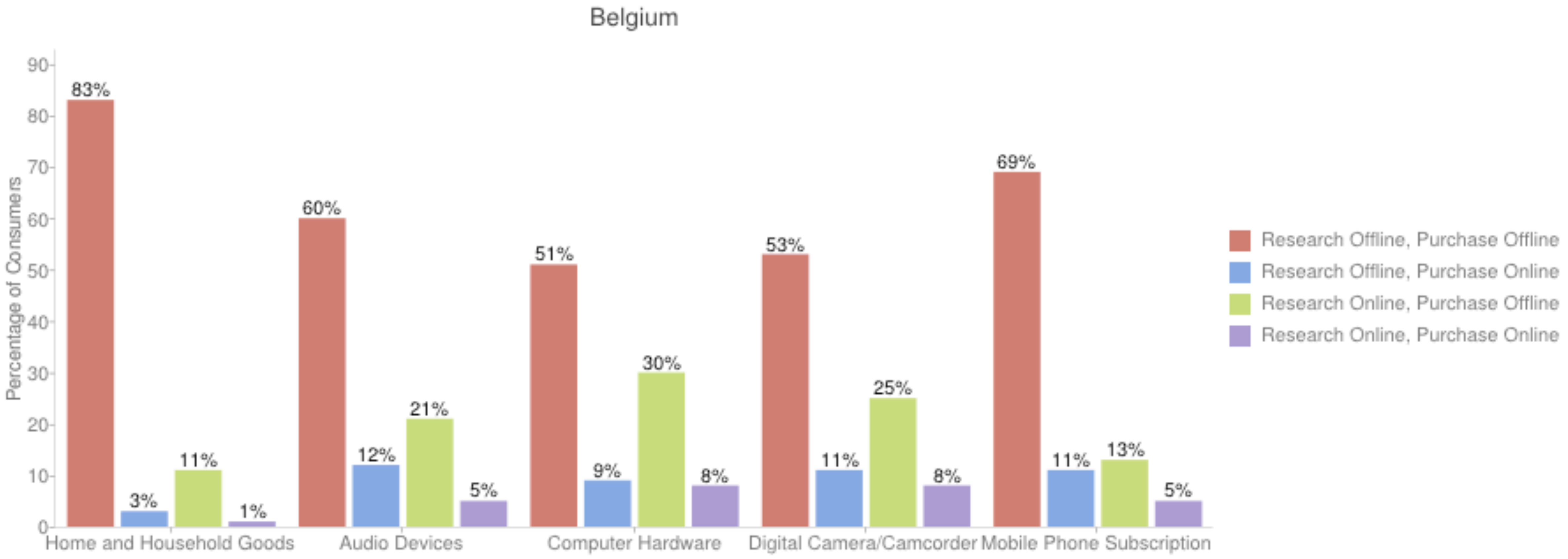

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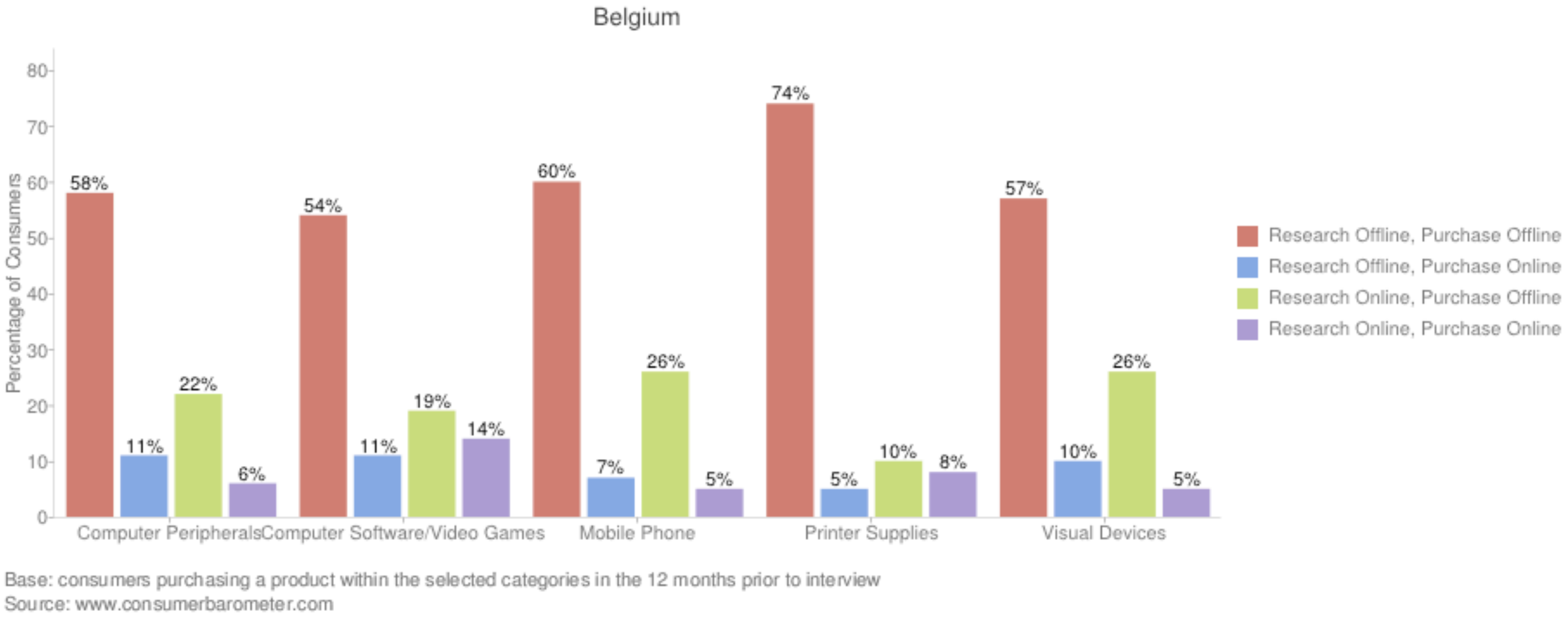
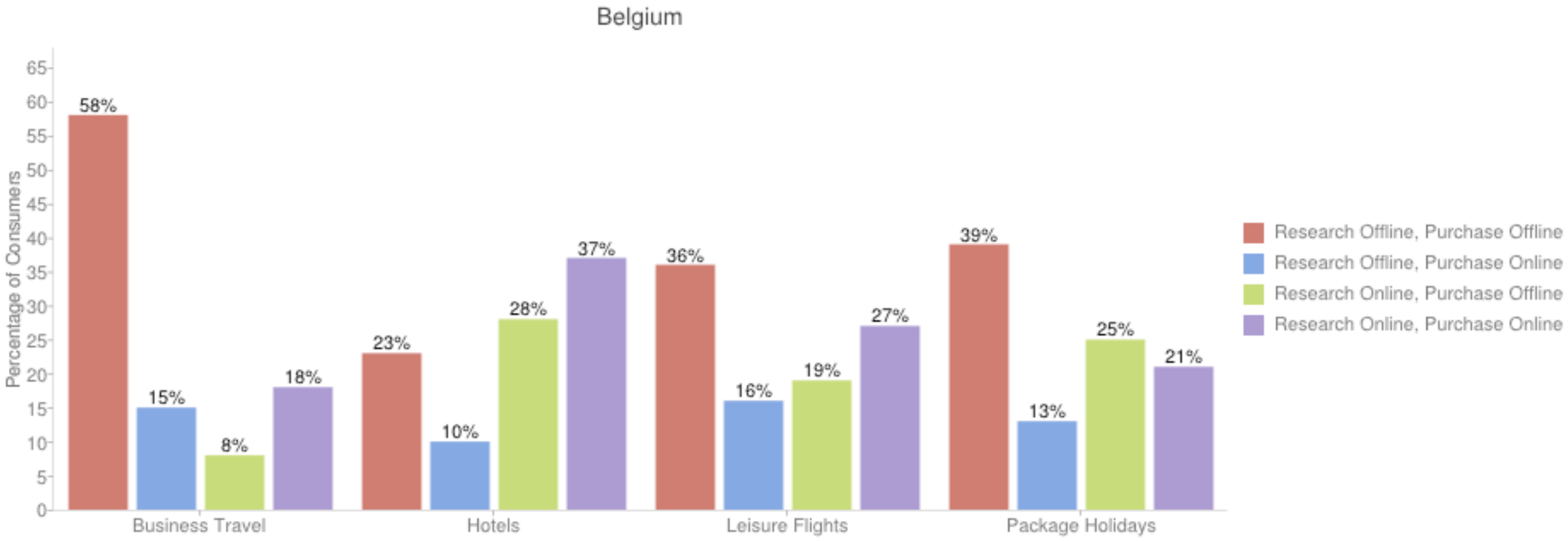


From research to purchase

Online vs offline purchase



Base: consumers purchasing a product within the selected categories in the 12 months prior to interview

Source: www.consumerbarometer.com

Conclusions

- The impact of online research on sales is the strongest for travel related products and services.
- For 16-17 year old youth, online is an important resource for comparing products and services.
- Youth only share experiences when it adds to their status or reputation.

Our online wallet

Online spending

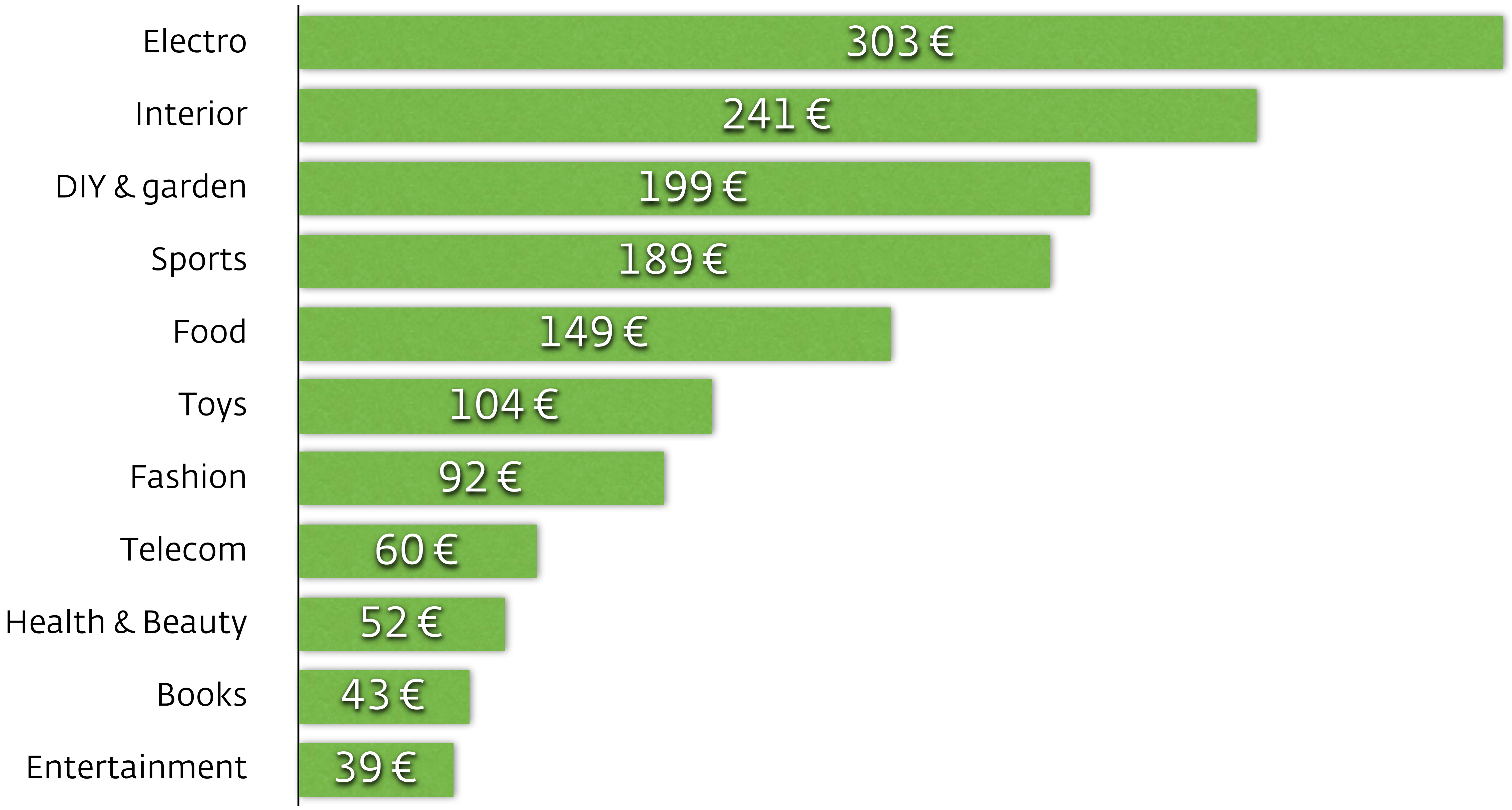
Monthly budget (2012)

Belgians spend on average € 187

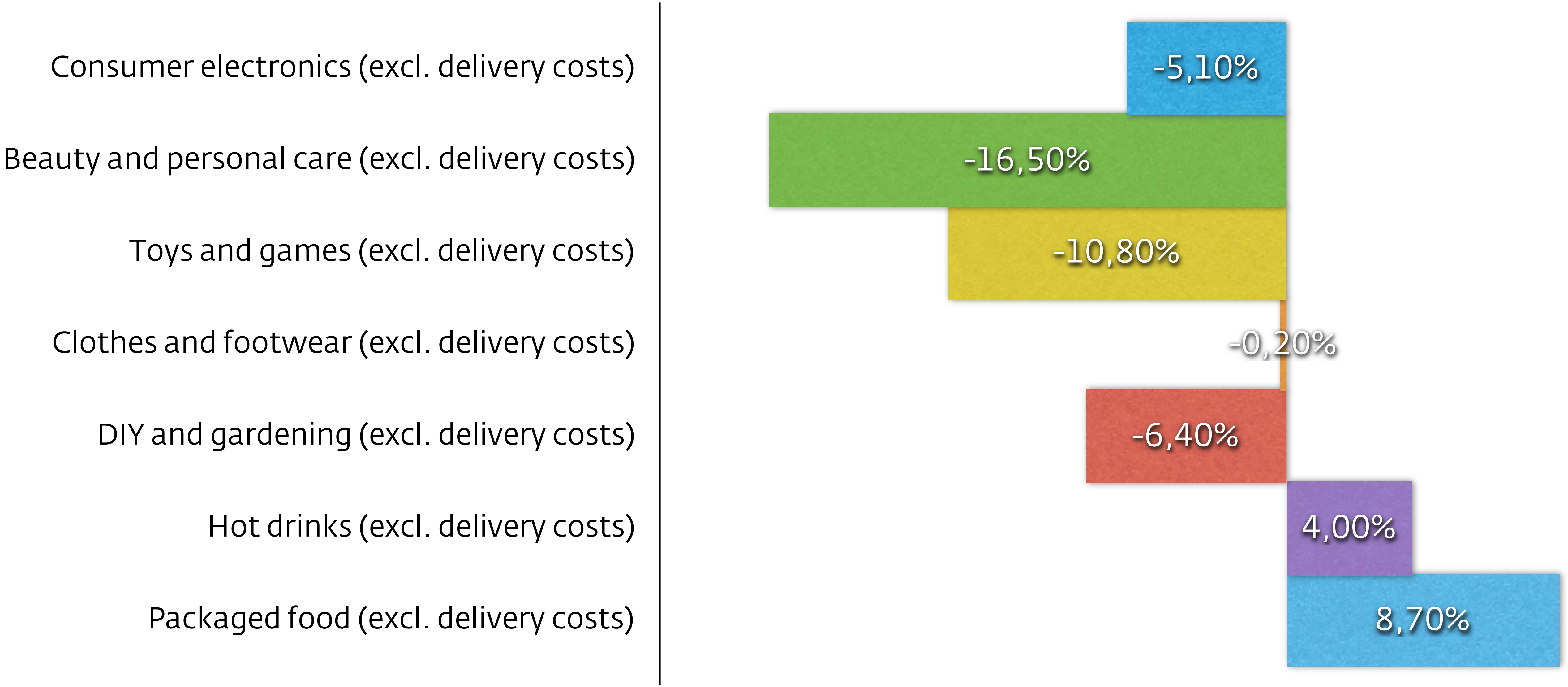
Mainly the Dutch youth (18-27) is spending more on a monthly base.

Also those with a higher income (> € 3500) are spending a lot more than the previous year.

Budget allocation (2012)

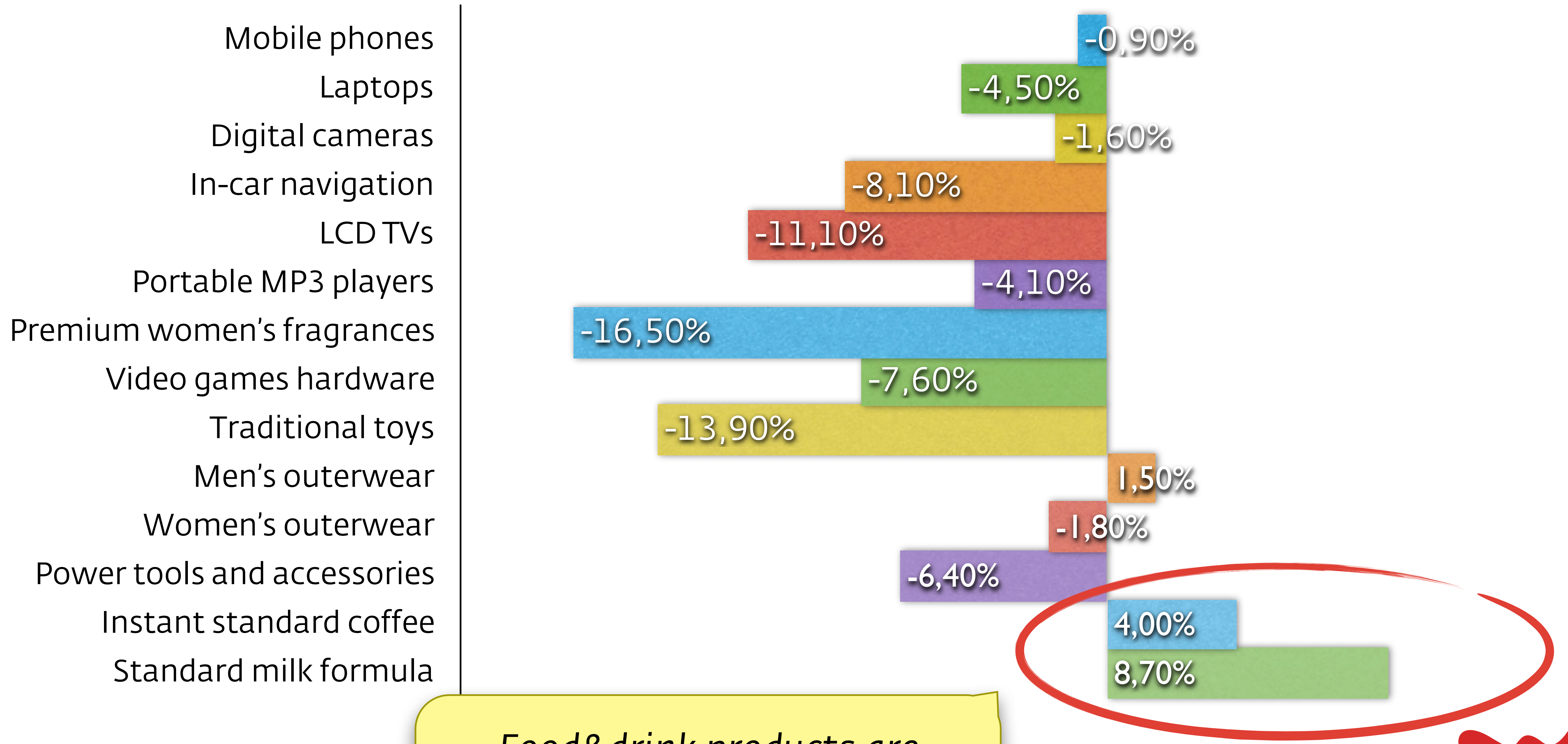


Average price difference online vs offline (excluding delivery costs)



December 2010

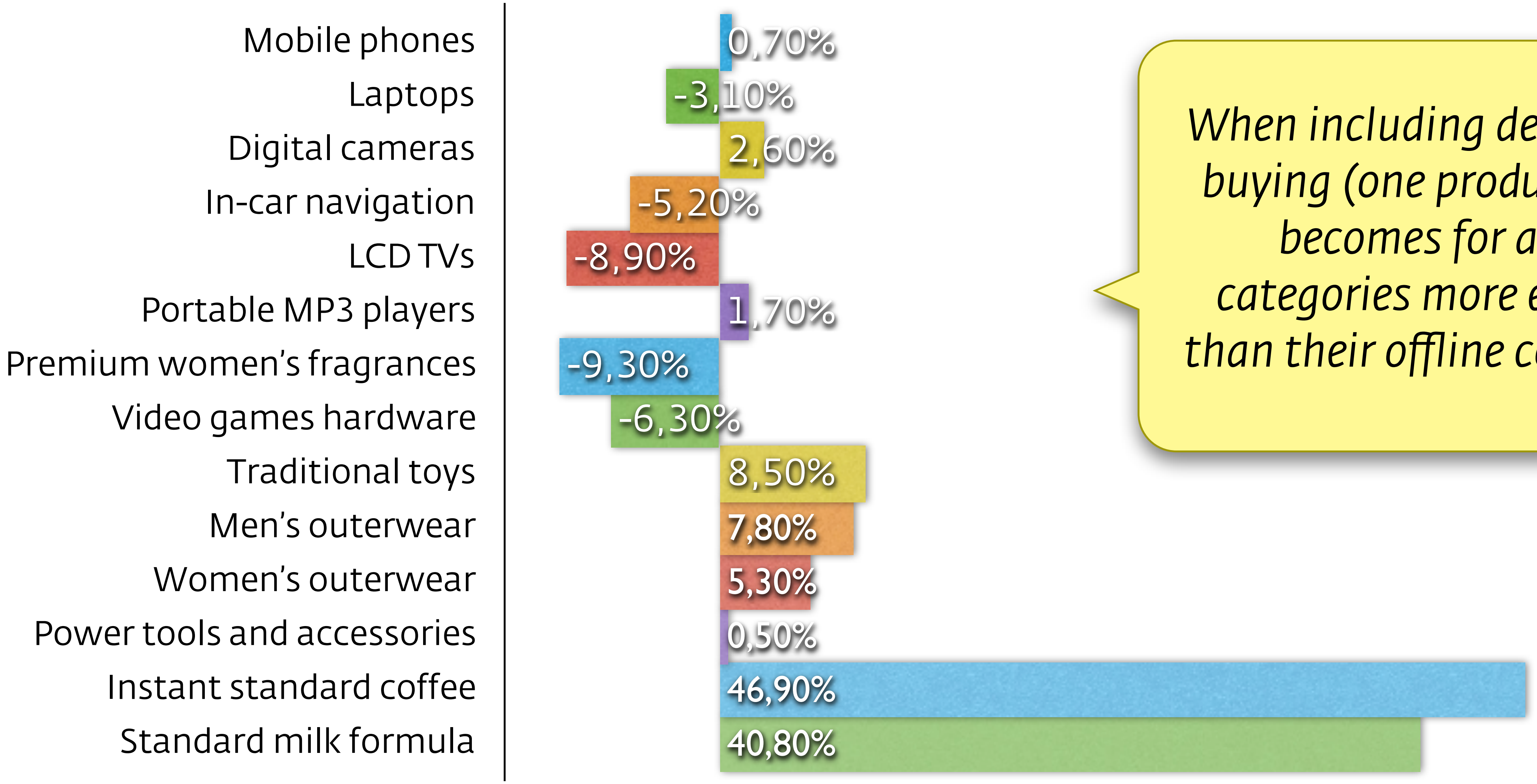
Average price difference online vs offline (excluding delivery costs)



Food&drink products are more expensive on- than offline

December 2010

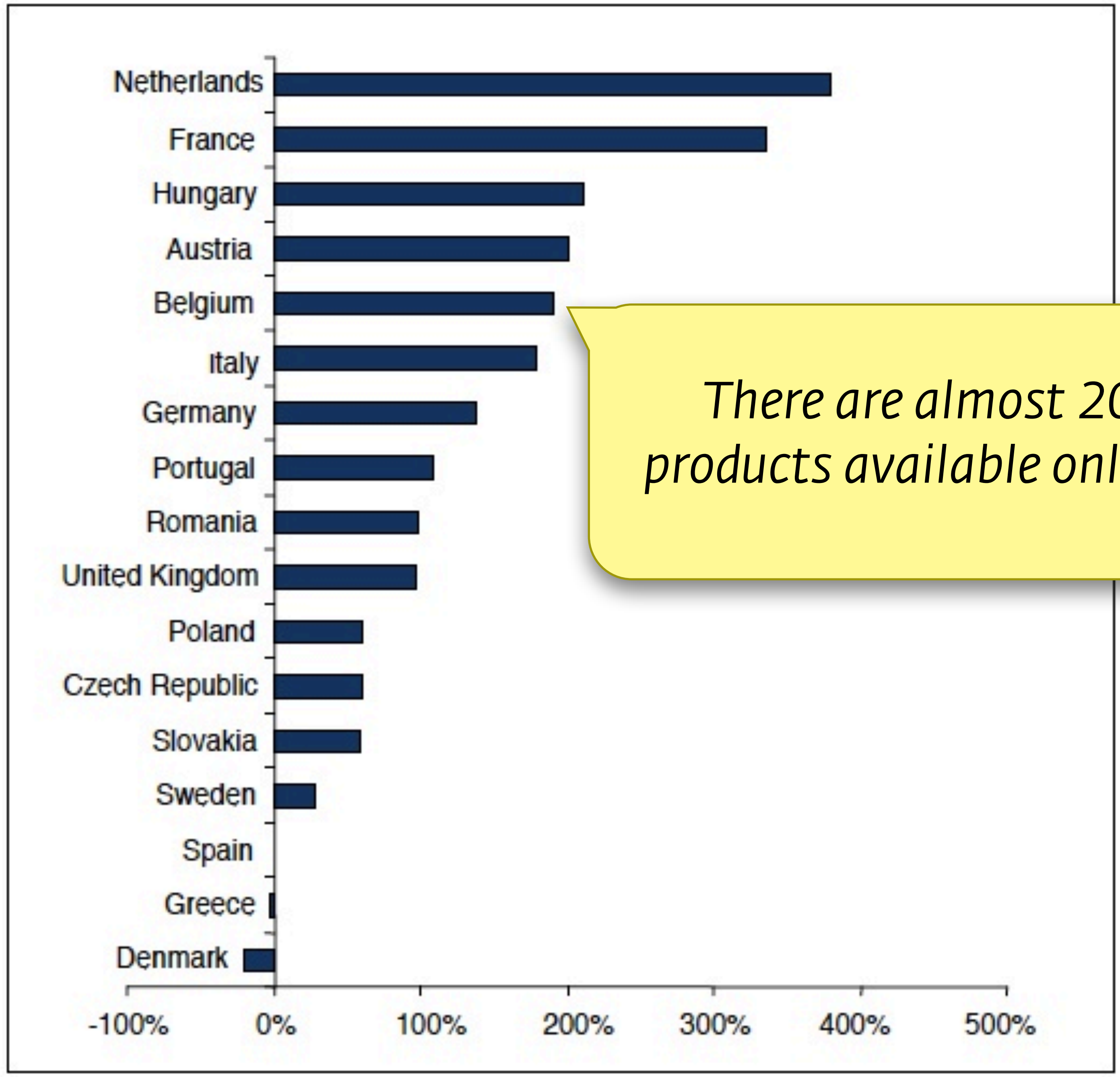
Average price difference online vs offline (including delivery costs)



When including delivery fees, buying (one product) online becomes for a lot of categories more expensive than their offline counterpart

December 2010

Percentage more products online than offline by country



There are almost 200% more products available online vs offline

Note: Based on data on choice collected within the price collection exercise in December 2010

December 2010

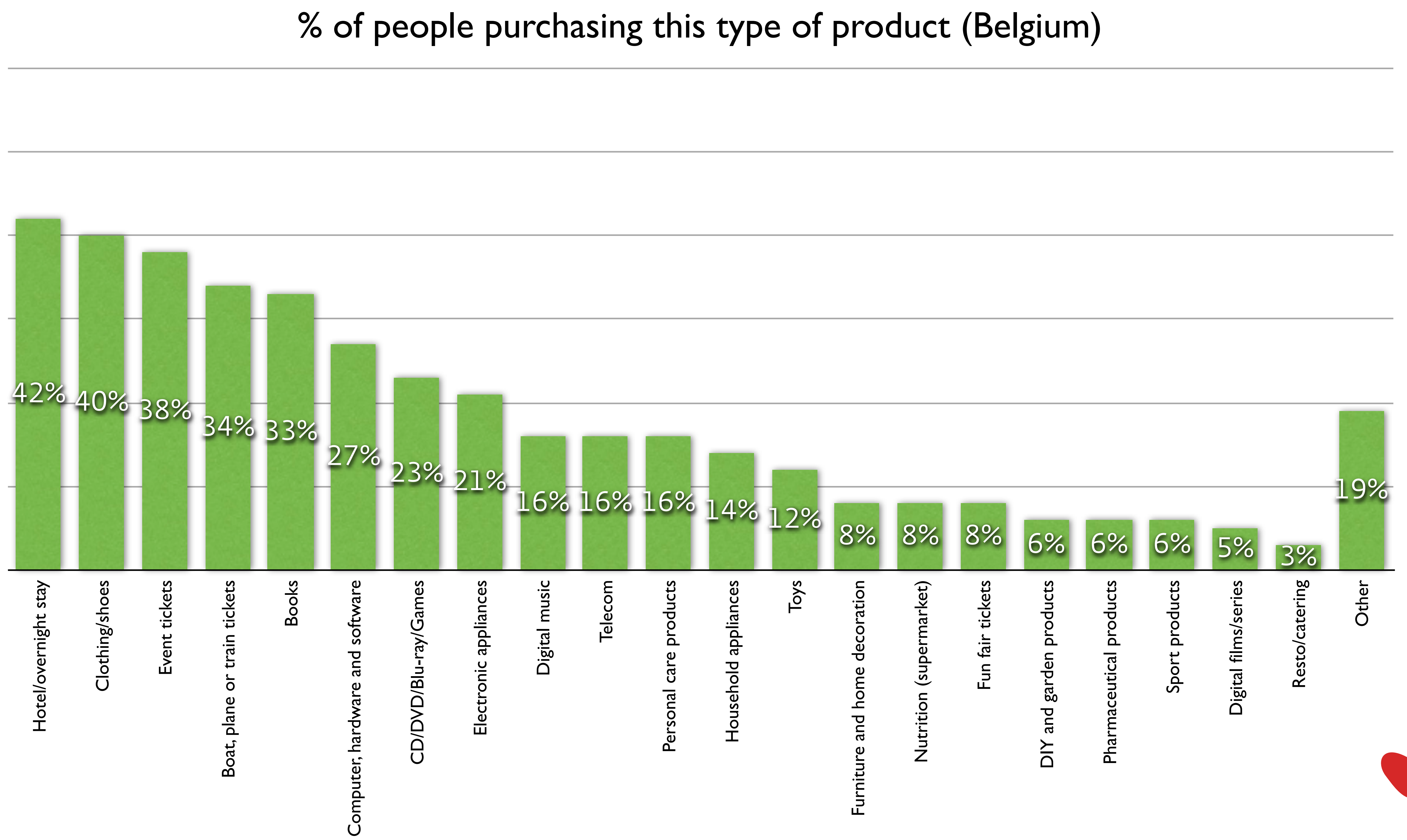
Conclusions

- We buy more products and services online, but at an average lower price.
- It's cheaper to buy online… 'till we add delivery costs.
- There are almost 200% more products available online than offline in Belgium.

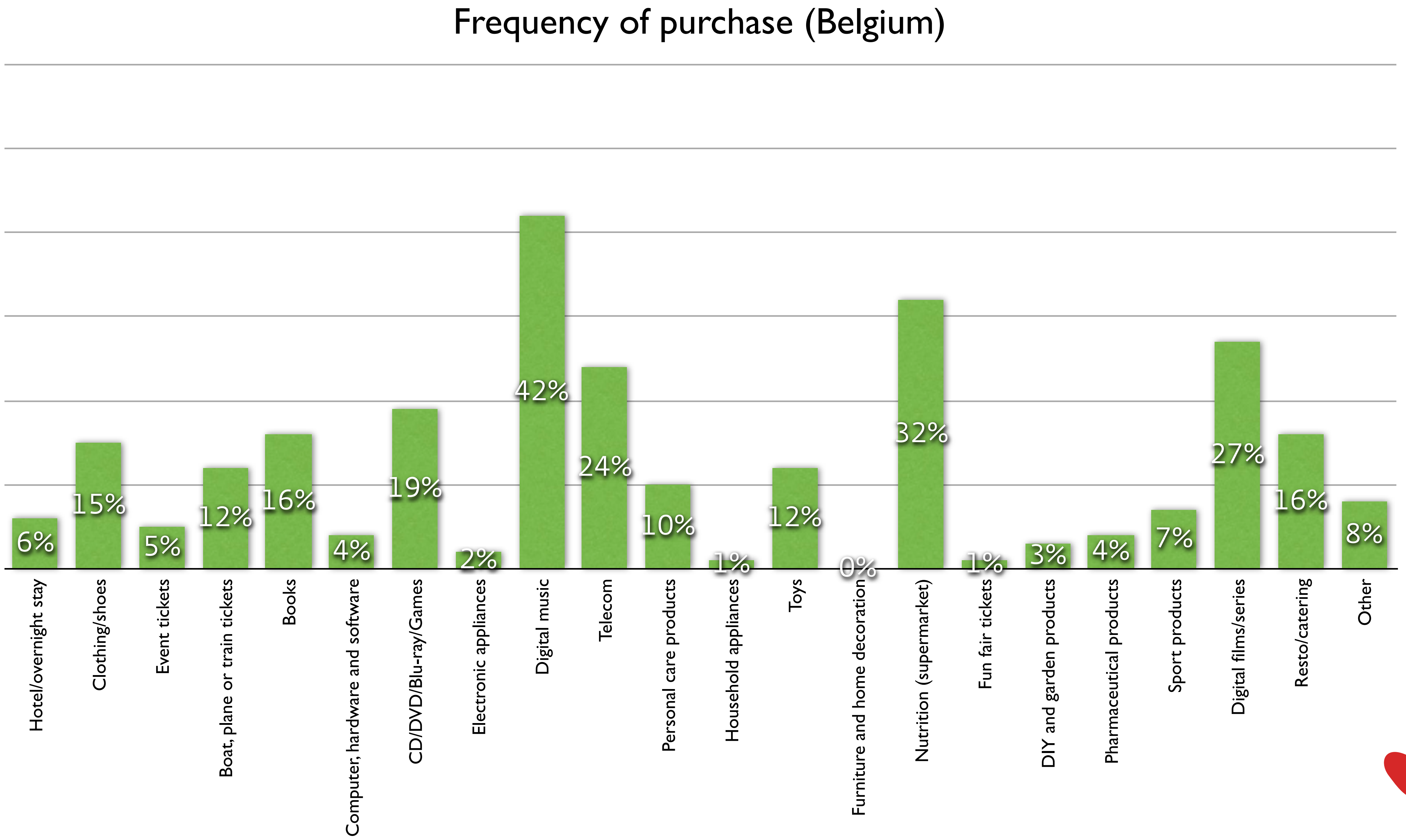
Our online shopping cart

Online purchases

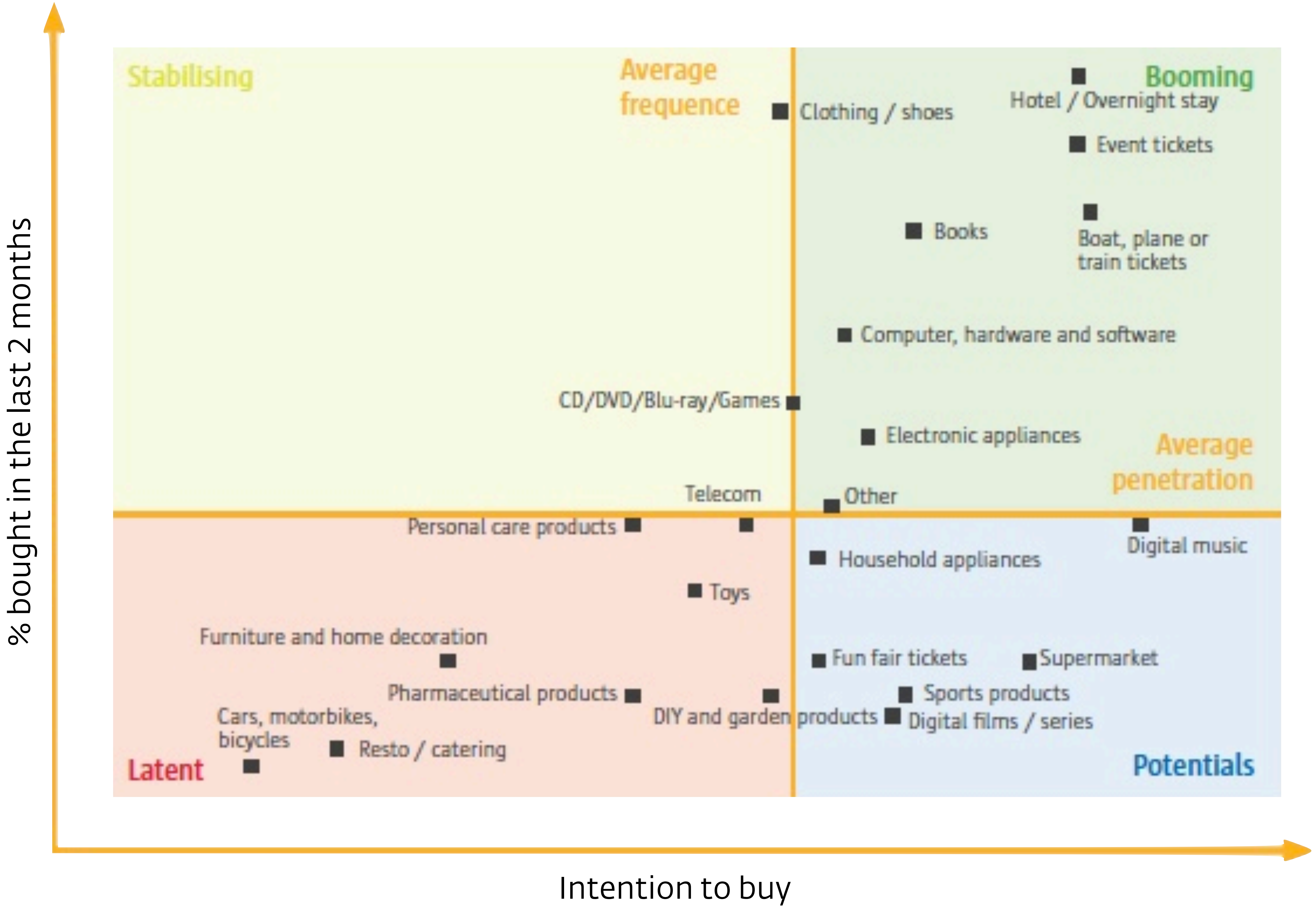
Online purchases



Online purchases



Growth opportunities



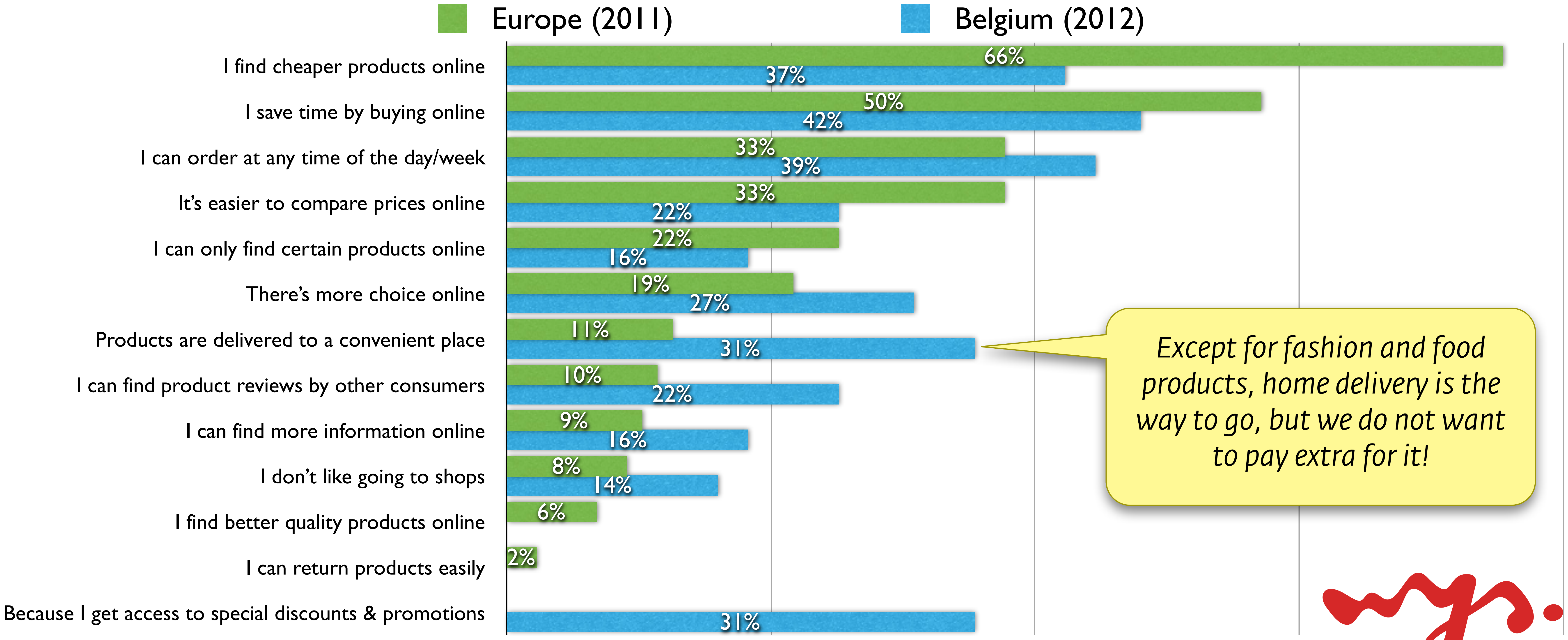
Conclusions

- Travel related products, fashion products and event tickets are the top products among Belgians.
- The most frequent bought products are however digital music, nutrition and digital films.

Why online?

Benefits from e-commerce

Reason to buy online



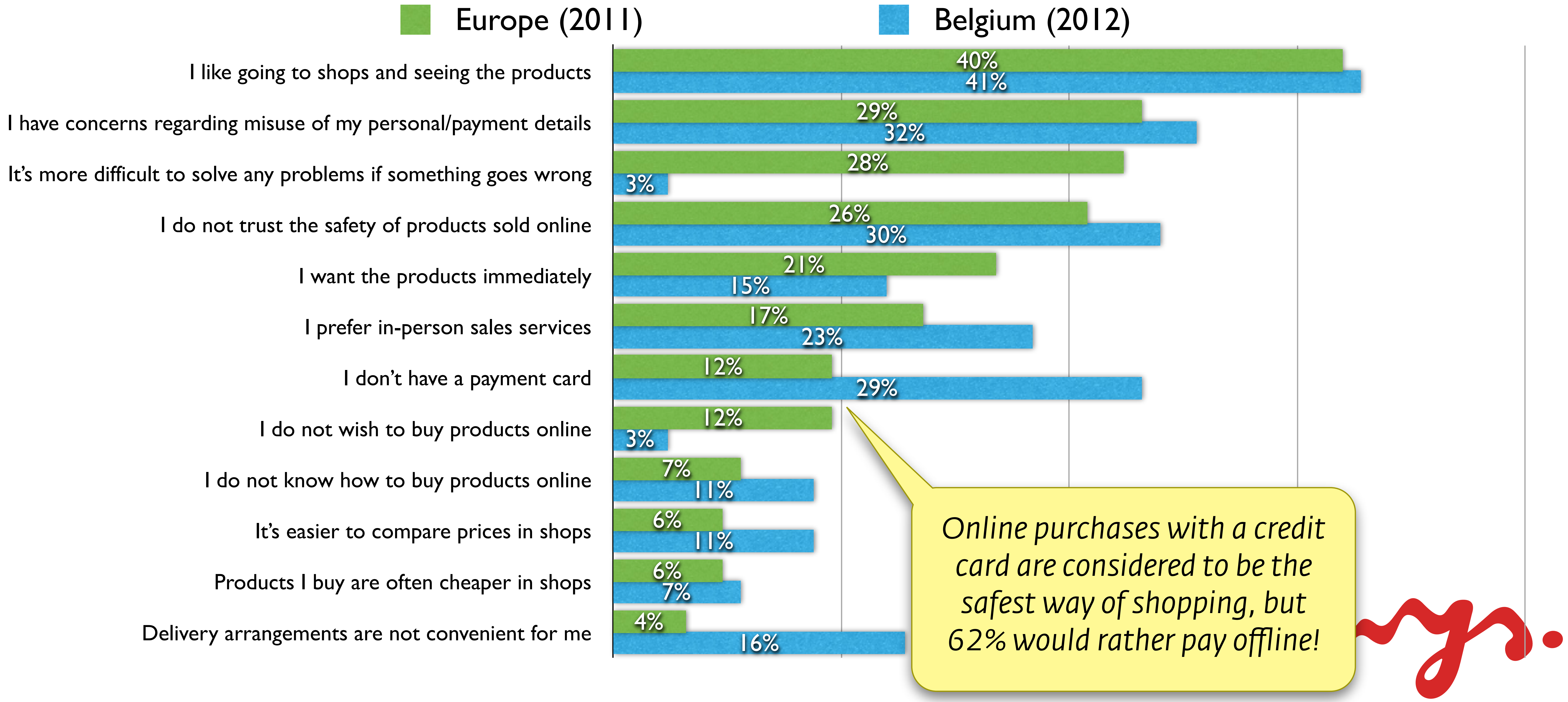
Importance of this driver within the sector vs average importance

	Electro	DIY	Fashion	Entertainment	Food	Interior	Books	Sport	Health & Beauty	Telecom	Toys
Time-saving				X	X (!!)		X			X	
24/7			X	X	X (!)					X (!)	
Lower price	X	X	X	X				X (!)	X		X
Discounts/ promotions	X		X (!)						X (!)	X	X
Door-delivery		X	X			X (!)	X	X	X		X
Wider selection	X	X		X			X	X			X
Comparing & reviews	X	X				X		X		X	
More product information	X	X				X		X		X	X
Not available in my country		X (!)	X	X			X	X (!)			X
To see if it's still in stock			X				X				X
To avoid crowds			X		X (!!!)					X	
Other					X				X	X	

Reason to choose 1 website over another

	General importance	Electro	DIY	Fashion	Entertainment	Food	Interior	Books	Sport	Health & Beauty	Telecom	Toys
Price	17%	X		X (!)	X	Totally not important!	X	X	X	X (!)	X	
Satisfied with previous experience	12%		X	X(!)	X	X		X	Totally not important!	X (!)	X	
Product selection and availability	10%	X	X	X	X	X	X	X	X			X(!!!)
Fast delivery	7%	X			X	X		X	X		X	X
Trust and safety	5%	X	X		X	X	X	X	Totally not important!		X	
User-friendliness	4%				X	X		X	Totally not important!		X	
By accident - where I found the product	4%		X (!!!)	X		X	X (!!)	X				X
Low shipping costs	2%				X						Totally not important!	X(!)
Recommended by a friend	2%			X							X	X(!)
Return, guarantee policy	2%		X	X			X		X	Totally not important!	X	
Complete product information	2%	X	X (!)					X	X		X	X
Other reason	3%		X		X	X (!!!)		X	Totally not important!		X (!)	X

Reason to NOT buy online



Conclusions

- Price is much less (but still) important to Belgians than the average EU-citizen.
- Convenience, both in time and place, are the reasons we go online for shopping.
- Every category has its own key driver for online sales.

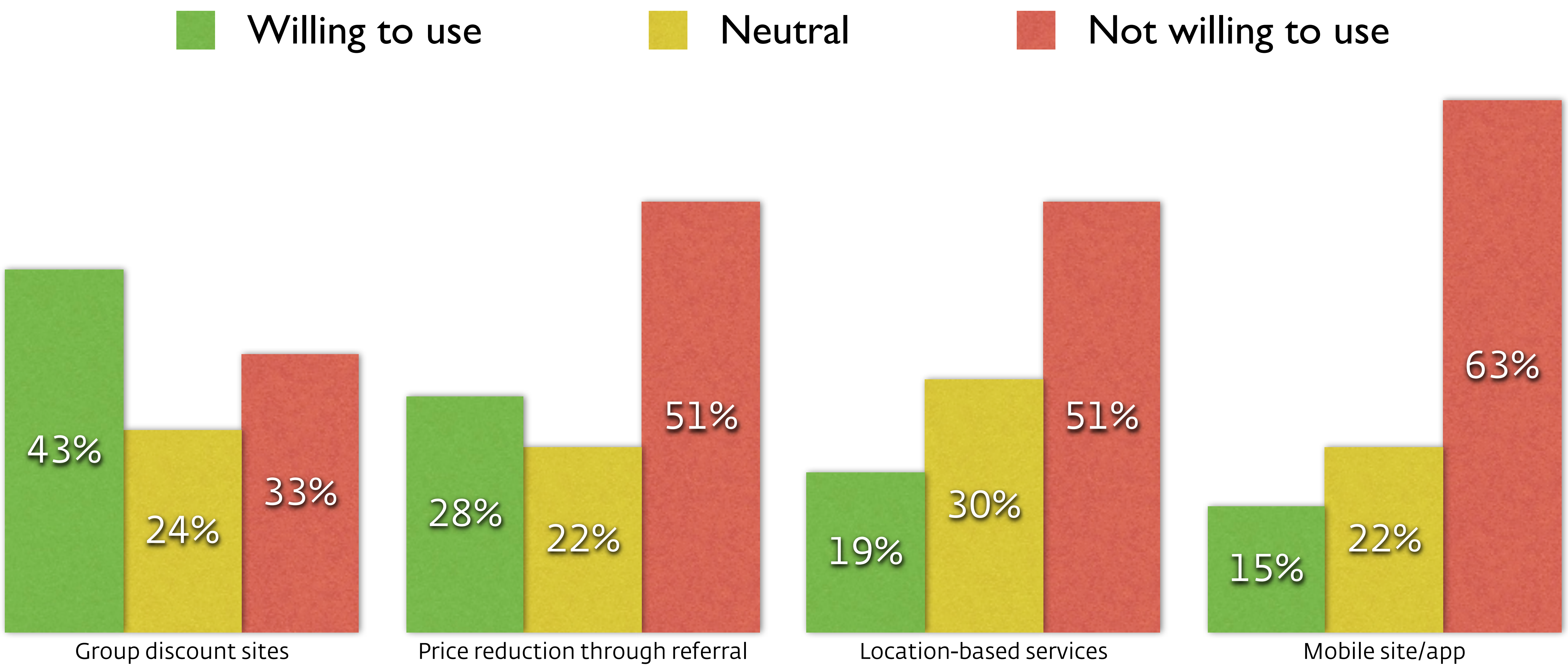
Conclusions

- Shopping as an activity is THE key driver to not shop online, followed closely by privacy and trust-concerns.
- If we want more people to shop online, we need to invest in online payment methods.

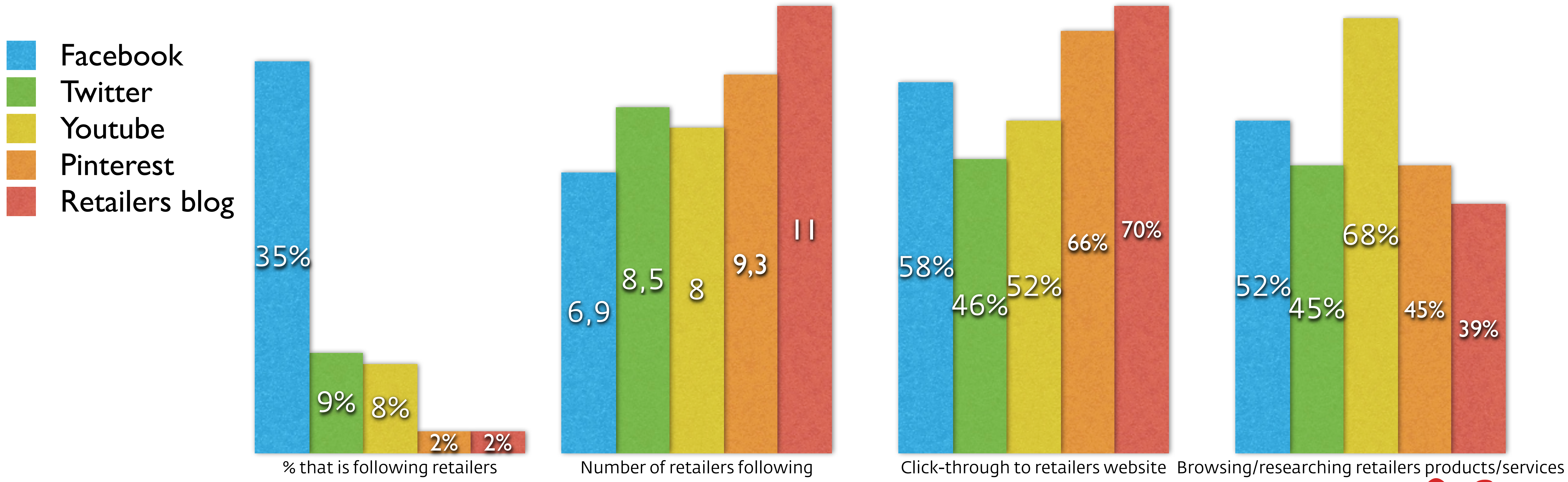
So.Lo.Mo

New technologies

New technologies



From social to online retail shop (US)



Facebook is currently for 50% of the Belgian e-commerce companies the most important social media tool.

Mobile commerce accounts in Belgium however 'already' for 2,6% of the total turnover of e-commerce activities and 2,7% of the total number of orders of e-commerce activities.

Mainly clothing and fashion accessories are

According to a Forrester study, the conversion rate of Facebook-Commerce is lower than on other website and does not exceed 2% (for a CTR of 1%).

To date the F-Commerce shops that turn a profit are mostly artists' pages that sell their

Social commerce

Mark Ellis, SYZYGY - The 6 dimensions of social commerce

2 strategies

Social commerce

- Social media on e-commerce platforms
  - Helping people connect where they buy
- E-commerce on social media platforms
  - Helping people buy where they connect

6 tools

Social commerce

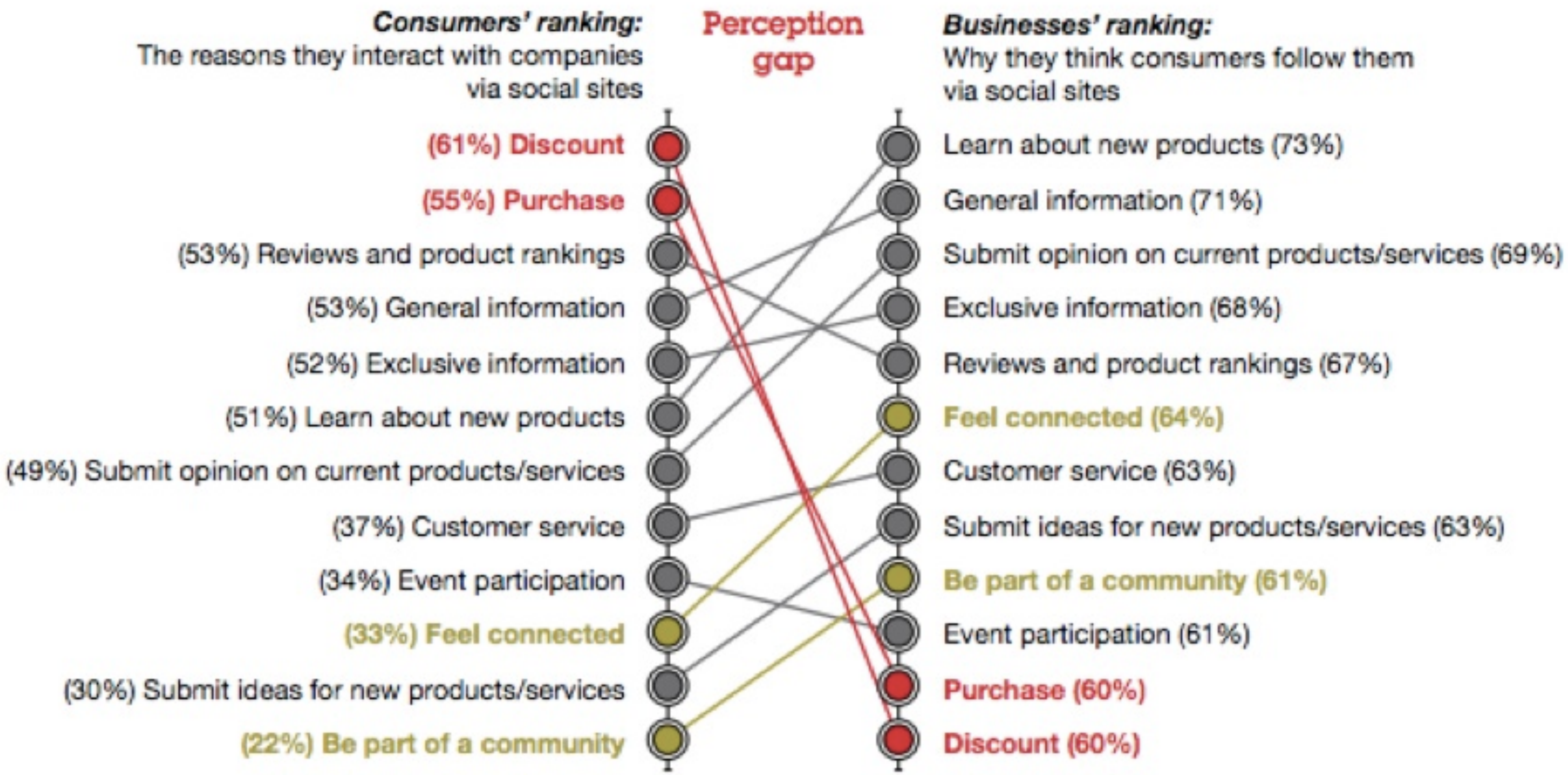
- Ratings & Reviews
- Recommendations & referrals
- Forums & communities
- Social shopping
- Group buy
- Purchase sharing

6 dimensions to success

Social commerce

1. Scarcity - less is more (perceived value)
2. Affinity - shop with like-minded people
3. Reciprocity - pay back favors
4. Popularity - follow the crowd
5. Authority - follow the leader (experts)
6. Consistency - one step at a time

An eMarketer study showed that customers would stop the purchase process 2 times less when videos were available.



Source – IBM "From Social Media to Social CRM"

Conclusions

- It takes time for consumers to hop onto new technologies when it comes to purchasing.
- While most companies are investing in Facebook, investing in other platforms could increase the return per consumer.

Combining everything

What are the key learnings?

E-commerce, and not solely for Belgium, is ***only at the start*** *of its possibilities. Fighting of the (foreign) competition and exploring (neighboring)* ***cross-border sales*** *could break open a real revenue stream.*

*But to do that, we need to arm ourselves. Finding a solution for **delivery costs** and **increasing product range** are a great way to start the battle. Creative solutions (for example **mobile payment**) would help to open up the market to the 29% of consumers not being able to buy online today!*

Companies (and than maybe mainly in Wallonia and shops at the side of the road) are ***missing out*** *big time, by not embracing e-commerce. Not only are they seeing* ***lesser growth and cross-border*** *sales, soon they will be suffering (even more) from replacement purchases towards other online shops.*

Not only sales is 'the' reason to bet on online shops. The next generation is already ***comparing*** *every product and service first online before even considering to purchase. And soon, they will hit the market. For travel related products,* ***online research*** *is almost equally important as offline, and in a very short period, your sector will be next.*

Why are Belgians buying online? Price? Yes, but to make the difference, other drivers can really add value for your shop. Start of with ***convenience****, both in time and delivery. Not only "we will deliver it to you soon" but "soon, within a chosen timeframe and at a chosen location".*

As Belgian consumers, we are always 'late' when it comes to embracing new online technologies, but that doesn't mean you have to focus all your efforts on Facebook. If you aim for quality over quantity, ***blogging****,* ***Youtube*** *and* ***Pinterest*** *are at your service.*

Don't miss the out on ***mobile commerce****. A majority might say that aren't willing to use this technology, but companies involved with this opportunity are already seeing the (additional) revenue. And the impact of mobile commerce will only grow.*

We'll make you awesome in e-commerce

Contact us

info@wijs.be

wijs.be

Main Resources being used

- European commission, May 2012, Consumer Conditions Scoreboard – Consumers at home in the single market Monitoring the integration of the retail single market and consumer conditions in the Member States
- Comeos and InSites Consulting, June 2012, E-commerce in Belgium
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