

WESTERN EUROPE MCOMMERCE TRENDS

**Mobile Consumers Fuel
Double-Digit Growth and
Sales Share**

MARCH 2015

Karin von Abrams

Contributors: Victor Aka, Daiane Bobka, Jasmine Enberg, Natalie Marin-Sharp



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EXECUTIVE SUMMARY

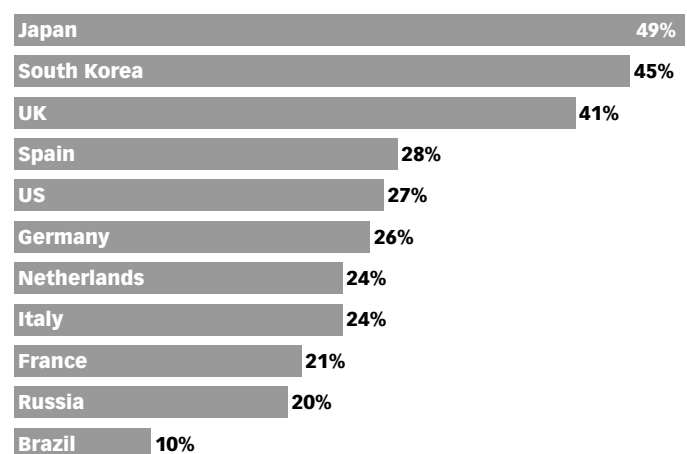
One would expect Western Europe to be among the world's most advanced mcommerce markets, based on the relatively high penetration of mobile devices and well-established consumer habits of buying digitally, at least in certain product sectors. This is broadly true—in the UK, for example, mobile was set to account for 41% of digital retail transactions in Q4 2014, according to Criteo—but recent data also points to some stark discrepancies between countries in the region. Four trends are of particular note:

- Development of mobile shopping and buying strongly reflects the wider ecommerce landscape in individual countries. Where—as in Italy and Spain—digital buying has been held back by lack of infrastructure, retailer inertia and low consumer spending power, mcommerce has also been slow to grow.
- Mobile shopping patterns tend to mirror levels of mobile device usage. Where tablets themselves are not widespread, for example, the evolution of mcommerce is hampered by the limitations of smartphones, including small screen size and the scarcity of mobile-optimized retail sites or apps.
- Not surprisingly, apps are among the most popular mobile purchases. But beyond that, consumers generally buy the same items or services via mobile that they buy via desktop: travel and event tickets, books, digital entertainment, clothes and shoes. That implies mobile purchases are likely cannibalizing ecommerce via PCs and laptops. But in fact, mcommerce to date seems largely additive; at least, the ease of transacting seems to increase the frequency of purchase, especially for smaller-value items.
- Thus far, established brand names, including pure-play online retailers such as Amazon and eBay, have generally done best at mcommerce, building on industry best practices, in-house lessons, economies of scale, market recognition and customer loyalty.

This report will focus in particular on Western Europe's leading continental markets—France, Germany, Italy and Spain—in regards to mobile commerce sales and mobile shopping and buying habits, including device and payment preferences, and the types of products purchased.

Mobile* Share of Digital Retail Transactions in Select Countries, Q4 2014

% of total digital retail transactions in each country



Note: *smartphones and tablets

Source: Criteo, "State of Mobile Commerce Q4 2014," Dec 10, 2014

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KEY QUESTIONS

- What proportion of ecommerce sales and transactions in Western Europe's main continental markets are carried out on mobile devices?
- How many consumers in France, Germany, Italy and Spain are shopping and buying with smartphones and tablets?
- How do mobile shopping and buying habits differ in these four countries?
- Are smartphones and tablets associated with different patterns of mobile shopping and buying?

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REGIONAL OVERVIEW

The number of consumers in Western Europe who own or use mobile devices continues to climb, but this group is already massive. The region's smartphone-owning population will pass 224 million in 2015, eMarketer estimates, representing two-thirds of its mobile phone users. Of those, 170.4 million will reside in the EU-5—France, Germany, Italy, Spain and the UK—with Germany the largest single market.

Tablet penetration across the region is less advanced. Yet in France, Germany, Italy and Spain, the percentage of internet users who also use a tablet will pass the 50% mark in 2016. The UK is already well ahead of this milestone; an estimated 62.8% of its online population will use a tablet at least monthly this year, as will similar percentages in the Netherlands and Norway.

Importantly, Western Europe's mobile device users live in a society where digital buying has already entered the mainstream.

Western Europe's Ecommerce Landscape

Western Europe continues to see major gains in business-to-consumer (B2C) ecommerce every year; eMarketer estimates total sales will reach \$441.4 billion in 2015 and pass \$566 billion within four years.

These gains contrast sharply with the larger retail picture in several key markets. Retail sales fell in both Italy and Spain in 2014, as they had in 2013, and further decreases are also forecast for this year and next. This is chiefly due to the eurozone's economic crisis, which hit Italy and Spain especially hard. Following years of painful austerity, Spain's economy is showing signs of recovery. But this isn't the case in Italy.

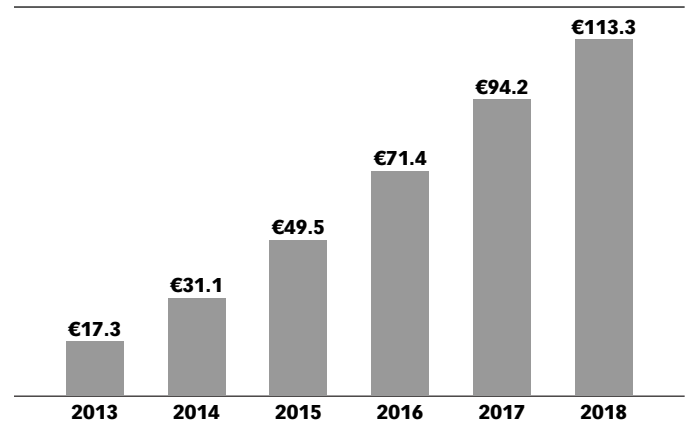
Partly because the ecommerce revolution has taken place against the background of these eurozone woes, digital platforms don't yet claim as large a slice of total retail sales in Western Europe as might be expected. The UK is the world leader by this measure and will see an estimated 14.4% of total retail sales attributable to digital this year. In Germany—the region's most robust economy—that share will reach 8.4%, while in France digital platforms will account for about 5% of retail spending. In Spain, digital's share will be less than 5%. Italy will post one of the lowest shares of any developed nation with just 1.9%.

At the same time, digital buyers in Western Europe will number 201.1 million in 2015, eMarketer forecasts. The EU-5 will continue to account for the majority of these buyers. In every country in the wider region except Italy, at least 60% of internet users ages 14 and older will make a digital purchase this year.

MCOMMERCE SALES

A rapid expansion of mcommerce in Western Europe is imminent. According to Forrester Research analysis of digital shopping behavior in the EU-5, the Netherlands and Sweden, buying via smartphones and tablets will account for 49% of all B2C online sales in Europe by 2018, compared with 20% in 2014. During those five years, the value of mcommerce in the region, including retail, daily deals and travel sales, will post a 41% compound annual growth rate (CAGR), Forrester suggested. Sales via tablet were expected to rise even faster, achieving a 46% CAGR.

B2C Tablet Mcommerce Sales in Western Europe*, 2013-2018
billions of €



Note: CAGR (2013-2018)=46%; includes daily deals, retail and travel sales;
*includes France, Germany, Italy, the Netherlands, Spain, Sweden, UK
Source: Forrester Research, "Mobile and Tablet Commerce Forecast 2013 To 2018 (EU-7)" as cited in *The Drum*, Nov 10, 2014

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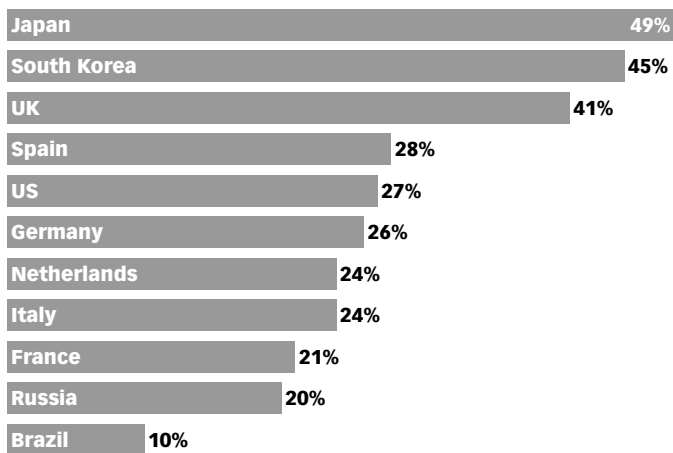
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At present, however, mcommerce still has much room to grow. When Berlin-based technology company Run a Shop analyzed 150,000 online purchases across Run a Shop comparison engines in seven Western countries between November and December 2014, it concluded that mcommerce accounted for rather small shares of holiday ecommerce sales in major continental markets, ranging from 8.8% in Germany to 10.4% in Spain and 12.2% in France. (The average among the seven countries was 12.4%, led by the UK at 14.9%.) On the other hand, the average value of a mobile transaction was highest in Germany, at \$30.86. The UK mobile cart had an average value of \$16.47—the lowest of the countries surveyed.

Inevitably, mcommerce is claiming a greater share of total digital transactions as well as B2C digital sales volume. Assessing data from over 3,000 ecommerce, retail and travel advertisers worldwide, Criteo calculated that mobile accounted for 30% of global online retail transactions in Q4 2014. The UK exceeded this average with over 40% of online retail transactions on mobile devices. Among the other EU-5 nations, Spain performed best with 28%, and Germany posted 26%. The mobile share of total online retail transactions was lowest in France, at 21%.

Mobile* Share of Digital Retail Transactions in Select Countries, Q4 2014

% of total digital retail transactions in each country



Note: *smartphones and tablets

Source: Criteo, "State of Mobile Commerce Q4 2014," Dec 10, 2014

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Interestingly, Criteo found mobile conversion rates followed much of the same pattern—implying that where advanced mobile devices are widespread and retailers cater to mobile buyers with user-friendly transactional sites or apps, consumers readily commit to making actual purchases via mobile. Many retailers in Italy and Spain have lacked the resources to invest in facilities for mobile buyers, which helps explain why conversion rates in those countries were about 30% to 40% below the US benchmark. By contrast, Germany and the UK posted conversion rates 36% and 23% higher, respectively, than the US.

It's more difficult to understand the low ranking of France—2 percentage points lower than Spain—in this respect. As the previous chart suggests, consumers in France may simply be less inclined to mobile purchasing and instead use mobile devices more as shopping assistants.

MOBILE SHOPPING AND BUYING BEHAVIORS

From the consumer perspective, mcommerce is already moving past the early adopter phase. Almost half (48%) of smartphone users polled in Western Europe bought a product or service with their smartphone between March and May 2014, according to a survey by IDG Global Solutions. (The regional respondent base of more than 14,000 was recruited via 189 IDG websites focused on consumer or business uses of technology and included both executives and general consumers.)

Naturally, mobile shopping adoption has varied in individual countries. Mintel reported that 41% of UK internet users shopped via a smartphone in 2014, but Italy had surpassed that share with 44%. France registered the lowest penetration (28%). Spain and Germany were in the middle, at 40% and 33%, respectively.

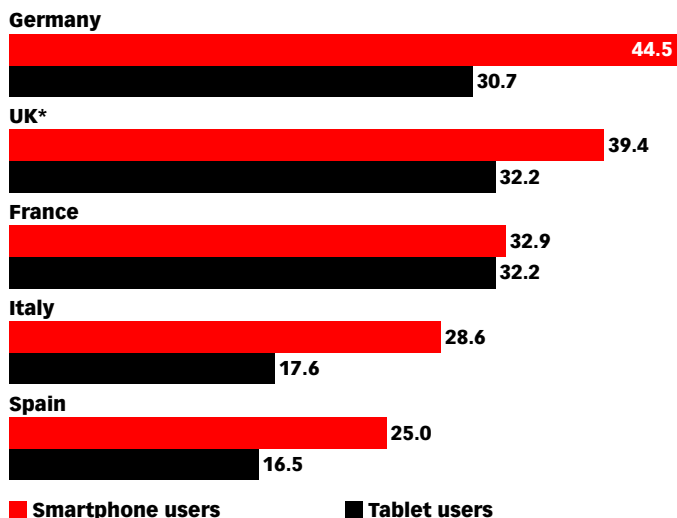
Tablet shopping was becoming commonplace, too, Mintel noted. The UK took top honors here, with 35% of web users shopping via tablet, but again Italy scored well (32%). France and Germany both registered 23%, while—as with smartphone shopping—Spain represented the middle ground, with 26% of internet users saying they shopped with a tablet.

Merchants' commitment to mcommerce varies by country, too. A July 2014 survey of online retailers in France, Germany, Italy, Poland, Spain and the UK by price comparison site Idealo found the UK retailers were best placed to capitalize on the potential. Fully 86% of UK merchants had an app or a mobile-optimized site, and nearly three-quarters (74%) in Spain and France said the same. Germany was also progressing, with 68% of online merchants catering specifically for mobile shoppers. In Italy, though, just half of the retail sites studied were optimized for mobile transactions. It should be noted that this survey covered only 50 web merchants—a selection of those that performed best on Idealo's sites in the countries cited. The results are broadly consistent with other indicators of mcommerce readiness in EU-5 countries but are not definitive.

Smartphones vs. Tablets

Across the EU-5, tens of millions of residents will use mobile devices this year, eMarketer estimates. Smartphone users outnumber tablet users in every country.

Smartphone and Tablet Users in the EU-5, 2015 millions



*Note: smartphone users are individuals of any age who own at least one smartphone and use the smartphone(s) at least once per month; tablet users are individuals of any age who use a tablet at least once per month; *forecast from Aug 2014*
Source: eMarketer, Dec 2014

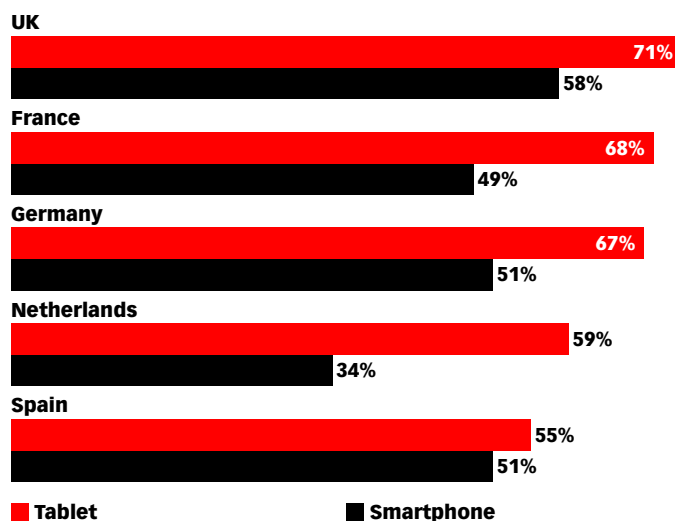
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In several Western European markets, tablets already have the edge over smartphones for mobile purchasing. In May 2014, IDG found that tablet users in France, Germany, the Netherlands, Spain and the UK were more likely than smartphone users in those countries to make a purchase with their mobile device. It's worth noting, though, that these respondents were recruited via IDG websites devoted to the uses of technology, so they may have been more likely to make a mobile purchase than typical consumers in those countries.

Smartphone vs. Tablet Users in Select Countries in Western Europe Who Use Their Device to Purchase Products/Services, May 2014

% of respondents



Source: IDG Global Solutions, "IDG Global Mobile Survey 2014: Mobile Evolution," June 2014

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Not all sources consider tablets the undisputed future stars of Europe's mcommerce scene, however. IDG noted that smartphones ran tablets a close second in Spain last year. And Criteo reported that smartphones were responsible for more transactions than tablets in Italy and Spain—though not in France, Germany or the UK. This data suggests that tablet commerce mirrors tablet ownership; where consumers enjoy relatively higher disposable income and can afford to buy a tablet in the first place, it is often preferred for transactions.

Smartphone vs. Tablet B2C Ecommerce Transaction Share in Select Countries, Q4 2014

% of total B2C ecommerce transactions

	Smartphones	Tablets
South Korea	45%	1%
Japan	44%	5%
UK	16%	25%
Spain	15%	13%
US	14%	13%
Italy	12%	11%
Germany	10%	15%
Netherlands	9%	16%
France	8%	13%
Russia	7%	13%
Brazil	6%	4%

Source: Criteo, "State of Mobile Commerce Q4 2014," Dec 10, 2014

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When RetailMeNot.com projected end-of-year ecommerce sales for the EU-5 and selected other countries in November 2014, it too looked for a strong performance—at least 10% of digital Christmas sales—from tablets in the UK and Germany, and a much lower proportion (less than 4%) in Italy and Spain. In Italy, smartphones were forecast to claim an impressive 15.7% of all ecommerce sales—almost as high as the proportions expected in France, Germany and the UK. But Italy and Spain were perhaps most notable for the high percentages of seasonal purchases still anticipated on a PC: over 80% in both cases.

Christmas Retail Ecommerce Sales in the US and Select Countries in Western Europe, by Device, 2014 billions of € and % of total

	PC	% of total	Smartphone	% of total	Tablet	% of total
UK	€14.43	70.2%	€3.60	17.5%	€2.53	12.3%
Germany	€8.69	71.8%	€2.19	18.1%	€1.22	10.1%
France	€6.37	75.4%	€1.40	16.5%	€0.68	8.1%
Italy	€1.62	80.4%	€0.32	15.7%	€0.08	3.9%
Spain	€1.36	87.7%	€0.13	8.7%	€0.06	3.6%
Netherlands	€1.03	76.7%	€0.20	14.9%	€0.11	8.4%
Belgium	€0.68	81.4%	€0.10	11.7%	€0.06	6.9%
Total	€34.18	77.7%	€7.94	14.7%	€4.74	7.6%
US	€59.42	71.6%	€13.61	16.4%	€9.96	12.0%

Note: from mid Nov to the end of Dec; excludes auto, car parts or fuel sales, car rentals, hospitality services (cafes, coffee shops, restaurants), sales tax and VAT where applicable
Source: RetailMeNot.com, "Shopping for Christmas 2014: Retail Prospects" conducted by Centre for Retail Research, Nov 12, 2014

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Similarly, RetailMeNot.com predicted that mcommerce sales in Italy and Spain would increase by triple digits in late 2014, but projected growth rates for mobile purchasing would be even higher in France, Germany and the UK. Italy and Spain were also expected to see double-digit gains in sales via PC, while RetailMeNot forecast a decline in PC-based sales in other EU-5 nations.

Christmas Retail Ecommerce Sales Growth in the US and Select Countries in Western Europe, by Device, 2013 & 2014

% change vs. prior year

	Smartphone	Mobile*	Tablet	PC
France	536%	478%	386%	-5%
Belgium	400%	433%	500%	0%
Germany	366%	401%	481%	-6%
UK	329%	301%	267%	-8%
Netherlands	300%	343%	450%	3%
Italy	256%	264%	300%	17%
Spain	225%	171%	100%	27%
Total	359%	345%	323%	-4%
US	226%	278%	383%	-5%

*Note: from mid Nov to the end of Dec; excludes auto, car parts or fuel sales, car rentals, hospitality services (cafes, coffee shops, restaurants), sales tax and VAT where applicable; *via any mobile device*
Source: RetailMeNot.com, "Shopping for Christmas 2014: Retail Prospects" conducted by Centre for Retail Research, Nov 12, 2014

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Preferred Shopping Times and Product Categories

Like digital purchasing generally, consumers did most of their 2014 holiday shopping on mobile devices—like their digital purchasing generally—during the evening and on weekends, according to Run a Shop's research. In France, Germany and the UK, 18.5% of weekly mcommerce revenues rolled in on Sunday. Mobile shoppers in Spain were more likely to buy on Saturday, though. In all markets, the purchasing rate peaked between 8pm and 10pm—nearly 20% of daily mobile revenue accrued in this period. As the report commented, "Mobile commerce turns out to be couch commerce, too."

The three leading mcommerce product categories were broadly consistent across the four European markets Run a Shop monitored. Electronic and entertainment items topped the list, followed by home and living products, and fashion and shoes. In Germany, toys replaced this last category—possibly a reflection of holiday priorities rather than year-round preferences.

Other researchers reported similar lists of favorite mobile purchases across the main continental markets at other times of the year. For example, September 2014 polling from Germany's Arbeitsgemeinschaft Online Forschung (AGOF) found that while apps were the most popular mobile buy in that country in the preceding 12 months, other top choices included books, shoes, clothing, digital games and train and event tickets.

In fact, mobile purchases tended to echo the most popular buys among desktop ecommerce buyers. In the “Consumer Barometer” report from Google and TNS, clothing, footwear, home appliances and hotel accommodation for leisure travel were among the leading digital purchases in all EU-5 countries last year.

Age, gender and other demographic factors did play a role in mobile buying, though. Males in the EU-5 were more likely than females to buy via smartphone, at 54.0% vs. 46.0%, respectively, according to comScore MobiLens measurements for Q1 2014. Mobile purchasing was most common among 25- to 44-year-olds of both genders, but in every age bracket male involvement was higher.

AGOF’s research from September 2014 found that in Germany, males ages 14 and older were more likely than females to buy apps and computer/video games, while a higher proportion of females bought books, women’s clothing and shoes. Also in Germany, Bundesverband E-Commerce und Versandhandel (bevh) noted the same patterns in a July 2014 survey of the items digital buyers had purchased most recently via a mobile device. Females were almost twice as likely as males to have bought clothes, shoes and books. But among buyers of electronics and telecom products, males outnumbered females by almost three to one. Though this data is particular to Germany, it is very likely applicable to other EU-5 markets as well.

Leading Product Categories Purchased via Mobile Phone Among Mobile Phone Internet Users in Germany, by Gender, Sep 2014
% of respondents in each group

	Male	Female	Total
Apps	41.7%	36.8%	39.4%
Books	17.2%	24.8%	20.8%
Shoes	14.9%	23.2%	18.8%
Womenswear	5.4%	27.9%	16.1%
Menswear	17.8%	11.5%	14.8%
Tickets for movies, theater, concerts, sporting events	13.7%	14.3%	14.0%
Train tickets	13.5%	14.2%	13.8%
Computer and videogames	12.6%	8.4%	10.6%
Paid online music	10.7%	10.4%	10.5%
Computer hardware or accessories	13.2%	6.8%	10.2%

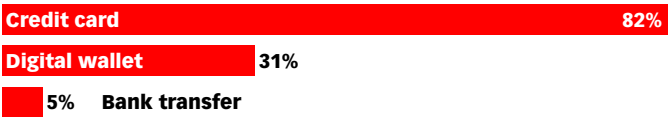
Note: ages 14+ who accessed a mobile-enabled website or used a mobile app in the past 3 months
Source: Arbeitsgemeinschaft Online Forschung (AGOF), “mobile facts 2014-III” conducted by COMSulting Gerhard Faehling, INFOnline and TNS Infratest, Jan 8, 2015
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Payment Methods

According to a Q3 2014 survey of online retailers in Germany from ibi research, 50% of respondents believed smartphone payments would account for more than half of all retail transactions by 2025. But it’s not clear which payment mechanisms will appeal most to smartphone and other mobile shoppers.

In France, the preference is clearer: Credit cards were the overwhelming payment choice among smartphone mcommerce buyers in July 2014, according to polling from the Syndicat National de la Communication Directe (SNCD). But digital wallets had a following, too; nearly one-third of respondents used that option.

Payment Methods Used for Purchases Made via Smartphone According to Smartphone Mcommerce Buyers in France, July 2014
% of respondents



Source: Syndicat National de la Communication Directe (SNCD), “Connect Attitude: Que disent les consommateurs connectés en 2014?” Oct 23, 2014
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Yet in Germany, 58% of the retailers surveyed by ibi research thought PayPal, which works equally well on mobile devices as on desktop, would become the most important payment option for their online operations within the next five years—more than twice the number (25%) who felt the same about credit cards.

In Spain, where credit card culture is not highly developed, PayPal was already the top consumer choice last year, followed by debit cards, according to the “Observatorio Cetelem eCommerce 2014” study by Cetelem – Spain.

Italy presents a different scenario. Mobile operators there have joined forces with payments processor SIA to adopt a standard mobile payment platform which will enable Italian banks to connect seamlessly with individual mobile devices via their SIM cards. Mobile users can access mobile payment options through an app and add mcommerce transactions to their mobile phone bills. And thanks to the system's open architecture, consumers can switch their bank or mobile operator without disrupting their mobile purchase habits. Early signs point to high levels of interest and acceptance; half of mobile internet users polled in 2014 by the Osservatorio Mobile & App Economy at the Politecnico di Milano said they would rather use that billing option than a credit card.

FRANCE

Despite healthy growth in mobile sales, caution is slowing mcommerce development in France. The country's retail industry expects mobile buying to take off in the future, but many sellers aren't ringing up much revenue from mobile now, and they are wary of investing when the national economy is in trouble and the prevailing consumer mood is gloomy.

MCOMMERCE SALES

B2C ecommerce sales in France totaled €57 billion (\$75.6 billion) in 2014, up 11% on 2013, according to Fédération du E-commerce et de la Vente à Distance (FEVAD). By contrast, sales via the mobile internet—accessed via smartphones, tablets, mobile sites and apps, but excluding downloads and transactions on marketplaces—rose 60% year over year, representing 16% of total ecommerce sales. Just one-tenth of digital sales were attributed to mobile in 2013.

RetailMeNot.com estimated that residents in France spent €4.2 billion (\$5.6 billion) via mobile devices in 2014, equivalent to 14% of the country's ecommerce. While sales through PC grew 9% last year, according to this source, smartphone sales increased 105% and tablet sales rose 109%. Thanks to the enthusiasm for tablet buying, these devices claimed 60% of France's mobile retail transactions (not sales value) in 2014, Criteo calculated—and 62% of mobile travel transactions.

On the whole, France's retailers haven't been in the vanguard of mcommerce investment. In a 2014 Rakuten survey of 263 merchants in France, most said they felt positive about the future of mcommerce. But despite this view, just 54% said they were prepared to put additional budget toward developing an mcommerce strategy in the next two years. Researchers concluded that was because 72.2% of the retailers thought most current mobile purchases were of low-priced items and didn't see that changing soon.

According to 44.9% of the retailers Rakuten queried, mcommerce represented between 0% and 15% of their sales at the time of polling. Roughly the same proportion (44.1%) didn't know what share of their sales came from mobile devices—a clear sign, the study said, that mcommerce was still considered almost insignificant.

It's hard to ignore the evidence of a massive increase in mobile buying, though, even without more widespread retailer commitment. According to a forecast by Groupe Xerfi, mcommerce sales in France will register a 90% rise in 2015 to reach €13.4 billion (\$17.8 billion).

MOBILE SHOPPING AND BUYING BEHAVIORS

In Q2 2014, retail and retail bank IT services provider Wincor Nixdorf polled smartphone and tablet owners in France who also bought digitally; 50% of respondents said they used those mobile devices in a store, taking pictures of products to email to friends, getting product information, hunting down better prices elsewhere or checking their bank account.

SNCD reported that 38% of smartphone users polled in France used their phones to look up more information on potential purchases, while 33% compared prices and one-quarter accessed reviews with their device.

Smartphone Activities Conducted Prior to Making a Purchase According to Smartphone Users in France, July 2014
% of respondents

Look up additional information	38%
Compare prices	33%
Look up reviews	25%

Source: Syndicat National de la Communication Directe (SNCD), "Connect Attitude: Que disent les consommateurs connectés en 2014?" Oct 23, 2014 183317 www.eMarketer.com

Opinion is divided, however, on just how many mobile device users in the country have become mobile buyers. Deloitte's September 2014 "Global Mobile Consumer Survey" noted that 19% of smartphone owners in France had ever made a digital purchase with their phones; among early adopters, the share was nearly double that.

According to Mobile Marketing Association France (MMA France) and comScore, the number of consumers actually buying via mobile in France passed 3.3 million last year. And importantly, many of these were frequent buyers—not just consumers who had "ever" purchased. Averaging activity over the three months ending October 2014, comScore reported that 43% of mobile purchasers ages 13 and older had made mobile buys at least once per week, with adults ages 25 to 34 by far the most engaged cohort.

Wincor Nixdorf's April 2014 survey found that nearly half (44%) of digital buyers in France had made some mobile purchases. Only a small minority said they did so each week, but 20% bought via mobile at least once per month and a further 24% said they made a mobile purchase at least yearly.

In December 2014, a survey of digital buyers in France ages 18 to 74 by FEVAD and CSA found an even greater potential for mobile buying. Overall, 77% of these digital buyers said they owned or had access to a smartphone and 54% had a tablet.

Computers still took the lion's share of digital purchases in 2014, the study found. But 29% of tablet users polled had bought with that device, and 17% of smartphone owners had made purchase via their phone. The incidence of smartphone buying was higher (21% or more) among digital buyers ages 25 to 34—the same notably active demographic segment identified by the MMAF and comScore—as well as higher among respondents with 4G mobile access and those with larger-screen handsets.

A survey from CA Com conducted by Ipsos also reported that double-digit shares of smartphone and tablet users in France used those devices to buy new and secondhand products, and even groceries. In 2014, an estimated 39% of tablet users had bought groceries via that device, for example.

Devices Used to Make Digital Purchases According to Consumers in France, by Product Category, 2014
% of respondents

	New products	Secondhand products	Groceries
Purchase via computer	96%	93%	95%
—Tablet users	93%	92%	93%
—Smartphone users	94%	91%	93%
Purchase via tablet	13%	14%	20%
—Tablet users	29%	31%	39%
—Smartphone users	17%	17%	27%
Purchase via smartphone	9%	13%	12%
—Tablet users	13%	16%	17%
—Smartphone users	12%	18%	16%

Note: includes purchases via digital retailers or via digital retailer apps, digital secondhand sites or digital grocery retailers (click-and-collect)
Source: CA Com, "2014 - Troisième Baromètre de l'Omniretail" conducted by Ipsos, June 2014 179225 www.eMarketer.com

Retail app usage was much the same among smartphone and tablet users in the FEVAD/CSA study. In both groups, about one-third had downloaded at least one app. It's noteworthy, though, that one-quarter of respondents only used apps from their favorite retail brands.

Looking ahead, 60% of the digital buyers with smartphones in the FEVAD/CSA study said they would use their phones for shopping tasks in 2015. More than one-third (36%) said they anticipated reading QR codes or barcodes with their phones, for example, and 31% said they'd install new retail apps during the year. Many smartphone owners also expected to increase use of their handsets in stores and to authorize geolocation so that they could receive promotional offers from nearby retailers.

Importantly, among digital buyers who owned a mobile device, the FEVAD/CSA study found no evidence that a higher proportion would buy via mobile in 2015 than in 2014. But consumers may have underestimated their own future activity; in every product category, the proportion of smartphone owners planning to buy this year was higher than the proportion buying in 2014.

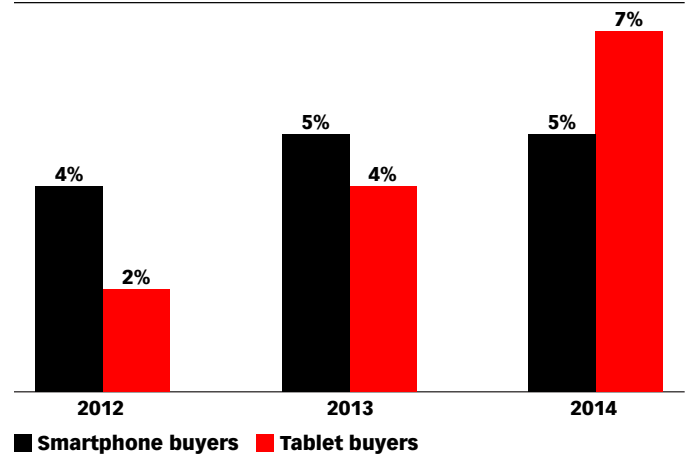
That said, a study by Xerfi-Precepta emphasized that the majority of mobile purchases in France were currently made in the home, not on the go. As a result, "there is still untapped potential"—perhaps more than in other regional markets, where consumers have been happier to transact with mobile devices outside the home.

Smartphones vs. Tablets

Many of the figures above suggest that tablets are more conducive to buying than smartphones. Several other surveys draw a similar conclusion. In the CA Com study carried out by Ipsos, tablet buyers outnumbered smartphone buyers in France for the first time last year, at 7% and 5% of the population ages 15 and older, respectively.

Smartphone vs. Tablet Mcommerce Buyer Penetration in France, 2012-2014

% of population



Note: 2014 n=1,001 ages 15+; in the past 12 months; includes purchases via digital retailers or via digital retailer apps, digital secondhand sites or digital grocery retailers (click-and-collect)
Source: CA Com, "2014 - Troisième Baromètre de l'Omniretail" conducted by Ipsos, June 2014

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Similarly, when CCM Benchmark Group polled 50 major digital retailers in France in July 2014, 45% of respondents said they anticipated growth of more than 100% in tablet sales for the full year 2014, compared with the one-third who predicted similar rises for smartphone sales. (At the same time, just 18% of merchants expected to see tablet sales grow between 50% and 100%, compared with 33% who anticipated that degree of growth for smartphone sales.)

The tablet preference among consumers is even more marked if one considers the proportion of device users in each category who made mobile purchases last year. While 22% of tablet users ages 15 and older used that device to buy digitally in 2014, just 9% of smartphone users did so, CA Com reported. These figures echoed those of FEVAD and CSA, which also showed a higher proportion of tablet users buying via mobile.

But the FEVAD/CSA survey noted an intriguing twist. While the likelihood of buying with a smartphone was lower overall, the frequency of buying with a particular device was inversely correlated with its size. That is, respondents bought more often with phones than tablets—perhaps because phones are almost always on hand and lend themselves more easily to spontaneous purchases, however small. So, according to the findings, 53% of digital buyers purchasing with a smartphone did so at least once per month, compared with 39% of digital buyers using a tablet. It might also be true that smartphone buyers are more willing buyers; at least, consumers buying with a phone have by definition overcome the hindrance of a smaller form factor—to a greater degree than tablet buyers.

GERMANY

In early 2015, Germany continues to enjoy a more stable, solvent economy than the rest of the EU-5. Consumer confidence is generally buoyant, too. Many digital buyers have already made a mobile purchase, and the habit is spreading beyond typical early-adopter populations such as younger adults and those in high-income households.

MCOMMERCE SALES

According to findings from Criteo, 26% of retail ecommerce transactions in Germany were carried out on mobile devices in 2014.

MOBILE SHOPPING AND BUYING BEHAVIORS

The use of mobile devices as shopping tools has risen steadily in Germany. In late 2014, half of the mobile web users ages 14 and older polled by AGOF said they had shopped and/or bought with a mobile device “at least occasionally” in the previous three months.

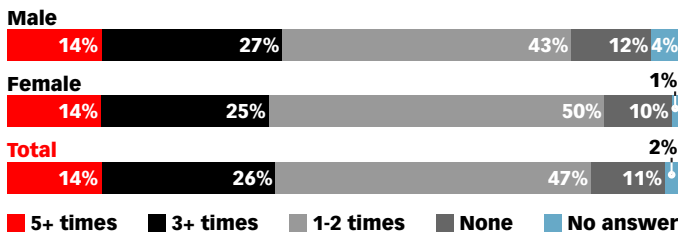
Historically, males in Germany were more inclined to mobile purchasing, according to early 2014 findings from Creditreform Boniversum and bevh. Similarly, younger adults were more likely than older ones to buy via mobile. The propensity to buy with a tablet or smartphone also rose in correlation with higher income levels and with the number of people in the household.

However, a July 2014 survey of its users by ecommerce site guerstiger.de indicated a virtually identical likelihood of mobile buying among males and females, at 60% and 59%, respectively.

The frequency of mobile purchasing among males and females was very similar, too, though women were more likely to have bought just once or twice in the month before polling, guerstiger.de noted. But males were more likely than females to have made no purchases during that time, by 12% to 10%.

Frequency with Which Internet Users in Germany Have Made a Mobile Purchase, by Gender, July 2014

% of respondents in each group



Note: in the past month; via smartphone and/or tablet

Source: guentiger.de survey as cited in press release, July 16, 2014

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That said, high-frequency mobile buying appeared to have dropped between 2013 and 2014, according to a survey from bevh and e-velopment published in September 2014. Across the demographic spectrum, the share of respondents saying they never bought via mobile had increased by 3 percentage points, and the share saying they had bought several times declined by the same amount.

Frequency with Which Digital Buyers in Germany Have Made a Purchase via Mobile Device, by Demographic, 2013 & 2014

% of respondents in each group

	2013			2014		
	Once	Several times	Never	Once	Several times	Never
Gender						
Male	12%	13%	75%	11%	12%	77%
Female	13%	17%	70%	16%	12%	72%
Age						
18-29	23%	30%	47%	18%	28%	54%
30-44	16%	21%	63%	20%	16%	64%
45-59	10%	14%	76%	12%	9%	79%
60+	7%	4%	89%	7%	3%	90%
Total	13%	15%	72%	13%	12%	75%

Note: n=1,039

Source: Bundesverband E-Commerce und Versandhandel (bevh) and e-velopment, "Verlässlichkeit und Vertrauen beim Online-Kauf," Sep 30, 2014

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Smartphones vs. Tablets

Where tablets and smartphones are both available, patterns of mobile shopping and buying are inevitably more complex. BITKOM's 2014 "Trends im Online-Shopping" report found that 86% of digital buyers in Germany ages 14 and older had never used a tablet for a purchase, while 80% had never bought with a smartphone. But these conclusions were based on data from early 2014, when respondents were asked about their behavior in the previous 12 months. During that period, the number of tablet users in Germany trailed the number of smartphone users by 9 million, eMarketer estimates. Retailers who were among the first in the mobile arena focused initially on the smartphone audience, and early adopters of mobile buying were therefore more likely to use a smartphone for a purchase. More recently, the growing presence of tablets has encouraged digital buyers who might not have made a smartphone transaction. Equally, though, some consumers may still find smartphones more convenient and familiar for certain shopping tasks.

The ways in which consumers in Germany use specific devices for mobile buying can also vary by age and gender. According to bevh and e-velopment, digital buying via smartphones correlated directly with age in 2014 and was most common among young adult digital buyers ages 18 to 29. By contrast, the level of buying via tablets was essentially consistent across all age brackets—a further indication that tablets are preferred among those who have access to them.

Mobile Devices that Digital Buyers in Germany Use to Make Purchases, by Demographic, 2014

% of respondents in each group

	Smartphone	Tablet	Ereader	Other
Gender				
Male	73%	47%	4%	8%
Female	70%	45%	2%	8%
Age				
18-29	85%	46%	4%	4%
30-44	75%	45%	2%	6%
45-59	65%	48%	2%	8%
60+	48%	44%	4%	22%
Total	71%	46%	3%	8%

Note: n=323

Source: Bundesverband E-Commerce und Versandhandel (bevh) and e-velopment, "Verlässlichkeit und Vertrauen beim Online-Kauf," Sep 30, 2014

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Because many people are happier purchasing with a larger device, the percentage of digital buyers who buy via tablet rose sharply between 2012 and 2014, in parallel with tablet penetration. BITKOM found that the proportion of digital buyers making at least one tablet purchase per year roughly doubled during that time, while buying via smartphones declined, especially among younger people. Smartphones were still used by more digital buyers, however—except among those ages 65 and older.

Digital Buyers in Germany Who Buy via Tablet vs. Smartphone, by Age, 2012 & 2014

% of respondents in each group

	2012		2014	
	Smartphone	Tablet	Smartphone	Tablet
14-29	41%	11%	36%	21%
30-49	24%	8%	21%	17%
50-64	10%	4%	8%	6%
65+	3%	1%	3%	6%
Total	23%	7%	20%	14%

Note: bought digitally at least once in the past 12 months
Source: BITKOM, "Trends im Online-Shopping," May 8, 2014

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As this data suggests, tablet buying among seniors has expanded more dramatically than for any other cohort. According to BITKOM, 1.6 million tablet users in Germany were ages 65 and older as of November 2014, and of these, 45% had used their device to make a purchase.

A guentiger.de survey from July 2014 found that males had a stronger preference for making a digital purchase on a tablet than females did, at 65% vs. 41%. This runs counter to the commonly held view that women respond more readily to the more detailed, visually appealing experience tablets can provide. But much of guentiger.de's stock is consumer electronics, sports equipment, and household and automotive items. These may be more sought after by males than females, but any buyer will want to look closely at such products before purchase, and tablets are better for that.

About one-quarter (24%) of both males and females sampled by guentiger.de said they had spent no more than €50 (\$66.35), on average, per mobile purchase in the four weeks prior to being surveyed. But 28% of total respondents—31% females vs. 23% males—had spent an average of between €50 and €100 (\$132.70), and 22% had spent between €100 and €200 (\$265.40). Very few respondents had spent more than an average €500 (\$663.50) on each transaction, but those who had were more likely to be males. Overall, a higher proportion of female spending was below €200.

Average Amount Spent on a Mobile Purchase Among Internet Users in Germany, by Gender, July 2014

% of respondents in each group

	Male	Female	Total
<€50	24%	24%	24%
€50-€100	23%	31%	28%
€100-€200	22%	21%	22%
€200-€500	16%	14%	15%
€500-€1,000	3%	2%	3%
€1,000+	2%	0%	1%
No answer	9%	7%	8%

Note: in the past 4 weeks; via smartphone and/or tablet; numbers may not add up to 100% due to rounding
Source: guentiger.de survey as cited in press release, July 16, 2014

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Information about the national development of mcommerce is harder to come by for Italy than for France or Germany. Overall, however, Italy seems to be the laggard among the EU-5's mcommerce markets.

But then, Italy's retailers have generally been slow to adapt to the digital world. Writing on the IAB Italia blog in January 2015, fashion blogger, journalist and social media strategist Caterina Di Iorgi commented that "top retailers' investments in digital innovation are still limited"—there are "lots of projects, but few clear strategies."

In the same article, Alessandro Perego, scientific head of the Osservatorio Innovazione Digitale nel Retail, pointed out that major retailers in Italy investing in digital improvements have focused chiefly on back-end changes—in their supply chains, manufacturing processes, internal data analysis and in-store stock management, for example—not consumer-facing innovations. Other industry observers have emphasized the damaging effects of several years of recession and economic turmoil.

That said, according to the Osservatorio Innovazione Digitale nel Retail, 36% of Italy's 250 biggest retailers spent money on kiosks or other interactive customer touchpoints in 2014, and a further 34% said they were interested in doing so in 2015. Smaller numbers allotted budget to digital signage and interactive displays.

Mobile has so far taken a back seat but is gaining momentum. Of the top retailers polled by the Osservatorio, 65% had a presence both online and on mobile platforms in 2014. Bearing in mind the relatively high proportion of its internet users who made a smartphone purchase in 2014—44%, according to Mintel—it seems clear that Italy boasts a keen base of mobile shoppers and buyers who are waiting for mobile infrastructure and retailer offerings to catch up.

MCOMMERCE SALES

Calculations by the Osservatorio eCommerce B2C del Politecnico di Milano and Netcomm put Italy's B2C ecommerce sales at €13.3 billion (\$17.6 billion) in 2014. Sales made via smartphone were estimated at €1.2 billion (\$1.6 billion). Including sales via tablets, mcommerce amounted to 20% of ecommerce last year.

In March 2014, Netcomm indicated that 15.1% of digital purchases in the country were made on mobile devices—a percentage cited again by Netcomm late last year with respect to expected mobile sales during the holiday period.

Criteo put mobile's share of Italy's online retail transactions in Q4 2014 at 24%—not far below the share in Germany (26%) and above that in France (21%).

MOBILE SHOPPING AND BUYING BEHAVIORS

According to Q2 2014 data from the Osservatorio Mobile & App Economy - Politecnico di Milano, cited by Italian website neomobile.com, 84% of smartphone users in the country had obtained product information through their smartphones, and 30% had made a purchase with it. One in three had bought an app. Other popular mobile buys included airplane and train tickets (purchased by 49%), additional travel bookings, such as car rental (43%), physical goods (42%) and event tickets (34%).

Smartphones vs. Tablets

In terms of device use, the picture in Italy differs substantially from that in France and Germany, where tablets have been associated with higher-value sales. In Italy, smartphones were forecast to grab the larger slice in 2014, according to Netcomm, equivalent to 8.3% of ecommerce sales.

Mobile phones also had the edge among weekly internet users ages 16 to 65 polled in June 2014 for the "TNS Italy Connected Life" report. In aggregate, 11% of time spent buying products online was via mobile phones, TNS indicated, compared with 9% spent on tablets.

Similarly, Criteo reported that smartphones accounted for more than half of mobile retail and travel transactions in Italy last year, at 52% and 58%, respectively.

Meanwhile, desktop and laptop computers remained the leading devices for digital commerce, as TNS data suggested. Moreover, the average order value in March 2014 mirrored the relative screen size of each device, according to Netcomm. Desktop purchases of physical goods averaged €105 (\$139) per order—more than twice the €52 (\$69) spent via smartphone.

Average Ecommerce Order Value* in Italy, by Device and Website vs. App, March 2014

Device

Desktop €105

Laptop €84

Tablet €76

Smartphone €52

Website vs. App

Website €92

App €60

Note: *physical goods only

Source: Netcomm, "Net Retail" conducted by Human Highway, May 9, 2014

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SPAIN

Consumers in Spain have generally embraced mobile devices. eMarketer estimates that 82.2% of the country's population will have a mobile phone this year. Across Europe, only three Nordic countries—Denmark, Finland and Norway—will see a higher proportion of mobile phone users among their population in 2015. In addition, eMarketer expects tablet penetration among Spain's internet users for 2015 will be in the top 10 globally, at 51.2%.

MCOMMERCE SALES

As consumer adoption grows, mobile is gaining a more prominent presence in Spain's ecommerce ecosystem. "Around 30% of retailers' online traffic originates from mobile devices," according to engineer and industry observer Patricia Guerrero, writing for website design agency ArayoWeb, "and more than 4 million people in Spain use their mobile phones to purchase products and services."

Those retail traffic figures seem to be broadly in line with mobile sales. According to Criteo's "State of Mobile Commerce" report, mobile devices accounted for 28% of ecommerce transactions in Spain in 2014.

But many retailers acknowledge they are not keeping up with consumer interest in the mobile channel. Of 81 digital merchants in Spain polled for the Kanlli and D/A Retail report "Evolución y Perspectivas de E-Commerce para 2015," 74% said they thought multichannel selling would increase in 2015. Yet only 60.4% said that their online presence was adapted to smartphones or tablets. More than one-third (34.6%) did have a mobile site, but only 19% said they also had an app. Fully 39% of retailers surveyed said they did not cater for transactions on mobile phones. One in 20 (4.9%) said they offered no mobile functionality and did not plan to initiate it.

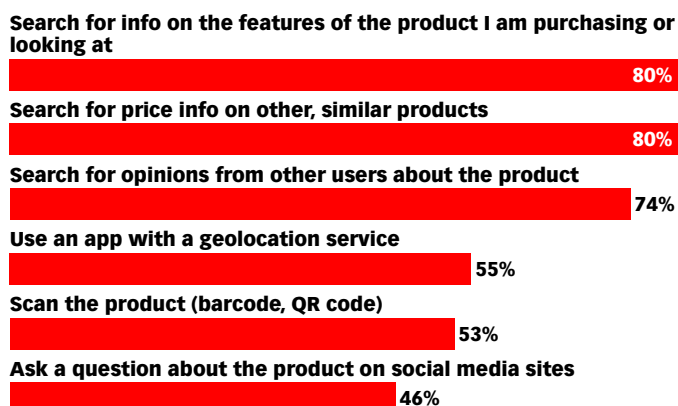


MOBILE SHOPPING AND BUYING BEHAVIORS

Many consumers in Spain already reach for their mobile phones when they approach the point of sale in a physical store. July 2014 data from IAB Spain and The Cocktail Analysis found that 80% of monthly mobile internet users ages 18 to 55 used a phone in-store to learn about product features or compare prices. Around three-quarters of mobile web users looked for opinions on potential purchases. And more than half used a geolocation app or scanned a QR code or barcode on a product.

Mobile Actions Taken at the Point of Sale (POS) According to Mobile Phone Internet Users in Spain, July 2014

% of respondents



Note: n=973 ages 18-55 who use mobile internet via mobile phone monthly
Source: Interactive Advertising Bureau Spain (IAB Spain) and The Cocktail Analysis, "VI Estudio Anual Mobile Marketing," Sep 25, 2014

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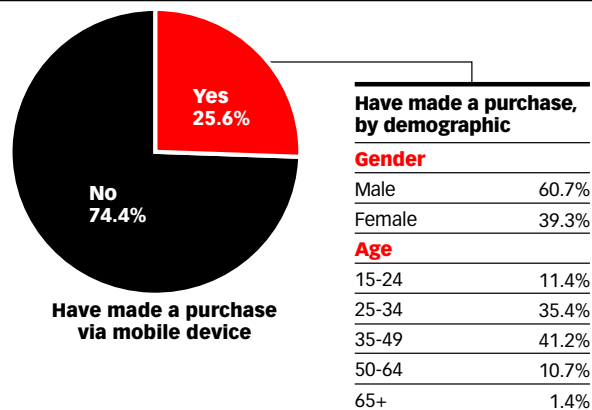
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The "Connected Life" study from TNS Global noted that 31% of web users in Spain polled in June 2014 used a mobile device at least once per week to access information while in a store.

Mobile buying was relatively uncommon, though. A June 2014 study by Red.es and Observatorio Nacional de las Telecomunicaciones y de la Sociedad de la Información (ONTSI) found that just over one-quarter of digital buyers ages 15 and older in Spain had ever made a purchase with a mobile phone or tablet. Males accounted for more than 60% of those mobile buyers, and more than three-quarters of buyers, regardless of gender, were ages 25 to 49. Most mcommerce buyers had bought physical goods (61.8%), but 53.8% had also purchased digital content or services.

Digital Buyers in Spain Who Have Made a Purchase via Mobile Device, by Demographic, June 2014

% of total



Note: ages 15+ who use a mobile phone or tablet and have ever used the device to buy or order products/services for personal use
Source: Red.es - Spain and Observatorio Nacional de las Telecomunicaciones y de la Sociedad de la Información (ONTSI), "Estudio sobre Comercio Electrónico B2C 2013," Nov 20, 2014

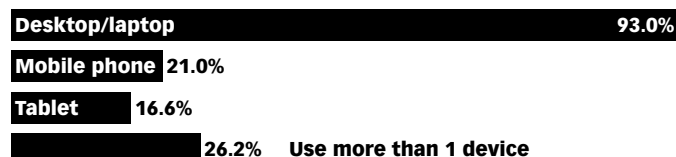
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With tablet penetration rising, tablets are beginning to rival mobile phones as purchasing devices. Online marketing company Webloyalty reported in May 2014 that 16.6% of digital buyers in Spain made purchases via tablet, while 21.0% bought with a mobile phone. In addition, 26.2% of buyers said they used more than one device—meaning that mobile buying was actually more widespread than the mobile-only figures suggest.

Devices Used to Make Digital Purchases Among Digital Buyers in Spain, May 2014

% of respondents



Source: Webloyalty, "Online Shoppers 2014 España" conducted by Ipsos, Sep 23, 2014

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Like Red.es, ONSI and Webloyalty, Cetelem also put mobile to digital buyers at around a 1-4 ratio, estimating that 23% of people buying on digital platforms had made a smartphone or tablet purchase in the previous 12 months. Nearly half (48%) of mobile buyers had used only mobile websites for those purchases, while 12% had used only apps. The remaining 40% said they used both.

Though most of Spain's consumers weren't purchasing via mobile in 2014, one particular aspect of mobile marketing suggests a way to encourage mobile buying in the future. Some 54% of monthly mobile internet users polled by IAB Spain and The Cocktail Analysis said they approved of mobile ads that included coupons or discounts.

Admittedly, only 15% of mobile web users in this study said they liked mobile ads that could lead them to purchase the products advertised. But linking mobile devices and promotions to transactions in imaginative ways may win over potential buyers.

Yaap Shopping, launched in Spain in June 2014, is one example of giving mobile a new role in the purchase journey. A joint venture between Santander, CaixaBank and mobile operator Telefonica, aided by Monitise Group, Yaap Shopping is a mobile app that sends promotional offers from nearby brick-and-mortar retailers direct to consumers' smartphones. Users can personalize the app to deliver more relevant recommendations. Merchants in the scheme benefit from the collective expertise of the partners. And the participating banks give all parties confidence that Yaap is sound and secure.

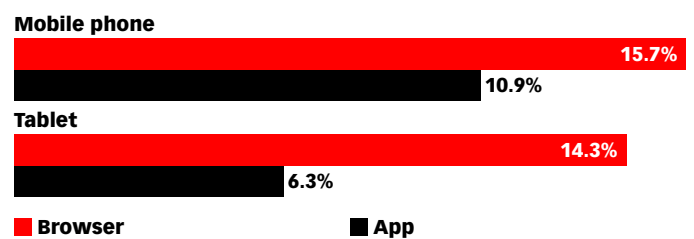
In January 2015, online publication Ecommerce-news.es made several predictions for mobile retail in Spain this year. Among them: greater personalization of retail apps (which should help boost their value and utility for consumers), mobile retargeting of potential and existing customers, the use of beacons to attract mobile users in and near stores, and greater use of video to raise engagement on mobile screens. Retailers could also make better use of barcodes, this editorial suggested—as mobile phone users in Spain already post higher response rates to barcodes and QR codes than their counterparts in many European countries. The publication also noted the potential of branded mobile wallets, which could help shoppers through the sometimes awkward transition between browsing and choosing via mobile, and actual purchase.

Smartphones vs. Tablets

Overall, 47% of mobile retail transactions in Spain last year were done on tablets, while 53% were carried out on smartphones, Criteo estimated. (For travel purchases, transactions were split evenly between the two devices.)

Webloyalty found that both tablet and mobile phone users were more likely to buy via a browser than through an app. That's in keeping with data from Cetelem, which showed a clear preference for websites over apps among mobile purchasers.

Mobile Phone and Tablet Users in Spain Who Buy via App vs. Browser, May 2014 % of respondents



Note: on their device
Source: Webloyalty, "Online Shoppers 2014 España" conducted by Ipsos, Sep 23, 2014

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Spain's mobile shoppers did post significantly high rates of cart abandonment during the November 2014 weekend that included Black Friday and Cyber Monday, according to Barilliance data on the behavior of ecommerce website visitors. For example, 74% of respondents shopping on a tablet had opted out of a transaction, and 89% of those shopping with a mobile phone had done so. That chimes with data from Criteo indicating that tablet shopping more often leads to sales. Conversion rates were reportedly no higher than 1.7% on smartphones, while tablets registered conversion rates of 2.0% to 3.0% depending on device operating system.

The top mobile buys in Spain last year varied little from those elsewhere in the EU-5. Judging by data from IAB Spain and The Cocktail Analysis, leisure (including entertainment), travel tickets, consumer electronics, fashion and cultural items such as books were among the most popular in 2014.

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EDITORIAL AND PRODUCTION CONTRIBUTORS

Cliff Annicelli

Ben Clague

Joanne DiCamillo

Stephanie Meyer

Dana Hill

Kris Oser

Ezra Palmer

Heather Price

Katharine Ulrich

Managing Editor, Reports

Chart Data Specialist

Senior Production Artist

Senior Production Artist

Director of Production

Deputy Editorial Director

Editorial Director

Senior Copy Editor

Copy Editor



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