European consumers are tech-savvy and highly connected online shoppers, and this guide provides New Zealand companies with an overview of e-commerce consumers in Europe. Research shows European consumers are likely to make purchasing decisions based on sustainability issues and other key trends related to their culture and values. In this guide we explain the demographics, buying behaviours and expectations of digitally-driven European consumers, outlining different social groups and their influencers.

By understanding the trends and different e-commerce consumers, you will be well equipped to develop the best online customer experience. This is the second of four books commissioned by NZTE to help you on your journey with e-commerce in Europe. The other three books focus on:

- Book 1: The European market dynamics
- Book 3: The e-commerce customer journey
- Book 4: Improving e-commerce performance

Author: Marianne Kopf
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Meet the European consumer
With over 500 million consumers, the European market is thriving and the online retail market is worth over NZ$1 trillion. Europe has many different cultures and economies with their own unique history.

A snapshot of the European consumer:

**Aging population**
In Germany and Italy, 52% of the population are over 50 years old.

**Lost in translation**
English is not their native language (except UK/Ireland). Europeans want websites in their own languages.

**Global shoppers**
Experienced e-shoppers who are used to shopping on foreign websites.

**Early adopters**
Tech savvy consumers who are easily influenced.

**New breed of influencer**
Influential sub-cultures: youth, women and netizens can become brand advocates.

**Eco Awareness**
Sensitive to sustainability issues.
Europeans are experienced e-shoppers

Question: When did you start shopping online?

- More than 10 years ago: 24%
- 5-10 years ago: 32%
- 2-5 years ago: 29%
- Last year: 5%
- This year: 10%

Who are the frequent online buyers?

- 18-34 (millennials): 51%
- 35-54: 30%
- 55+: 10%

Share of annual online purchases by frequent online buyers: 86%

Top 3 products bought in 2017:

- Fashion: 61%
- Shoes: 54%
- Books: 51%

Source: E-shopper barometer 2017
SECTION 2

Key traits of European e-shoppers
Key traits of European e-shoppers

They are increasingly comfortable with the digital medium, even the older generations: most have been using the internet for many years.

They are busy, trying to fit it all in 24 hours: their private, professional and social lives are intertwined, they seek efficient solutions.

They want it all and they want it now, through any device and in stores.

They get their information from multiple sources simultaneously, they scan for relevance before investing time in looking into the detail.

They want the best deal, with the most flexible delivery and payment terms.

They are in control: the web is an active medium. They expect brand marketing to be user centric, elective and permission-based.

They frequently compare products and brands, loyalty is scarce unless the consumer believes in the brand and becomes an advocate.

They are informed: always connected, tuned into their world, on the pulse and fond of innovation with relevance.

They are vocal and social: they talk to each other, recommend products and brands and share experiences online with their various communities.
Online/in-store preferences

Share of annual online purchases by frequent online buyers.

- Shop 24/7: 58%
- Compare prices: 54%
- Online prices better: 46%
- To save time: 40%
- Convenience of not going to shops: 39%
- Greater variety: 29%
- Free shipping offers: 29%
- Everything in one place: 27%
- Locate hard to find items: 20%
- Avoid crowds: 15%
- Unavailability in own country: 15%
- Avoid checkout lines: 11%

Source: European E-commerce Foundation
Where do they buy online?

An overview of where European e-shoppers are most likely to make their online purchase.

<table>
<thead>
<tr>
<th>Platform Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A retailer’s website app</td>
<td>50%</td>
</tr>
<tr>
<td>An aggregator website or app</td>
<td>35%</td>
</tr>
<tr>
<td>An auction website or app</td>
<td>30%</td>
</tr>
<tr>
<td>A social media website or app</td>
<td>25%</td>
</tr>
<tr>
<td>A brand specific website or app</td>
<td>21%</td>
</tr>
<tr>
<td>A messaging app</td>
<td>14%</td>
</tr>
</tbody>
</table>
The quest for the best deal

European consumers are fond of online marketplaces. They sign in easily to members-only platforms to find best brands and original products, sold in limited quantities and time frames. They like to get the best deals through group purchasing like Groupon.

Interest in handmade products is high: Amazon Handmade launched in 2017.

They engage in games and competitions to win products.

They also buy second-hand products and enjoy online auctions (e-Bay).

Many do cross-border shopping.
New shopping behaviours

- Any Time, Any Where, with Any Device.

- Research Online, Purchase Offline...

- ..and vice versa depending on type of product and expected shopping experience.

- Free delivery and free returns have become a standard

- They expect a seamless journey between online and in-store shopping.

- European consumers share a lot in social media and follow recommendations and reviews.

- They always chase the best deal
Online shopping devices

Having a mobile-friendly website is an important part of doing e-commerce in Europe. More and more European consumers are using smartphones to purchase online, although laptops and desktop computers are still the main devices.

A look at preferred devices.

<table>
<thead>
<tr>
<th>Device</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laptop</td>
<td>61%</td>
</tr>
<tr>
<td>Desktop</td>
<td>52%</td>
</tr>
<tr>
<td>Smartphone</td>
<td>39%</td>
</tr>
<tr>
<td>Tablet</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source - E-shopper barometer 2017
Online and in-store

Consumers use their smart phone while in-store to compare prices and products of various brands, share pictures and exchange shopping ideas with friends.

To develop a clear customer journey blueprint, an insight tool is crucial for marketers.

E-shoppers use their mobile at various stages of the purchasing journey.

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### Looked for early inspiration and made initial discoveries online on smartphone

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>France</td>
<td>41%</td>
</tr>
<tr>
<td>Germany</td>
<td>41%</td>
</tr>
<tr>
<td>Italy</td>
<td>39%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>46%</td>
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</tbody>
</table>

### Compared choices online on smartphone

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>France</td>
<td>23%</td>
</tr>
<tr>
<td>Germany</td>
<td>34%</td>
</tr>
<tr>
<td>Italy</td>
<td>36%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>32%</td>
</tr>
</tbody>
</table>
The new power of word of mouth

Brand trust
The power of traditional advertising is losing strength as online consumers look to what other people they trust say about products and brands. This trust is a powerful motivator that helps your brand.

People power
The majority, 92%, of shoppers say they trust the opinions of people—even people they don’t know—more than any other forms of advertising, such as digital display advertising.
Ratings and reviews

An online shopper will often read another shopper’s rating or review of a product before deciding whether to purchase it, making it the perfect opportunity for your brand to influence shoppers.

The power of one
Even a single review has an impact and can produce a 10% lift in sales.

Reviewer influence
Reviews impact online sales and in-store sales, as 39% of in-store buyers read online reviews before making a purchase.

Happy customers
Many brands use the Net Promotor Score (NPS) to evaluate customer satisfaction.
SECTION 3

Social groups and values
Social groups and values

Developing a target market is important when it comes to setting up e-commerce in Europe – here’s an outline of the main social groups and their influencing values.

The four generations:

**Baby Boomers** (1946-1964)
Embrace e-commerce while laying the foundation of a whole new and highly connected *silver economy*.

**Gen X** (1970s)
Are busy and in need of quick and easy shopping solutions.

**Gen Y or Millennials** (1980s and 1990s)
Will form 44% of the workforce by 2025.

**Gen Z** (2000s)
Are tomorrow’s shoppers and are totally immersed in digital, mobile and social patterns.
Meet the influencers

**Women: family gatekeeper**

Typically the household manager and makes purchasing decisions for products targeting families.

Research online and in-store to find the best product or service.

Share information about their choices with friends and are inclined to recommend a product or a service to their close networks.

Holistic shoppers: they consider the functional and emotional benefits for the whole family.

Brand social responsibility, product origin and traceability are important.

The role they play at home is spreading to workplace purchasing.
The GEN Z: experience seekers

Aged 19 or under, most live at home with their parents. Although they have little spending power, 93% of parents say their kids hold sway over what they buy.

They are intense social media users and readily share details of their lives, likes and dislikes across dozens of platforms online, often simultaneously.

They trust their peers rather than marketers and are not loyal to any one brand: 55% of them browse online to find the best deal. They prefer immediacy rather than waiting for a better product.

They expect brands and retailers to be available for two-way conversations, 24/7 in a seamless way. They want an identical brand experience, whether they are in-store, online or on their mobile device.

They expect personalisation: 46% of them want to be involved in the shaping of a brand’s product.

Retailers must shift from offering new things to buy to new things to do, from telling a story to conversing.
Meet the influencers continued...

Netizens: the citizens shaping the internet

Netizens, or citizens of the internet, are habitual internet users.

Highly influential due to their social networking habits and their constant use of mobile technologies and services such as Facebook, WhatsApp or Instagram.

Their communities may look from the outside like a web of strangers but on the inside, they form trusted friendships based on common interests.

They want to be game changers and re-shape the web, be part of its evolution.

An internet community will easily grow and become a strong force of opinion.
Cross-border shoppers – who buys on foreign websites?

- Of European male e-shoppers buy on foreign websites: 54%
- Of European 18-34 year old e-shoppers buy on foreign websites: 45%
- E-shoppers who buy on foreign websites are higher income earners

- Of European e-shoppers have bought from websites within Europe: 67%
- And 39% from neighbouring countries

- Of European e-shoppers have bought from websites located outside of Europe: 67%
- Of these, 44% from China
- And 31% from USA

Source - E-shopper barometer 2017
Where are the cross-border shoppers?

Average share of online shopping made from foreign websites.
% – Among e-shoppers who have already bought from foreign websites.

- > 30%
- 25–30%
- 20–25%
- 15–20%
- < 15%
- N/A
SECTION 4

Values of online shoppers
Sustainability at heart

Trust matters
A number of sanitary crises and incidents - mad cow, bird flu - have deeply affected the European consumers' psyche; it eroded trust and triggered higher expectations in terms of corporate social responsibility, information transparency and product traceability. Greenwashing is easily spotted and conscious consumers do not hesitate to boycott brands.

Consumer awareness
Better educated consumers have a higher awareness about carbon and water footprints. It influences online purchasing behaviours and levels of confidence in imported products: Food and Beverage, Consumer Packaged Goods (CPG), cosmetics, products for children and fashion are the most scrutinised sectors.
European consumers want local and organic products

The European Organic Product Certification has become a holy grail for farmers, as well as for the food processing industry and retailers. Consumers check certification labels, some being local or trade specific.
SECTION 5

Europeans and social media
Social media use

An insight of how Europeans are interacting across the most popular social media platforms.

82% Use Facebook at least once a week
66% Use Youtube at least once a week
39% Use Instagram at least once a week
23% Use Twitter at least once a week
21% Use Snapchat at least once a week

Source: E-shopper barometer 2017
Europeans are socially connected

Number of active European social media users by country (in millions).

<table>
<thead>
<tr>
<th>Country</th>
<th>Users (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>38</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>37</td>
</tr>
<tr>
<td>France</td>
<td>29</td>
</tr>
<tr>
<td>Germany</td>
<td>28</td>
</tr>
<tr>
<td>Italy</td>
<td>28</td>
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<td>Spain</td>
<td>22</td>
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<tr>
<td>Liechtenstein</td>
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<tr>
<td>Poland</td>
<td>12</td>
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<tr>
<td>Ukraine</td>
<td>11.16</td>
</tr>
<tr>
<td>Netherlands</td>
<td>9.3</td>
</tr>
<tr>
<td>Romania</td>
<td>8</td>
</tr>
<tr>
<td>Sweden</td>
<td>5.9</td>
</tr>
<tr>
<td>Belgium</td>
<td>5.7</td>
</tr>
<tr>
<td>Portugal</td>
<td>5.2</td>
</tr>
<tr>
<td>Greece</td>
<td>4.4</td>
</tr>
</tbody>
</table>

Source: European E-commerce Foundation
Preferred social media in Europe

Percentage of Europeans using each of the common social media platforms.

- Facebook: 74%
- YouTube: 54%
- Instagram: 24%
- Google+: 21%
- Twitter: 20%
- Pinterest: 13%
- None of these: 13%
- LinkedIn: 12%
- Snapchat: 10%
- Tumblr: 3%
- Vine: 1%

Source: Millennials - E-shopper barometer 2017
SECTION 6

Delivery and payment
Delivery and payment

Deliver on choice
E-shoppers expect cheap and effective delivery methods. They want to choose the best mix of flexibility, convenience and transit time.

Collection options
Some are prepared to pick their parcel up themselves (58% in France). Alternative locations are parcel shops, post offices, retailer stores and workplace.

Innovation
Innovative delivery options are appreciated: next day delivery, real time information (e.g. SMS, e-mail), the ability to plan or reschedule delivery.

Stress-free returns
E-shoppers like to be able to easily return an order. The returns process should be easy, free and well explained in advance. Germany has one of the highest return rates in Europe, up to 70% for fashion retail.

58% of French e-shoppers are prepared to pick up their parcel themselves

70% Germany’s return rate for fashion retail - the highest in Europe
Main delivery preferences

European e-shoppers choose to have their parcels delivered at:

- **Home**: 81%
- **Parcel shops**: 17%
- **Work**: 12%
Alternative delivery places

A look at where European e-shoppers choose to have their purchases delivered.

- **At home**: 81%
- **To a parcel shop**: 17%
- **To a post office**: 15%
- **At work**: 12%
- **To the retailer store**: 9%
- **To the parcel locker station**: 8%
- **To an alternative address** (different from home or work): 6%
- **At your neighbour’s home**: 6%
- **To a safe place agreed with the carrier**: 5%
- **To a central collection depot**: 4%

Source: E-shopper barometer 2017
Preferred delivery/return options

The percentage of Europeans who opt for flexible delivery and return options.

- Next day delivery: 85%
- Real-time information on delivery process: 83%
- Possibility to reschedule delivery: 82%
- Advanced notifications with a 1-hr time window: 79%
- Several delivery options: 79%
- Same day delivery: 78%
- Evening delivery: 77%
- Saturday/Sunday delivery: 75%
- 2-hr window delivery in the afternoon: 74%
- 2-hr window delivery in the evening: 74%
- Delivery based on geolocation: 61%

Source: E-shopper barometer 2017
Delivery process expectations

E-shoppers are more likely to purchase from a website or e-tailer:

- **85%** When next day delivery is an option
- **83%** When real-time information on delivery time is available
- **79%** If they can choose the day and exact 1-hour timeslot of delivery
- **77%** If they know the exact 1-hour delivery timeslot

Source: E-shopper barometer 2017
Most trusted payment methods

European e-shoppers seek speed, convenience and security when paying online. There are some similarities, and key differences, in the e-shopper’s trust and habits across Europe.

E-shoppers use digital wallets (Paypal, AliPay, Applepay), or debit and credit cards in most countries.

Bank transfer or paying on invoice are common methods.

They appreciate the ability to pay by mobile. Methods differ from one country to another, and sometimes from bank to bank.

In central and eastern Europe e-shoppers prefer to pay cash on delivery.

Local payment options in Portugal (Multibanco), The Netherlands (Ideal), Poland (Payu) are preferred in these markets.
Preferred payment methods

The percentages of European e-shopper payment preference.

- Digital wallet (Paypal, Alipay) - 43%
- Visa/Mastercard - 35%
- Domestic bank credit card/debit card - 23%
- Bank transfer - 20%
- Cash-on-Demand (COD) - 13%
- By invoice (and payment slip) - 11%
- Direct debit - 11%
- Store value cards/Virtual cards/e-money - 8%
- Payu - 4%

Source: E-shopper barometer 2017
SECTION 7

B2B digital commerce customers
B2B digital commerce customers

Search
The majority, 90%, search for products online first. Most are registered users in trade related marketplaces, and B2B e-procurement is increasing steadily.

Buyer experience
Buyers expect a consumer-like purchasing experience through a range of devices and apps (cloud based platforms, responsive design, free shipping, free return, customer reviews, active chatbots).

Online platforms
B2B online platforms need to be user friendly and able to be personalised for client contracts (personalised dashboards, special deals, minimum orders, payment terms, delivery and storage options, warranty).
Millennials are the new buyers

**Brand confidence**
Millennials trust the brands they work with in the same way they trust friends. Millennials are willing to pay more for products from a brand they believe in and have a relationship with.

**Relationships**
Most B2B brands have strong relationships with their customers that are based on more traditional approaches such as personal connections that may not exist in the digital age.

**Transparency**
Buyers looking for clear pricing without gimmicks and discounts.

**Reviews**
Peer reviews are the gold standard when it comes to purchasing decisions.

**Development**
They will play key roles in product decisions, services and vendor selection as they migrate from midlevel management to executive positions.

**User experience**
They look for brand and product information that delivers frictionless engagement.

**Be social**
Get the story of your brand out on the social platforms millennials call home.

Source: Sapient Razorfish Insights 2017
Questions to chart your progress
Questions to chart your progress

1. Who and where are your European customers?

2. What are their main values and cultures?

3. How will their new purchasing behaviours impact your e-business?

4. Which delivery methods should you implement?

5. Which payment options should you offer?

6. How can you best handle free product return?

7. How can you listen to the voice of the European customer?

8. Are you ready to meet the expectations of Millennials and Gen-Z?
New Zealand Trade and Enterprise (NZTE) is the Government agency charged with a single purpose: growing companies internationally, bigger, better and faster, for the benefit of New Zealand.

We employ 600 people, have over 200 private sector partners and draw on a global network of thousands more. We have people based in 50 offices, working across 24 time zones and 40 languages to support New Zealand businesses in over 100 countries. Our global presence lets us deliver value to the businesses we support, through our unique know-how (knowledge and experience) and know-who (networks and connections).

Our know-how and know-who is expressed in our Māori name: Te Taurapa Tūhono. Te Taurapa is the stern post of a traditional Māori waka, which records valuable knowledge, and stabilises and guides the craft forward. Tūhono represents connections to people and an ability to build relationships.

We provide customised services and support to ambitious businesses looking to go global. We help them build their capability, boost their global reach, connect to other businesses and invest in their growth. We also connect international investors with opportunities in New Zealand through a global network of investment advisors.

We call on our Government network and work closely with our NZ Inc partners and the business community, to grow our national brand and help businesses to open doors in global markets.

nzte.govt.nz