

ECommerce in Europe: trends and outlook 2011

Usability in UK, outstanding solutions to optimise conversion rates in Germany, internationalisation and m-commerce in France, SEO investments in Spain and Italy, increasing visibility of online shop's webpage – this is just a snap shot of the hottest eCommerce topics in Europe. This report highlights the current trends and gives an outlook for six European eCommerce markets...



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The growth of eCommerce has made it much easier for even small brands and retailers to trade outside of their domestic markets. However, while the infrastructure might be there to support this, it can still take a considerable investment in time and money to understand the intricacies of doing business in different markets. Often this leads to companies not taking advantage of these expanded markets and continuing, solely, to trade locally.

Due to operating in almost all European eCommerce markets we are in the unique position of being able to see how the different countries work within the eCommerce sector and we have compiled this information into a pan-European report, which highlights the issues and trends across the region. The following is a snap shot of our experiences.

Currently, within Europe, 70% of online sales belong to "the big online three", with the UK generating €48 billion in sales, Germany €39.2 billion and France €25 billion. The lowest level of overall online sales was in Poland with only €3.4 billion. Even though Poland represents the lowest turnover in this sector, its eCommerce market is the fastest growing: in 2010 it has grown 36% against 2009. In terms of growth rates, France is number two at around 31%, followed by (Spain 25%) and Italy (21%). (Source: *Kelkoo.co.uk*)

However, cross-border trading remains a challenge for retailers in Europe, mostly due to cultural and perception issues. Even between Germany and France; despite being next to each other, few online shops sell across the borders. The reason for this is that promotional campaigns that are designed to influence German consumers are of little interest to potential French consumers.

Another important barrier for the development of pan-European eCommerce is a lack of consumer confidence in buying from different countries. People are often unaware about the procedure for buying goods abroad and prefer to buy



Figure 1: Read more about the latest eCommerce trends at FACT-Finder blog.

within their own country as they believe it is safer. On top of this, complex VAT requirements for traders who sell into other countries makes it far from easy for smaller brands and retailers to do business across the European Union (EU). Having said that, the EU is currently looking at inter-country trading regulations in order to help facilitate eCommerce across Europe.

So where is eCommerce going to go in 2011? We have looked at each of the key six regions and highlighted what we see as being the key trends moving forwards.

United Kingdom

2010 has been an unexpected good year for UK eCommerce and expected growth has been exceeded. The lower market has grown very rapidly, everyone wants to be online, It's already seen as a „must have“ for the retailers. E-tailers are looking for the solutions which are connected to the third parties (like agencies/other technologies) and prefer to use open source solutions when starting the online business. This, indeed, does to help with differentiating (enough) from competition and grow the business, since all improvements are related to huge project efforts.

For the 2011, there is still some positive outlook for the biggest and most mature market in Europe. Forecasts

predict that one of the most visible trends for this market will be improvements of design and usability of the web pages of the online shops, which will be based on intelligent out-of-the-box solutions. We expect "user experience" to be the dominant trend for those looking to invest in the UK in 2011.

Germany

Germany is one of the most developed eCommerce markets in Europe. Almost half of the generated revenues in retail sector comes from sales in web. The amount of people who buy online rises each year and there is still a high potential for growing. Most profitable in eCommerce are such areas as selling of computers, consumer electronics and accessories. The bigger part of the whole turnover in Germany is generated by 10 largest online retailers, such as Amazon or Otto Group.

2011 will be characterised by a growth of eCommerce in Germany and e-retailers will be looking for outstanding solutions that will help them in optimising their conversion rates, user experience and website usability. Using social media as a tool for enhancing the relationships with potential customers continue as a trend throughout 2011. The hype of m-commerce will be also visible and more companies will shift into this sector. Also, the Eyetracker revealed that there is a heavy bias towards the top left of the home page. Images of people placed here are looked at very intensely.

France

Many French online shops are planning to go abroad, so internationalisation is a booming market, as is m-commerce.

Among other significant topics relevant for French eCommerce in 2011 are SEO, email marketing and logistics (the most popular trend is using larger websites' experience of traditional logistics and co-operating with La Poste, which has subsidiaries around Europe).

Spain

Despite its economy having taken a battering over the past 12 months, the growth rate for eCommerce will still be one of the highest in Europe with many more retailers going online. In 2011, we believe, Spanish online shops will mostly invest in SEO and in driving traffic to their websites – the building blocks of successful online trading.

Italy

Italian e-tailers will continue investing and developing themselves in areas such as keyword advertising, SEO, social media marketing and also in m-commerce. Using internet resources to promote brands and driving traffic to sites will be more significant than in 2010, and we expect Italy's eCommerce sector to post high growth for 2011.

Poland

Although not as developed Western European markets, Poland has huge potential. The eCommerce market is gradually opening up for a lot of other players and they (finally) get the chance to emerge. Retailers are becoming increasingly aware of the possibilities the internet offers, increasing visibility and enhancing the usability of online shop's webpage.

Figure 2: The attention of respondents is directed especially at the upper left corner of the homepage and at people.



FACT-Finder® Europe's leading conversion engine

FACT-Finder (www.fact-finder.com) is the European market leader for on-site search and navigation, with over 800 clients worldwide. Since 2001, the error-tolerant, language independent technology, has been setting the pace in the international eCommerce market for leading customers to the right products.

FACT-Finder's integration is straight forward, runs virtually maintenance free with no need for added software to your site. Whether SaaS or self-hosted, you will be free to choose access via web service or XML, and program in your preferred language. And because FACT-Finder is independent of the shop platform you use, you won't have to worry about compliance issues. On the backend, settings and

updates can be performed on-the-fly, directly to the running system, with no downtime for your customers. This allows you to act flexibly by adjusting data immediately and being able to respond quickly to market trends.

Your customer's response is felt immediately, with more relevant results, optimised usability and bigger baskets for a sustained customer base. Further, many sites report an increase in conversion of up to 25% directly after installation and greater market position as a result.

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