
postnord

Theme Delivery

E-commerce in the Nordic Region

Q1 2015



Nordic e-commerce for SEK 36.5 billion during the first quarter

postnord

FOREWORD



Development of e-commerce in the Nordic region continues to move forward. More than seven out of ten people in the Nordic region shopped online in the first quarter of 2015 for a total value of SEK 36.5 billion, which corresponds to a 7 percent increase in the value of Nordic e-commerce compared with the same period last year. All markets are growing except Norway, where both the number of e-commerce consumers and the value they spent dropped this quarter compared with the same period last year. It is too early to say whether this development is a trend reversal for e-commerce or only a temporary variation.

From our standpoint, e-commerce continues to see powerful growth. PostNord's e-commerce-related B2C parcel volumes increased by an impressive 21 percent compared with the first quarter of 2014.

We are seeing a development in which consumers are demanding more from their suppliers. The opportunity to choose how an item is delivered when shopping online is becoming increasingly important throughout the Nordic region, excluding Finland. Similarly, we are seeing an increase in Nordic consumers' expectations of fast deliveries. Most people want their item delivered within three days at most.

A clear trend compared with last year is that more Nordic consumers are choosing to shop online using their cell phone. This is still most common in Sweden, but purchases made with a cell phone are increasing in almost all Nordic countries. The development in Denmark was particularly evident, where the percentage of consumers who shopped online via cell phone climbed to second place after Sweden.

As a logistics player with the Nordic region as our home market, it is clear that sensitivity to consumers' needs and wishes will be crucial to success in Nordic e-commerce.

Håkan Ericsson

President and Group CEO PostNord

About E-commerce in the Nordic Region

Since the first quarter of 2014, PostNord has been monitoring growth in e-commerce in the Nordic region on a quarterly basis. The survey is based on consumers' estimates of the total amount for their e-shopping bill.

E-commerce in the Nordic Region, published once a quarter, is based on a consumer survey conducted in Sweden, Denmark, Norway and Finland involving nearly 5,000 respondents.

In E-commerce in the Nordic Region, e-commerce is defined as sales of goods via the Internet, with delivery to the home or a distribution point, or for collection by the customer in a store, warehouse or distribution center.

This means that the following are not defined as e-commerce for the purposes of this report:

- In-store purchases that have previously been booked via the Internet
- Sales of services (for example, travel, hotel accommodation and concert tickets) conducted via the Internet
- Business-to-business sales via the Internet
- Sales between private individuals via the Internet

The consumer survey was conducted in April 2015 with a representative national selection of the population aged 18-79 years in each country. The survey was conducted via the TNS SIFO online panel. In all, 1,084 respondents took part in Sweden, 1,163 in Denmark, 1,408 in Norway and 1,252 in Finland.

Because this was an online survey, the findings are representative for the percentage of the population that have access to the Internet. In cases where estimates are presented as applying to the population as a whole, the findings were adjusted to reflect the degree of Internet penetration in the particular market.

Nordic e-commerce for SEK 36.5 billion during Q1 2015

E-COMMERCE CONTINUES TO GROW

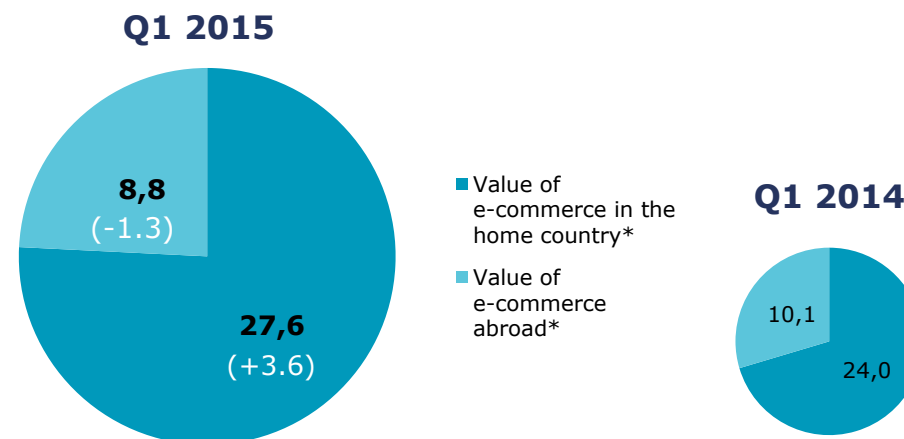
The Nordic population shopped online in the first quarter of 2015 for a total value of SEK 36.5 billion. This corresponds to an increase of approximately SEK 2.5 billion, or 7 percent, compared with the first quarter of 2014.

The increase was not greater because Norwegian e-commerce had negative development during the quarter compared with last year. In Norway, both the number of e-commerce consumers and the value they spent dropped.

It is too early to say whether this development is a trend reversal for e-commerce or only a temporary variation. However, the consumption of goods by Norwegian households during the first three months of the year was relatively weak.

Out of all online purchases, those made from sites consumers consider to be foreign are estimated to constitute approximately SEK 8.8 billion.

The value of online purchases by Nordic e-commerce consumers in the first quarter (SEK billion)



* E-commerce from abroad is based on consumers' estimates of how much they have spent in total during the period minus the estimated value of online purchases from foreign sites

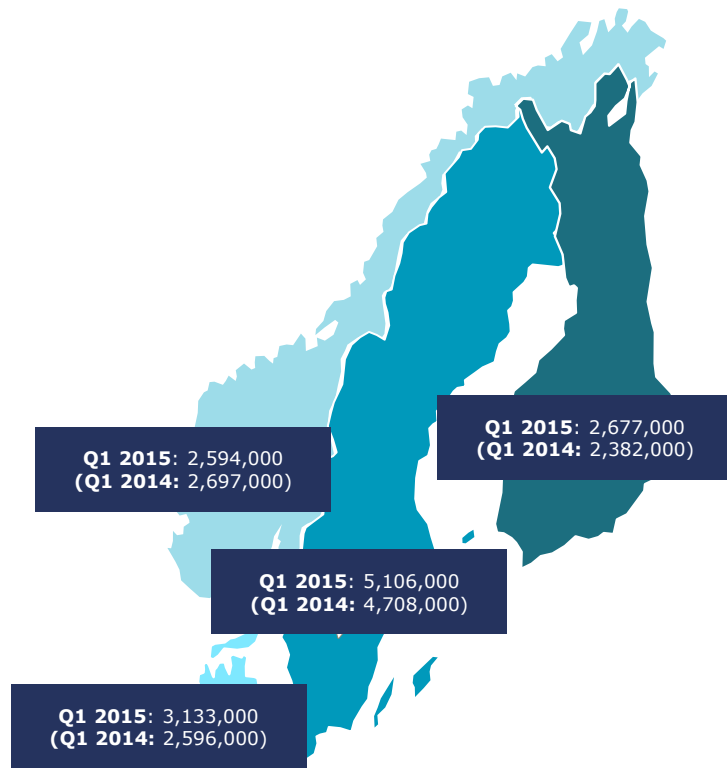
Norwegian Index of Household Consumption of Goods (percentage of change in volume compared with previous month)

January 2014	February 2014	March 2014	January 2015	February 2015	March 2015
1.1	0.1	0.8	-0.4	0.8	0.3

Source: Statistisk Sentralbyrå www.ssb.no

Danes take the lead as the most frequent online shoppers

CONSUMERS WHO SHOPPED ONLINE



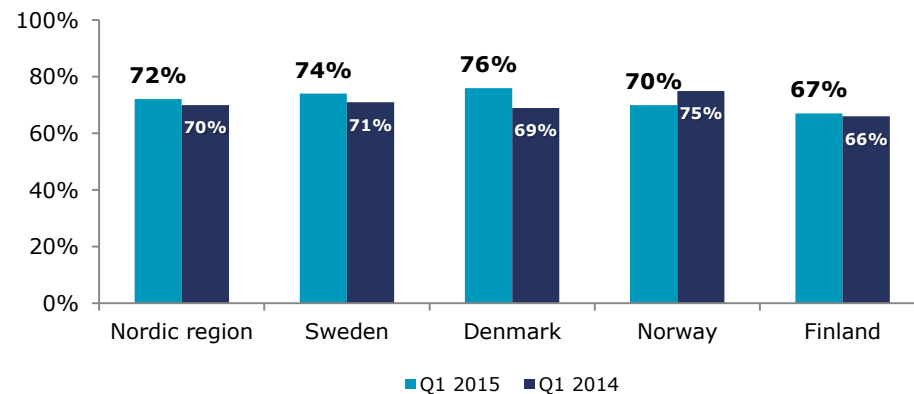
E-commerce continues to be an important part of Nordic consumers' daily lives. During Q1 2015, 72 percent of people in the Nordic region shopped online, which was slightly more than Q1 2014.

Denmark surpassed Norway to take the lead as the country with the highest percentage of the population that shops online. Three out of four (76 percent) Danes shopped online at some point during the quarter.

The percentage also increased slightly in Sweden and Finland.

Percentage of consumers that shopped online during the quarter

Base: All



Cell phone used increasingly often for e-commerce

E-COMMERCE VIA CELL PHONE

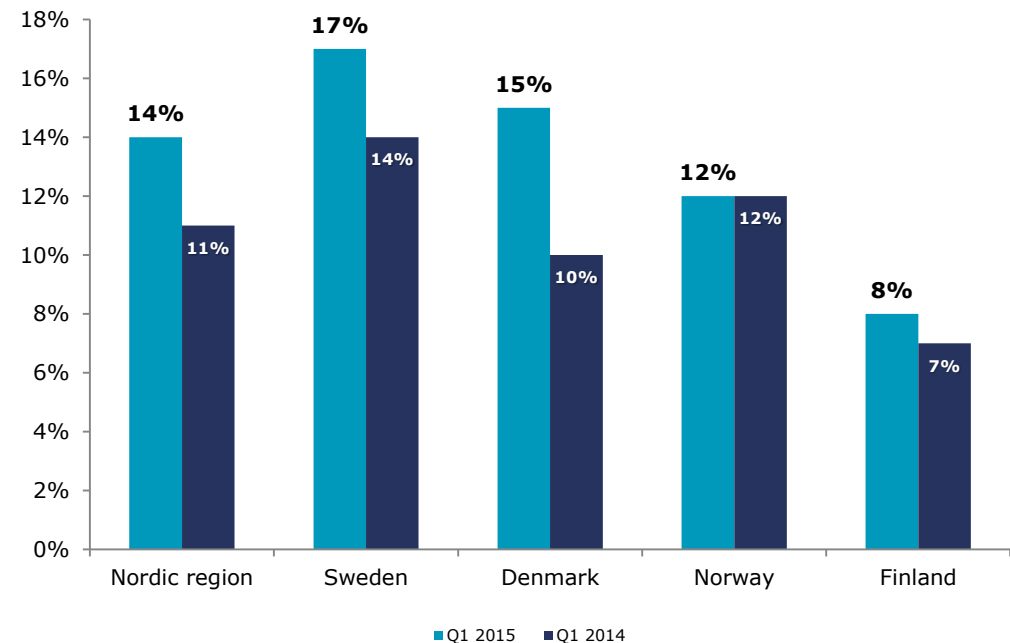
Most e-commerce still takes place from computers, but more and more people are shopping via cell phone. In the first quarter, 14 percent of all Nordic e-commerce consumers shopped with their cell phone. The percentage increased in almost all Nordic countries.

The largest development was in Denmark, where the percentage increased from 10 to 15 percent. Consequently, Denmark surpassed the average in the Nordic region.

Shopping via cell phone is still most common in Sweden, where 17 percent of all consumers who shopped online during the quarter used their cell phone.

Percentage who bought goods online with a cell phone

Base: Have bought online during the quarter



Media, clothes/shoes and home electronics the most common online purchases

MEDIA TOPS THE LIST

In general, people in the Nordic region have similar preferences when it comes to which product categories most consumers shopped for online during the first quarter of 2015.

Media, clothes/shoes and home electronics are the most common online purchases in all countries. In Sweden and Norway, media is most popular, while clothes/shoes top the list in Denmark and Finland.

Beauty/health is also a common category, particularly in Sweden, where it is in third place.

What types of goods have you bought online in the last five months?

Base: Have bought online during the quarter	Nordic region	Sweden	Denmark	Norway	Finland
Media*	38%	43%	31%	39%	37%
Clothes/shoes	36%	39%	34%	31%	39%
Home electronics**	31%	27%	32%	33%	35%
Beauty/health	24%	29%	18%	24%	20%
Sports/leisure	14%	13%	15%	15%	14%
Kids/toys	8%	8%	12%	7%	7%
Car/boat/MC	7%	7%	6%	8%	7%

* Includes books, CDs and movies.

** Includes computers, computer accessories, cell phones, and audio and video products.

Four out of ten people in the Nordic region shopped online from abroad

E-COMMERCE FROM ABROAD

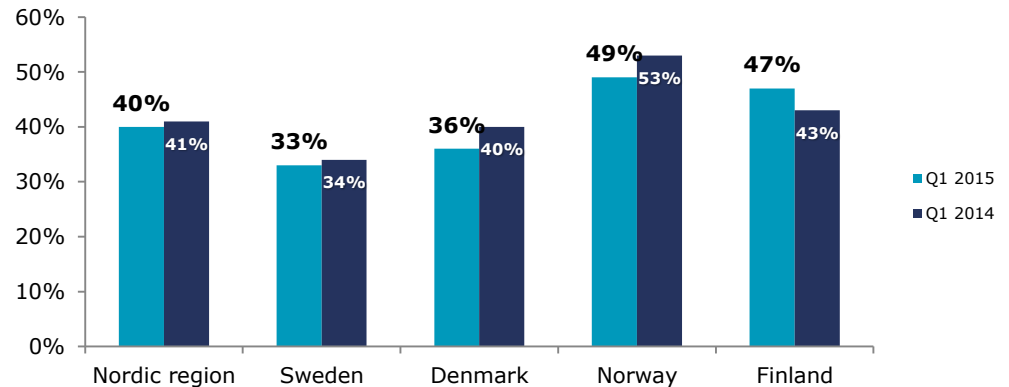
During the quarter, Finns shopped from abroad the most. In other respects, the percentage of Nordic consumers that shopped online from abroad fell slightly. Norway is still on top as the country in which shopping online from abroad is most common.

In Norway, the percentage of shipments from abroad increased substantially. Almost every other parcel bought online in Norway during the first quarter was from abroad.

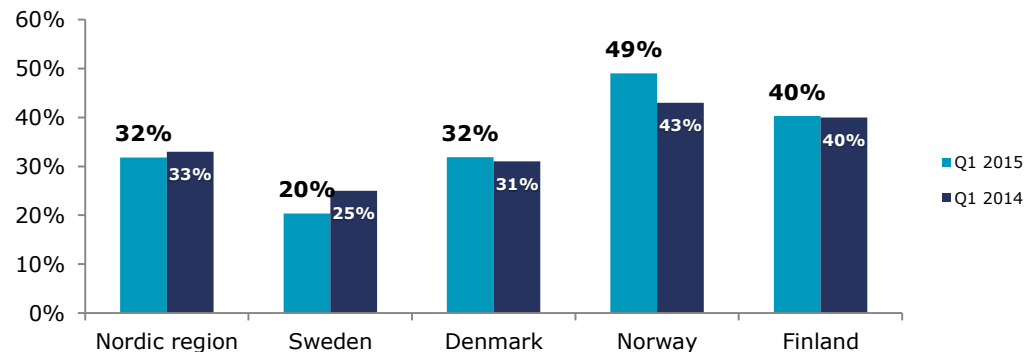
At the same time, in general the percentage of shipments from abroad fell in the Nordic market. The reduction was most apparent in Sweden, where only one out of five shipments was delivered from abroad.

Percentage who bought goods online from abroad

Base: Have bought online during the quarter



Percentage of items delivered from abroad



Development of e-commerce

China gaining ground

INTERNATIONAL E-COMMERCE

The UK is still the most popular country when people in the Nordic region shop online from abroad. The exception is Finland, where consumers prefer to make purchases from Germany.

The US and China also rank highly when people in the Nordic region shop online from abroad. China climbed to new heights and is now among the top three in Sweden, Norway and Finland. In Sweden, China moved to second place in the list of top countries.

In the Nordic region, Sweden is still the leading country for shopping from abroad.

From which countries have you bought goods online in the past quarter? Top 5

Base: Have bought from foreign sites during the quarter	Sweden	Denmark	Norway	Finland
UK	33% (47)	45% (52)	39% (42)	27% (33)
US	24% (30)	17% (14)	34% (39)	18% (20)
China	25% (20)	16% (15)	31% (28)	21% (16)
Germany	22% (25)	29% (26)		31% (30)
Denmark	6% (6)		14% (12)	
Sweden		11% (18)	21% (17)	21% (22)

Comparative figures from Q1 2014 in parentheses.

A blocked field indicates that the response option is either not among the Top 5 or not applicable.

Top 5, Rest of Nordic region

Base: Have bought from foreign sites during the quarter	Sweden	Denmark	Norway	Finland
Sweden		11% (18)	21% (17)	21% (22)
Denmark	6% (6)		14% (12)	4% (4)
Norway	1% (1)	2% (1)		2% (2)
Finland	1% (0)	0% (0)	0% (0)	

Comparative figures from Q1 2014 in parentheses.

A blocked field indicates that the response option is not applicable.

Clothes/shoes continued to be the most popular purchase from foreign sites

CLOTHES/SHOES ON TOP

The most popular product category when Nordic consumers shop online from abroad is clothes/shoes. In Finland, as many as 35 percent of those who shopped online from abroad bought products in this category. Only in Norway does media rank higher.

Norway has also distinguished itself in the beauty/health category, which is more popular than sports/leisure, in contrast to other countries.

The top three in all Nordic countries are clothes/shoes, media and home electronics.

What types of goods have you bought online from abroad in the past three months?

Base: Have bought from foreign sites during the quarter	Nordic region	Sweden	Denmark	Norway	Finland
Clothes/shoes	28%	28%	27%	23%	35%
Media*	20%	14%	25%	25%	19%
Home electronics**	19%	14%	22%	22%	23%
Sports/leisure	12%	13%	14%	8%	13%
Beauty/health	12%	10%	11%	16%	12%
Car/boat/MC	8%	8%	7%	9%	8%
Kids/toys	4%	2%	6%	6%	4%

* Includes books, CDs and movies.

** Includes computers, computer accessories, cell phones, and audio and video products.

Power of the recipient even more important for e-commerce consumers in the Nordic region

IMPORTANT TO CHOOSE

It is becoming increasingly important for e-commerce consumers in the Nordic region to be able to choose how an item is delivered. The exception is Finland, where the power of the recipient became less important compared with the first quarter of 2014.

Sweden, Norway and Denmark all had a clear shift from “fairly important” to “very important”.

The opportunity to choose is valued highest in Denmark. Over one third (33 percent) of Danes think it is “very important” to be able to choose how an item will be delivered when they shop online.

How important is it for you to be able to choose how an item is delivered when you place an order online?

Base: Have bought online	Sweden	Denmark	Norway	Finland
Very important	24% (22)	33% (28)	20% (17)	11% (27)
Rather important	50% (53)	47% (51)	47% (50)	37% (49)
Rather unimportant	21% (19)	16% (16)	24% (22)	38% (19)
Not important at all	4% (5)	2% (4)	7% (9)	11% (3)
Unsure, don't know	1% (1)	1% (2)	2% (3)	3% (3)

Comparative figures from Q1 2014 in parentheses.

Delivery requirement – four days maximum

3 BUSINESS DAYS MOST COMMON

Expectations for fast delivery times increased in all countries during the first quarter of the year. The pain threshold typically reaches four business days.

Danes continue to expect the fastest deliveries and are open to waiting an average of 3.4 business days at most.

However, in Finland consumers are open to waiting up to 4.4 days.

When you order a product online, what are your expectations of the delivery time, i.e. how many business days may it take at the most to receive the product?

Base: Have bought online	Sweden	Denmark	Norway	Finland
One business day	1% (1)	2% (3)	1% (0)	1% (1)
Two business days	12% (8)	21% (18)	7% (7)	6% (5)
Three business days	32% (31)	36% (33)	26% (25)	20% (20)
Four business days	13% (12)	12% (13)	19% (17)	15% (12)
Five business days	27% (25)	14% (14)	25% (23)	32% (27)
Six business days or more	8% (16)	6% (9)	13% (18)	19% (27)
Unsure, don't know	7% (8)	8% (9)	10% (9)	8% (9)
Average	3.9 (4.3)	3.4 (3.3)	4.1 (4.4)	4.4 (4.9)

Comparative figures from Q1 2014 in parentheses.

Fast deliveries most important in Denmark

PROMPT DELIVERY

In Q1 2015, the perceived importance of prompt deliveries fell compared with Q1 2014. Relatively few consumers consider it important to have their online purchase delivered the next business day.

However, in Denmark and Sweden, most consumers still consider it fairly or very important for the product to be delivered within three business days at most.

How important is it for you to be able to have your online purchase delivered the next business day?

Base: Have bought online	Sweden	Denmark	Norway	Finland
Very important	4% (4)	4% (8)	2% (5)	3% (3)
Rather important	22% (25)	29% (35)	11% (19)	14% (16)
Rather unimportant	47% (47)	54% (45)	57% (41)	56% (53)
Not important at all	24% (21)	11% (11)	27% (31)	24% (25)
Unsure, don't know	3% (3)	3% (2)	3% (4)	3% (3)

Comparative figures from Q1 2014 in parentheses.

How important is it for you to be able to have your online purchase delivered within three business days at most?

Base: Have bought online	Sweden	Denmark	Norway	Finland
Very important	20% (23)	22% (27)	13% (14)	11% (14)
Rather important	43% (42)	43% (48)	35% (37)	37% (37)
Rather unimportant	25% (25)	28% (18)	38% (33)	38% (36)
Not important at all	10% (8)	5% (5)	11% (12)	11% (10)
Unsure, don't know	2% (2)	3% (2)	4% (4)	3% (3)

Comparative figures from Q1 2014 in parentheses.

Delivery preferences differ

PARTNER OUTLETS ARE POPULAR

Preferences for how an item purchased online will be delivered vary among the Nordic countries.

However, the most popular option for all countries is to pick up the item from a partner outlet or service point. It is clear that good accessibility in a partner outlet, both geographically and in terms of opening hours, is appreciated.

In Sweden and Norway, many people also want to receive the item in their mailbox (31 percent and 25 percent, respectively).

In Denmark, many people want their delivery at home in the daytime, whether or not they are home.

Interest in home deliveries in the evening for an extra fee is low in all countries.

When you buy a product online, how do you prefer to receive it? (only one response)

Base: Have bought online	Sweden	Denmark	Norway	Finland
I want to pick it up myself at my partner outlet/service point	48% (40)	20% (10)	52% (37)	48% (42)
I want the mail carrier to deliver it to my mailbox	31% (46)	9% (28)	25% (44)	14% (30)
I want it delivered to my home in the daytime when I am there	10% (5)	19% (n/a)	8% (3)	11% (7)
I want to pick it up myself from a parcel box that is accessible all day long	2% (n/a)	15% (13)	2% (n/a)	13% (10)
I want it to be dropped off at my address, i.e. in the carport*		18% (n/a)		
I want it to be delivered to my home in the evening when it is convenient for me, even if it costs extra	3% (2)	4% (4)	4% (2)	3% (2)
I want it delivered to my workplace	2% (1)	9% (7)	4% (1)	1% (1)
I want to pick it up myself from the webshop's physical store or warehouse	1% (3)	1% (5)	2% (8)	3% (2)

* Response option not available for all countries.

Comparative figures from Q1 2014 in parentheses. Note that certain response options have changed since Q1 2014, which prevents a comparison with the preceding period.

Nearly 4 million parcels were returned in the first quarter of 2015

RETURNS

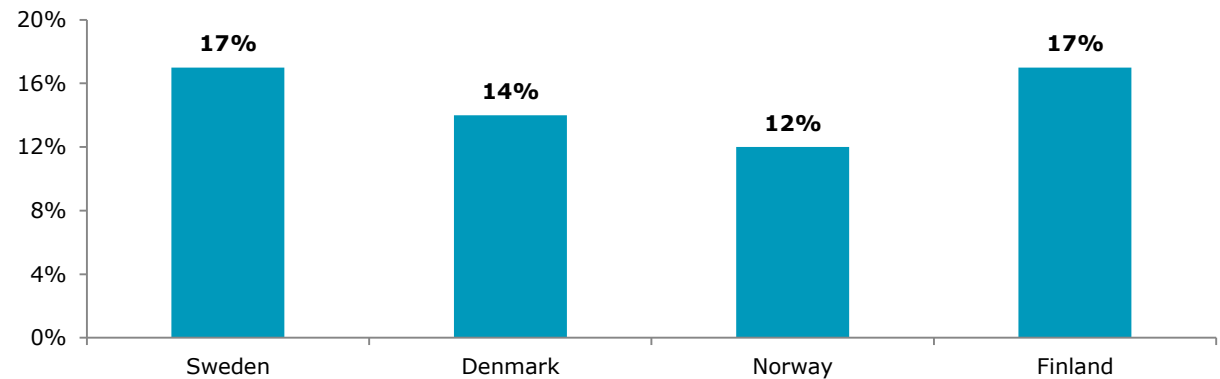
17 percent of Swedish and Finnish e-commerce consumers returned at least one item they bought online during the first quarter.

The percentage was lowest in Norway (12 percent).

In total, more than 3.6 million shipments were returned during the first quarter of the year. The number of returned shipments in Sweden and Finland corresponded to two thirds of the total volume of returns in the Nordic region.

Have you returned an item you bought online at any point in the last quarter?

Base: Have bought online



Number of returned parcels, Q1 2015

	Sweden	Denmark	Norway	Finland
Total number of returned goods	1,388,738	614,147	529,098	1,046,628

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