



KAUPAN LIITTO

Digital Procurement is growing in Finland and abroad

- Digital procurement and the online stores most used
by Finns

Jaana Kurjenoja

Excerpts from the survey.

The full report is available to members of the Finnish Commerce Federation in the members' section at Kauppa.fi in the Research section.

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Digital procurement in the largest e-commerce markets and in the Nordic countries 2018-2023

Excerpts from the survey.

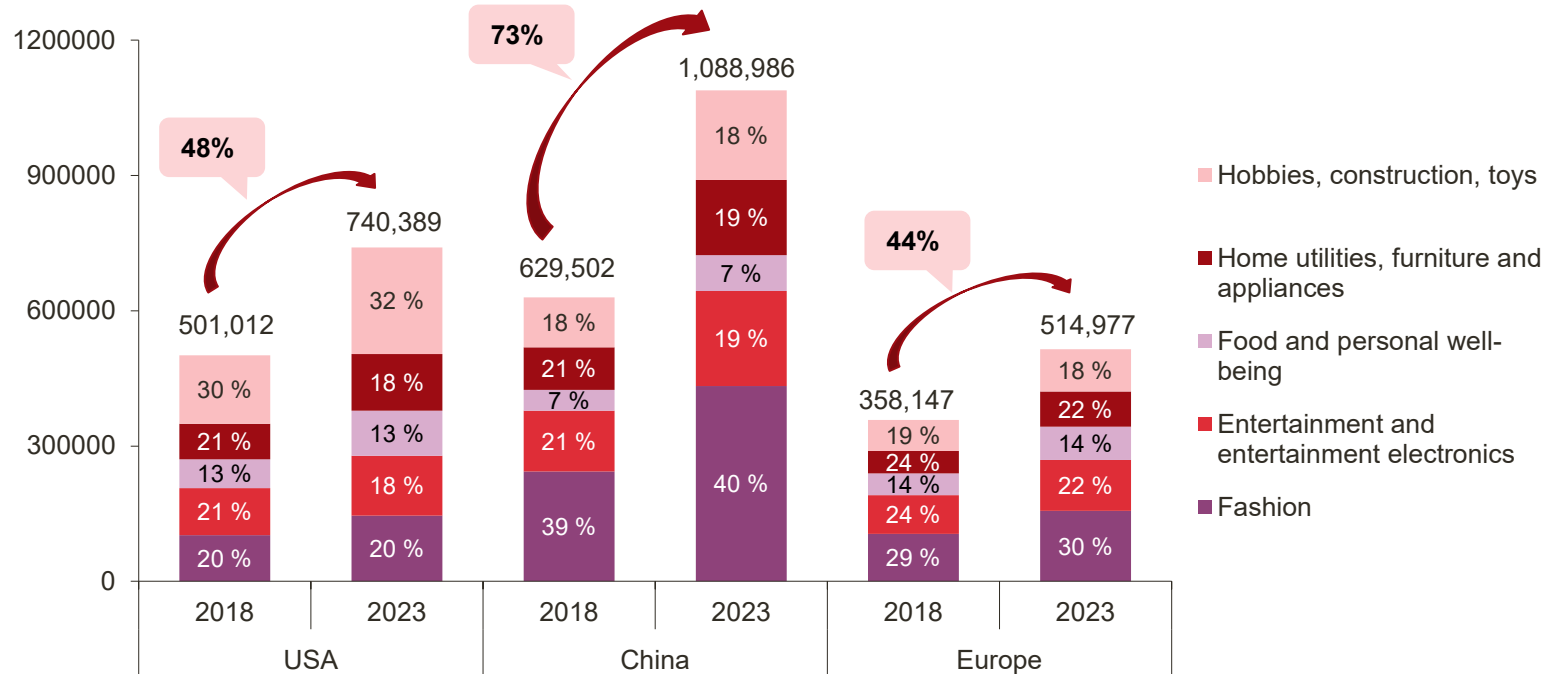
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Definitions and background: what and how?

- In the study, an online store, digital procurement or online-shopping means
 - the commerce between consumers and companies, directly through digital channels. The e-commerce data in this section does not include commerce between consumers or second-hand items bought by consumers.
 - A digital procurement is completed via a digital channel on a computer or mobile device (tablet or phone).
 - This section only covers the commerce of physical products, so not downloadable products or services, for example.
 - The time, place or method of payment does not define an online purchase. A digital procurement can also be paid for in cash when retrieving the item.
 - The transport or pickup method of the product does not define an online purchase. An online procurement can be personally picked up from the shop or the pickup place, or delivered to the customer's doorstep.
- The data in this section covering online stores' size, user traffic, payment methods, etc. are based on the Statista database. Estimates on the values (in dollars) of e-commerce markets do not include VAT or delivery expenses. The values are estimates by Statista who, as one of their main sources, used their own Statista corporate database.

In China, the growth of e-commerce markets is based on the increase of buyer quantity, elsewhere, mostly on the growth of the yearly shopping basket

the development of digital procurement in the largest e-commerce markets 2018-2023, mil. USD



Digital procurement in Finland 2018

Excerpts from the survey.

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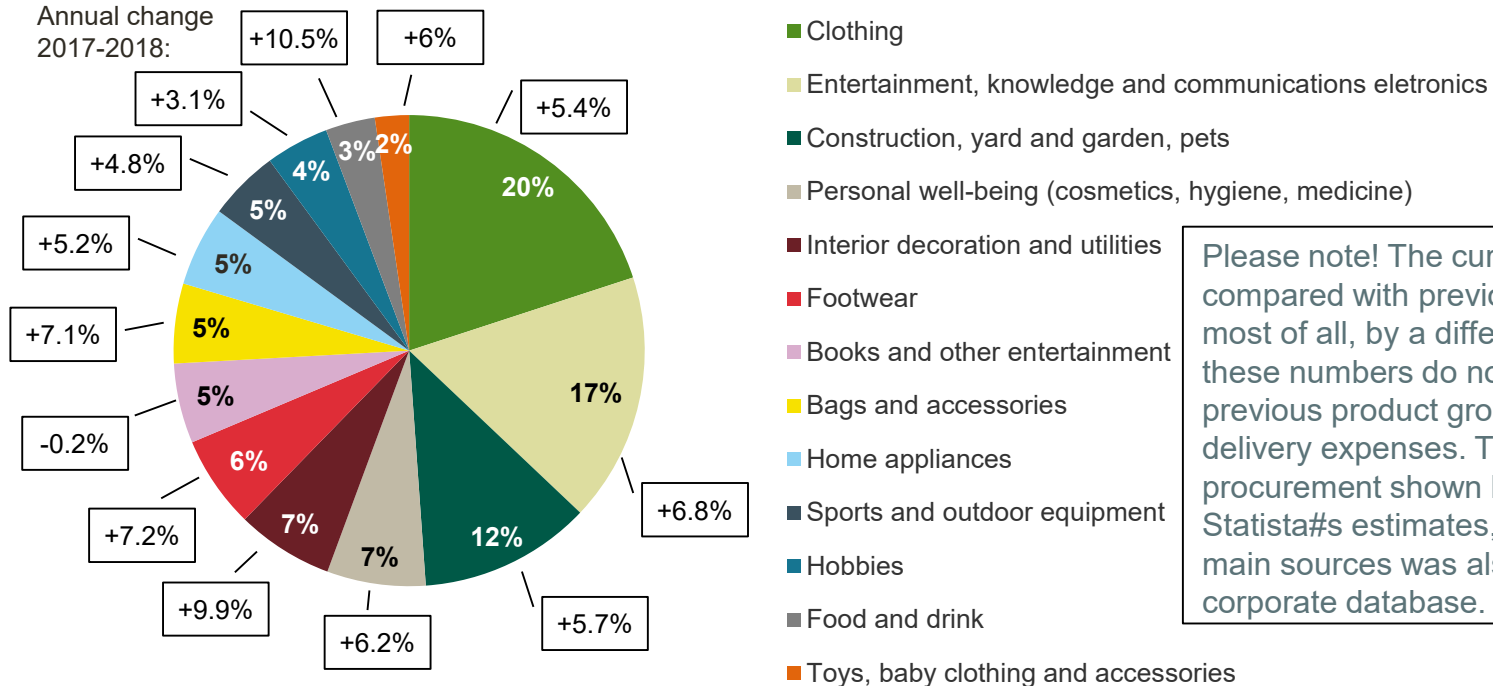


Definitions and background: what and how?

- The information in this section is based on the Statista database and the consumer study conducted by TNS Kantarin, in 2018, for the Finnish Commerce Federation.
 - In the consumer study conducted in 2018 by TNS Kantarin, each month, a sample of 1,000 consumers was assembled where the consumers who had purchased anything online made a diary entry every two weeks of their purchases.
- In the study, an online store, digital procurement or online-shopping means (as in the last section):
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Retail sector goods from Finland and abroad purchased online by consumers in 2018

Total. €2.9 billion, excluding VAT and delivery expenses, growth 6% from 2017, projected growth for 2019 8%



Please note! The current difference, when compared with previous years, is caused, most of all, by a different method and that these numbers do not contain all the previous product groups or VAT and delivery expenses. The amount of digital procurement shown here is based on Statista's estimates, in which one of the main sources was also Statista's corporate database.



The largest online stores in the Nordic countries, by net sales

- Nordic stores sell a lot in their domestic markets

Excerpts from the survey.

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Definitions and background: what and how?

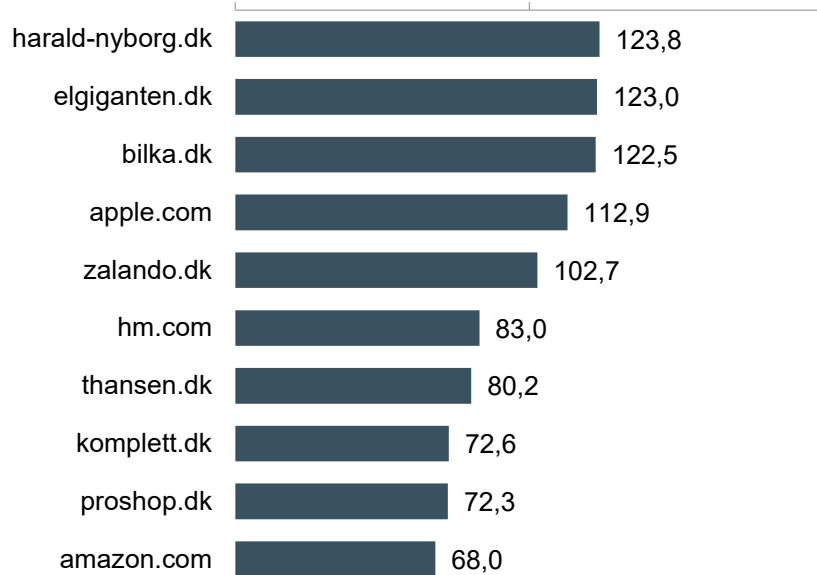
- The numbers in this section are based on Statista's corporate database. The largest online stores are listed based on their net sales in dollars.
 - Net sales do not include VAT or delivery expenses.
- In the next section (most used and best reviewed online stores in Finland), the online stores are listed based on how many consumers claim to have used the store in question within the last year. The lists in the current and previous section differ due to the fact that the average values of shopping baskets in stores and marketplaces differ from each other.
 - For example, in electronics and appliance online stores, the value of purchases is often much higher than, say, in clothing, cosmetics and miscellaneous discounters, operating outside of the EU.
- In the study, an online store, digital procurement or online-shopping means (as in the last section):
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Contrary to common assumptions, Finnish online stores can often compete with foreign ones, even in net sales

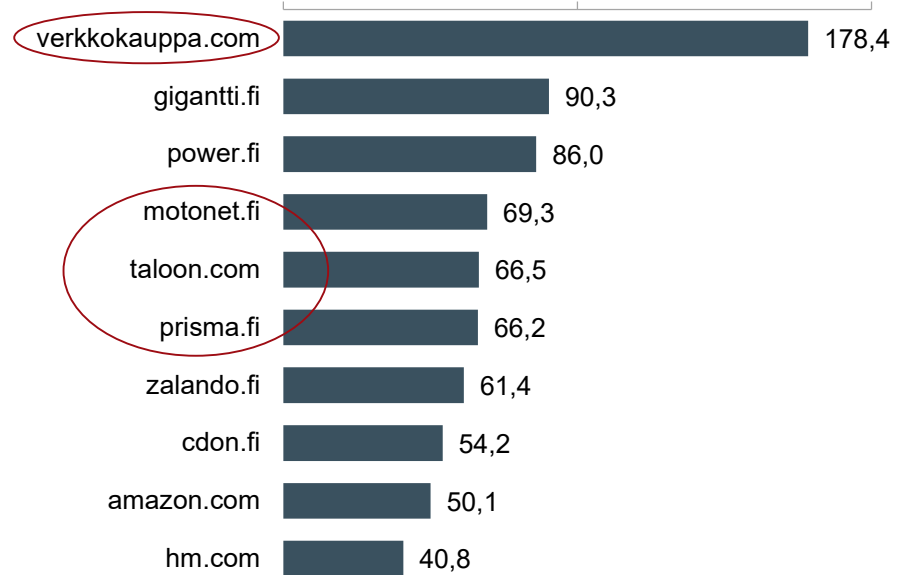
the data only contains stores' direct sales to consumers. Marketplaces, such as eBay and AliExpress, are not included, and no stores like Amazon that sell products through other stores.

By net sales, the 10 largest online stores, net sales mil. USD

Net sales to Denmark



Net sales to Finland





The most used and best reviewed online stores and market platforms in Finland

Excerpts from the survey.

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Study background: what and how?

- The information in this section is based on the consumer study, conducted by TNS Kantarin, for the Finnish Commerce Federation, on the most used and best reviewed online stores in Finland.
- Kantar TNS conducted a sample-based consumer survey for 4541 Finns, of, at least, 18 years of age. The consumer survey was conducted in February 2019.
 - The structure of the sample corresponds to the structure of the population.
 - The survey was implemented as an Internet-assisted GallupForum respondent panel.
- Consumers were asked about the online stores that they had used between November 2018 and January 2019.
 - Because of the season, responses for certain product groups, such as yard, garden, construction and repairs, were minimal.
 - The questionnaire had 150 online store already listed, in addition to this, consumers named hundreds of other online stores.
- Consumers rated the online stores on a scale of 1 to 10:
 - Overall rating: how happy were you with the online store as a whole?
 - Price-quality ratio: was the product or service worth its price?
 - Store functionality: how easy it is to find the store's website, how easy it is to understand the site's content and surf on it, how pleasant and easy it is to visit the site, how easy it is to find a product (product search, filters etc.) and how fast and effortless the payment is (e.g. appropriate payment methods).
 - Procurement process support: satisfaction with delivery speed and delivery place options, satisfaction with alternative delivery methods, satisfaction with online support/chat (usefulness, speed, availability), satisfaction with product/service selection and did it live up to expectations?

Survey background: definitions

- The study focused on consumer satisfaction in online stores where digital purchases or orders leading to purchases were completed.
- The study did not examine online commerce between consumers. Only companies selling to consumers.
- Here, a digital purchase or web purchase is defined (as in previous sections) as a purchase, order or reservation made with a computer, tablet computer or phone. Payment can be made immediately after purchasing, reserving or placing an order or after the product has arrived or when retrieving the product. An online purchase can even be paid for in cash when picking up the product. An online procurement can be personally picked up from the shop or the pickup place, or delivered to the customer's doorstep.

Examined product groups

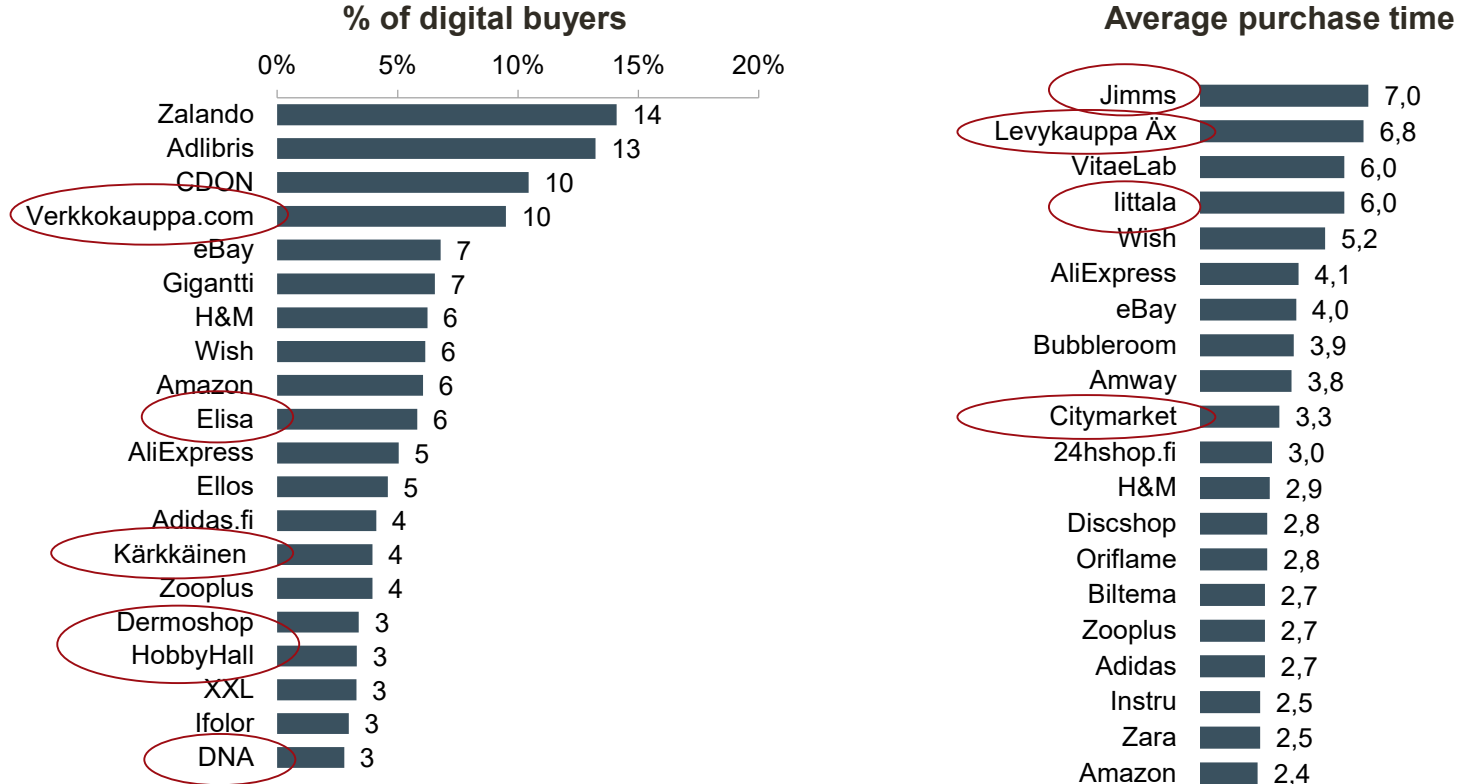
- Clothing (including sportswear)
 - Women's clothing
 - Men's clothing
 - Children's clothing (0-13 years)
 - Accessories (e.g. handbags, fashion jewellery).
- Footwear (including trainers)
 - Women's footwear
 - Men's footwear
 - Children's footwear (0-13 years).
- Electronics and household technology
 - Large domestic appliances (e.g. washing machines, refrigerators, vacuum cleaners)
 - Small domestic appliances (e.g. coffee makers, electric toothbrushes, juicers, ice cream makers, bread makers)
 - Entertainment electronics (e.g. TVs, gaming consoles, digiboxes)
 - Mobile phones and accessories (e.g. headphones, cases)
 - Computers, tablet computers and their accessories and peripherals (e.g. printers, headphones, display adapters).
- Household goods, interior decoration and gardening products
 - Household goods (tableware, kitchenware and other non-electric household goods)
 - Furniture, rugs, lighting fixtures, interior decoration goods, household textiles (e.g. curtains, tablecloths, sheets, towels)
 - Garden plants, saplings and seed, bouquets, pot plants, etc.
 - Garden furniture, outdoor pools and grills.

Examined product groups

- **Pets and animal hobbies, hobbies and sportswear**
 - Pets and animal hobbies (incl. pet food and animal sports)
 - Sports hobbies (not animal or motor sports, or clothes and footwear).
 - Other hobbies (e.g. photography, art, music, crafts, etc., excluding animal, car or sport hobbies).
- **Cosmetics**
 - Hair and skin products, makeup, perfumes, etc.
- **Health and natural health products**
 - Natural health products, food supplements, other health products (e.g. plasters, knee and other support, orthopedic footwear)
 - Contact lenses, spectacles, sunglasses.
- **Hardware shop products**
 - Building and repairing (e.g. paint, wallpaper, parquet, tiling, taps, insulation, timber, doors).
- **Books and magazines**
 - Books, e-books, audio books, downloadable teaching materials, issues of magazines (no subscriptions).

Wish, AliExpress and eBay entice customers into buying often...

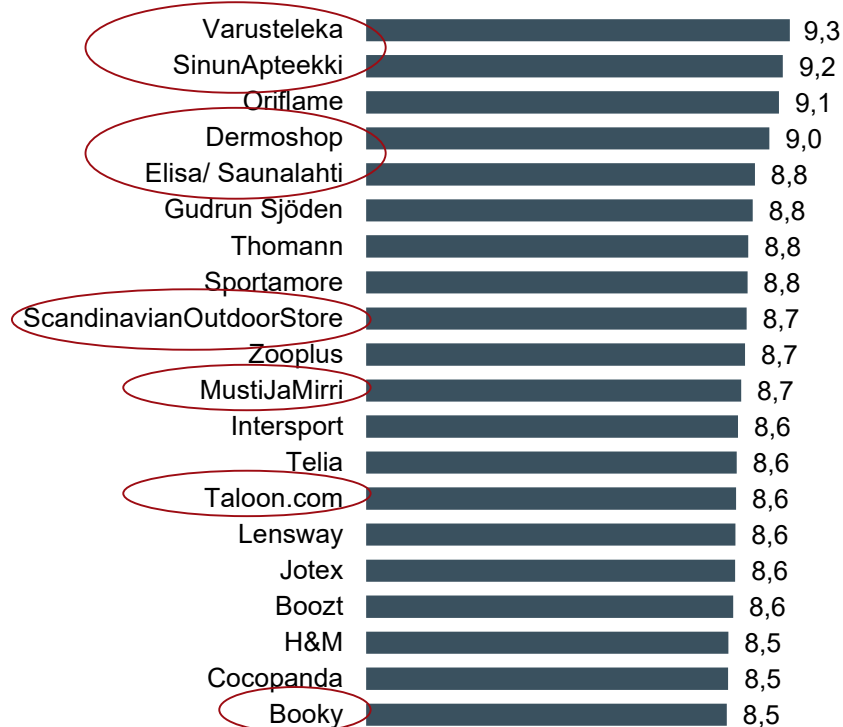
% of digital buyers, average times used, in November 2018 – January 2019



... but Finns tend to favour Finnish online stores

the best reviewed online stores, average of rating for different product groups, scale: 1–10

Overall satisfaction



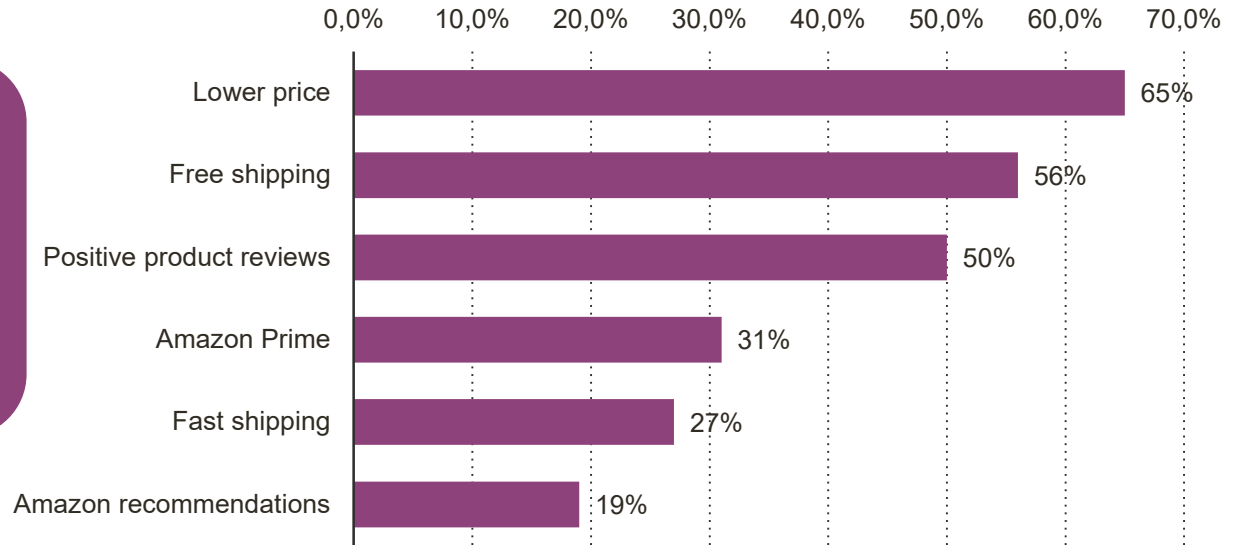
What about Amazon?



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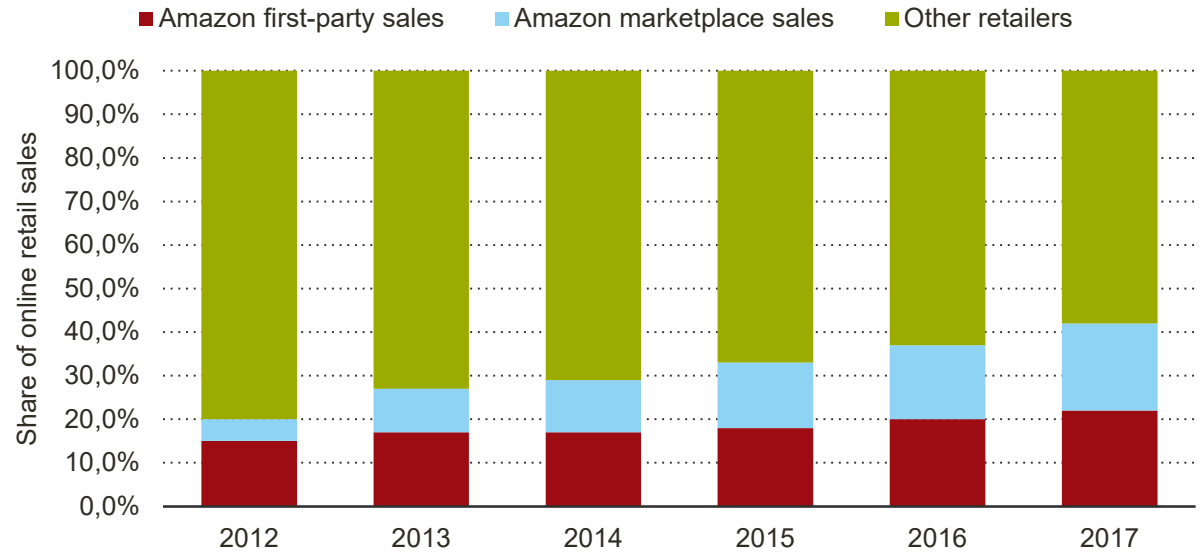
Most popular reasons for Amazon buyers in the United States to shop via Amazon as of October 2017

Particularly online stores operating in niche markets are concerned about Amazon's arrival in their country. Amazon's arrival often tends to jumpstart a fiercer price competition. With the help of its massive customer data and concentrated distribution network, it also challenges other actors in customer service and delivery speed. Amazon Prime is often used as an example of "customer subscription systems" in online channels



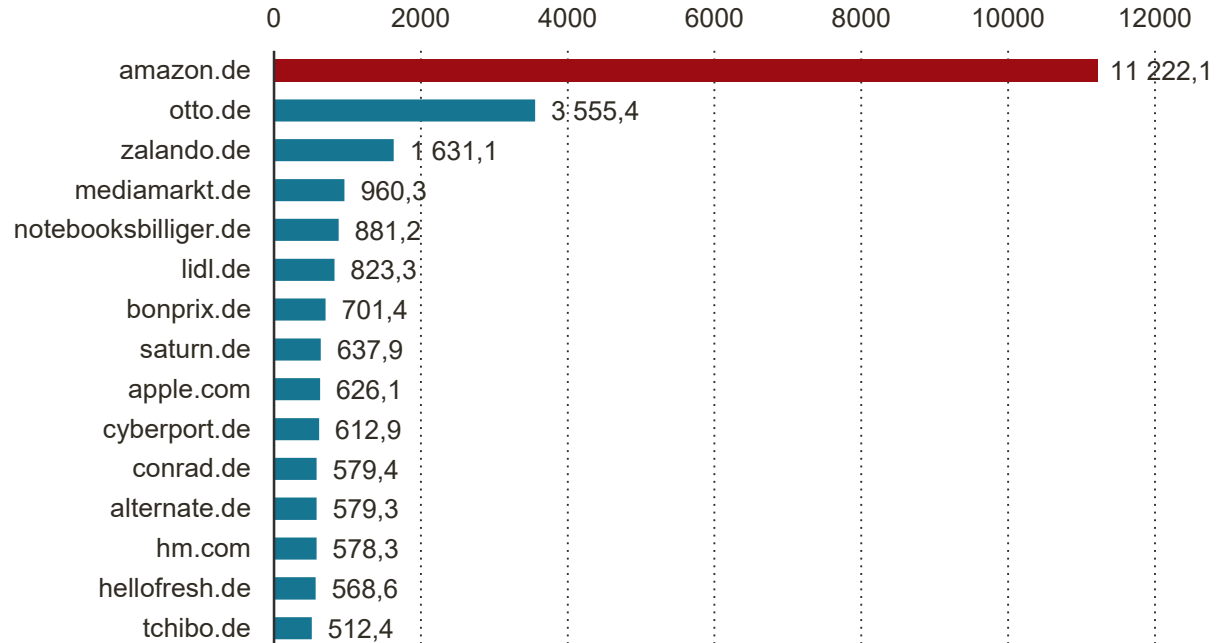
U.S. Amazon first-party and third-party e-commerce sales share 2012-2017

Amazon generates most of its retail trade revenue through third party sales. While Amazon and other marketplaces offer stores the whole service package, from product placement to payment and customer service, an established user base of potential customers and efficient search engine functions, the incentive to sell through the marketplace is great. The marketplace can also help businesses operating in niche markets with visibility, so being left out can be disastrous for a small, specialised company. As summarised by a British seller: “no one wants to sell through Amazon, but if you don’t you die.”



Most popular online stores in Germany in 2018, by e-commerce net sales (in million USD)

Amazon has invested heavily in its distribution network and logistics, marketing, data-analytics, the constant development of products and services and innovation – from subscription schemes to virtual assistants. It offers benefits, which are valued by consumers, for example, free delivery, it is an aggressive price competitor and keeps the interest of consumers with videos of drone trials, for example. Consumers like Amazon!





Further information:

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