

Get ready for the third age of digital retail

From new technologies to second-hand bargains, online shopping has a new lease on life.



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Over the past year, 42% of people in five EU countries have increased online purchases “a lot” compared with the previous year, according to [new research](#) from IESE’s [Iñigo Gallo](#) in collaboration with the e-commerce company Veepee and the data analytics consulting firm Kantar.

What has caused this sharp uptick? Interviews with 5,000 residents of Belgium, France, Italy, the Netherlands and Spain, aged 16-65, reveal convenience, price and variety to be key factors. And of those, convenience is the No. 1 consideration.

Variety is also cited as a key benefit to online shopping, for both regular and luxury brands (which are now available from online marketplaces and not just on their own websites).

Online and off, people want a bargain

In online marketplace searches, 60% of consumers filter results by price rather than size, ratings or other criteria. The thrill of a bargain is also still a powerful draw, with the Belgians being the most likely (at 30%) to look for a discount or promotion as a primary consideration. Not surprisingly, they're also most likely to go for the cheapest option, rather than basing their choice on quality of materials or return policies. These criteria hold more weight with Spanish and Italian consumers, though they too are primarily motivated by price.

And when it comes time to pay? Spanish and Italian consumers are less likely than their European neighbors to opt for buy-now, pay-later schemes. At the other extreme are the Dutch, 30% of whom opted for deferred payment over the last year.

Credit and debit card payments are still the most common, though Dutch consumers are much more likely than their neighbors to pay via direct debit.

Significant numbers of Spanish consumers (18%) pay via the mobile payment app Bizum. A Spanish product, it remains to be seen whether this payment model will spread to other European countries with equal success.

Further innovations to buying online

A number of new avenues for online shopping exist but are currently largely untapped. One of the most interesting is directly actionable and not overly expensive to implement: 360° product photography. Other technological fixes, including augmented reality, chatbot assistance and AI recommendations, can help consumers make better purchases. These are all avenues to explore to increase sales.

Yet brands must be careful not to encourage too much impulse shopping. Selling a product is just one side of the story, and the last thing a brand wants is returns in droves. The respondents surveyed here have few qualms about returning goods – 76% will do so if the product doesn't meet their expectations.

In Google we trust (sort of)

Despite the ubiquity of algorithms, family and friend recommendations are still the most important factor influencing a sale. Perhaps surprisingly, social media influencers are not, in fact, influential. They ranked bottom among the advertising methods surveyed, with classic advertising strategies and social media ads both performing better. And despite the benefits of loyalty programs and mailing lists, brands should take care not to bombard their followers with promotional material. Email is preferred for brand notifications by a large margin (54%, as compared with the low 20s for other media), and most consumers prefer to receive information less than once a month.

And, with 70% of consumers looking companies up before buying a product online, brands might wish to concentrate resources on SEO ratings and Google recommendations over promotional materials. Google is the first port of call, followed by the brand's website.

Meanwhile, all the technology in the world won't make up for good customer service, which remains the easiest way to build trust. Don't underestimate the power of a clearly visible phone number or email address.

Brand awareness, the presence of physical stores, customer reviews and even the delivery company the brand uses can also help to build trust. The option to see the delivery price and time before committing to a purchase increases consumer confidence across the EU.

Talking the talk but not walking the walk

When it comes to e-commerce, sustainability is a constant black mark. While online shopping can lead consumers to more sustainable choices, sustainability isn't the first thing they look for.

European countries are somewhat split on ethical considerations. Spain tilts toward social issues, and consumers there are more likely to pay a premium for products produced under better working conditions. The other four countries surveyed were more concerned with environmental considerations – the effects of pollution, waste disposal and the ravages of intensive farming.

Local products are unanimously popular, with Spanish consumers the keenest, at least in theory, to support local brands and the Dutch the least keen. The popularity of secondhand products is also high across the board: 48% of EU consumers surveyed have bought

secondhand over the past year, and 49% have sold something. Whether the motive is personal finances or environmental considerations, the secondhand market looks set to continue to thrive.

Though the world we live in has many global trends and features, knowing your customer on a local level is, as ever, crucial.

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