



NORDIC E-COMMERCE

Everything you **need to know about e-commerce** in Sweden, Denmark, Norway and Finland 2018

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THOUGH DIFFERENT, NORDIC CONSUMERS ARE **STILL ALIKE**

Although Sweden, Norway, Denmark and Finland are four different countries, they surely have one thing in common. E-commerce is growing rapidly in all of them. Nordic consumers appreciate the pace and the flexibility in e-commerce.

Welcome to this year's edition of DIBS' annual report on e-commerce in the Nordic countries: Sweden, Norway, Denmark and Finland. Although the Nordic countries might differ from each other in some ways, they certainly have at least one thing in common: E-commerce is growing rapidly in all four countries. Sweden, Norway, Denmark and Finland have around 19 million citizens with internet access combined, and their joint spend from e-commerce is an impressive 70 billion euro. That number speaks for itself, and there is no reason to think that e-commerce will see a downfall in the future.

If we look at today's consumers, they are of all ages. Also the oldest consumers are shopping more and more online. Consumers in all four countries appreciate the flexibility, the simplicity and the speed in e-commerce. The Nordic consumers are busy and they want to save time, so they

can spend it on something closer to their hearts. This tendency is also visible in the Nordic consumers' rising interest in fast, on-the-go shopping on mobile devices as well as their newfound love for shopping groceries and food online. Online food-shopping saves time in the consumers' everyday life, and therefore we see this particular kind of shopping flourish in all four countries.

Even though the Nordic countries resemble each other, there are also differences. In Denmark and Norway credit card is the most used payment method. By far. Credit card is also popular in Sweden, but the Swedes also enjoy other payment methods such as invoice. More than 25 percent of Swedes consider invoice as their favourite payment method. Invoice is by no means that popular in any of the other Nordic countries. The Finnish consumers have a totally different favourite payment method: They

prefer online banking. Nevertheless, consumers in all countries agree that stored card details are a crucial feature when shopping online.

We are also looking at the development of online shopping in foreign webshops. Actually, shopping from foreign websites continues to increase in all four countries. When Nordic consumers want to fill their virtual shopping carts abroad, they often look to British, Chinese, German and American webshops. It is clear that the Nordic consumers are becoming just as familiar with international shopping as local shopping.

You can read much more about the Nordic consumers, their differences and similarities in the report. We always strive to make our annual e-commerce report both interesting and useful. This year is no exception. We hope you enjoy the report.

The Nordic consumers are busy and they want to save time, so they can spend it on something closer to their hearts. This tendency is also visible in the Nordic consumers' rising interest in fast, on-the-go shopping on their mobile phones.

DANIEL LARSSON,
Senior Vice President,
DIBS Payment Services



01

NORDIC COMPARISON



VESA KORTEINEN,
Product Development
Director,
Paytrail

THE NORDIC COUNTRIES: EQUAL, YET DIFFERENT

In the grand scheme of things Denmark, Norway, Sweden and Finland are on common ground: E-commerce is growing in all four countries. Across the Nordic countries, consumers agree that they shop online to get cheaper products and at the same time make everyday living a bit easier. The Nordic consumers have high demands when it comes to webshop prices and services. Among other things this means that consumers in the Nordic countries cancel their purchases if delivery is too expensive and that they prefer to be able to shop quickly and easily without having to enter their card information.

However, the four countries each have their own distinctive characteristics. To Norwegian and Finnish consumers it is important that webshops offer the payment method they prefer. If that is not the case, they tend to cancel the purchase. Swedes tend to cancel their online purchase if the personal registration process is too long and the Danes cancel their purchases if they do not trust the webshop. Also in terms of payment consumers are different. Swedes are happy to pay by invoice and the Finns' favourite is online banking, while Danish and Norwegian consumers love card payments. All these facts are essential to know if you wish to sell to Nordic consumers.

30 Nordic market size

TOTAL NORDIC SPENDING 2018

71
BN EURO

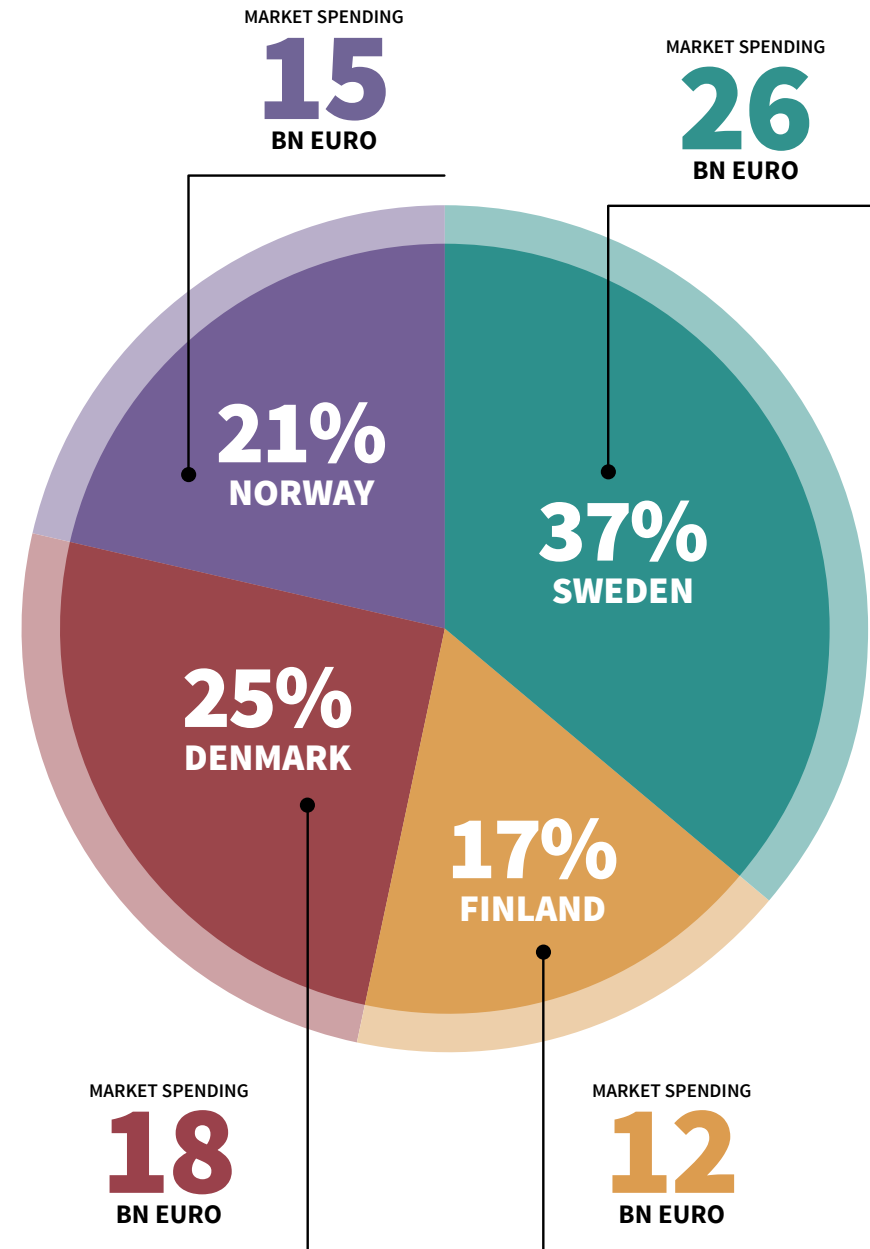
Population with Internet access:

Sweden:
7.1 million

Denmark:
4.2 million

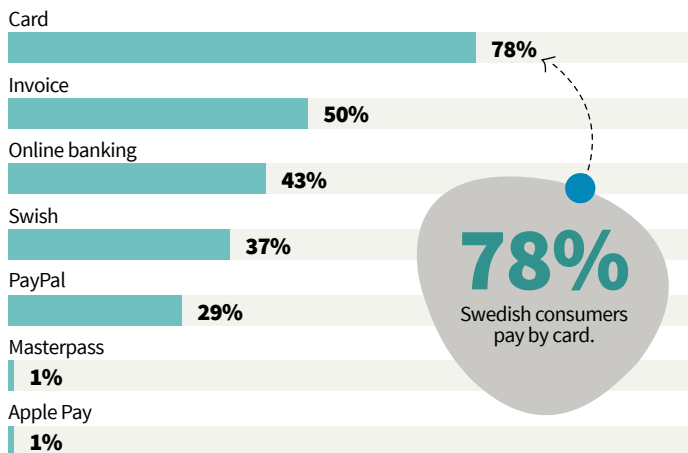
Norway:
3.6 million

Finland:
3.8 million

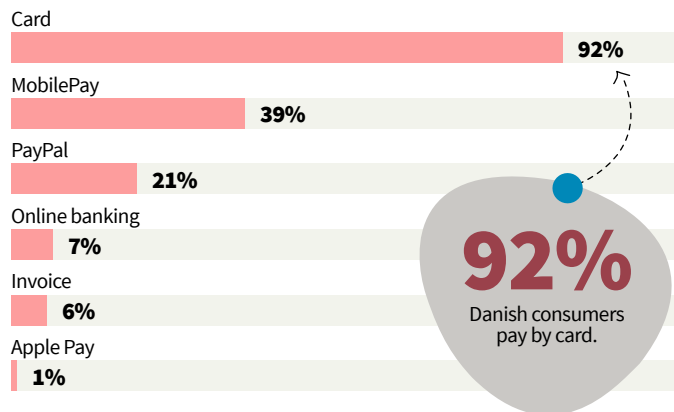


31 Payment methods used online

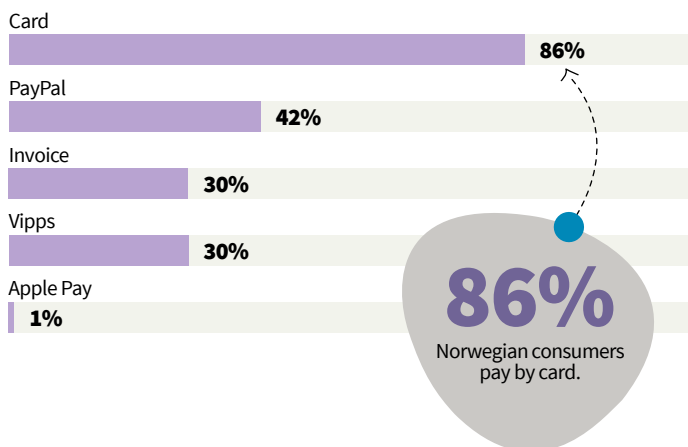
SWEDEN



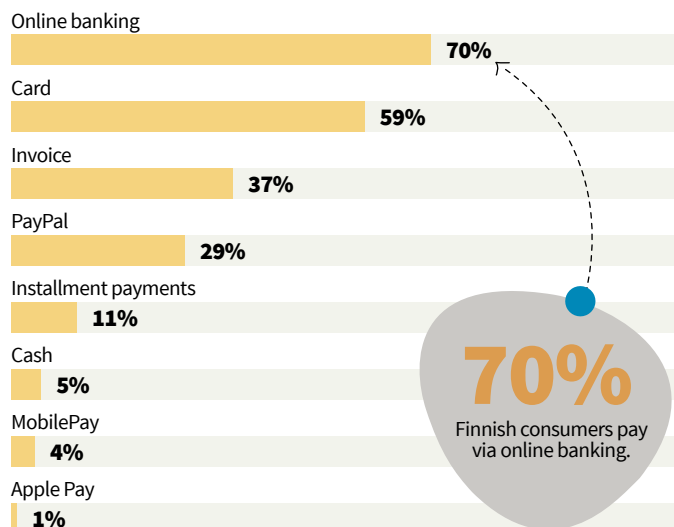
DENMARK



NORWAY



FINLAND



At one and the same time the Nordic consumers are both different and alike when it comes to payment preferences online. Payment by card is still widely used in Denmark, Norway and Sweden. A staggering 92 percent of Danes pay by credit card when shopping on the Internet, while it is 86 percent in Norway. And although the Swedes also use their cards to a large extent, they still do appreciate other payment methods too.

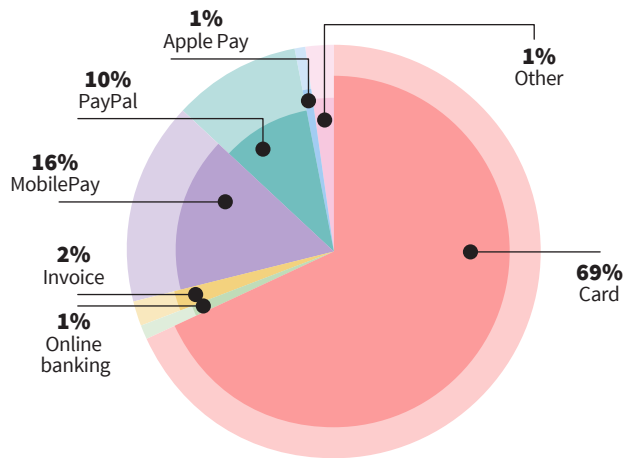
For example, half of Swedes use invoice as a means of payment. Invoice is by no means as popular in the other Nordic countries. By comparison, only 6 percent of Danes use invoice when paying online.

Finns are not as excited about card payment as the other Nordic countries. In Finland the most popular payment method is online banking. However, the use of online banking has seen a decrease compared to last year, where 76 percent was paying via online banking.

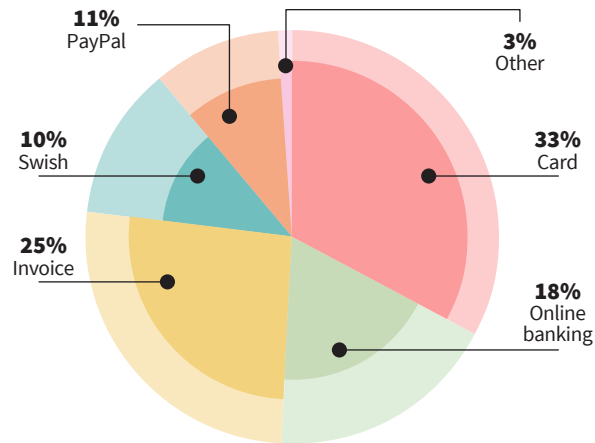
In all four countries one particular tendency is clear: Payment apps are progressing. 39 percent of Danes use MobilePay, 37 percent of Swedes use Swish and 30 percent of Norwegians use Vipps. Even in Finland, where payment applications were not even part of the used payment methods last year, we see this payment method emerging. 4 percent of Finns now pay with MobilePay.

32 Preferred payment methods online

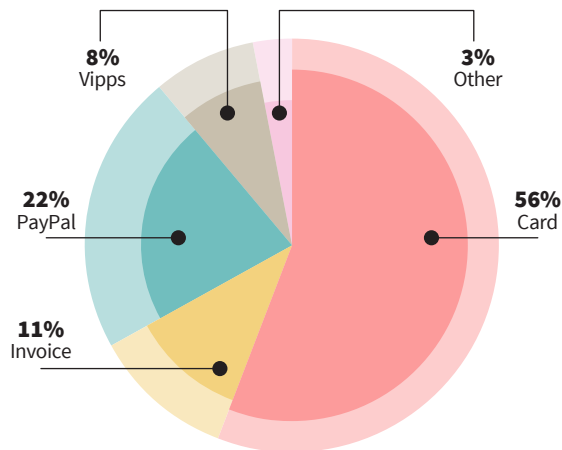
DENMARK



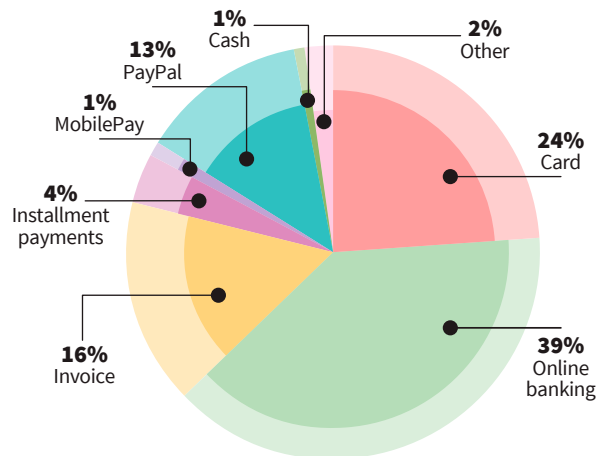
SWEDEN



NORWAY



FINLAND

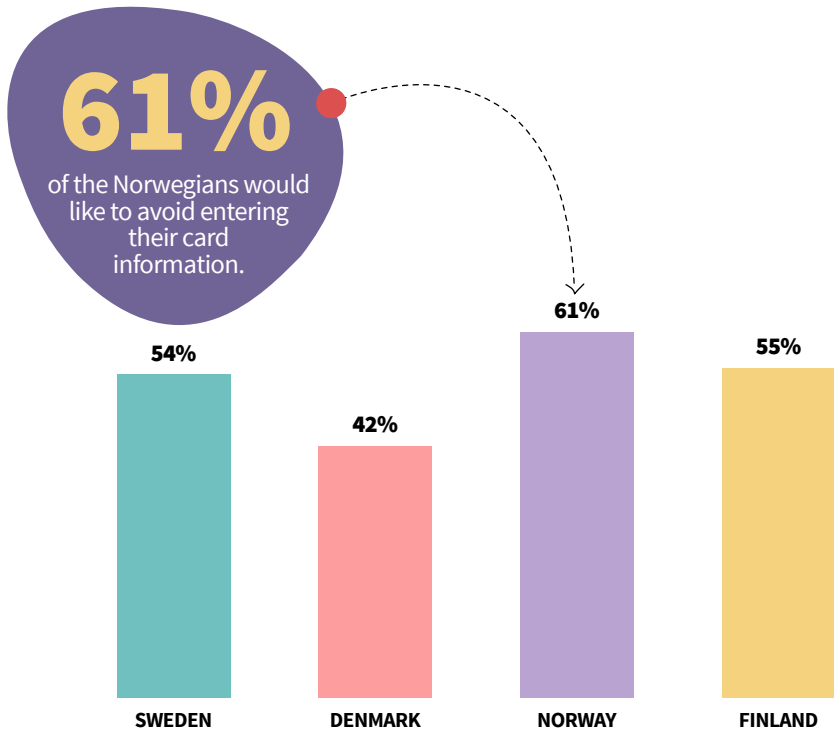


When we look at preferred payment methods among the Nordic consumers there are also both visible differences and similarities within the Nordic consumers. Basically, each country maintains their favourites when it comes to preferred payment methods. We see it as a sign that consumers, after all, prefer what they know and have tried before.

Danes and Norwegians still prefer to pay by card when shopping online. This also applies to 33 percent of Swedes. But the Swedish consumers are nevertheless more divided than Danes and Norwegians. In Sweden 26 percent of consumers prefer to pay by invoice, a payment method that was popular among the Swedes last year as well.

At the same time, we also see that Finland is a fragmented country when it comes to preferred payment methods. The Finns prefer to pay via online banking, followed by payment by card. Finland is also the country where the fewest consumers want to pay with apps. However, much suggests that payment apps will grow in popularity among the Finns, as we have seen in the other Nordic countries, where more consumers each year prefer payment apps. In 2017, MobilePay took the favourite position among 9 percent of Danes. This year it is 16 percent. 10 percent of Swedes prefer to pay with Swish, and 8 percent of Norwegians prefer Vipps.

33 How many prefer not to enter their card information?

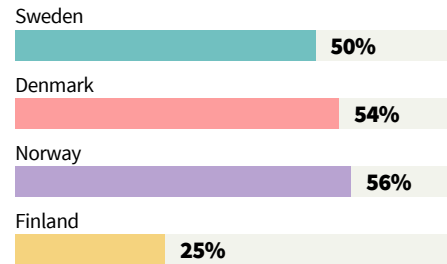


Online shopping has to be easy and fast. This is how many Nordic consumers think, and a fact that is underlined in several different ways. One of the places this trend is expressed very clearly is in regards to entering card information. Numbers show that Nordic consumers in general would like to avoid entering their card information all

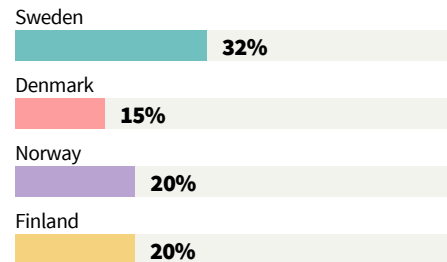
together, when making a purchase online. This in fact applies to 61 percent of the Norwegians, 55 percent of consumers in Finland and 54 percent in Sweden. And even in Denmark – the country where consumers are most willing to enter their card information – 42 percent would prefer to avoid the entry of card information.

34 Significant reasons for cancelling the purchase

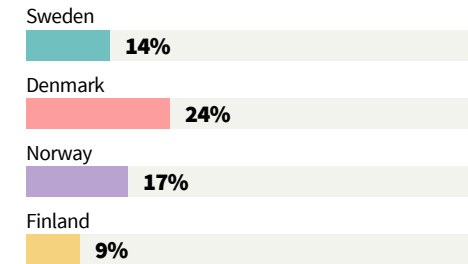
The price incl. delivery was too high



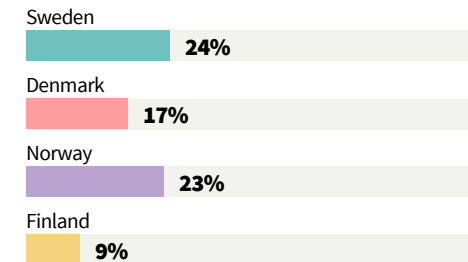
Lack of delivery methods



Lack of confidence in the webshop



Personal data registration took too long



Having a look at why the Nordic consumers typically cancel purchases online, we see that the main concern is the total price including delivery. This emphasizes that webshops have to be transparent in terms of delivery costs to ensure that consumers do not opt out when they detect the additional expense at the checkout.

For Norwegian and Swedish consumers in particular, a cumbersome registration process will make them cancel their purchase. The message is clear – ensure easy e-commerce or watch consumers leave. The main reason why consumers are shopping online is due to the ease of it, and if it is too difficult they will not finish their purchase.



Sweden



14%

shop online, because it is easy to compare prices.

20%

of the people who have shopped in a foreign webshop have shopped on Amazon.com.

28%

would shop online more often if they didn't have to enter card information.



Denmark



49%

have shopped on a foreign webshop.

38%

have shopped from an app.

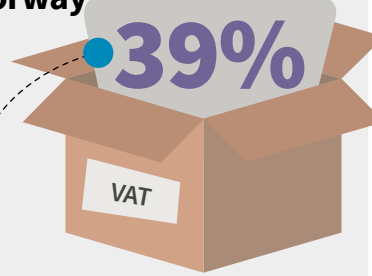


42%

have subscribed to a TV streaming service.



Norway



39%

choose not to shop in foreign webshops due to uncertainty about customs rules.

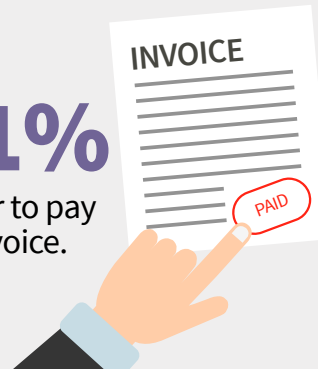


10%

subscribe to food services.

11%

prefer to pay by invoice.



Finland



AMAZING OFFER

71%

shop in foreign webshops because it is cheaper.

46%

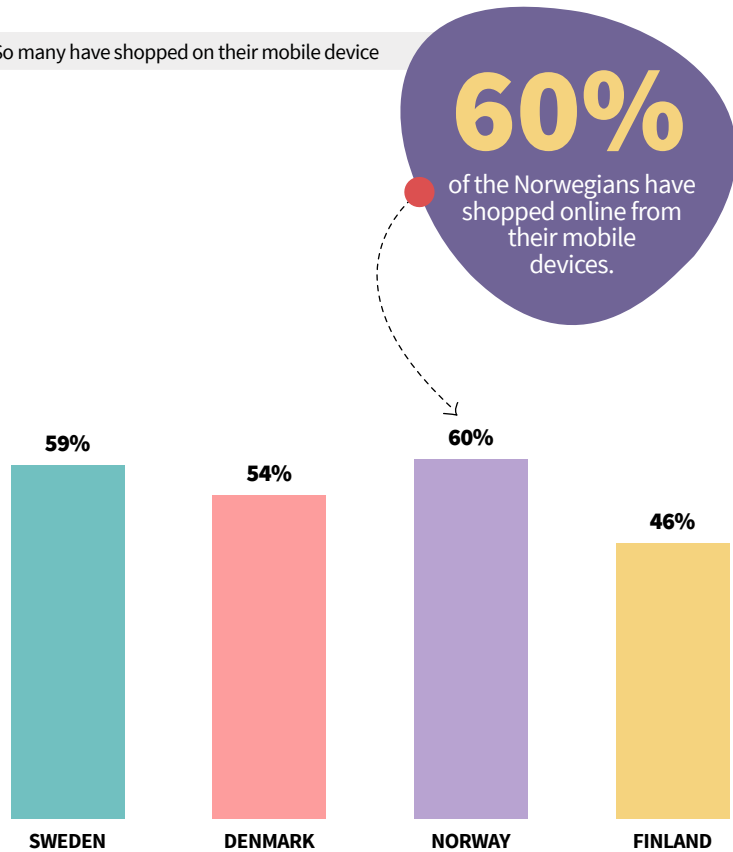
have shopped from a mobile device.

17%

subscribe to beauty products.



35 So many have shopped on their mobile device

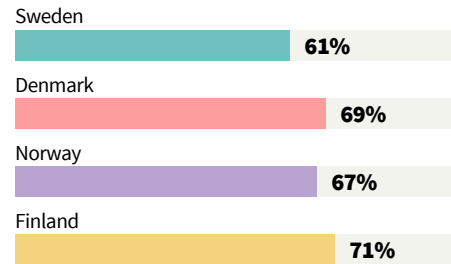


Not surprisingly Nordic consumers are increasingly shopping online from their mobile devices. In Norway, Sweden and Denmark over half of the consumers have made a purchase from a smartphone or tablet. And Finland strongly follows: 46 percent of Finns have shopped from a mobile device. Last year only 40 percent of Finns had.

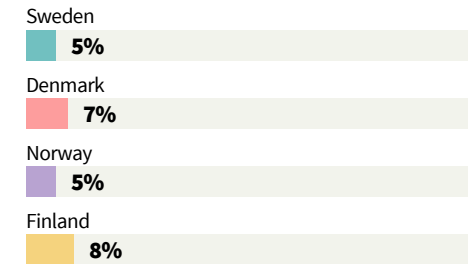
Shopping in foreign webshops is also popular among the Nordic consumers. They unanimously say that they shop online in foreign webshops because prices are lower. Other major reasons for foreign e-commerce are product range being bigger and availability of products that Nordic consumers can not get in their home country.

36 Why do you shop from foreign webshops?

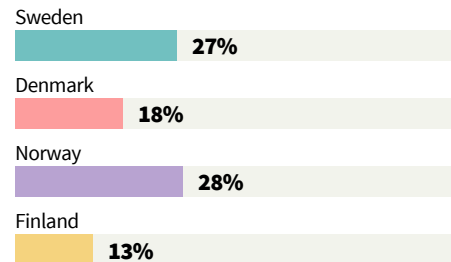
Lower prices



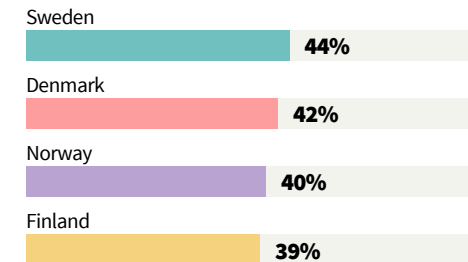
Faster delivery



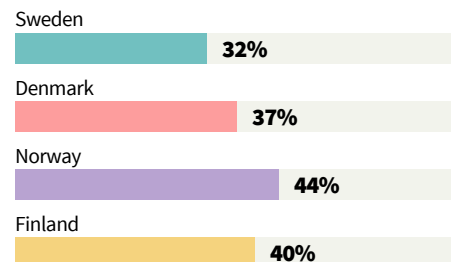
Unique product/service



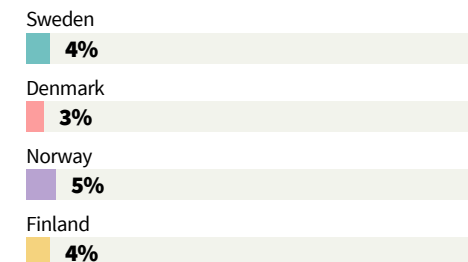
Product could not be purchased in my country



Larger selection



More customer feedback



TIPS & ADVICE

Do you want to make your customers happy and achieve success in e-commerce? Here is our five best tips on optimizing your webshop, making your customers' lives a little easier and thus seeing better results.

Mobile first

Nearly half of the consumers shop from mobile devices, and they demand high standards. Consequently, it is extremely important that your website works optimally on mobile. In addition to that, Google will index mobile versions first in search results.

Save card information

Make your customers' lives easier by saving their card information. That way they can make their purchases quickly and easily. We know that 55 percent prefers to avoid entering their card information, when they shop online.

Battle foreign webshops

It is difficult to compete with foreign webshops on price, and so the message is to compete on good customer service and creative products. Offer the service that customers cannot get from foreign webshops such as Wish.

Be transparent

Clarify to your customers what the total price of your product is. They must not discover the shipping costs late in the process, at the checkout for instance. The primary reason why consumers cancel purchases is exactly that the price including delivery is too high.

Think creatively, think subscription

Consumers love subscription services, and there is much to suggest that the phenomenon will grow in the future. On average 42 percent of the Nordic consumers have or has subscribed to TV-streaming, while 10 percent have subscribed to groceries. Be creative and ride the subscription wave.



Nordic consumer behaviour changes constantly. DIBS' e-commerce expert Patrik Müller provides an insight into the consumer trends of today as well as the future.

People are lazy and afraid. It sounds heavy and lofty, but actually explains interesting aspects of consumer behaviour. Convenience is the primary reason why we shop online, and we therefore place great demands on e-commerce to be easy and fast. If consumers encounter too many obstacles in the purchase process, they simply cancel their purchases. The window in which consumers are shopping and ready to buy is both short and fleeting. At the same time, we can best enjoy what we know and have tried before. This is also the reason why, after all, consumers have taken a while to embrace mobile e-commerce. Now – after years of owning smartphones – shopping from the mobile phone has started to feel both well-known and safe.

And the mobile phone is not all that has changed the behaviour of consumers in recent years. Social media has also affected Nordic shoppers. A remarkable tendency is that consumers want to buy their Physical goods directly from brands and not through resellers. Consumers want direct

contact with the individual brand, and there is no doubt that social media has enabled and brought about close contact between consumers and brands. When we buy a product, we want the entire package to say Acne, Fjällräven or Sandqvist. We want the story about the product and the brand. This is a development that challenges resellers greatly.

If we look at the future of consumers, there is much to be expected. The Nordic consumers will soon be presented to a new actor in the e-commerce market: The American giant Amazon. In the US, Amazon represents 44 percent of all e-commerce, while in Germany the figure stands at an impressive

46 percent. In the coming years, Amazon will also make its mark on the Nordic market, and of course the competition will be tough for the Nordic web shops. But Amazon's entry into the Nordic region is not necessarily negative. Quite the contrary. In other countries, we have seen Amazon make e-commerce accelerate dramatically, simply because they are present and because they make online shopping easier. At the same time, Nordic consumers can look forward to faster deliveries, lower prices and a huge product range. There is practically nothing you cannot get on Amazon.

The consumers' way of shopping will also change in the coming years. There are

already different solutions involving artificial intelligence. One example is chatbots, where consumers can write to a robot and get help ordering or returning a product. Another example is image recognition, where consumers can take a photo of a physical item they want to buy, and the service will then search for exactly that product or similar items online. Such amazing technological advances will be embraced by even more companies in the future. In the United States for example, we see consumers start beginning to use voice commands when shopping online. It will take time for Nordic consumers to grow accustomed to this technology, but voice control is undoubtedly the next major milestone in online shopping.



02

**SWEDISH
E-COMMERCE**

IN 2018, SWEDES SHOP FOR **SEK 267.9 BILLION**

Swedes love e-commerce. From 2017 to 2018, Swedes' online spending increased by 6.2 percent, thus reaching almost SEK 268 billion. Simplicity and convenience are crucial as more and more purchases are moved to the Internet.

Swedish e-commerce continues to grow. A new calculation model which includes i.a. Swedes' spending in foreign online stores, makes the figures for online shopping take a significant leap upwards.

Consumers are making more and more of their purchases online. Everything from groceries to insurance is bought online, and nothing suggests that the trend is about to reverse. In 2018, 30 percent of Swedes have purchased food online. This is an increase of 9 percentage points compared to last year. Several of the major food chains seem to see the potential and make major investments in e-commerce.

Not only Swedish online stores benefit from consumers' willingness to shop online. In this year's report, we look at the countries and stores that convince consumers to shop from abroad. China tops the list of countries

which Swedes look to when shopping online from outside the country's borders. It is also worth noting that one fifth of the consumers who shop from foreign websites have made purchases from Amazon. We expect the American e-commerce giant to make a big impact when it launches in the Nordic region.

Consumers make great demands of e-commerce, including when it comes to payment. Webshops must offer payment methods that make it easy to make a purchase. In 2017, Swish emerged as one of the Swedes' most preferred payment methods. In 2018, this position is strengthened and a further increase in popularity is seen. The younger consumers in particular, the ones who grew up with a mobile phone in their hand, are now attracted to being able to pay quickly via the mobile phone. In 2018, 26 percent of the 15-24-year-olds state that they prefer to

pay with Swish when shopping through the mobile phone. And speed and simplicity is crucial. Convenience in particular is the consumers' main motivation for shopping online. An entire 54 percent would rather not have to enter their card details when shopping online. At DIBS, we feel this trend as more and more webshops choose our Easy payment solution, where we pre-fill the consumer's information to allow quick and easy payment with just a single click.

This year we release the Swedish E-Commerce report for the twelfth year. We hope that this year's survey will give you a snapshot of online shopping today, as well as an idea of the driving forces behind the growing e-commerce. Perhaps you can get inspiration for how to develop your own web shop?

Have a nice read.

One fifth of the consumers who shop from foreign websites have shopped on Amazon. We expect the American e-commerce giant to make a big impact when it launches in the Nordic region.

DANIEL LARSSON,
CEO, DIBS Payment Services



THE MARKET



LINE JARL HOLM,
Nordic Content Manager,
DIBS Payment Services

SWEDISH E-COMMERCE IS STILL GROWING

Swedes love to shop online. In 2018, Swedes will spend a staggering SEK 267.900.000,000 shopping online. This is a growth of 6 percent compared to 2017.

The development shows that e-commerce is an integral part of Swedes' everyday lives – and that an increasing share of the household budget is spent online. It is both simple, fast and convenient.

With a total spend of SEK 113 billion, Travel is still the category that Swedes spend the most money on. However, Physical goods and Services account for the greatest growth. Turnover for Physical goods amounts to an impressive SEK 108 billion, while Services account for SEK 46 billion.

Companies challenging with new subscription-based business models are growing stronger in several segments, contributing to growth in several of the categories. For example, 43 percent of Swedes subscribe to TV streaming, while 9 percent have subscribed to animal food. Subscriptions to food boxes is another area that is growing steadily.

SPENDING 2018
267.900.000.000
SEK



SPENDING 2017
252.200.000.000

01 Growth from 2017 to 2018

This year, we have chosen to change our calculation methods and base our data exclusively on consumer answers. This way, we can clarify how much Swedes spend online, regardless of whether they do so in Swedish or foreign online stores. In order to demonstrate growth, the same method has been applied to estimate spending for both 2017 and 2018. Based on data collected by YouGov, respondents have reported what they spend over a period of three months in different categories. Then we calculated what the average person in each specific age and gender group spends, and applied those numbers to the country's demographics. We have also taken into account the proportion of each age group and gender with access to the internet at home. The demographics and internet statistics are taken from the following sources:

Internet: <http://www.scb.se/hitta-statistik/statistik-efter-amne/levnadsforhallanden/levnadsforhallanden/it-bland-individer/pong/tabelle-och-diagram/andel-personer-som-har-tillgang-till-Internet-in-hemmet/>

Population: <http://norden.statbank.dk/popu01>

DISTRIBUTION OF E-COMMERCE

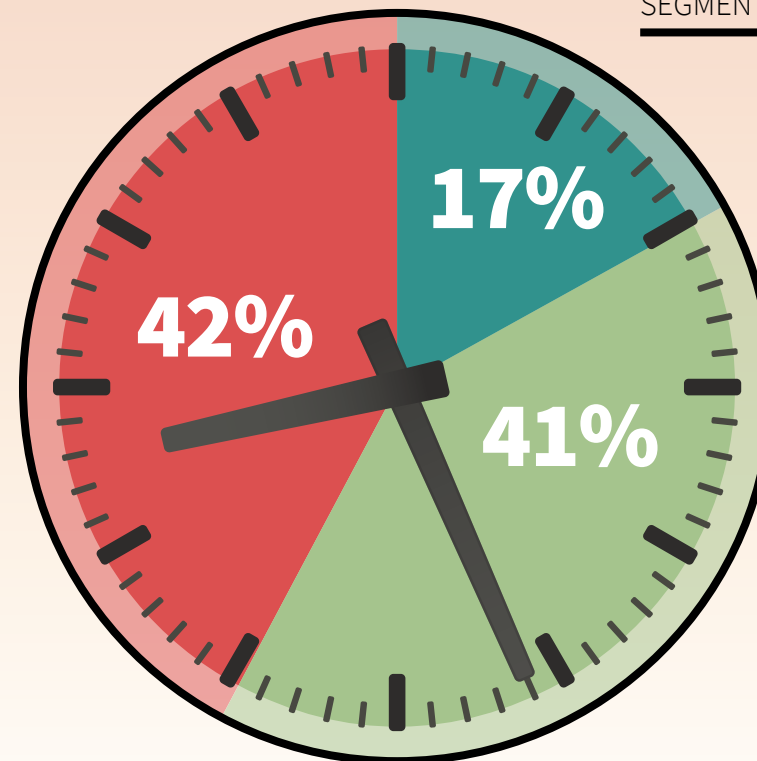
Swedish consumers will spend a total of SEK 267.9 billion online in 2018. This is an increase of 6 percent, compared to last year. Swedes' spending is divided into three categories: Travel, Physical goods and Services.

Swedes will shop online for a total of SEK 267.9 billion in 2018. Physical goods and services largely drive growth, where Swedish consumers are very comfortable shopping online.

The wanderlust of Swedes is great this year as well, and travel thus accounts for 42 percent of total online spending. However, the physical goods category is quickly gaining on the Swedish spending on travel, accounting for 41 percent of total sales. Services are also gaining popularity among the Swedes. This means that services now account for 17 percent of total spending.

This is an increase of 14 percent compared to 2017.

Swedes love to shop for physical goods online, and the major growth rockets this year are home decor and food. Subscription services are also popular. Among other things, 21 percent of consumers have subscribed to transport services such as bus and train tickets, while 15 percent have subscribed to beauty products. The increasing popularity is due to subscriptions being simple and convenient, as the product or service is available whenever the consumer wants it.



SERVICES
46 BILLION SEK

GOODS
108 BILLION SEK

TRAVEL
113 BILLION SEK

CREATIVITY PROMPTS **NEW INNOVATIVE SERVICES** AND HIGH GROWTH

In 2018, Swedes will purchase physical goods and services online for SEK 46 billion. Thus, services account for 17 percent of Swedes' total spending online. And the category has the potential to grow significantly bigger.

Swedish consumers purchase more and more online services and spend a total of SEK 46 billion on different types of online services. This means that consumers spend an average of SEK 545 per month on online services. Services include membership, telecom, charity and insurance.

Services are also a category in very rapid development. The range of services that Swedes can choose from when surfing the web is growing fast, and creativity in the industry is high. New concepts emerge on a regular basis, and the market has yet to be saturated. Parking apps are just one example of a new innovative service emerging in recent years. Previously, parking was something that Swedish consumers only paid for via a physical ticket machine. In 2018, 30 percent of Swedes purchase parking online – an increase of 8 percentage points

since 2017. Digitisation happens everywhere, both privately and publicly. Municipalities and county councils work hard to increase accessibility for citizens through new digital services. Medical visits can now be done via the mobile phone. The many new services are quickly becoming popular, because they save consumers time and effort in everyday life. It is about convenience.

MORE SERVICES ARE BECOMING POPULAR WITH SWEDES

If we look at what Swedes are buying in the services category, there are several clear favourites. For example, 35 percent buy telecom online. This is an increase of 26 percent compared to 2017. Digital media and tickets are also services that Swedes largely purchase online. 35 percent of Swedes shop for digital media online, and 33 percent buy tickets. Both services have

increased in just the last year. In digital media, the increase is particularly due to the development of the industry. More and more newspapers transform their business models to find ways to charge for journalism online as well, through e.g. subscriptions and payment walls.

In insurance, we also see great digitisation. From 2017 to 2018, the proportion of Swedes purchasing insurance online has increased by an impressive 36 percent. 22 percent now buy insurance for home and family online. And it is not without reason that services such as insurance and telecom have become popular online purchases. Online, comparing prices and products is both easy and manageable. Where can I find the cheapest mobile subscription or the best insurance? These are things that consumers can decide for themselves online.

New concepts are growing all the time, and The market for services has yet to be saturated. Parking apps are just one example of a new, innovative service which has emerged in recent years and which Swedes have taken on.

22%

of men have spent money on gaming and betting sites.

12%

is the corresponding figure for women.

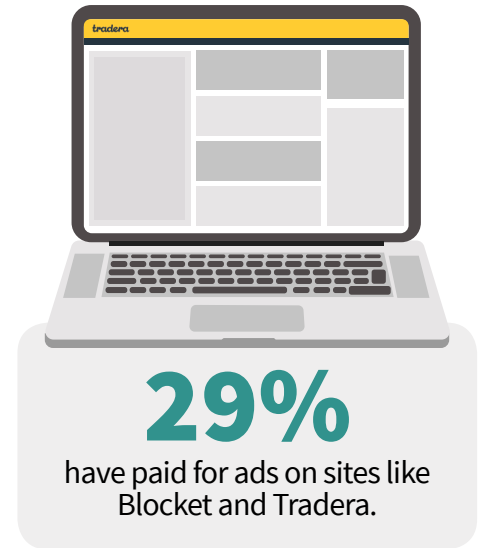


29%
aged 66-74 give to charity.



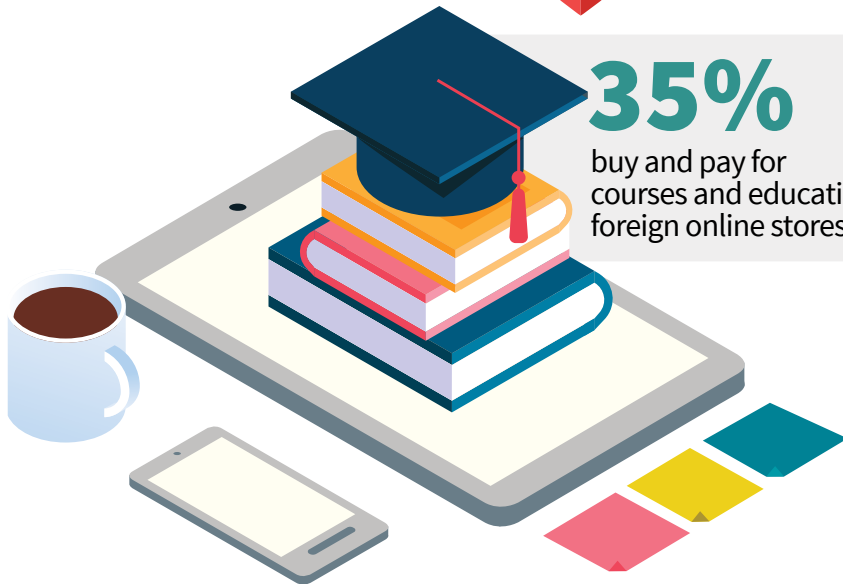
29%

have paid for ads on sites like Blocket and Tradera.

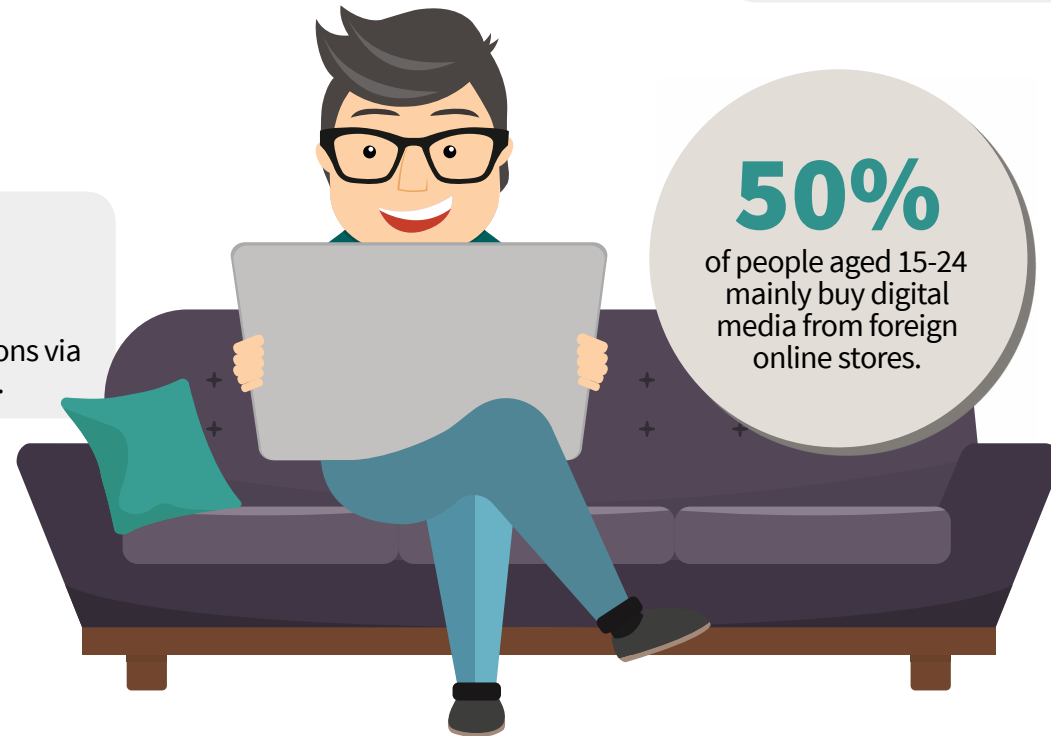


35%

buy and pay for courses and educations via foreign online stores.



50%
of people aged 15-24 mainly buy digital media from foreign online stores.



02 Percentage of the population purchasing online services and total spending

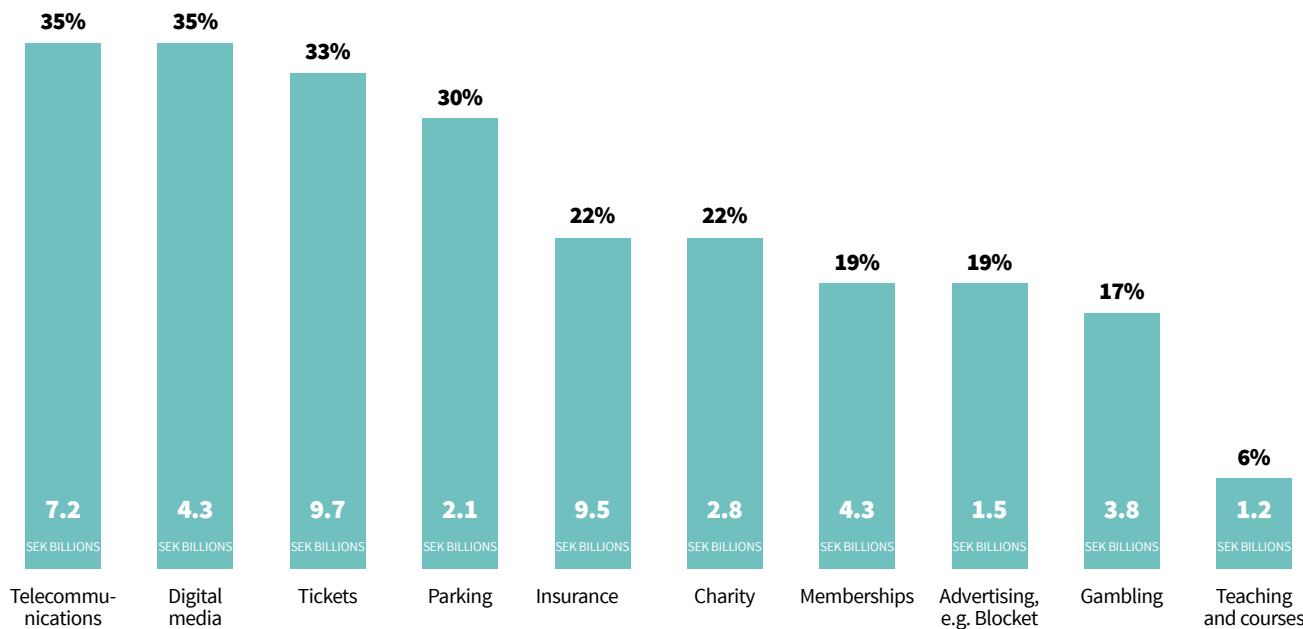
35%

of Swedes buy telecom online.

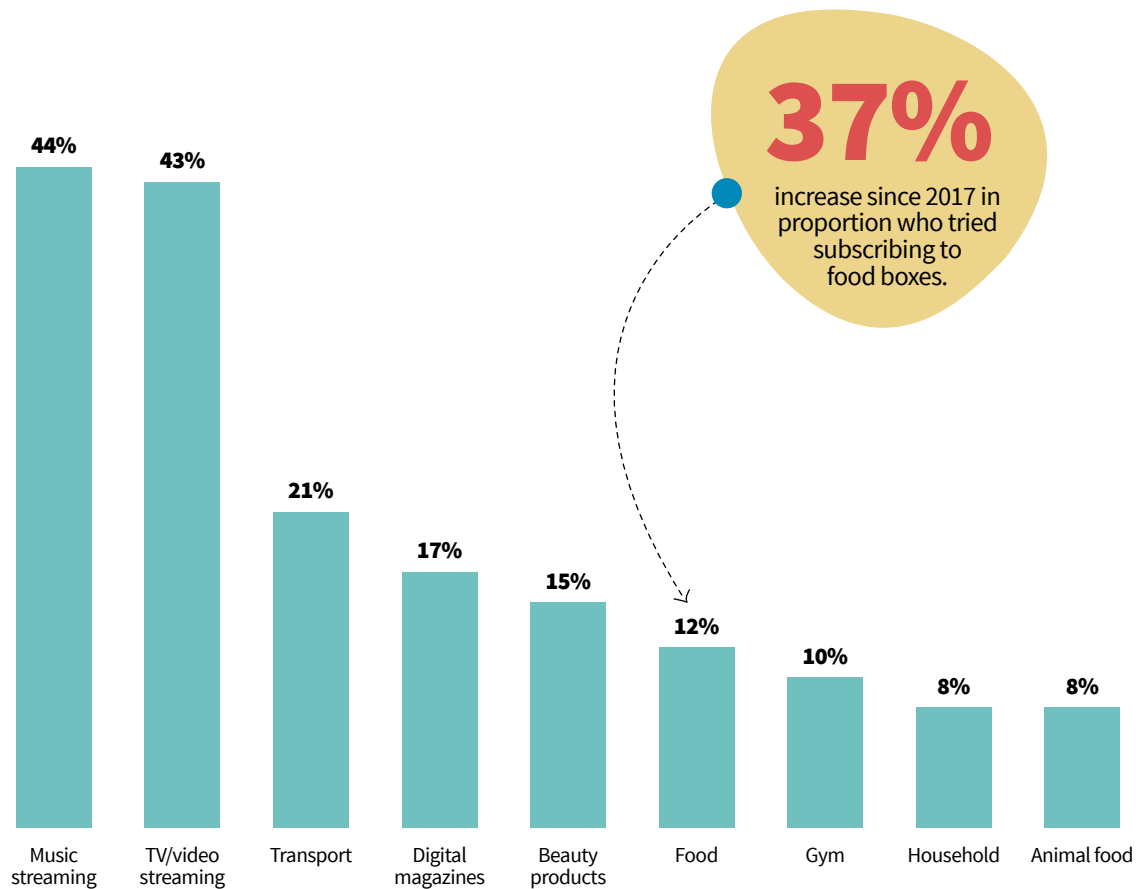


Buying services online is now a big hit among Swedes. The market is developing rapidly, and Swedes can now choose from a wide range of online services. Services that were not previously available, and which now transform entire industries. Today, for example, almost a third of Swedes buy parking online. Convenience is what drives development. Parking apps make it easy for consumers to pay for parking and get on with their lives quickly.

Charity, insurance and telecom are also services that Swedes increasingly buy online. All three services have risen sharply in just the last year. Perhaps the traditional donation box in town will soon be a distant memory, as fewer people carry cash, but keep Swish on the phone instead.



03 Services that Swedes subscribe to or have subscribed to online



Today, consumers can subscribe to everything, from TV streaming to beauty products and animal food. Both physical goods and services.

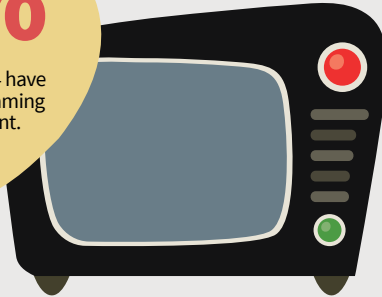
Streaming services stand out, and Swedes really took to them a few years back. 44 percent of Swedes have or have had a subscription to music streaming, and 43 percent have subscribed to a TV streaming service like Netflix. Among the younger age groups, the numbers are significantly higher.

8 percent of Swedes have tried to subscribe to animal food. That is more than twice as many as last year. Subscriptions to food boxes are becoming increasingly popular. Over the past year, the number of Swedes who subscribe to food has increased by 37 percent.

TV streaming

58%

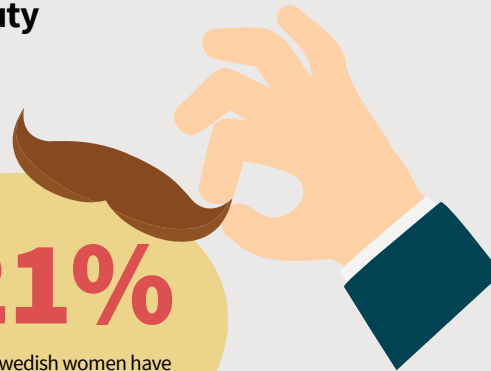
of people aged 15-34 have subscribed to a streaming service at one point.



Beauty

21%

of Swedish women have subscribed to beauty products. For men, that figure stands at 9 percent.



Animal food

15%

of families with young children have tried subscribing to animal food.



Transport

27%

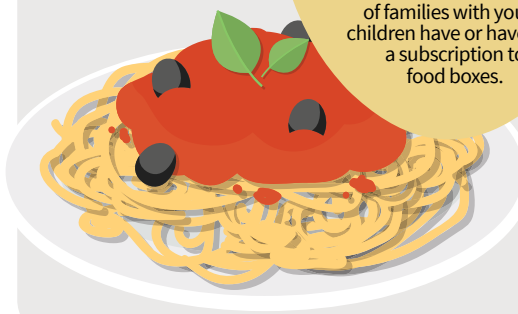
of southern Swedes subscribe to transport, e.g. bus card.



Food

26%

of families with young children have or have had a subscription to food boxes.



Music streaming

63%

of 25-34-year-olds pay or have paid for a subscription to music streaming.



SEVERAL PRODUCT GROUPS GROW STRONGLY

Swedish consumers love to buy physical goods online. 6 out of 10 Swedes buy clothes, shoes and accessories online, and the proportion purchasing food has risen by an astonishing 41 percent since last year.

In the physical goods category, Swedes also spend significant amounts online. Physical goods account for 41 percent of Sweden's total online spending in 2018, corresponding to SEK 108 billion.

Swedish consumers are especially fond of buying clothes online. In 2018, 6 out of 10 buy clothes, shoes and accessories online. This makes clothes the largest subcategory in physical goods in terms of the number of Swedes shopping in the category, and second-largest in terms of the amounts consumers spend. And young people are driving this development. Among people aged 15-24, 71 percent shop for clothes online.

But fashion products are not all Swedes add to their virtual shopping carts. For example, 35 percent of Swedish consumers buy physical media like books and films online, while 34 percent buy electronics. Electronics are also the product type that Swedish consumers spend the most money on.

Beauty products are another clear example of how Swedes move an increasing proportion of their purchases online. 59 percent shop for products in the body and health category, spending a total of SEK 10.6 billion. From 2017 to 2018, 21 percent more people have shopped items in the category.

DIY retail is an industry with great potential. Although online sales are still modest, almost twice as many people click home building material compared to last year. When more DIY retailers develop their e-commerce and a larger proportion of the spending is moved online, we can expect strong growth in the category because it often entails relatively high amounts per order.

Home decor represent a impressive growth. In 2018, 28 percent of Swedes have bought home products, an increase of 22 percent since last year. Significantly more women than men shop for home decor online. While one third of women have made purchases within the category, only one fifth of men

have done the same. Measured in SEK, spending within the category amounts to 10 billion.

GROCERIES DELIVERED STRAIGHT TO THE DOOR

As e-commerce grows and becomes increasingly common, Swedes buy significantly more basic goods online. Since last year, the number of consumers who bought groceries online increased by an entire 41 percent. This means that 30 percent of Swedes now buy food online for a total of SEK 17.8 billion.

In particular, city-dwellers manage everyday shopping through online food retailers. Swedes can easily and conveniently order groceries from the sofa and have them delivered straight to the door, even on the fourth floor. Consumers do not have to carry the items, stand in line at the local supermarket and find parking. The popularity of online food purchases is not without reason. And this trend is only expected to continue in the coming years.

As e-commerce grows and becomes increasingly common, Swedes buy significantly more basic goods online. Since last year, the number of consumers who bought groceries online increased by an entire 41 percent.

31%

of 35-44-year-olds have bought sports and leisure items.

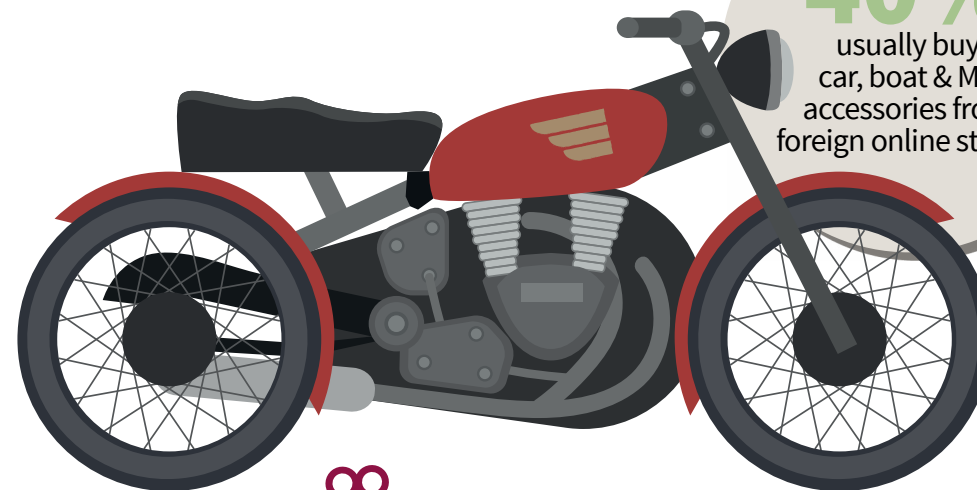


72%

of women have bought body and health products.

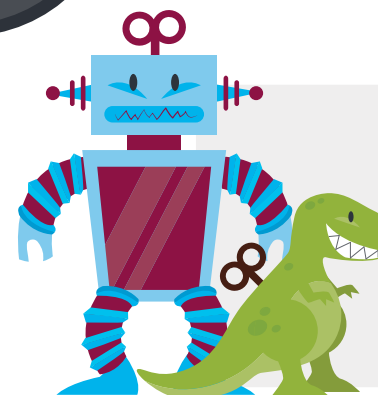
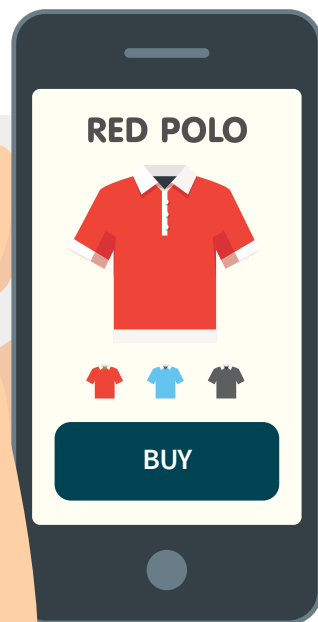
40%

usually buy car, boat & MC accessories from foreign online stores.



71%

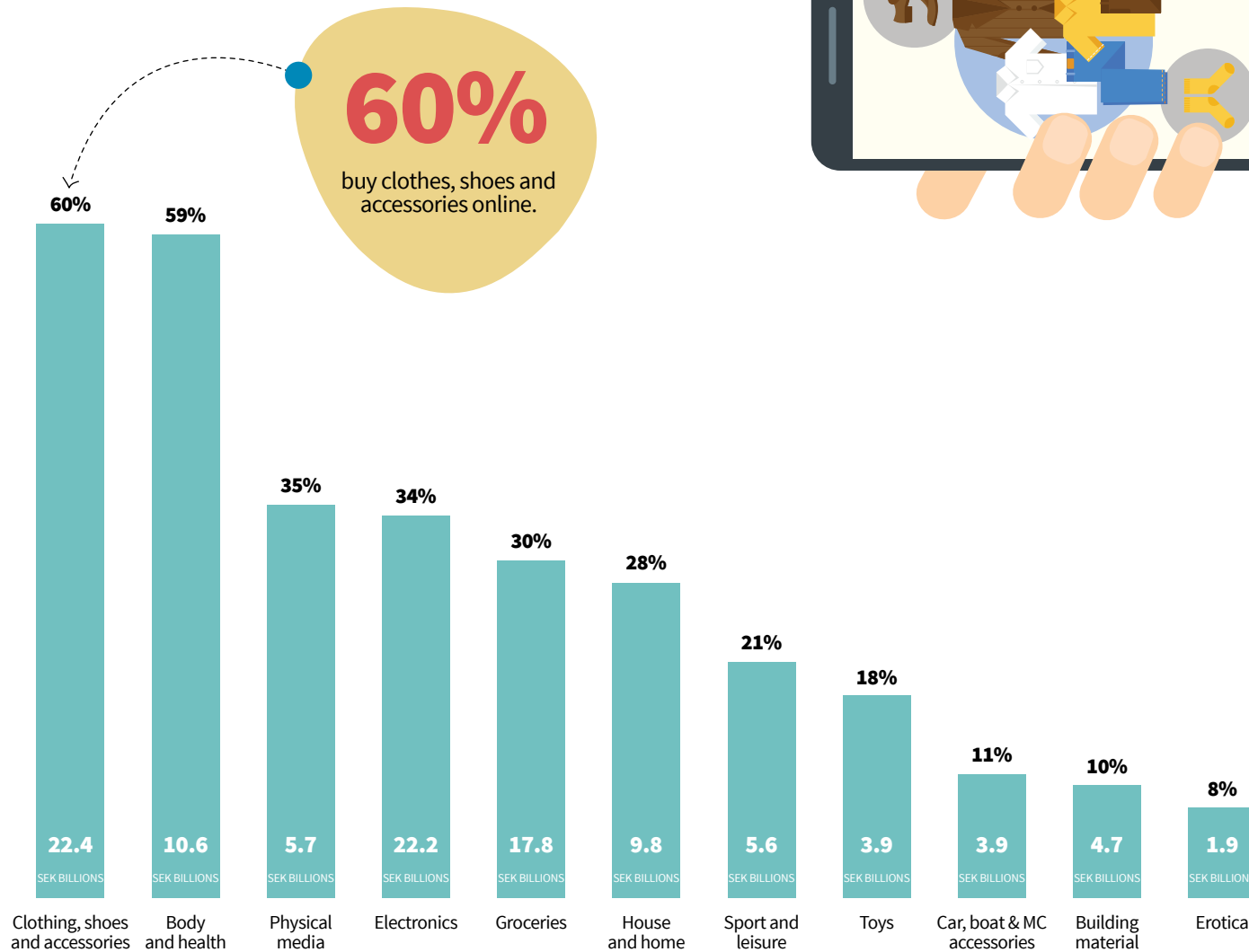
of people aged 15-24 have been shopping for clothes online.



64%

of families with young children have bought toys and things for children online.

04 Percentage of the population purchasing physical goods online and total spending



Swedes love to shop online and spend an average of SEK 1.277 a month on purchasing physical goods. This means that Swedes buy physical goods for SEK 108 billion in 2018.

Swedish spending is divided into different subcategories, where electronics, clothing and groceries top the list of categories Swedes spend the most money on.

The strong growth in 2018 in the physical goods segment is driven primarily by home decor and groceries. Within both categories, more and more consumers choose to make their purchases online – with a strong increase in e-commerce sales as the result.

Overall, there is no doubt that Swedes like to buy their favourite products online, and that development can be expected to continue to grow.

SWEDES STILL SPEND THE **MOST MONEY ON TRAVEL**

With a total spending of SEK 113 billion, travel is still the category where Swedes spend the most money. This year, we see more and more Swedes buying public transport and taxi rides online.

Swedish consumers like to travel. And when they buy vacations and transport, they often do it online. In fact, travel is the category where Swedes spend the most money. In 2018, turnover for travel amounts to SEK 113 billion, corresponding to 42 percent of Sweden's total online spending. Nevertheless, travel has not seen the same growth from 2017 to 2018 as the physical goods and services categories.

One explanation may be that the travel industry was among the first to exploit the potential of e-commerce and is therefore more saturated than the markets for physical goods and services. Another explanation may be that Swedes have become more environmentally aware, and that more and more people opt out of far-away holidays by air to focus on more climate-friendly holiday options instead.

CONSUMERS COMPARE PRICES AND BUY TRAVEL ONLINE

The travel industry is highly competitive, and many big companies fight for the same customers. For consumers, this means a fantastic combination of plenty of choices and competitive prices. Online, Swedish consumers can easily and manageably compare the prices of travel companies.

Flights account for one third of spending in travel, and 29 percent of Swedes buy airline tickets online. Flights and hotels are undoubtedly the two categories that Swedes spend the most money on when traveling. This is mainly due to the fact that an average flight or hotel booking is expensive compared to, for example, train and bus tickets.

MORE PEOPLE CHOOSE TO PAY FOR TAXIS AND PUBLIC TRANSPORT ONLINE

Within the more practical part of travel, namely transportation, we see e-commerce flourish. Swedish consumers are growing increasingly fond of buying taxi trips online.

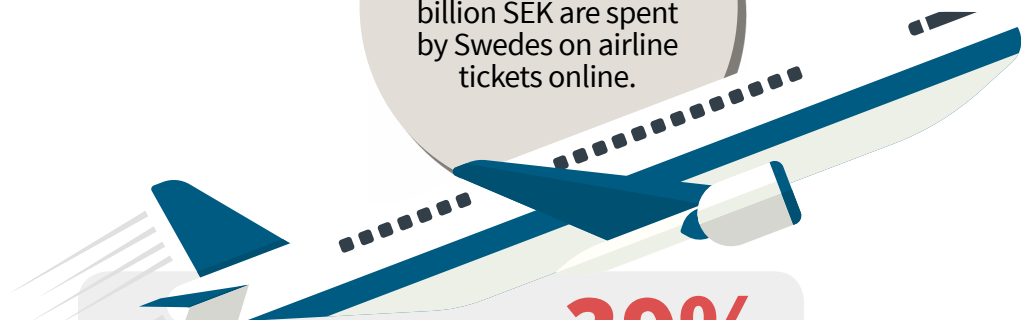
This year, 12 percent of Swedes booked and paid for their taxi trips online, while in 2017 this figure was only 9 percent. This corresponds to a growth of 37 percent. Uber was among the pioneers in allowing consumers to book and pay for taxi trips completely digitally, and we now see how more taxi companies have taken on developments that make it quick and easy for consumers to book and manage their taxi ride on the go through an app. Consumers' appreciation of simplicity is evident in the strong development.

Public transport is also growing strongly. In 2018, just over a third of Swedes pay for public transport online. Last year, that figure stood at 23 percent, representing an increase of 39 percent. The increase is largely due to the fact that the industry has invested in solutions that make it easier for consumers. The efforts have yielded results and simplify consumers' everyday life as they do not have to spend time queuing up at the ticket office.

More taxi companies have jumped on board the development that makes it quick and easy for consumers to book and manage their taxi ride through an app on the go.

38.3

billion SEK are spent by Swedes on airline tickets online.

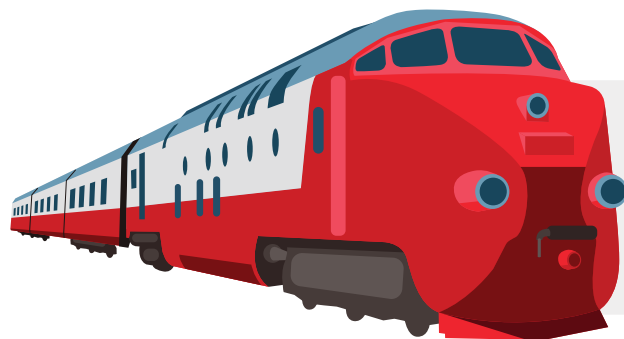


39%

of Stockholm residents buy airline tickets online.

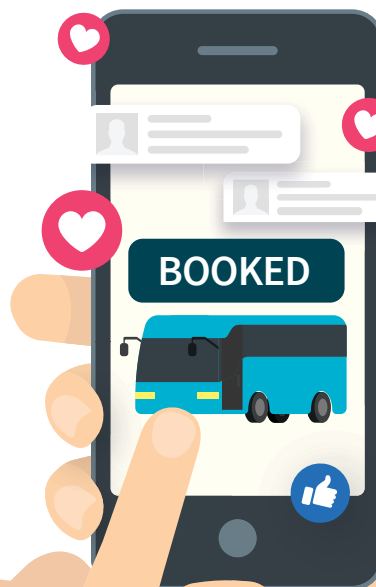
42%

of high income earners have paid for hotels online.



33%

of 15-24-year-olds have bought train or bus tickets online.



Age group in which the biggest proportion bought a public transport trip online:

15-24-olds

12%

have paid for a taxi ride online.



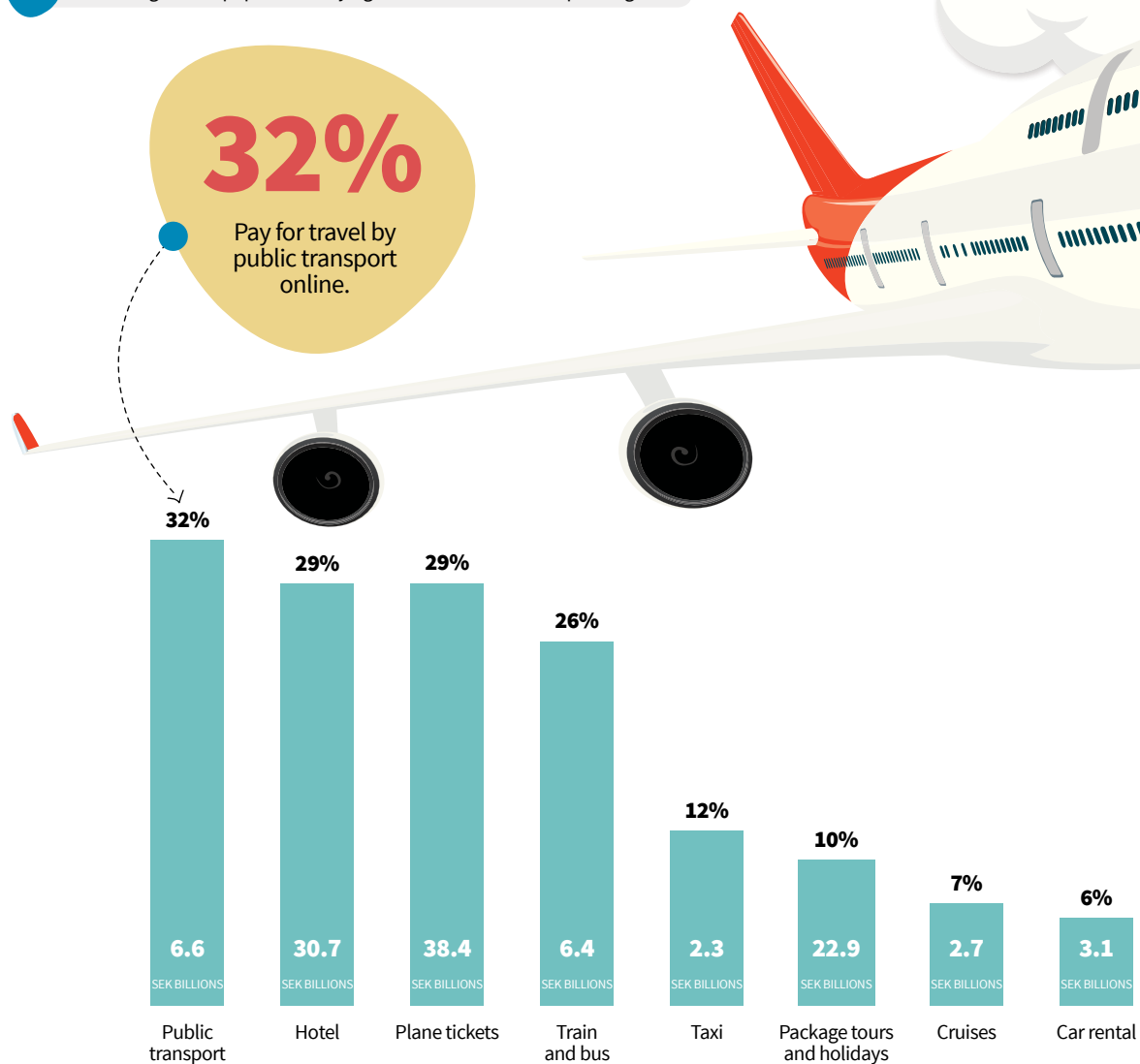
38%

of southern Swedes have paid for travel with public transport online.

05 Percentage of the population buying online travel and total spending

32%

Pay for travel by public transport online.



With a total spending of SEK 113 billion, travel is still the segment the Swedes spend the most money on. The really influential items are flights and hotels, representing SEK 38 and 31 billion of total turnover in travel, respectively.

One in ten Swedes purchased a package tour online. Although only a relatively few people make these purchases, Swedes only spend more on plane tickets and hotel rooms. This is not surprising, considering that booking a package tour for the whole family involves large amounts.

Public transport is the category that most Swedes buy online. A quarter of Swedish consumers also buy train and bus tickets online.

ONLINE PAYMENTS



EBBA EDLUND
Marketing Manager,
DIBS Payment Services

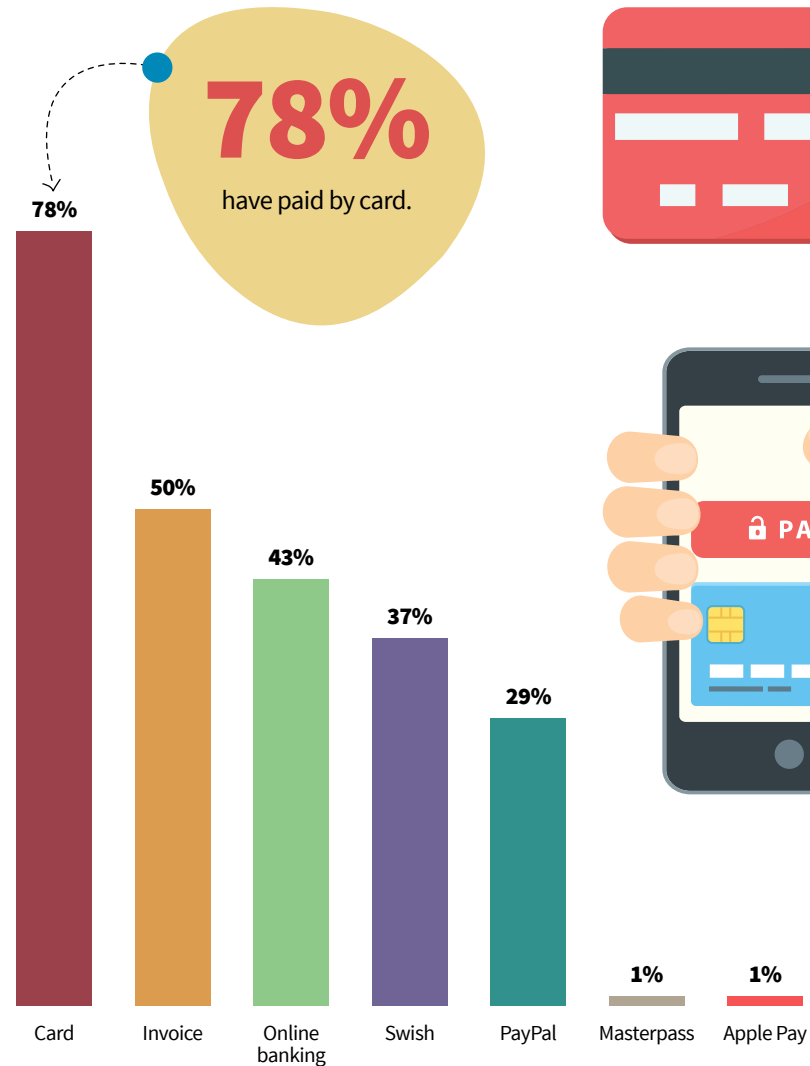
NEW PAYMENT METHODS GROWING STEADILY

When asked about payment methods used during the last three months, just like in previous years the most common answer is card. Invoice is still number two and has been used for payment by one in two Swedes who made purchases online.

The standout performer is Swish. In 2017, 28 percent had paid with Swish online during the past three months. This year, 37 percent have used Swish, representing an increase of 9 percentage points.

Among the youngest age group, people aged 15-24, fewer than the average paid with cards, invoices, online banking and PayPal. In contrast, almost half of the age group, 48 percent, paid for an online purchase using Swish. Speed is crucial here, something we can see when we look at which payment methods are the most popular. 6 out of 10 consumers who pay via Swish do it because they perceive it as the easiest and fastest way to pay.

06 Used payment methods during the past three months



Preferred payment methods

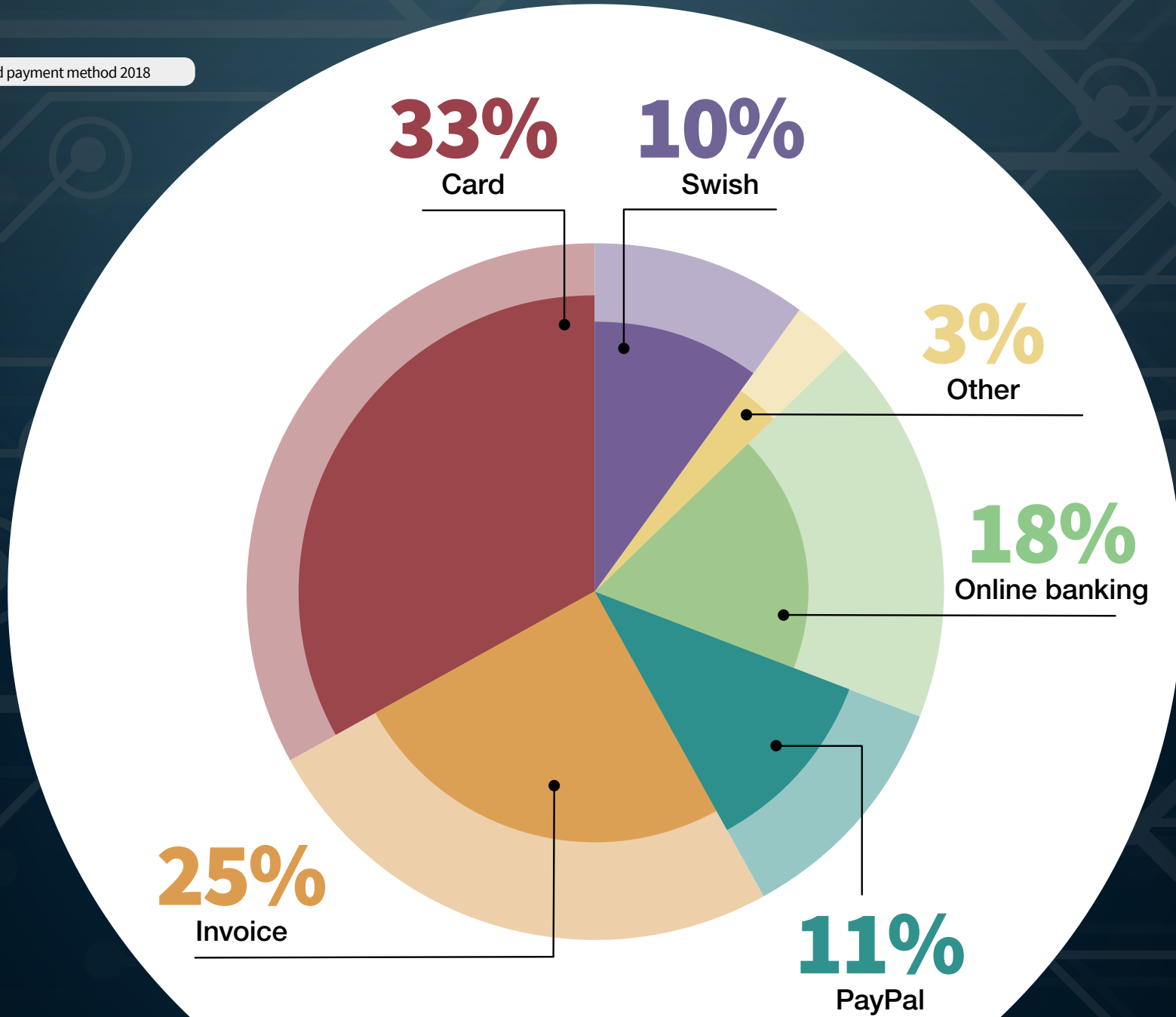
The card is still a favourite in Sweden, preferred by one third of consumers. Although cards are the most popular method of payment online, there are several other strong options. For example, one in four state the invoice as their favourite. Here, Swedes differ from the neighbours in Denmark, Norway and Finland, where invoices do not achieve the same popularity at all. Among Swedes, the main reason for paying by invoice is that it is perceived as a safe way of paying.

Just as the share of people who have made online purchases using Swish has increased, Swish consolidates its position among Swedes' favourites. The payment app has emerged as a favourite with 10 percent of consumers. This is an increase of 4 percentage points since last year.

Swedes still prefer to pay by card when they shop online.



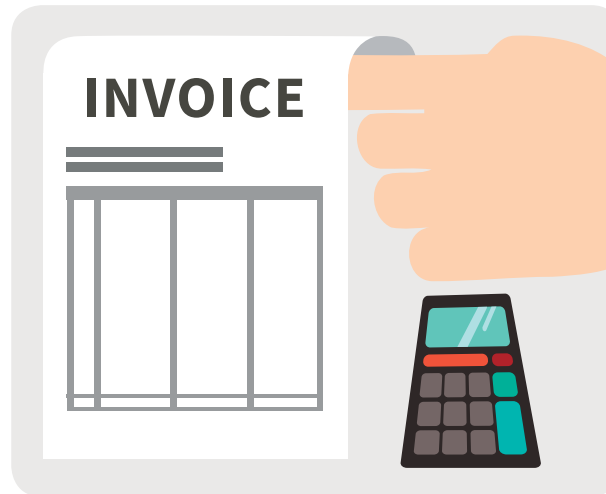
07 Preferred payment method 2018



Card

Swedes love their payment cards. The card is both the most widely used and the most popular payment method in Sweden. 33 percent of Swedes state card as their favourite. Among those who pay by card, half find simplicity most important, while 29 percent choose card because it is the fastest way to pay online.

78 percent of both men and women have paid by card online within the last three months, but the card is significantly more popular among men. 37 percent of Swedish men prefer to pay by card, while for women the figure is only 28 percent.



Invoice

Several new invoice providers have emerged in recent years, contributing to the fact that more online stores now offer payment via invoice. Therefore, for the first time, half of Swedes have paid via online invoice over the past three months. In addition, one in four consumers still name the invoice as their favourite way of paying. Of those who pay by invoice, 65 percent state their perception of this payment method as safe as the main reason. A quarter of us find it to be the easiest way to pay, while just 7 percent perceive invoicing as the fastest way of paying.

Invoice is somewhat more popular among the older age groups, and considerably more women than men prefer this payment method.

Online banking

18 percent of Swedish consumers prefer to pay via internet banking when shopping online.

Online banking is somewhat more popular among women than men, and if we consider age, the older age group of 66-74-year-olds particularly prefer online banking. In this age group, 23 percent state online banking as their favourite payment method.

Online banking is still one of the most widely used payment options in Sweden. Nevertheless, in recent years online banks lost some of their popularity in favour of Swish.



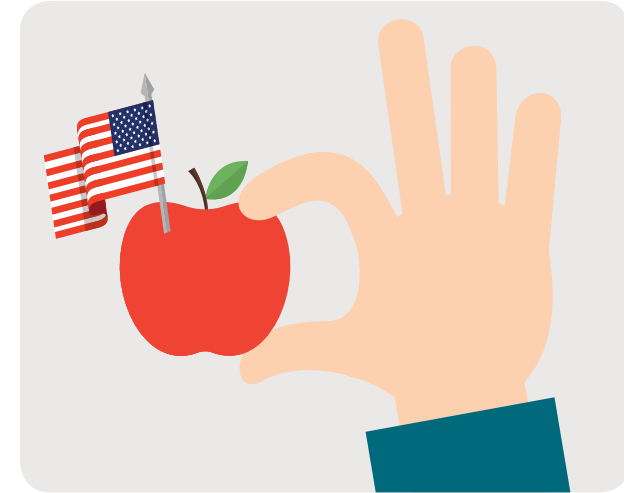


PayPal

11 percent of Swedes prefer to pay with PayPal, which is a slight increase compared to last year. The main reasons for paying with PayPal is that it is perceived as safe and easy. The perception of PayPal as a safe payment method may be attributed to the fact that you do not have to disclose sensitive card details to the online store directly.

More men than women use PayPal to pay for their physical goods online, and the payment method is the most popular among the 55-65-year-olds.

PayPal is much more common among consumers who shop from foreign online stores. 42 percent of Swedes who made purchases from foreign websites have paid with PayPal.

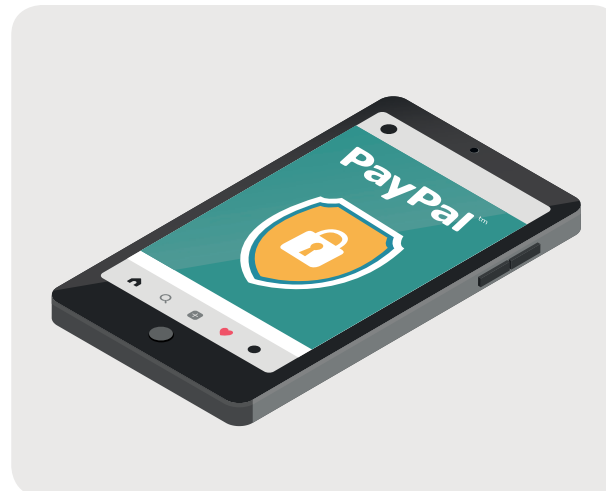


Apple Pay

For the first time, we have included the Apple Pay payment method in our annual survey. Less than one percent of Swedish consumers prefer to pay with Apple Pay.

In our survey, Apple Pay has only gained popularity with the group aged 25-34 (so far). The low popularity is probably due to the fact that it is not yet available to all consumers, but only offered by certain banks.

The future will show how popular Apple Pay will become domestically. The payment app is currently available in 30 countries and has 87 million users globally.



Swish

The proportion of Swedes who prefer to pay via Swish has increased from 6 to 10 percent over the past year – at the expense of cards and online banking. Consumers use the payment app because they consider it the fastest way.

The typical Swish consumer is a woman aged 15-34. Swish is particularly popular with consumers who shop via the mobile phone.

Swish was first launched in 2012, but already saw increasing popularity among Swedes. The payment app fits into consumers' desire to pay quickly and easily.

33%

stored their card information in connection with an online purchase.

54%

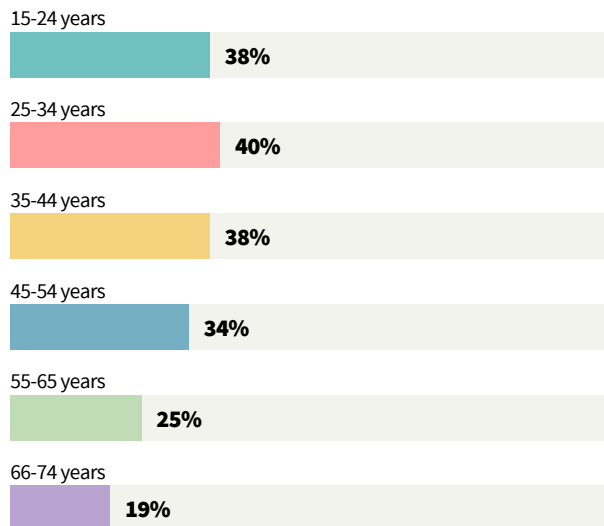
want to avoid having to enter card details for each purchase.

28%

would shop more if they did not have to enter their card details.

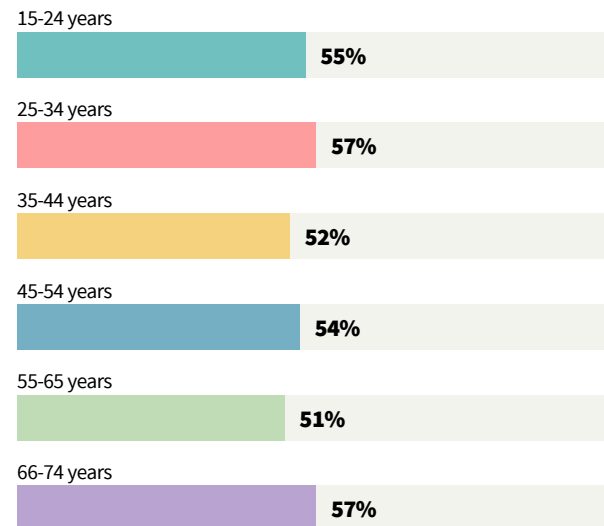
08

Amount of people who stored their card information



09

Want to avoid having to enter card details when shopping online



In recent years, the trend has been constant – consumers prefer not to enter card details when shopping online. For the first time, more than half want to store their card information, and as many as 28 percent state that they would even shop more, if they did not have to enter card details for each online purchase. More consumers also choose to store their card details when they shop in order to make payment faster for future purchases.

How DIBS makes online payments faster and easier

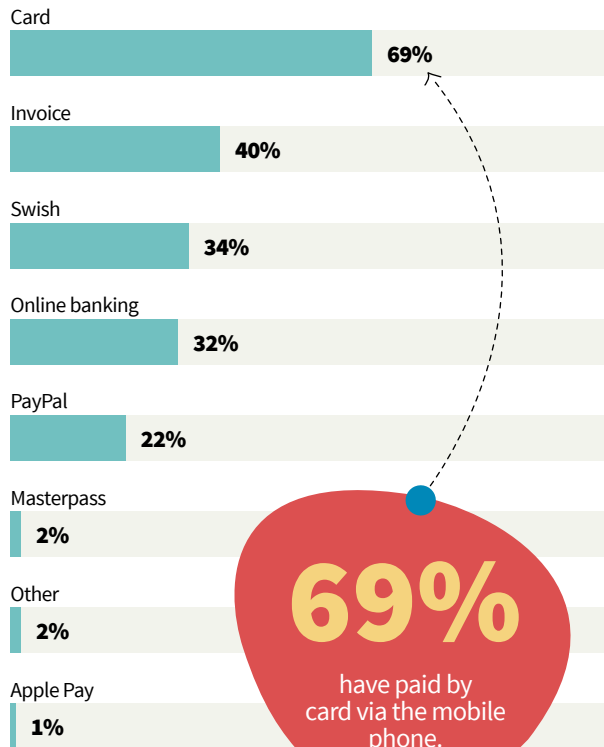
Due to the fact that consumers demand faster and smoother payment, we have launched the Easy payment solution to make it easier to pay and receive payment online. Easy allows consumers to save both payment and delivery information to make it both faster and easier to shop the next time. Once the consumer has stored their information, it is pre-filled at checkout for future purchases, making it possible to pay with a single click in any online store that uses Easy.

The payment solution includes the most popular payment methods, allowing the consumer to choose what suits them the best.

Payment is made directly on the web shop's website, allowing the consumer to stay in the online store for payment, without being sent to a separate payment page. This makes the consumer's purchase journey easier, and thus also helps online stores increase their conversion.

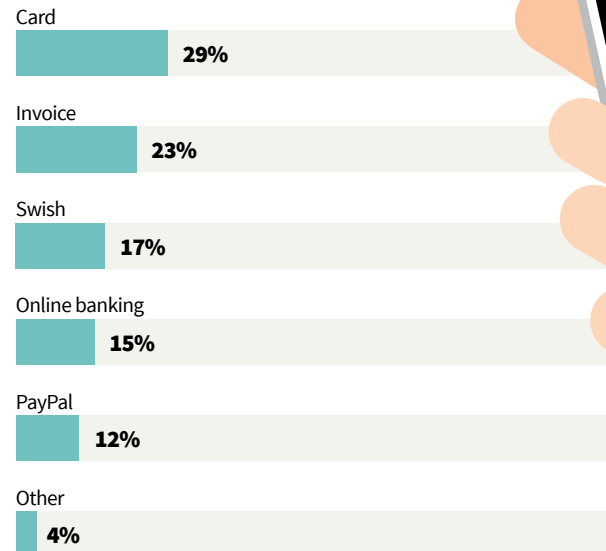
And it is not just a simple solution for consumers. Webshops can register for Easy easily and paperlessly. This makes it possible for them to receive online payments within 24 hours.

10 Used payment methods via mobile during the last 3 months



As in previous years, card is the most common payment method among Swedes, even when they shop via the mobile phone. 34 percent have paid with Swish when they shop from their mobile, an increase of 9 percentage points. PayPal is also becoming more popular. In 2017, 18 percent had used PayPal to pay via the mobile phone – this year that figure stands at 22 percent.

11 Preferred payment methods via mobile



29 percent of Swedish consumers prefer to pay by card when shopping online via their mobile devices. This is a decrease compared to 2017, when 33 percent preferred card. Conversely, both invoice, PayPal and Swish have increased in popularity. In 2017, 15 percent of consumers chose Swish, while that figure rose to 17 percent this year.

The payment methods preferred by Swedes remain largely the same, whether they shop via their computer or via their mobile devices. Only Swish stands out as more popular when consumers shop via the phone. Above all, the simplicity and speed attracts consumers to paying by Swish when shopping through the mobile phone. Behind cards, Swish is the most widely used payment method among the youngest consumers, the ones who grew up with the mobile and are happy to use it to shop.

Not all payment methods have been embraced by Swedes. Still, just one percent of Swedes use Apple Pay when shopping online via the phone. This is no surprise, considering that so far there are relatively few consumers who have access to the payment method.

CONSUMERS



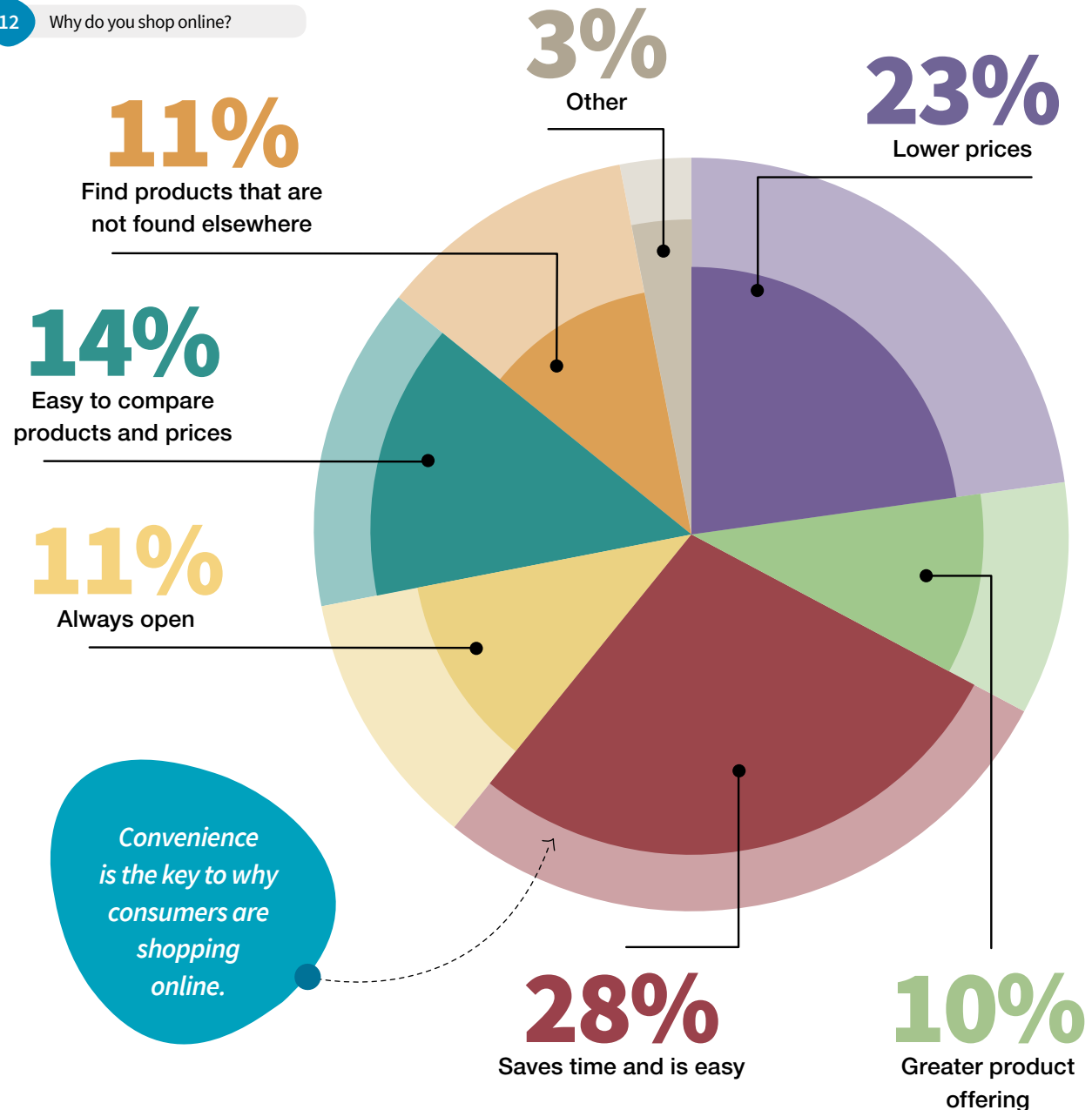
NATALIA LAURSEN,
Nordic Digital Manager,
DIBS Payment Services

CONVENIENCE IS **EVERYTHING**

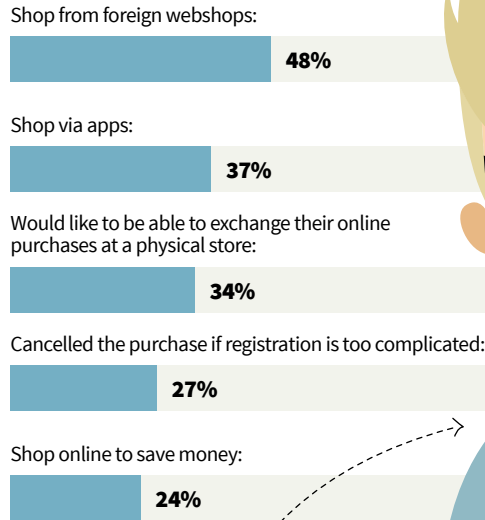
Swedish consumers are particularly motivated by one thing: saving time in everyday life. That e-commerce has to be quick and easy is made clear in several places in our survey - not least as a reason to prefer a certain payment method. Consumers want to make as many purchases as possible online to gain more time for other things. Why stand in line at the local supermarket in the middle of rush hour, when the groceries can be bought easily and hassle-free from the computer?

Thus, convenience is key when we talk about consumer motivation for shopping online. It is important for Swedish consumers that e-commerce is as simple as it can possibly be, and that is clearly visible in the numbers. 28 percent of Swedes stated that they shop online because it is easy and saves time. 14 percent respond that they do it because comparing products and prices is easy. Another important factor is accessibility. Consumers do not have to wait for the store to open, they can shop online whenever they have the time. No matter if it is four in the afternoon or three in the morning. Although convenience is the main driving force, it is important to remember that price remains crucial to almost a quarter of consumers shopping online.

12 Why do you shop online?

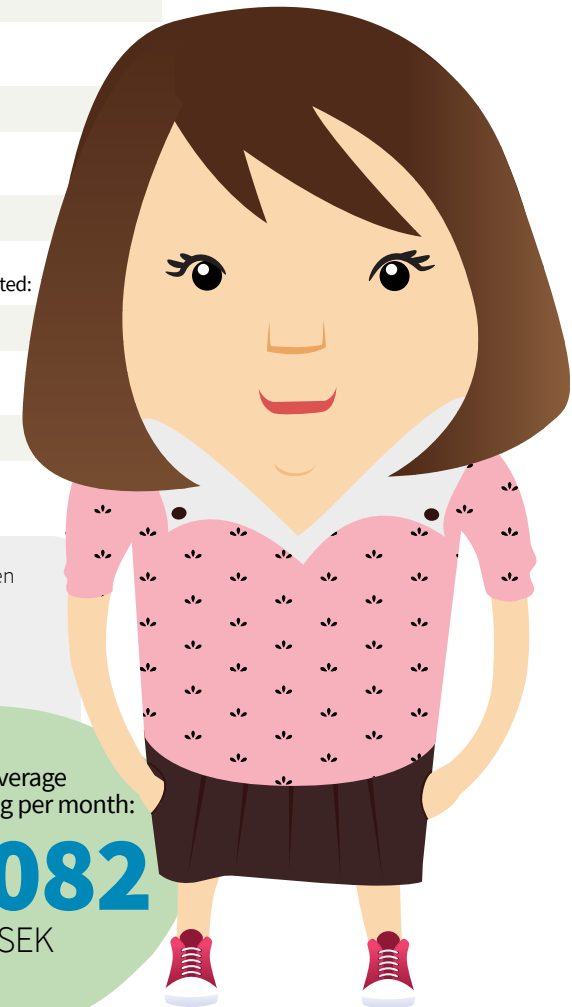
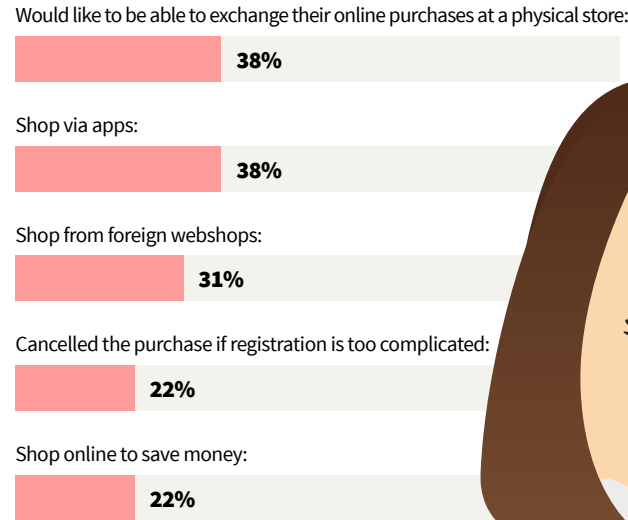


13 Male average consumer



Average spending per month:
3.097
SEK

14 Female average consumer



Average spending per month:
3.082
SEK

Although there are several similarities between male and female consumers, there are also differences. Men more often buy from foreign online stores and are more likely to cancel a purchase if it is too bothersome to register their information when making a purchase. Women have a little more patience on that front.

Women and men spend almost equal amounts of money shopping online each month.

15 How do consumers differ across various family situations?

45%

of families with little children paid with Swish.



	YOUNG FAMILIES WITHOUT CHILDREN	YOUNG FAMILIES WITH SMALL CHILDREN	FAMILIES WITH OLDER CHILDREN	WORKING ADULTS WITHOUT CHILDREN	PENSIONERS
Have bought food online	32%	45%	30%	25%	15%
Have shopped via mobile device	60%	74%	64%	52%	35%
Prefer to return online purchases in a physical store	34%	37%	40%	36%	35%
Has cancelled an online purchase	44%	53%	46%	42%	38%
Have shopped online from abroad	42%	33%	42%	42%	34%
Prefer to pay by card	35%	32%	31%	31%	32%

Young families without children

like to shop online from foreign webshops. 60 percent also shop through their mobile devices, and this group also prefers to pay by card more than other families.

Young families with young children

have a lot to do, and that is clearly visible in the numbers. This group shops the most via mobile, and 45 percent have bought food online. Online food purchases are something that makes it easier for families in everyday life.

Families with older children

is the group that most appreciates being able to return online purchases in physical stores. 46 percent of families with older children have also cancelled an online purchase. If shopping online becomes too bothersome, they simply will not.

Working adults without children

is a family type with an affinity for foreign e-commerce. 42 percent have made purchases from a foreign webshop. More than half of working adults also shop via the mobile phone.

Pensioners

shop online less than other family types. Nevertheless, more than a third of pensioners shop online via mobile, and 34 percent have made purchases from foreign online stores.

Mr. Big Spender

Here, you will get to know the online big spender.

We have studied the average for the 100 consumers in our survey who spent the most money online during a three-month period.

35-44 years
... man and lives in Stockholm.

Spends **16.170** SEK per month on online purchases.

Food
The product group he spends the most money on is food.

Wants to avoid having to enter his card details during payment.



24H
Shops online to find lower prices.

Cancels purchases
if registration is too bothersome.



He makes a lot of purchases from abroad – particularly from China.

TV streaming
is one of the services he subscribes to.

Mr. Shop A Lot

What distinguishes the consumers who shop online most frequently?

We have studied the average for those consumers who shop online most often – more than 25 times over a three-month period.



Shops online

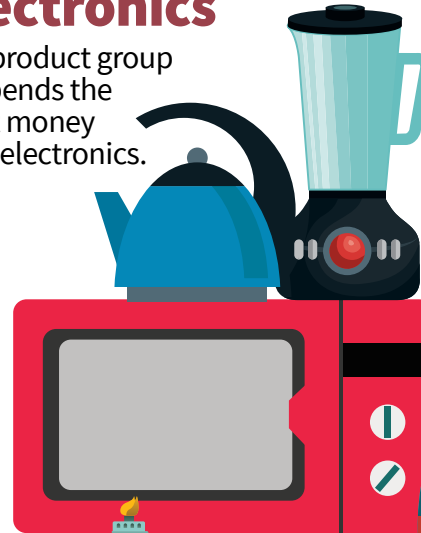
more than 25 times in 3 months.

35-44 years
... man and lives in southern Sweden.

Spends **6.902** SEK per month on online purchases.

Electronics

The product group he spends the most money on is electronics.



Cancels purchases

if the right payment method is unavailable or if the total price with delivery costs becomes too high.

Wants to avoid having to enter card details at the time of payment.



Music & TV streaming

are two of the services he subscribes to.



Often shops from foreign websites – especially from England and the United States.



16 Why have you cancelled a purchase?

The total price including delivery was too high

50%

The store did not offer the payment method I wanted to use

32%

Payment process did not work

25%

Complicated registration

24%

Technical issues with the site

18%

Uncertain about conditions such as return and delivery

14%

Lack of trust in the store

14%

Other

12%

No option of picking up the product personally

5%

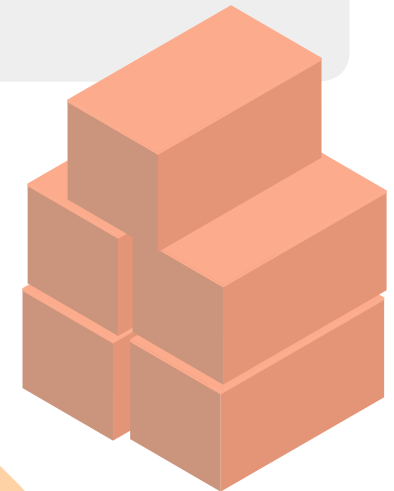
45%

cancelled online purchases over the past three months.



Why do Swedes shop online? The question is not difficult to answer. The most important reason is that it is comfortable. Conversely, when the Swedes refrain from shopping online, it is often due to price. 50 percent say they have cancelled a purchase because the price including delivery was too high. Almost a quarter of consumers have cancelled a purchase because registration was too bothersome, which could mean e.g. that you had to enter a lot of different information to complete the order. E-commerce should be simple and fast, and consumers do not want to enter a lot of information.

One in three cancelled a purchase because they did not have the opportunity to pay the way they wanted to, showing how important it is to offer the payment method that customers feel safe with. A quarter has also cancelled a purchase because payment did not work.



17 Average junior consumer (15-24 Years)

Cancelled online purchases if the total price including delivery is too high:



Shop via mobile:



Have at one point subscribed to music streaming:



Cancelled a purchase:



Shops from abroad:



Average spending per month:
2.575
SEK



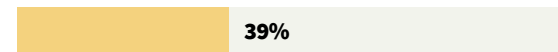
There is a big difference between the younger and the older consumer. If you are going to sell to the younger audience, offering a mobile-optimised shopping experience is pivotal. 60 percent of 15-24-year-olds shop online via their mobiles. As an online store, you also need to keep delivery costs in mind if you want to sell to a young audience. 63 percent of young consumers interrupt their purchase as the total price becomes too high.

18 Average senior consumer (66-74 years)

Does not want to enter card details for each purchase:



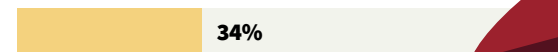
Cancelled a purchase:



Does not buy from foreign webshops because they want to support Swedish stores:



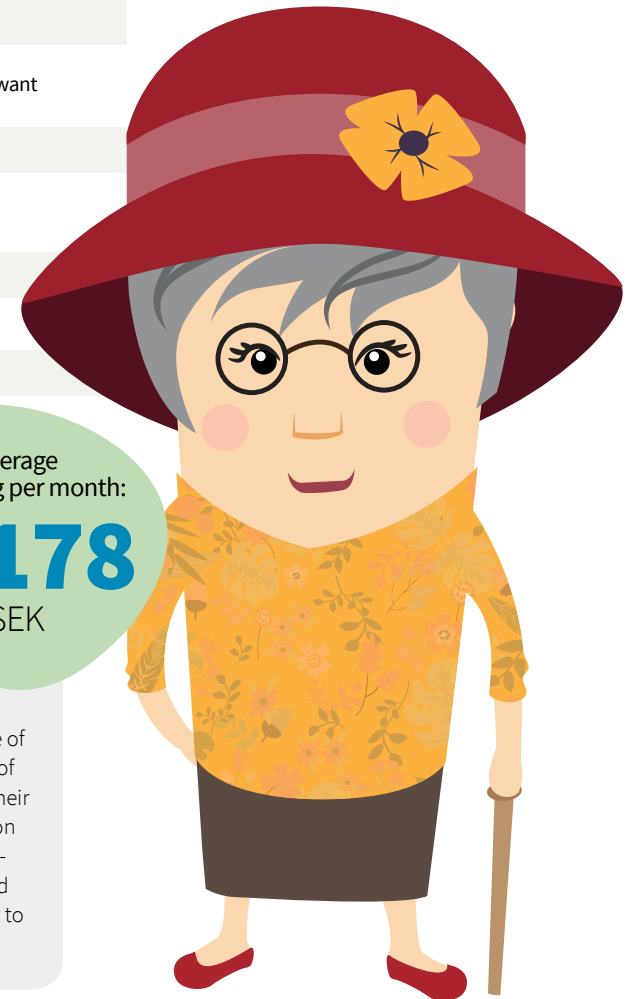
Prefer to pay by card – mostly because they think it is the easiest way:



Subscribes to transport services:



Average spending per month:
2.178
SEK



If you want to sell to an older audience, keeping in mind that they prefer to pay by card is good, as is the importance of making that easy to do. Almost 60 percent of 66-74-year-olds would prefer not to enter their card details, so choosing a payment solution that allows customers to save their card details could be a good idea. More than a third of the older group mainly buy domestically to support local stores.

Swedish C More has made the step from TV channel to streaming service – and successfully so. The company grows as customers embrace streaming.

Classical flow TV is dying, while streaming and video on demand flourishes. Customers want to decide what to watch when and how themselves. Swedish television provider C More took notice of that. In just 15 years, C More has gone from being an analogue TV channel to being the largest and fastest-growing streaming service in Sweden. Over the last four years, C More has grown tenfold, and each year, the company doubles its subscription turnover. Here, C More's Business Manager Sara Sjöman talks about the progress, as well as the challenges.

What e-commerce solution do you use?

We have chosen to build our own e-commerce solution, because we are not a typical web shop. We do not have thousands of Physical goods that we want to sell, and we do not need physical distribution of products. Our solution actually consists of just two parts: Our e-commerce page, built in Contentful, and our purchase page, created in-house.

Have you encountered any problems?

We had a lot of challenges! Our biggest challenge has been to create a good balance between our technical department and our

sales and marketing department. I actually think that this is a challenge in lots of companies. Prioritising satisfying our existing customers on the one hand and generating sales and growth in the number of new customers on the other has been difficult. In this regard, SEO has also been a problem.

How did you solve it?

We ended up with a solution where sales and growth dictate the development of our website, because we want to convert the website's visitors into members. We have put together a good development team which works closely with our technical team around experience and design, and it now works really well. Today, we can prioritise SEO and sales without making major changes to the technical and design experience of the C More service for existing users.

How do you ensure a good customer experience?

Right now, we are very focused on how technology can make life even easier for our customers. The thing is, we really want to give our customers the content that suits them. We don't want to just give everyone the same content. We are not there yet technically, but this is something we are working on



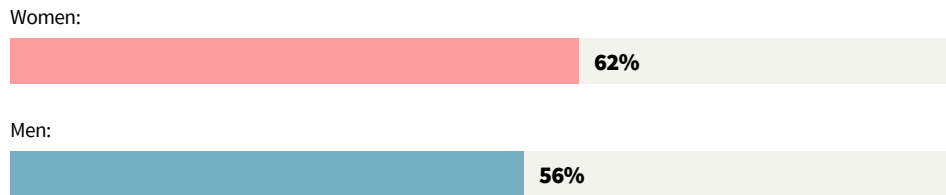
C More has gone from being a TV channel to being a streaming service. Business Manager at C More, Sara Sjöman, talks about C More's development.

and something we already do when communicating with our customers via e-mail and other marketing channels. Furthermore, we still have great focus on ensuring top technology and quality in our streaming, offering our customers a good experience.

What is crucial for success?

Teamwork. For us, the key to success has also been to be able to sell subscriptions online while creating a cool user experience on C More's website and in our app.

19 Have been shopping via mobile phone in the past three months



59%

have been shopping online via mobile or tablet over the past three months.

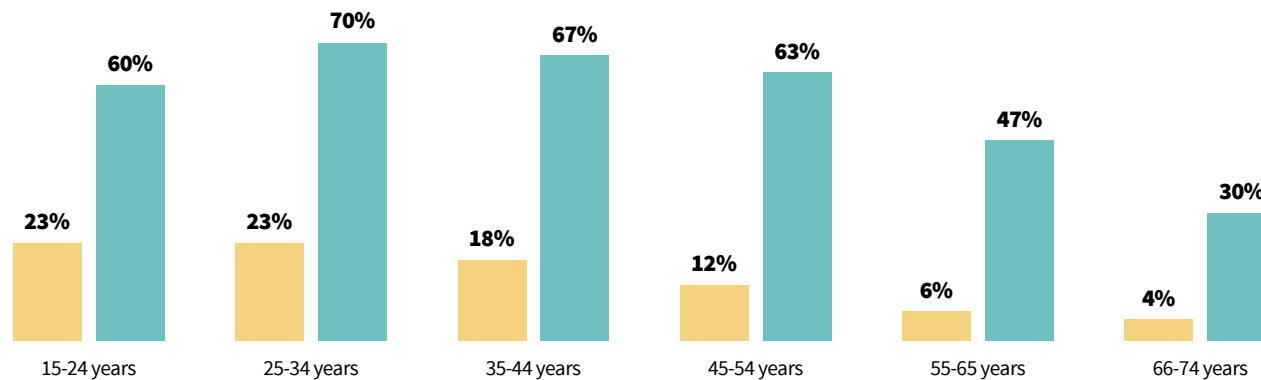
Just in the past year, the proportion of Swedish consumers who shop online from their tablet or mobile phone has increased by 9 percent. In 2018, almost 60 percent state that they have been shopping online from their mobile devices during the past three months. Last year, that figure stood at 54 percent. For many online stores, most of their sales now come from mobile devices. One thing is certain – optimising webshops for mobile devices has never been more important.

If we consider the distribution of men and women, there is no doubt as to which gender most often involves the mobile in online shopping. While 62 percent of women have made purchases via mobile devices, 56 percent of men have done the same. The fact that more women shop via mobile can be due to women using social media, an important channel for online marketing now, more.

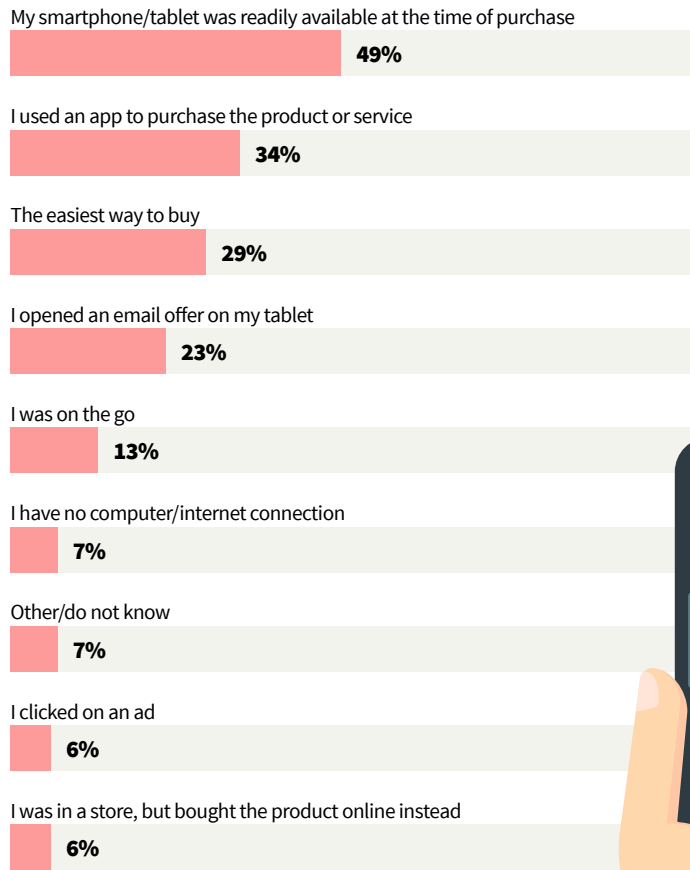
The age group that shops via mobile the most are the 25-34-year-olds, but the older age groups are also becoming more and more used to shopping via mobile. In 2012, 6 percent of 55-65-year-olds shopped online via mobile devices, this year that figure stands at almost 50 percent. Just since last year, mobile e-commerce has increased by 21 percent in this age group.

20 Development by age

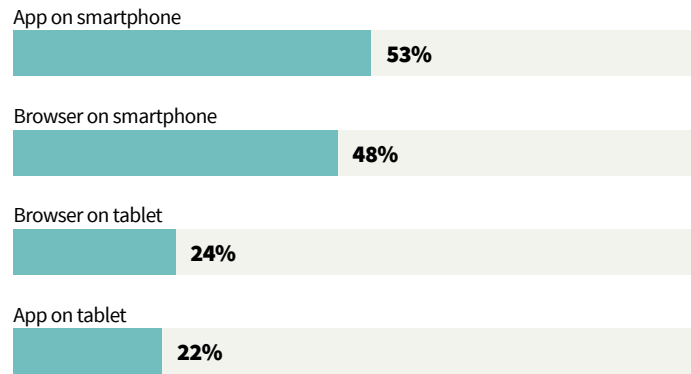
2012
2018



21 Why did you use your smartphone/tablet for shopping?



22 How do you shop via your mobile devices?



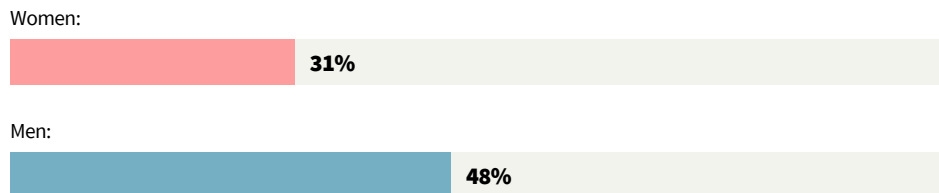
Consumers particularly shop via mobile because the mobile is at hand when they want to shop. This is clearly visible in the numbers. 49 percent of Swedes who shopped online via mobile state that they used their mobile or tablet because it was the most easily available at the time of purchase.

It is very important to consumers that online shopping is easy, and that is also one of the reasons why we see mobile e-commerce on the rise. 29 percent of consumers respond that shopping via the mobile or tablet is simply the easiest way.

If we look at how Swedish consumers shop through their mobiles, we see that in-app purchases are on the rise. 53 percent of those who shop via mobile do it through an app. Consumers who buy from foreign online stores shop more through apps than other consumers.

It is also interesting that the youngest consumers, the ones aged 15-24, are more likely to click ads and store offers they receive via email than other age groups.

23 have made purchases from foreign webshops in the past three months



40%

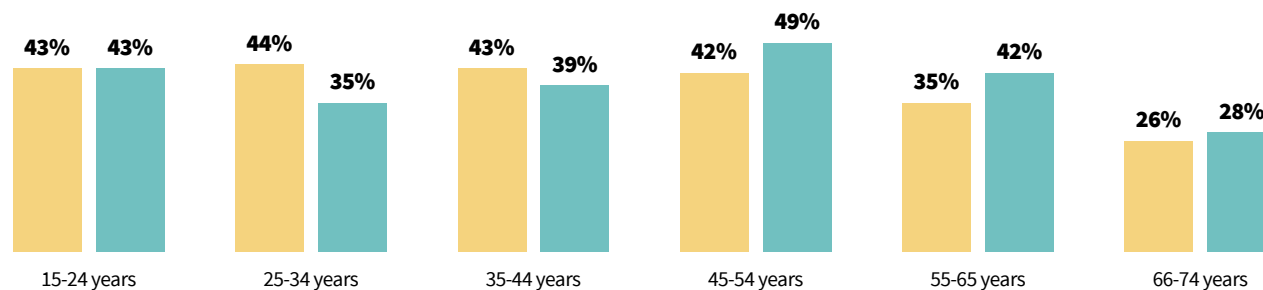
have been shopping online from foreign webshops in the past three months.

Like last year, four out of ten Swedes have made purchases from foreign webshops.

For men, this number stands at almost half, while 31 percent of female consumers have bought online from foreign stores. Men are clearly more enthusiastic about shopping from foreign webshops. The explanation may be that men more frequently look for unique products, and the offering is larger on foreign webshops.

24 Development by age

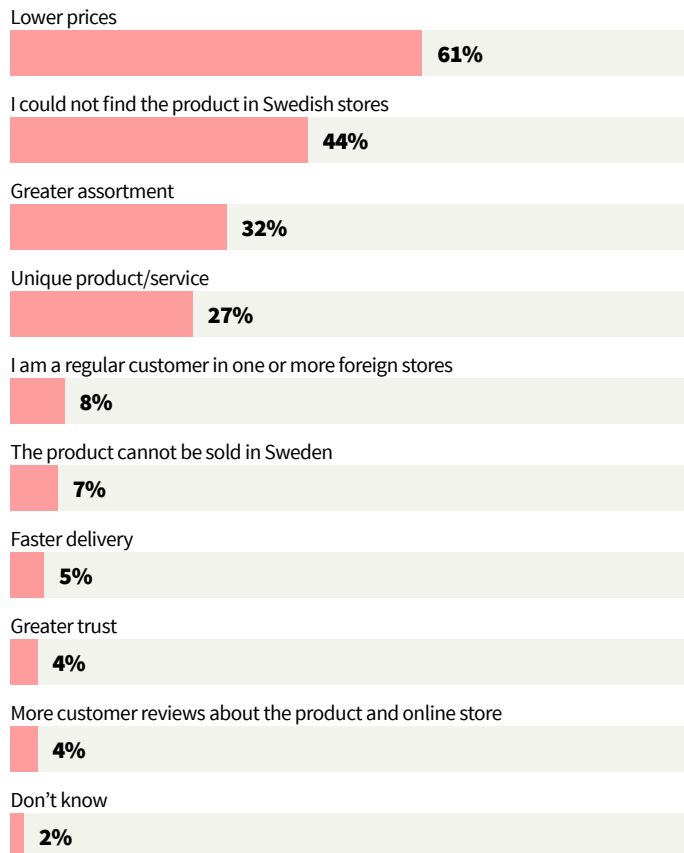
2017
2018



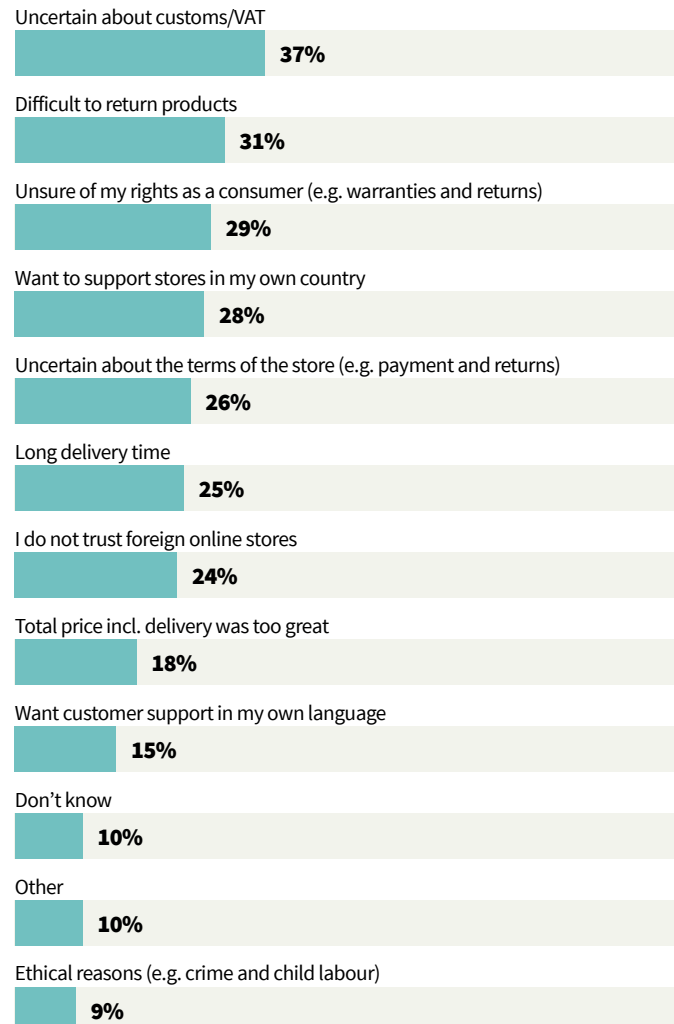
If we take a closer look at developments in the different age groups, there are several surprising observations to make. In fact, the proportion of 25-44-year-olds who made purchases from foreign online stores decreased compared to last year. Among 25-34-year-olds, foreign e-commerce dropped by 22 percent from 2017 to 2018, while it dropped by 25 percent for 35-44-year-olds.

On the other hand, we see purchases from foreign webshops rising among the older age groups. 66-74 year-olds is the group which shops from foreign webshops the least, but the proportion is growing from 26 percent in 2017 to 28 percent in 2018. It remains to be seen if developments in the different age categories persist.

25 Why do you shop from foreign webshops?



26 Why do you not shop from foreign webshops?

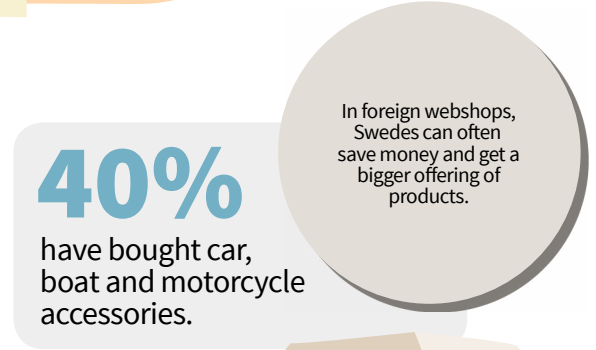
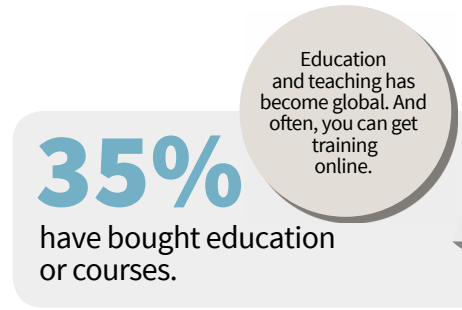
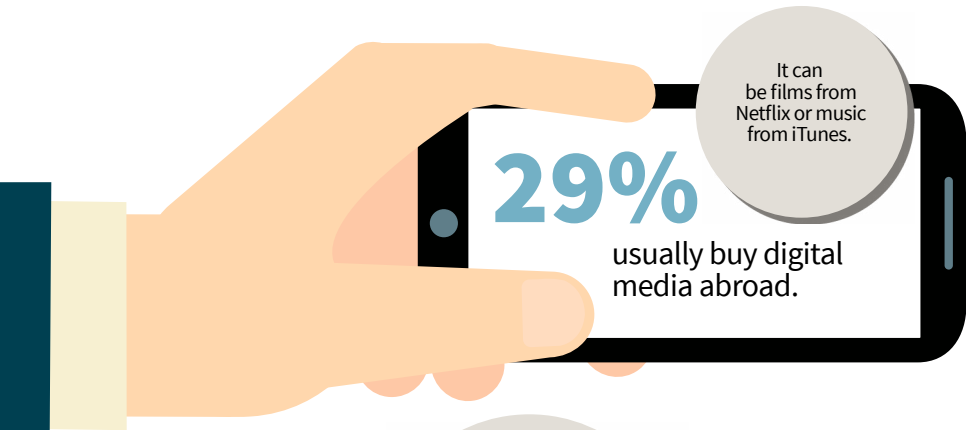


Swedes like to shop from foreign webshops, where the prices and the range attract in particular. 61 percent state lower prices as the main reason for shopping from foreign web shops, while 44 percent chose foreign online stores because they could not buy the desired product in Sweden.

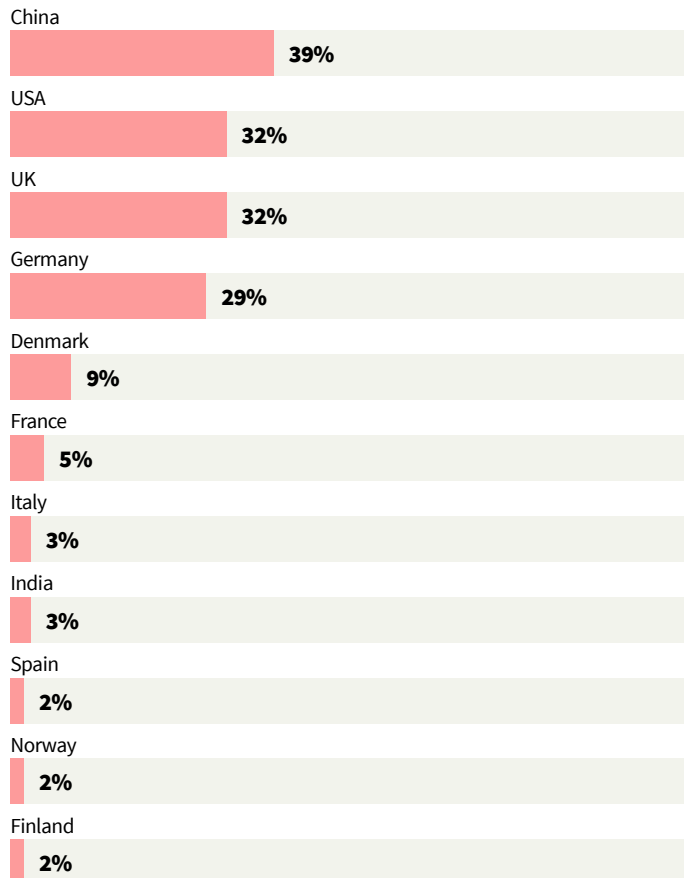
8 percent of Swedes are also regular customers of one or more foreign online stores – among men, the figure stands at 14 percent. This shows that Swedes have become more comfortable buying from abroad and have their favourite stores.

Although many Swedish consumers shop in foreign webshops, six out of ten still do *not* do it. Among these, 31 percent refrain from shopping in foreign webshops because they consider it difficult to return items, while 37 percent feel insecure about customs and VAT rules. Long delivery times and uncertainties about general terms and consumer rights are also important reasons why some Swedes refrain from shopping in foreign online stores. In addition, it is worth mentioning that almost one in four Swedes do not trust foreign online stores, while 28 percent exclusively want to support stores in their own country.

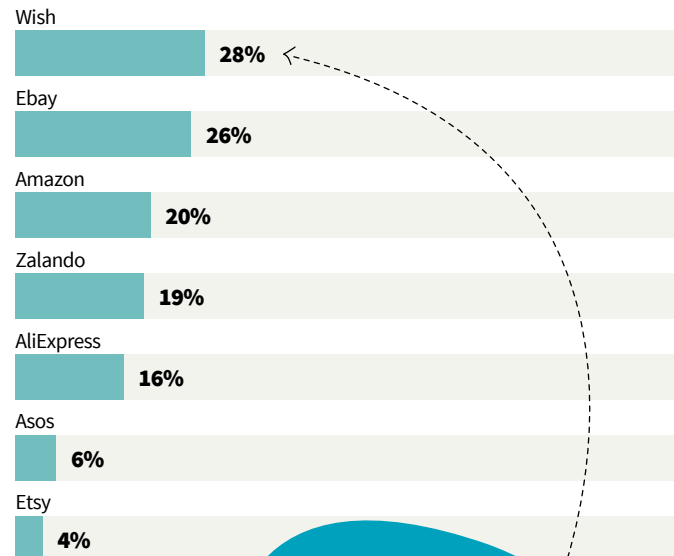
WHAT DO SWEDES BUY **ABROAD**



27 From which countries do Swedes shop?



28 From which foreign webshops do Swedes shop?



28%

have made a purchase
from Wish.

When Swedes shop online in foreign stores, they have their favourite suppliers. Nearly 40 percent of those shopping on foreign websites have done so from Chinese online stores. Quite simply, Swedish consumers have become aware of the Chinese online stores offering both cheaper products and a greater selection. Two crucial factors that put Swedish online stores to the test.

That China tops the list is not surprising, considering Wish's big impact in Sweden. We doubt if anyone missed PostNord's challenges with the huge influx of packages?

In a strong, shared second place, we find England and the United States. Around 20% of those shopping from foreign online stores do so from Amazon, the platform which revolutionised e-commerce in the United States. This is a clear indication that Swedish e-commerce may face major upheaval when Amazon comes to Sweden.

In third place among the most popular countries to shop from, we find Germany, and in fourth place comes our neighbour, Denmark.

03

**DANISH
E-COMMERCE**



NEW HEIGHTS AND **VISIONS FOR THE FUTURE**

Danish e-commerce is only going one way – and that is up. Since last year, e-commerce spending has risen by an impressive 23 percent. Danes are increasingly happy to shop online via the mobile phone and shopping in foreign webshops.

When we consider the year 2018, there is much to get excited about. The Danes are growing increasingly fond of online shopping – no doubt about it. From 2017 to 2018, total spending on Danish e-commerce will rise by no less than 23 percent. This means that this year, Danes spend a staggering DKK 133.5 billion online.

It is also worth noting that consumers are increasingly trading on foreign web shops. 43 percent of Danish women have been shopping through a foreign web shop, while for men the figure is more than half. Overall, 49 percent of Danes have now tried to make a purchase from a foreign webshop. We especially shop from China and England, and the Wish webshop is one of the most widely used. 25 percent of people making overseas purchases have bought from it, and with the very low prices and favourable customs and shipping rules, the Danish webshops are put under even greater pressure.

On the other hand, Danish web shops have shown once more that subscription-based services are here to stay. Subscriptions are

getting increasingly popular, and we have seen increases in beauty products and music streaming. Many webshops have grasped how to make things easy for the consumer, while creating a business model that offers continuous earnings. TV and music streaming are still in the lead, but new business ideas are coming, and this year the analysis shows that subscribing to animal foods has become more popular.

We know that consumers emphasise ease and speed in online shopping. Among other things, this is made apparent by Danes' fondness for shopping online via the phone. 54 percent of Danes have now made online purchases via the mobile phone, and this number has risen since 2017. Consumers want to be able to shop while relaxing on the sofa, and it has to be as easy as possible. At the same time, more and more options for shopping easily and simply from your mobile are coming – one example of this is our new payment method Easy, which stores both card and address information across all webshops, making mobile payments even easier and faster. But Dankort is also ready with a new

version of the Dankort app, which makes it possible to shop online via a Dankort app that, until now, has only been available in physical stores.

2018 is also the year in which we have launched a new five-year strategy for the Nets Group. We have done that because we want to deliver the best payment solutions to our customers. Part of our new strategy is to improve our customer service through a 'one point of contact' system. This means that our customers will have one sales representative for the entire Nets group, who will handle all issues and requests the customer may have – e.g. questions about cashing, payment window setup, technical assistance and so on.

The new set-up has already been implemented for a number of customers, but more people will get this opportunity over time. Our aim is to listen even more to the demands and desires of Danish webshops in order to be able to deliver the right and most innovative solutions. All this will ensure an even better market in the future, allowing e-commerce to flourish freely.

Consumers want to be able to shop while relaxing on the sofa, and it has to be as easy as possible.

HENRIETTE HØYER,
Head of Sales,
DIBS Payment Services



THE MARKET



LINE JARL HOLM,
Nordic Content Manager,
DIBS Payment Services

DANISH E-COMMERCE CONTINUES ITS MARKED RISE

Danes love shopping online. By 2018, total spending in Danish e-commerce will amount to a staggering 133.5 billion kroner. This means a 23 percent growth compared to overall e-commerce spending in 2017.

The development paints a picture that Danes have really taken to e-commerce, and that they are particularly happy to shop online via the mobile phone. Because it is easy, fast and convenient.

With a total spending of DKK 67 billion, Travel is still the category that the Danes spend the most money on. However, the other two categories, Physical goods and Services, also see considerable consumer spending of DKK 46 billion for Physical goods and DKK 20 billion for Services.

Many new subscription-based business models have emerged, which helps explain the growth in several of the categories. For example, 42 percent of Danes have subscribed to TV streaming, while 11 percent have subscribed to animal foods. Danes are increasingly interested in subscribing to food.

SPENDING 2018
133.500.000.000
DKK



SPENDING 2017
108.800.000.000

01 Growth from 2017 to 2018

Where in previous years, the report has focused on estimating turnover for Danish web shops, in 2018 we chose to focus on Danish online spending in both Danish and foreign web shops to make the report reflect consumer behaviour more closely and underline an important trend: In 2018, e-commerce has gone global. You will therefore find that in this year's report, the stated figure for Danish online consumer spending in 2017 does not match the figure for Danish web shop turnover in our previous report. There is a difference between turnover and spending, and in this report, spending for 2017 has been estimated using the same method we used to estimate spending in 2018. Respondents have specified what they spend in different categories over a three month period. Then we have calculated what each gender within a particular age group has shopped for in total and divided this number by the number of respondents. The average per person in the different age groups and genders thus applies to how the country's demographics look and how many people have access to the internet. The demography and internet statistics have been derived from the following sources:

Internet: <https://www.dst.dk/Site/Dst/Udgivelser/nyt/GetPdf.aspx?cid=24235>
Population: <http://norden.statbank.dk/popu01>

DISTRIBUTION OF E-COMMERCE

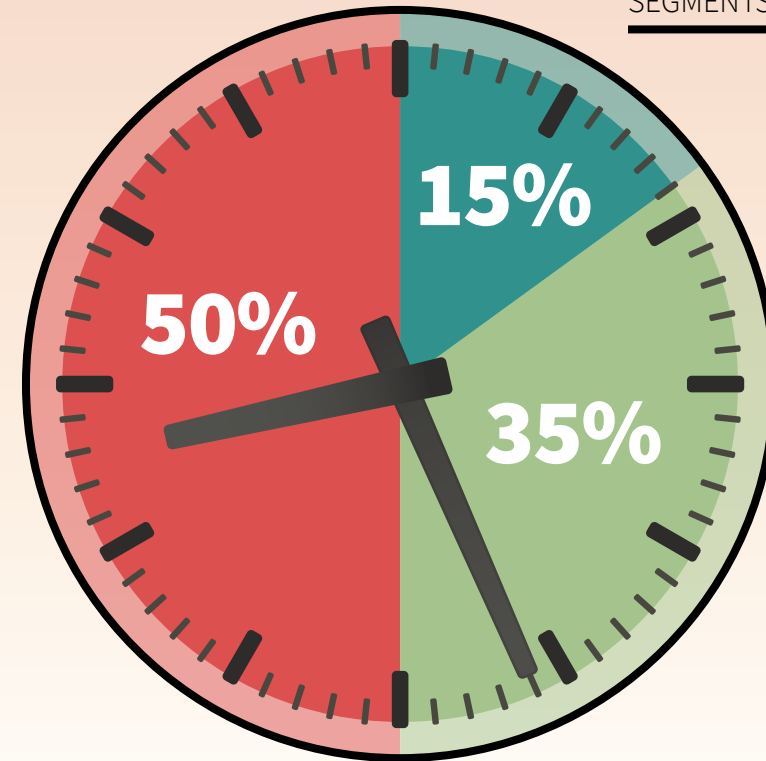
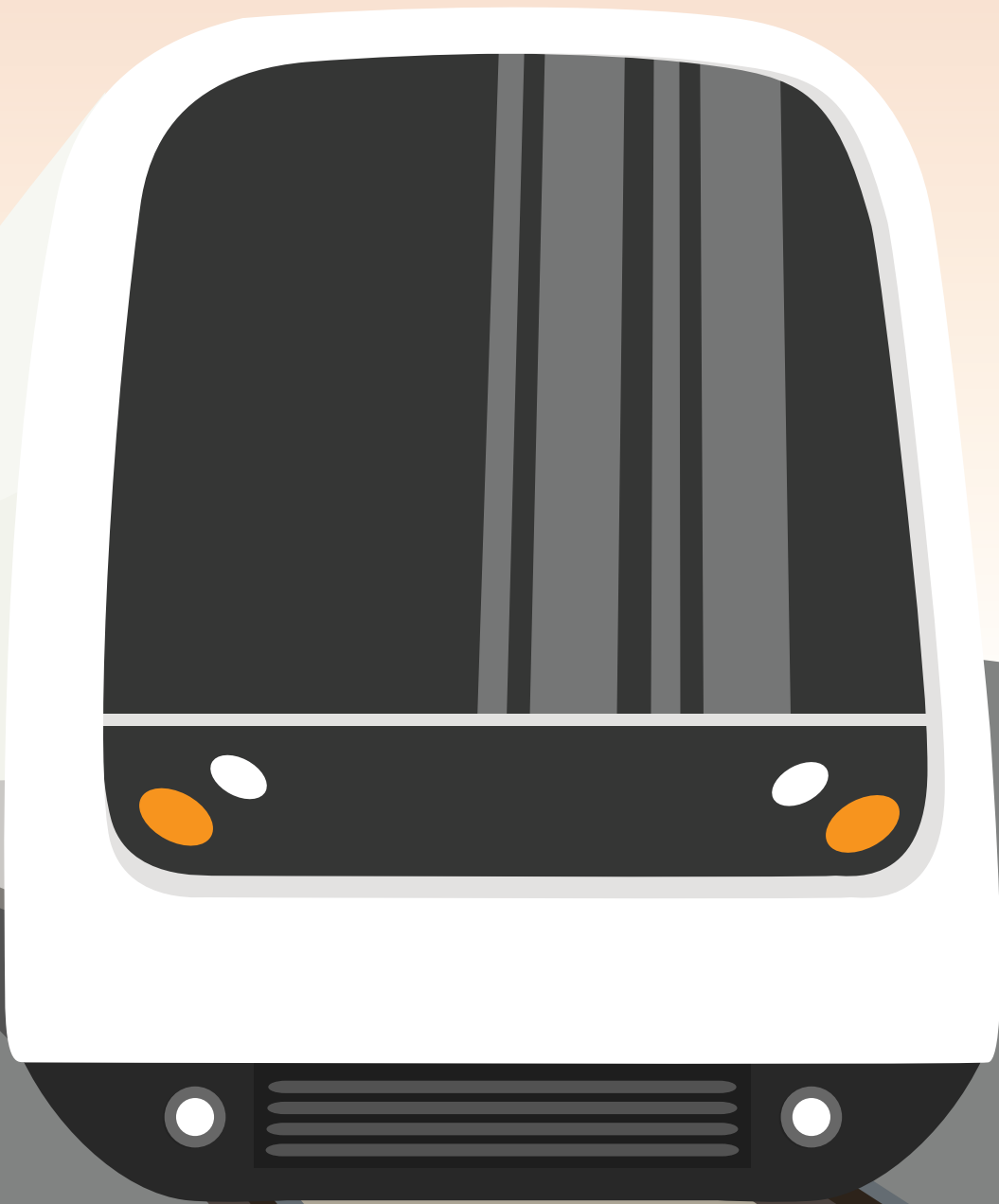
In 2018, Danes will shop for DKK 133.5 billion online. This is an increase of 23 percent compared to last year's spending. Danish spending is divided into three categories: Travel, Physical goods and Services.

In 2018, Danish e-commerce amounts to a total of DKK 133.5 billion. Spending is distributed across purchases of Travel, Physical goods and Services, such as streaming of TV series, films and music.

Danes' wanderlust is great again this year, why the Travel category accounts for 50 percent of total e-commerce spending in 2018, while Physical goods and Services account for 35 percent and 15 percent, respectively. Even though Travel now accounts for half of total spending, it does not mean that the Danes spend less money on Physical goods and Services than previously.

Danes love shopping for Physical goods online, where clothing, electronics and body and health items are particularly likely to find their way to the virtual shopping cart. Services like television and music streaming are also popular.

Subscription-based services are also popular among Danes. Among other things, 37 percent of Danes have subscribed to transport, including metro and train, while 13 percent have subscribed to groceries. The popularity is due to subscriptions being easy and convenient, as the product or service is at hand when the consumer wants it to be.



SERVICES
20 BILLION DKK

GOODS
46 BILLION DKK

TRAVEL
67 BILLION DKK

CREATIVITY BREEDS **NEW INNOVATIVE SERVICES** AND GREATER SPENDING

In 2018, total spending on Services amounts to DKK 20 billion. That means that Services account for 15 percent of Danes' total online spending, and the category has the potential to grow much larger.

Danish consumers are buying more and more services online. In fact, online services represent 15 percent of total spending in Danish e-commerce this year, which means that Danes spend as much as DKK 20 billion on different forms of online services. Services are non-physical products and may for example be online purchases of memberships, telecom, charity and insurance.

At the same time, Services are a category undergoing rapid development. The range of services that Danes can choose from when surfing online is booming, and creativity in the industry is great. New concepts regularly see the light of the day, and the services market has yet to be saturated. Parking apps are just one example of a new innovative service emerging in recent years, and one that Danes have taken on. In 2018, a total of 19 percent of Danes purchase parking online. Previously, parking was so-

mething that the Danes would pay for solely using a physical ticket machine. The many new services sell because they save the Danes time and effort in everyday life. It is all about convenience. The second major reason why the category is growing is simply that a wider range of services has emerged. Today, far more products are created as online services and subscriptions.

MORE SERVICES GAIN GROUND AMONG DANES

If we zoom in on what Danes are buying in the Services category, there are several popular top scorers. Danish consumers are particularly willing to buy telecom online: 42 percent of the population buy telecom via the Internet, an increase of 12 percentage points compared to 2017. Digital media and tickets are also services that the Danes tend to buy online. Where 29 percent of Danes shop digital media online, 37 percent buy tickets. Both services have grown in

recent years. In digital media, the increase is mainly due to the fact that the industry is developing. Several physical media cross over to digital platforms, and Danes can now buy news online at e.g. Politiken.dk and Zetland.

Another online service that has won the hearts of Danes is insurance. From 2017 to 2018, the proportion of Danes who bought insurance online grew by 4 percentage points. Thus, 14 percent of the population now buys insurance for their home and family online.

It is not without reason that services such as insurance and telecom make a splash when Danes shop on the grand Internet. Online, comparing prices and products is easy. Where do you find the cheapest mobile subscription or the best insurance? This is something that consumers can easily find online themselves.

New concepts regularly see the light of the day, and the services market has yet to be saturated. Parking apps are just one example of a new innovative service emerging in recent years, and one that Danes have taken on.



14%

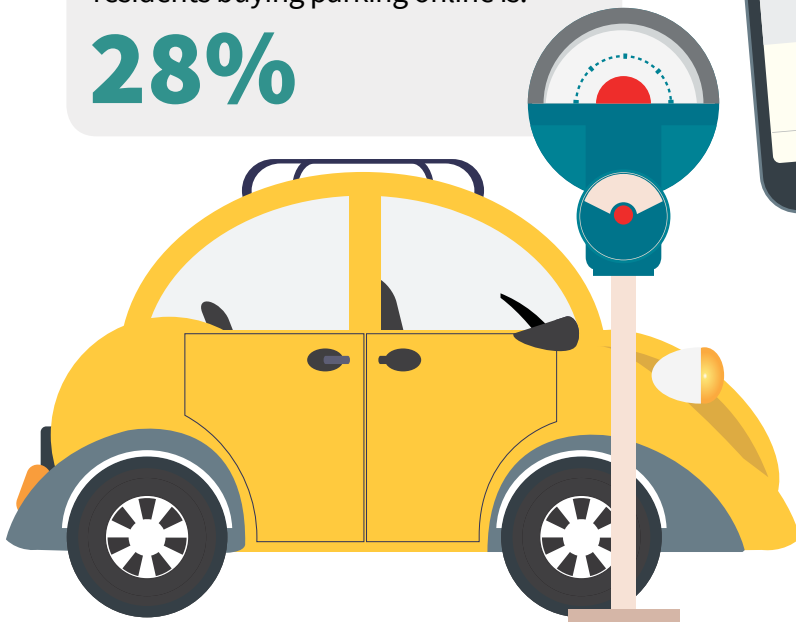
buy insurance on the internet.

19%

of Danes buy parking online.

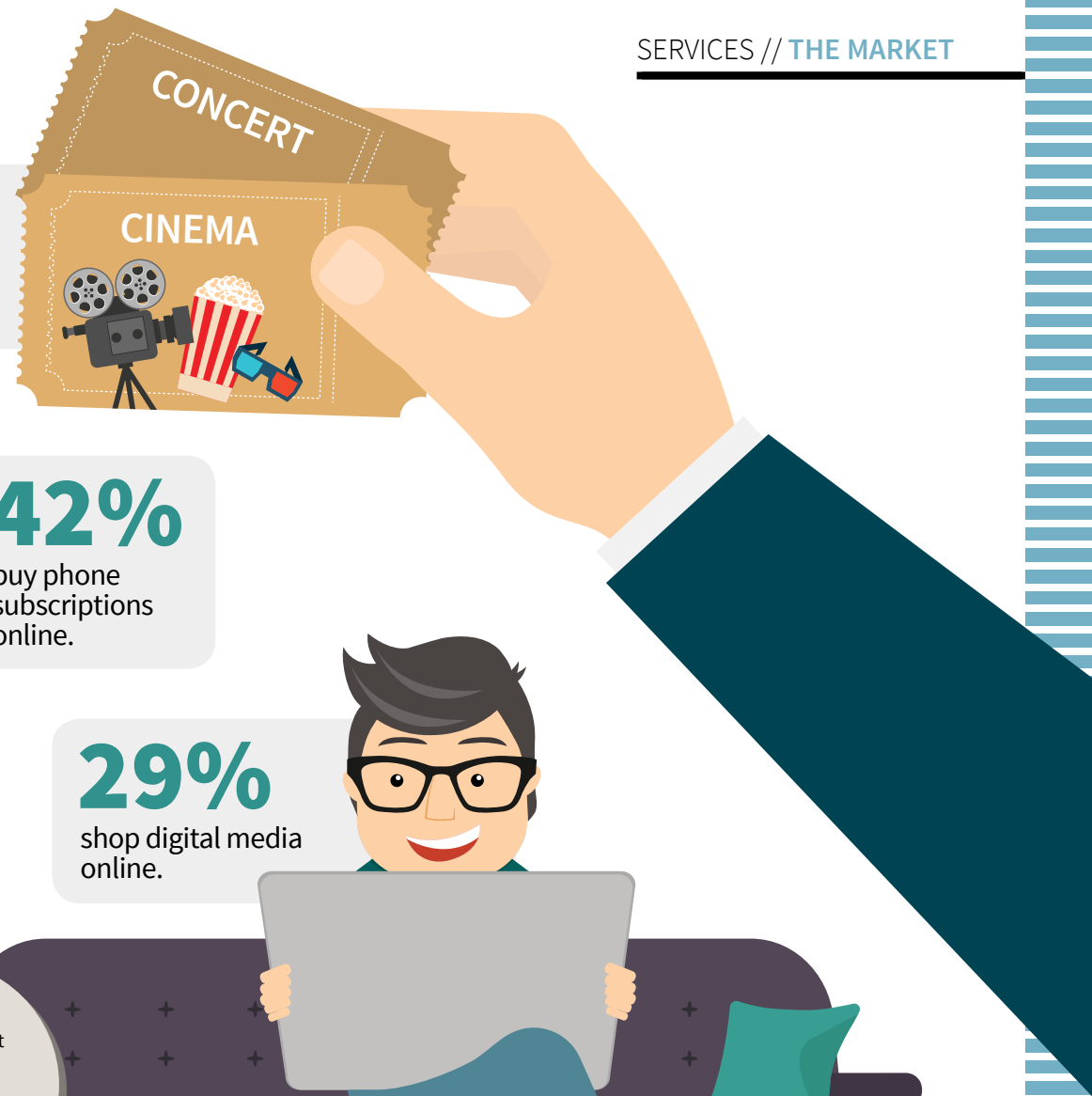
The proportion of Copenhagen-residents buying parking online is:

28%



37%

of Danes buy tickets online.



42%

buy phone subscriptions online.

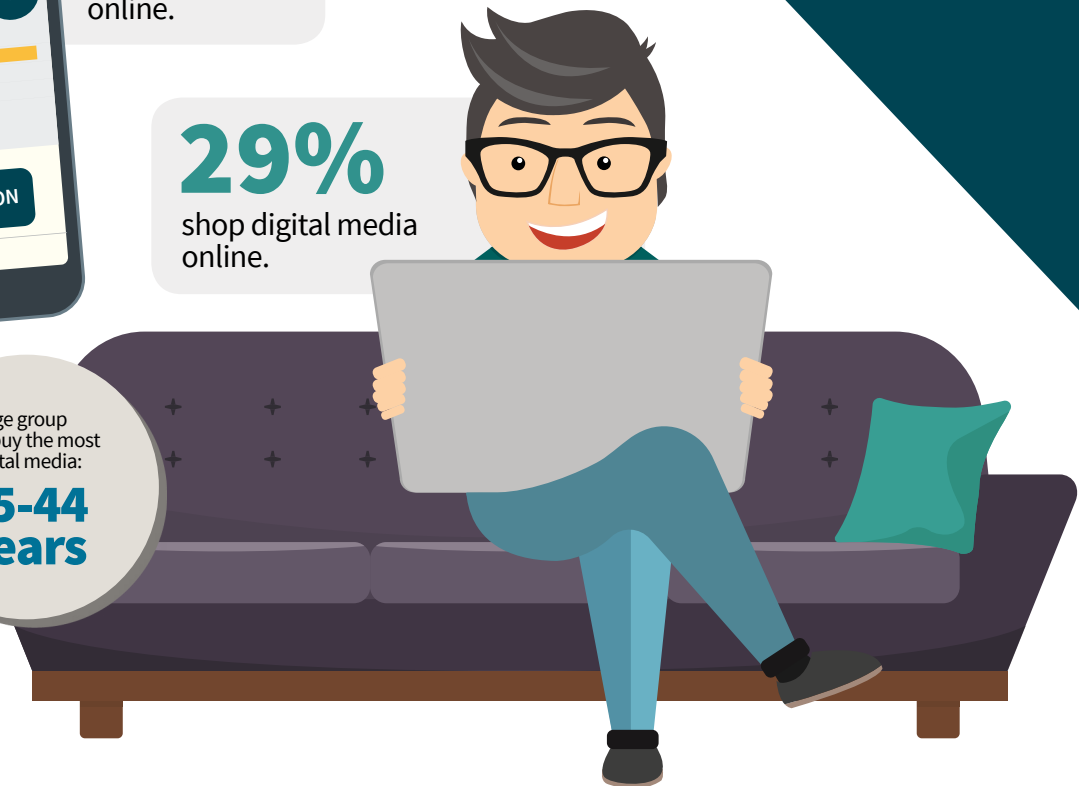


29%

shop digital media online.

Age group who buy the most digital media:

35-44 years



Hamsto wants to make it easy for you to rent storage space for your stuff. The company puts people with a shortage of space in touch with people with room to spare.

When he founded Hamsto last year, Brian Sean Tange came directly from a job as CEO of a major Danish moving and storage company. As he sees it, existing storage companies are often expensive, by no means environmentally friendly, and customers often have to choose a warehouse far from their home. Hamsto wants to change that through a user-friendly, sustainable, and economical online platform, where people with excess storage or parking space can rent it out to others.

Which e-commerce solution do you have?

We use Wordpress as our basic system, and we built different features from scratch using our own design. In terms of payment, we went with the Easy one-click payment solution. We know that people cancel e-commerce purchases if they have to do a lot of clicking or go to another site to complete the payment. With this solution, the customer stays on our platform throughout the payment process, and it only takes one click to pay. It's the smartest solution for our customers, and that's what it's all about.

With Christian Olesen (on the right), Brian Sean Tange (left) created sharing economy-based company Hamsto. Hamsto mediates contact between people with room to spare and people who need to rent a storage space.



Did you encounter any challenges?

Where do I start? You take a lot of beatings on the way. Nothing works from the get-go, and there is still much to learn about sharing economy platforms. We changed our platform several times before we even went live. There are many views on how things should be, and there is a lot of technology that has to work. It has been exciting, but also a big challenge.

How have you solved it?

We have some successful sharing economy platforms in Denmark which we have drawn inspiration from. We got in touch with some of them for professional discussions as well.

When you're part of the entrepreneurial environment, people are willing to share experiences and resources.

How do you ensure a good customer experience?

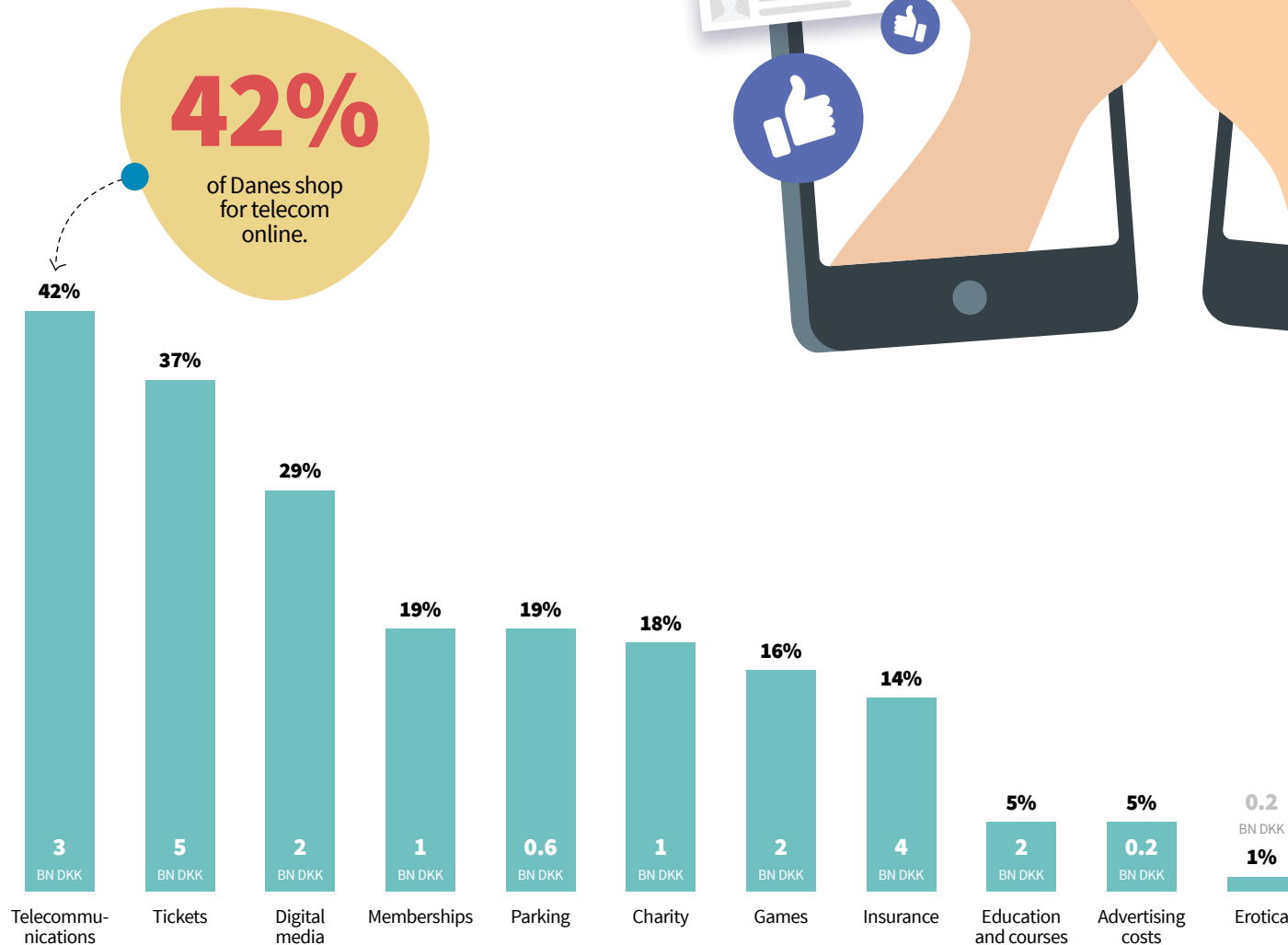
First and foremost by making it easy and user-friendly. Everything is digital and the customer won't have to fill in a lot of forms. The customer can log in using Facebook or their email, and the platform is optimised for mobile. Among other things, this means that a landlord can take pictures of their storage space using the mobile phone and upload it to Hamsto directly. Hamsto is also designed so that the user has to write as little as pos-

sible. One example is that the criteria in the search feature are listed, so the renter just clicks what he or she wants from the storage room, rather than writing it.

What is crucial for success?

Ease of use and security. That is also why we chose to work with some of the biggest and best companies in the areas of payment and insurance. It is important to understand the customers, really listen to them and change what they think can be done better. You might have the best marketing people giving you exposure, but if customers get a bad experience or do not like your product, the company will not succeed.

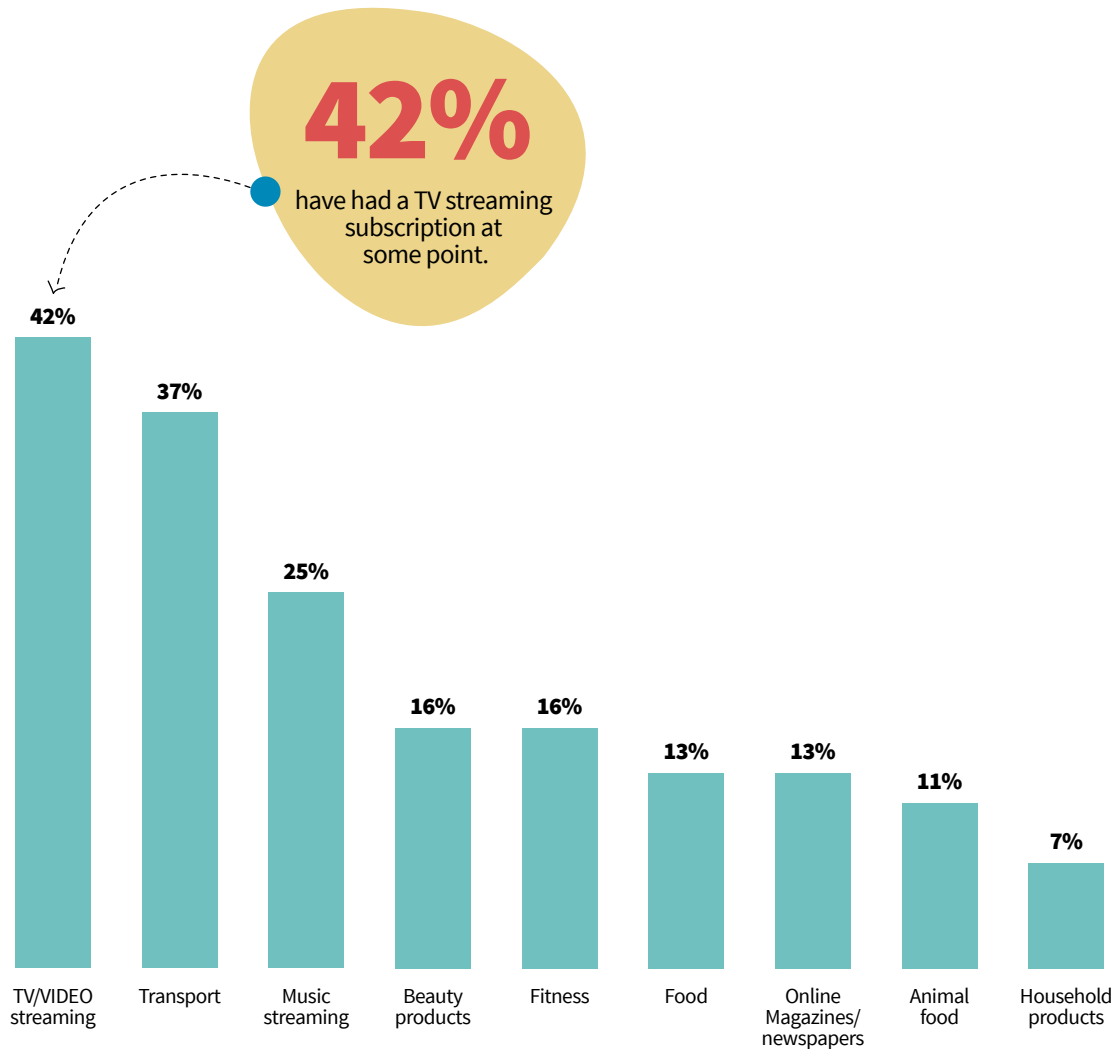
02 Distribution of the population buying services online and total spending



In recent years, online services have become a major hit among Danes. The market for online services is developing rapidly, and Danes have therefore been given the opportunity to buy far more services online. Online services that were not available before. Today, 19 percent of Danes buy e.g. parking online. In particular, this is related to the invention of parking apps that make it easy for consumers to pay for parking and move on with their everyday lives quickly.

In addition, telecom and ticket services are something that Danes very much tend to buy online. In fact, 42 percent of Danes buy telecom online, and 37 percent buy tickets online. Services such as telecom, insurance and memberships are convenient to buy online because it allows consumers to easily compare prices and products.

03 Online services that Danes subscribe to or have subscribed to



Today, consumers can subscribe to everything from TV streaming to beauty products and animal foods. Danes can subscribe to Physical goods as well as online services. Therefore, subscriptions are distributed across all three consumer categories, Travel, Physical goods and Services.

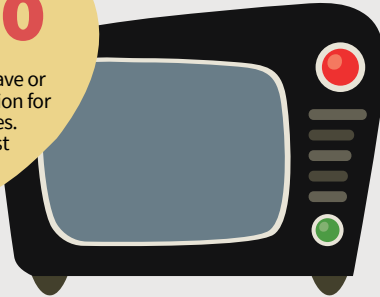
In the field of subscriptions, we especially see streaming services flourishing. 42 percent of Danes have or have had a TV streaming subscription, and a quarter have subscribed to a music streaming service such as Spotify. Among the younger age groups, the numbers are much higher.

If we look at Physical goods, 11 percent of Danes have tried to subscribe to animal food, while food subscriptions are increasingly popular. Subscription services are both easy and convenient. The physical good or online service is at hand when the consumer wants it to be.

TV-streaming

57%

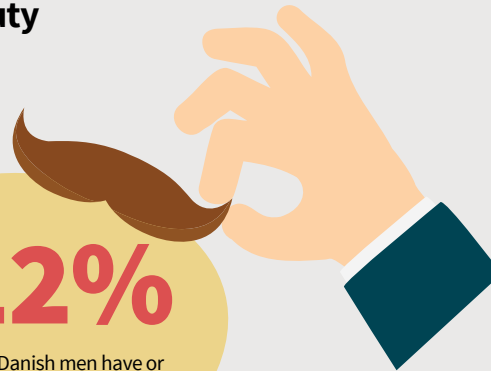
of 15-34-year-olds have or have had a subscription for streaming services. This is the largest group.



Beauty

12%

of Danish men have or have at one time had a subscription for beauty products.



Animal food

11%

have or have had a subscription for animal food.



Transport

52%

of Copenhageners buy or have bought a subscription for transport, e.g. travel card or parking.



Food

18%

of 25-44-year-olds have or have had a subscription for food online.



Music streaming

45%

of 15-24-year-olds have or have had a subscription for music streaming.



MULTIPLE PRODUCT GROUPS ARE RISING IN PROMINENCE

Danish consumers love shopping for Physical goods online, and more than half of Danes now buy clothes, shoes and accessories online. There has also been an amazing increase of almost 30 percent in the proportion of Danes who shop for groceries online since last year.

In the Physical goods category, Danes also spend considerable sums on online shopping. Physical goods account for 35 percent of Denmark's total spending in 2018, which means that spending on Physical goods will amount to DKK 46 billion this year.

Danish consumers are particularly fond of buying clothes online. In 2018, more than half of Danes – 54 percent to be exact – will buy clothes, shoes and accessories online. That makes clothes, shoes and accessories the largest category of Physical goods, and the type of Physical goods that Danes spend the most money on. In 2017, just under half of Danes were shopping for clothing online.

Clothes, shoes and accessories are not all that Danish consumers place in their virtual shopping cart. In fact, there are several types of Physical goods that more than a quarter of Danes purchase on the internet. For example, 29 percent of the Danish population buy physical media like books and

magazines online, while 27 percent shop for electronics via the internet.

It is also striking that the body and health category has taken a leap from 2017 to 2018. In the past year, 29 percent of the population bought body and health products online – this year, that number rose to 37 percent. Body and health has really gotten on board the online surge through popular websites such as Matas.dk. The increase in body and health can also be interpreted as a consequence of an increased focus on body and health among Danes.

Another significant development can be seen in Danes' online purchases of toys. In 2018, 17 percent of the population bought toys online, an increase from 14 percent in 2017. From home, parents can comfortably order what the children want, and avoid having to rush through an overwhelmingly large toy shop with a bunch of children wanting it all.

GROCERIES DELIVERED STRAIGHT TO THE DOOR

As e-commerce grows and becomes more common, Danes buy far more basic products online. Among other things, this is seen in Danish consumers really taking to online grocery shopping. In fact, online grocery shopping has seen an increase of 29 percent since 2017. In 2016, only 14 percent of the population bought groceries online, and this year – just two years later – that figure has risen to 21 percent.

The big cities in particular are where Danes choose to buy their milk and oatmeal from grocery stores such as Nemlig.com. Danes can easily order their groceries from the couch and have them delivered straight to their door, even on the 4th floor. Consumers avoid the toil and trouble, the queuing in the supermarket and finding a parking space in the city. The popularity of online grocery shopping certainly has merit, and the development is only expected to continue.

As e-commerce grows and becomes more common, Danes buy far more basic products online. Among other things, this is seen in Danish consumers really taking to online grocery shopping.

Age group buying the most clothes:

35-44-year-old women

54%

of Danes buy clothes online.



Age group shopping the most interior and design:

45-54-year-olds

25%

buy interior and design - and likely abroad.



Age group buying the most electronics:

35-44-year-old men

27%

buy electronics online - and preferably abroad.



Growth in the number of consumers who buy food online, from 2017-2018:

29%

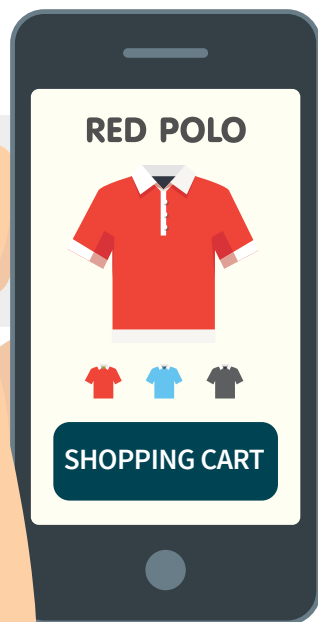
21%

buy food online.

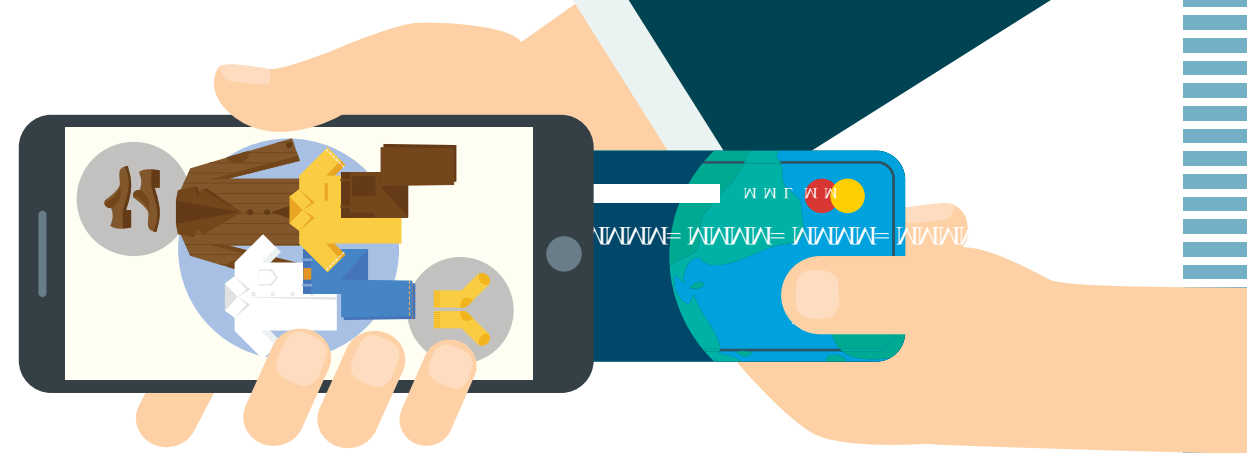


43%

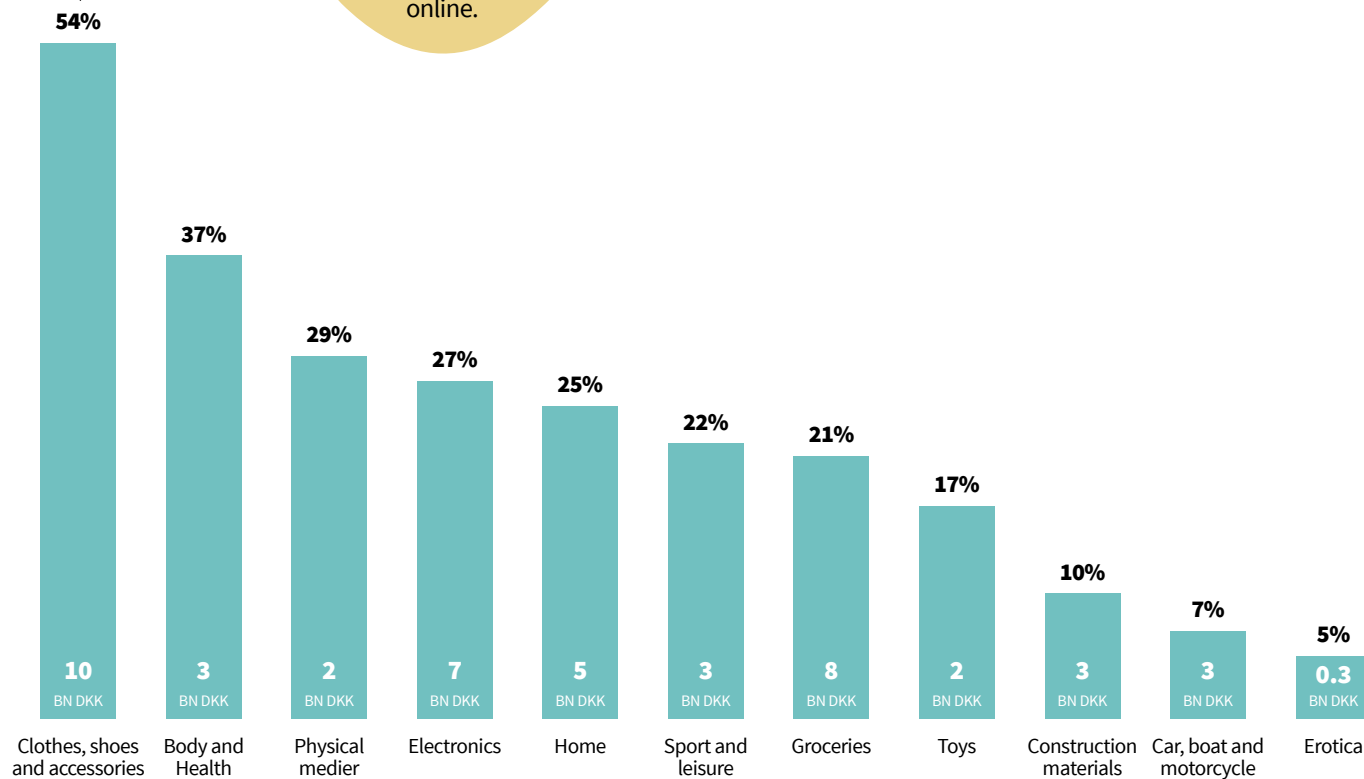
bought clothes from abroad.



04 Percentage of the population purchasing Physical goods online and total spending



54%
of the population shop for clothes, shoes and accessories online.



Danes love to shop for Physical goods online. In 2017, Danes spent DKK 40.5 billion buying Physical goods online, while spending grew to DKK 46 billion in 2018.

The Danes' spending is divided into different subcategories of Physical goods, where 54 percent of Danes buy clothes, shoes and accessories online. Therefore, there is little doubt that Danes love to renew their wardrobes online, where among other things comparing prices across web shops is easy.

Danish consumers are also happy to shop for sports and leisure products online. One fifth of Danes stock their virtual shopping cart with equipment they use when they engage in their sports and hobbies.

Overall, there is no doubt that Danes enjoy being able to buy their favourite items online.

DANES CONTINUE TO SPEND THE MOST MONEY ON TRAVEL

With a total spend of DKK 67 billion, Travel is still the category where Danes spend the most money. This year, we see more Danes buying plane tickets and rental cars online, and package tours and holidays are big hits.

Danish consumers love traveling, and when they buy their holidays and transport, they especially do it online. As a category, Travel is truly unparalleled in terms of where Danes spend the most money. In 2018, online consumer spending on Travel is DKK 67 billion. This corresponds to 50 percent of Danes' total online spending, and the spending has increased by 6 percent since 2017.

One explanation for this is that the travel industry was among the first to unfold the potential of e-commerce. This means that, for many Danes, buying Travel online has become a matter of course. Another major reason why Travel represents so much of Danish spending is that the individual purchase costs a lot of money compared to purchases within the Physical goods and Services categories. Therefore, Travel is not necessarily what Danes buy the most often when shopping online, but in this category they are spending more significant amounts.

CONSUMERS ARE CRAZY ABOUT PACKAGE TOURS AND HOLIDAYS

The travel industry is characterised by intense competition, and a lot of big companies vying for the same customers. For consumers, this means a wonderful combination of a lot of choices and competitive prices. On the Internet, Danish consumers can compare travel companies' prices easily and simply. In particular, flights are something that Danes buy online. In fact, airline tickets represent 32 percent of total spending in Travel.

We also see an increasing number of Danes shopping for package tours and holidays online. Last year, package tours and holidays represented just 26% of total travel spending. This year, that figure has risen to 30%. The development paints a picture of Danes enjoying the freedom of purchasing a complete package, thus saving time on planning. Providers may also have become

better at offering tailor-made packages, so that Danes still get some freedom of choice.

TAXI IS ON THE UP, WHILE TRAIN AND BUS ARE DROPPING

If we look at the more practical part of Travel, namely transport, there are also remarkable observations. Danes are increasingly happy to buy taxi trips online. This year, 8 percent of Danes purchased taxi trips online, while in 2017 that figure was only 5 percent. This may be because more and more taxi companies offer online bookings and apps where consumers can order and pay for their taxi. This is both quick and easy when Danes are on the go.

Conversely, we see that fewer Danes purchase train and bus transportation online. In 2017, 28 percent of Danes purchased train and bus transport, while this year that figure dropped to 16 percent.

Last year, package tours and holidays represented just 26% of total spending in Travel. This year, that figure has risen to 30%. The development paints a picture of Danes enjoying the freedom of purchasing a complete package, thus saving time on planning.



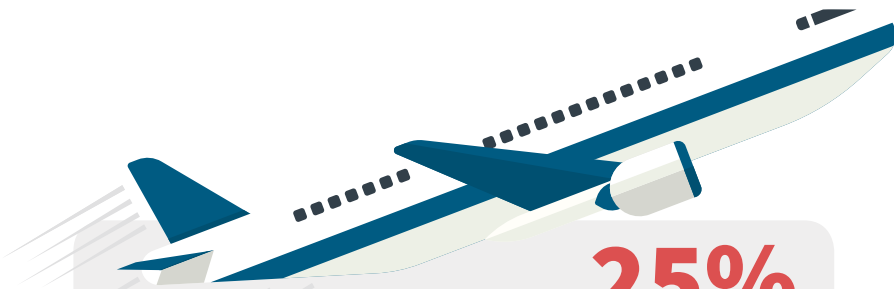
8%

order and pay for their taxi online.



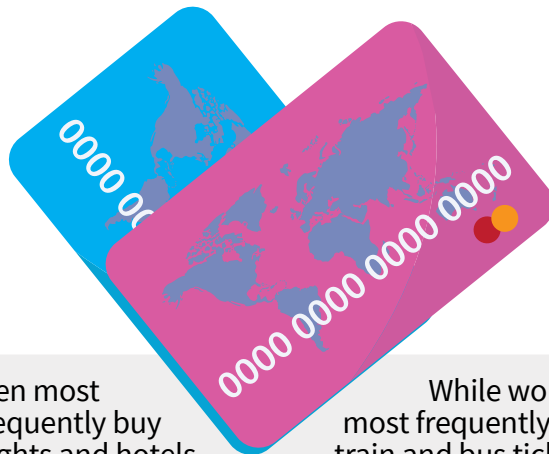
24%

purchase hotel stays online.



25%

of Danes buy airline tickets online.



Men most frequently buy flights and hotels.

While women most frequently buy train and bus tickets.



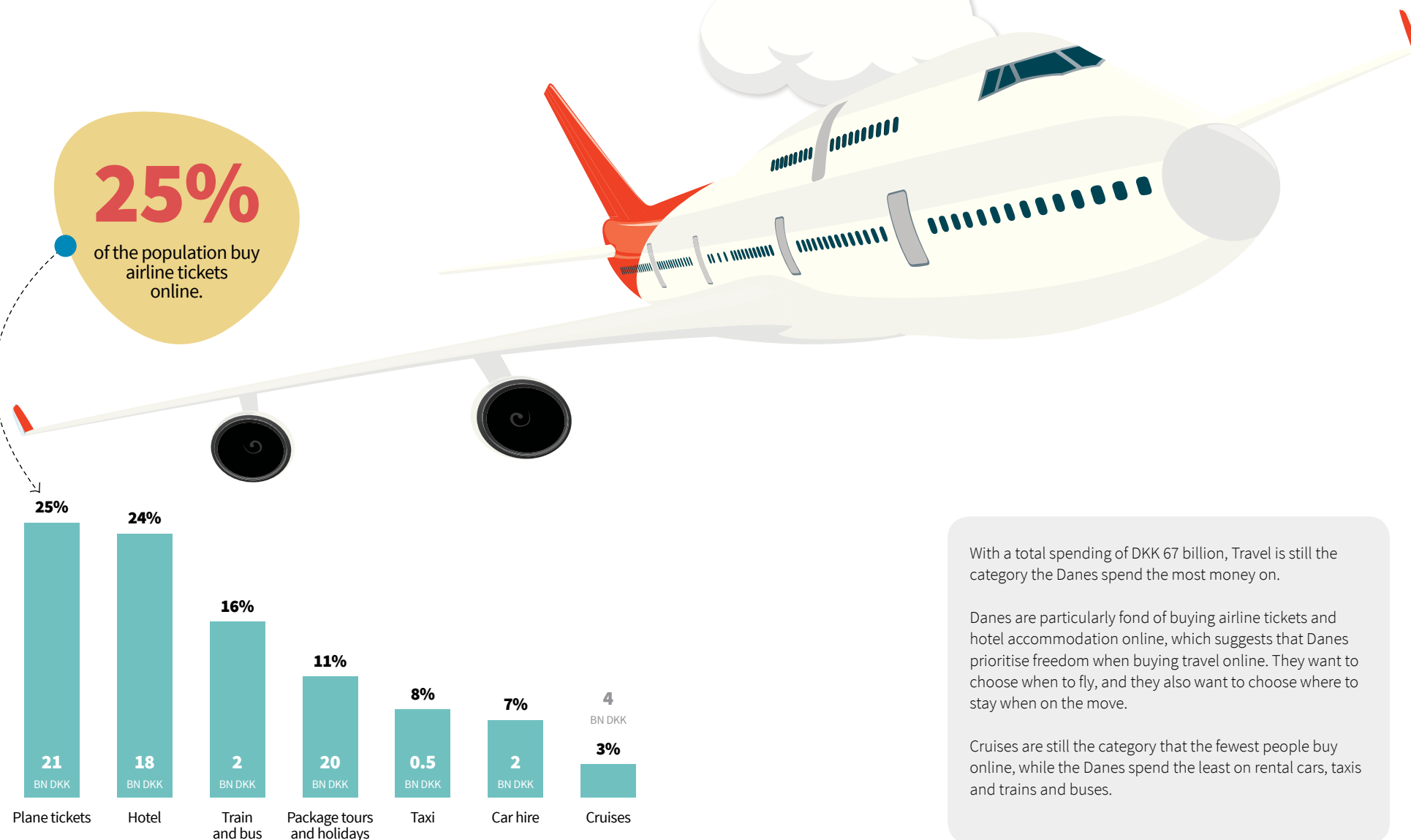
16%

buy train and bus tickets online.

Age group who buys the most tickets electronically:

15-24-year-olds

05 Share of the population purchasing Travel online and total spending



With a total spending of DKK 67 billion, Travel is still the category the Danes spend the most money on.

Danes are particularly fond of buying airline tickets and hotel accommodation online, which suggests that Danes prioritise freedom when buying travel online. They want to choose when to fly, and they also want to choose where to stay when on the move.

Cruises are still the category that the fewest people buy online, while the Danes spend the least on rental cars, taxis and trains and buses.

ONLINE PAYMENTS



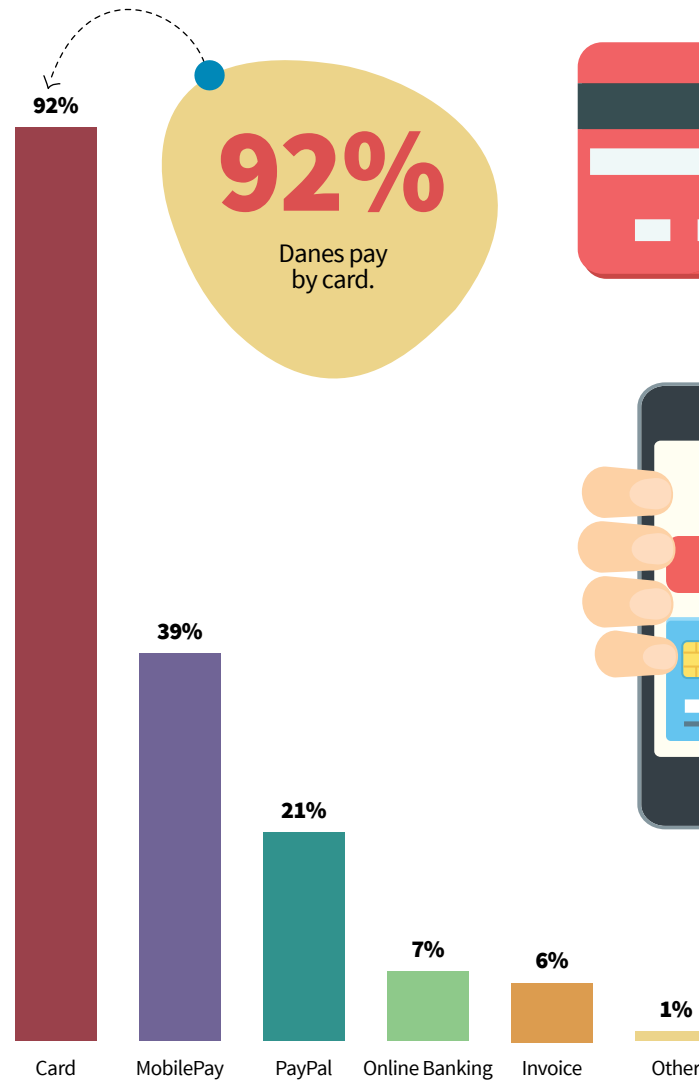
TANJA ODA SØRENSEN
Marketing Manager,
DIBS Payment Services

NEW PAYMENT METHODS STILL GAINING GROUND

The credit card is still extremely strong in Denmark. This year, 69 percent of consumers say that card is their preferred payment method. Danish consumers are happy to swipe the card, because they perceive it as both easy and safe. Although the credit card is the most widely used payment method in Denmark, the card's dominance is dwindling. MobilePay is the second-largest payment method, and the app's popularity continues to increase. This year, 16 percent of consumers prefer to pay by MobilePay when shopping online. In 2017, this number stood at 9 percent. The explanation is that the payment app fits the consumer's desire to shop easily, quickly and on the go.

Oddly enough, there are differences between the payment methods the Danes prefer and the ones they actually use. However, the paradox can be explained: If consumers pay in a way which is not the one they prefer, it is likely because webshops are unable to offer the payment method preferred by consumers.

06 Payment methods used in 2018

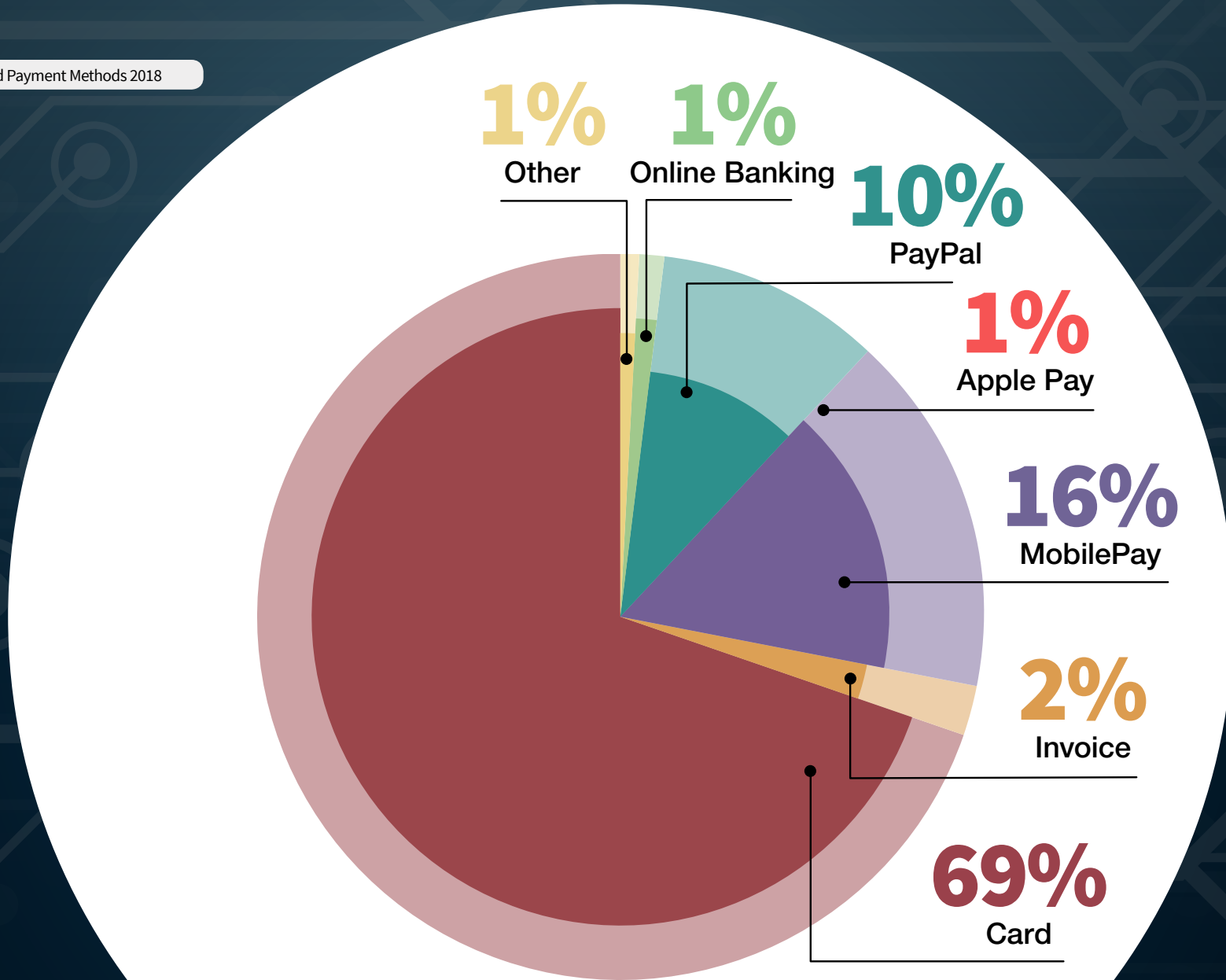


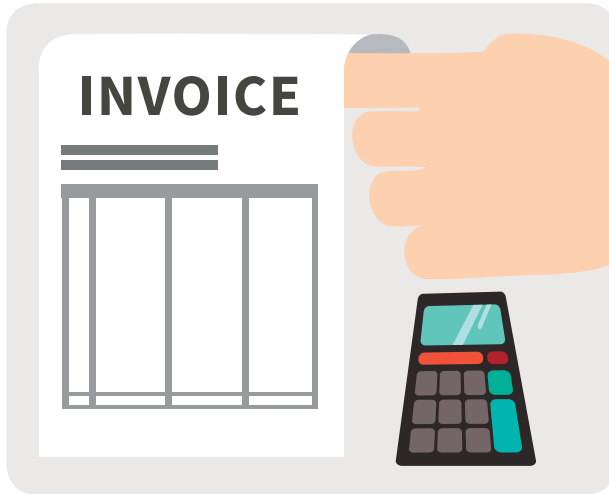
Preferred payment methods

69 percent of Danes still prefer to pay by card when shopping online. Although the credit card is still the uncrowned king of online payment methods, payment apps are also becoming increasingly popular. Around 16 percent of consumers state MobilePay as their preferred payment method. This makes MobilePay the second-most popular payment method among Danes. MobilePay is followed by PayPal, which 10 percent of Danes prefer to pay with. In fact, PayPal is also perceived as the safest payment method of all. Only 2 percent of Danes prefer to pay by invoice, while 1 percent prefer Apple Pay, Internet Banking or another payment method.

Danes still prefer to pay by card, when they shop online.







Invoice

2 percent of Danes prefer to pay by invoice. We see a slight increase compared to previously, but we are still far behind our Nordic neighbours.

25-44-year-olds are the age group most likely to prefer invoice as a payment method, but invoice advocates are generally outnumbered domestically.

Swedes, Finns and Norwegians are all more fond of invoices than us Danes are. They prefer invoice because it means that they can order their goods online and not pay until they received the items.

Online Banking

1 percent of Danes would prefer to pay via online banking when shopping online. They prefer online banking because they think it is the safest method.

Men are most likely to prefer online banking for payment for their online purchases.

Payment through online banking is not widely used in Denmark, but if we look to Finland, the picture looks completely different. Here, almost 40 percent of consumers prefer to pay via online banking.



PayPal

10 percent of Danes prefer to pay with PayPal, which is a slight increase compared to last year. PayPal is also perceived as the safest payment method.

Danish men use PayPal more than women when paying for Physical goods online. The 25-34-year-olds are the biggest users of this payment method.

Across the Atlantic, this is entirely different. As opposed to Danes, Americans are crazy about PayPal. 72 percent of American shoppers use a PayPal account.

Source: <https://www.kickassfacts.com/paypal-facts/>

Card

Danes love their credit cards. In fact, 69 percent prefer to pay by card when shopping online.

Both men and women like to pay by card. Looking at age, middle-aged and older consumers particularly prefer to pay by card. For 66-74-year-olds, the figure stands at 80 percent.

One of the main reasons why consumers pay by card is that they are better insured when using card payment. For example, this applies if the consumer pays with MasterCard.



Apple Pay

For the first time, we have included the payment method Apple Pay in our annual survey. Just under 1 percent of Danish consumers prefer paying with Apple Pay.

15-24-year-olds exclusively show an interest in Apple Pay (so far). In this age group, 4 percent prefer to pay through this payment app.

The future will show how popular Apple Pay will become domestically. The payment app is available in 30 countries and has 87 million users globally.

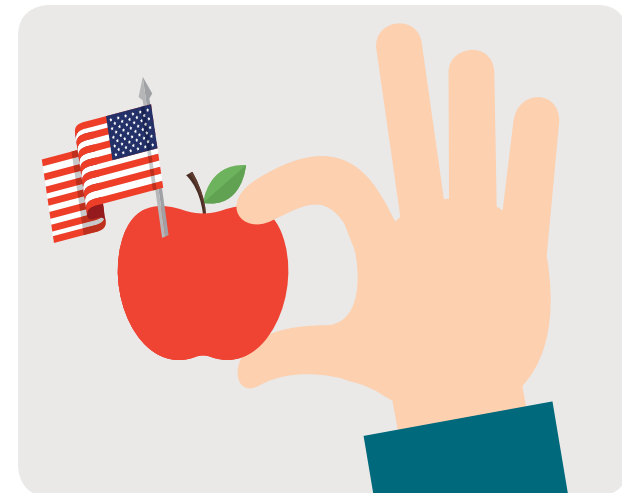


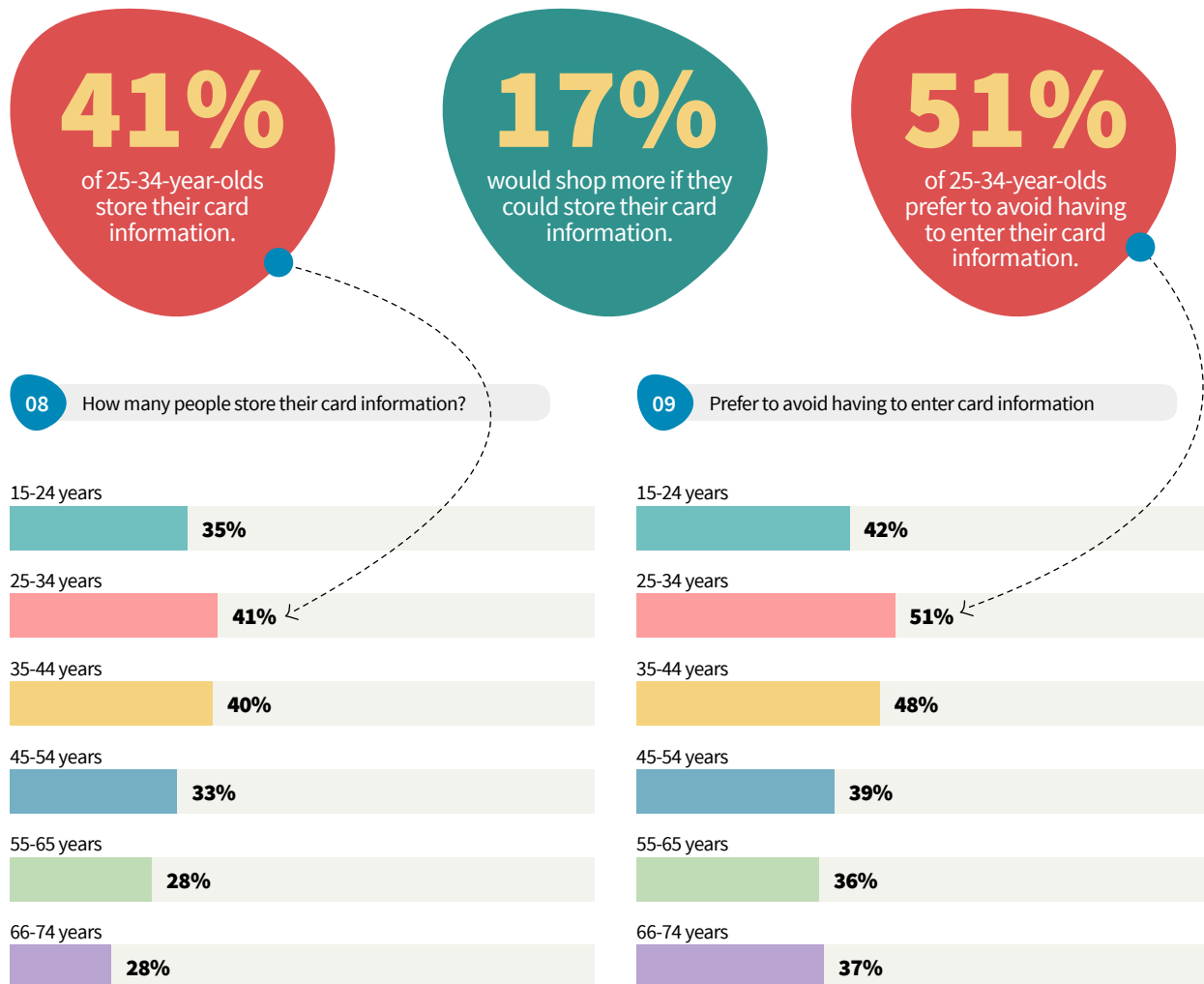
MobilePay

The proportion of Danes who prefer to pay with MobilePay has risen from 9 to 16 percent over the past year. Consumers use the payment app, because they find it quick and easy.

The typical frequent MobilePay user is female and aged between 15 and 34. MobilePay is used especially when the consumer shops via mobile phone.

Consumers' taste for MobilePay does not mean that the card is on its way out. Transactions through MobilePay are linked to card payments, and MobilePay therefore helps keep cards alive.





25-44-year-olds in particular store their card information when shopping online. Storing your card information is less common among older Danes. Of 15-24-year-olds, 35 percent have stored their card information.

More than half of 25-34-year-olds want to avoid having to enter their card details. Although the other age groups are more willing to enter information, there is still a significant percentage across all age groups that would like to avoid having to enter it.

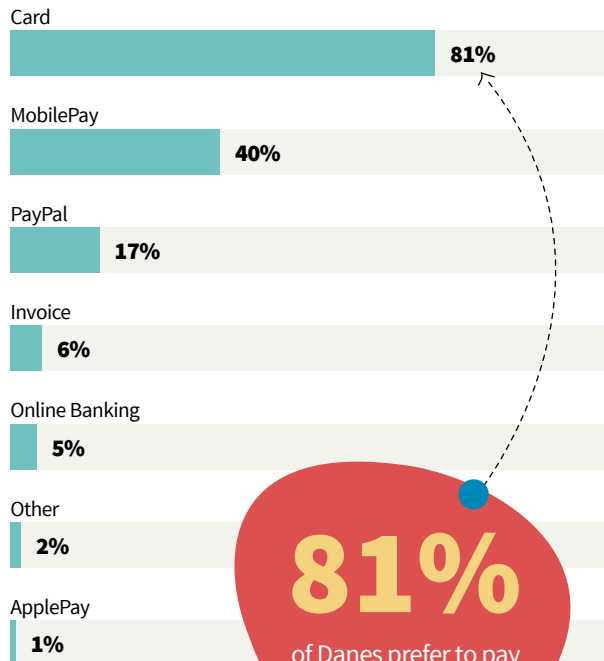
Online payment must be Easy

Exactly because consumers want to store their cards and avoid having to enter their card information, in Nets e-com we launched the Easy payment solution in the past year. The new payment solution makes online shopping easier than ever before. Easy stores far more consumer information than other payment solutions on the market. In fact, Easy stores both payment and delivery information so that the consumer will not have to enter their credit card and address to make a purchase. This means that returning consumers can pay with a single click in webshops that use Easy.

The payment solution still includes the most common forms of payment, so the consumer can freely choose how he or she wants to pay.

Easy is also integrated into the company's webshop. Consumers are therefore not sent to other sites to pay, but remain on the webshop throughout payment. The payment solution thus simplifies the consumer's purchase journey and helps webshops increase their conversion.

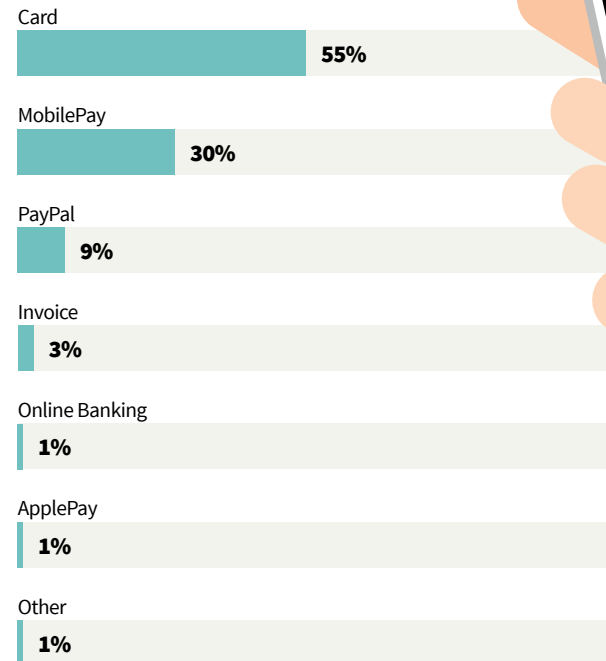
But Easy is not just a simple solution for consumers. Webshops can easily and paperlessly create an Easy payment solution online. This way, webshops can look forward to receiving payments in their webshop within 24 hours of creation.

10 Payment methods used via **mobile**

81%

of Danes prefer to pay by of cards.

If we consider mobile e-commerce, again this year we see credit cards being the most widely used payment method among Danes by far. 40% of Danes pay with MobilePay when they shop via mobile, which is an increase. PayPal is also becoming more popular. In 2017, 15 percent had used PayPal to pay from the mobile phone, a figure which stands at 17 percent this year.

11 Preferred payment methods via **mobile**

55 percent of Danes still prefer to pay with the familiar and safe credit card when shopping online from their mobiles. The second-most preferred payment method is MobilePay. 9 percent prefer to pay through PayPal, while just 3 percent prefer an invoice. Apple Pay remains the stated favourite among just one percent of Danes.

Danes' preferred payment method vary depending on whether they are shopping from their computers or their mobile devices. When consumers shop online from their mobiles, 30 percent of them prefer to pay using MobilePay. Payment apps such as MobilePay are popular, because they are already readily available on the phone. However, not all payment applications have been taken on by Danes (yet). Still only one percent of Danes use Apple Pay when shopping online from the mobile. This may be due to there still being relatively few webshops offering this payment method.

Although payment apps are gaining ground, there is no doubt that Danes still prefer their credit cards. Around 81 percent of Danes still pay by card when they shop from the mobile phone.

CONSUMERS



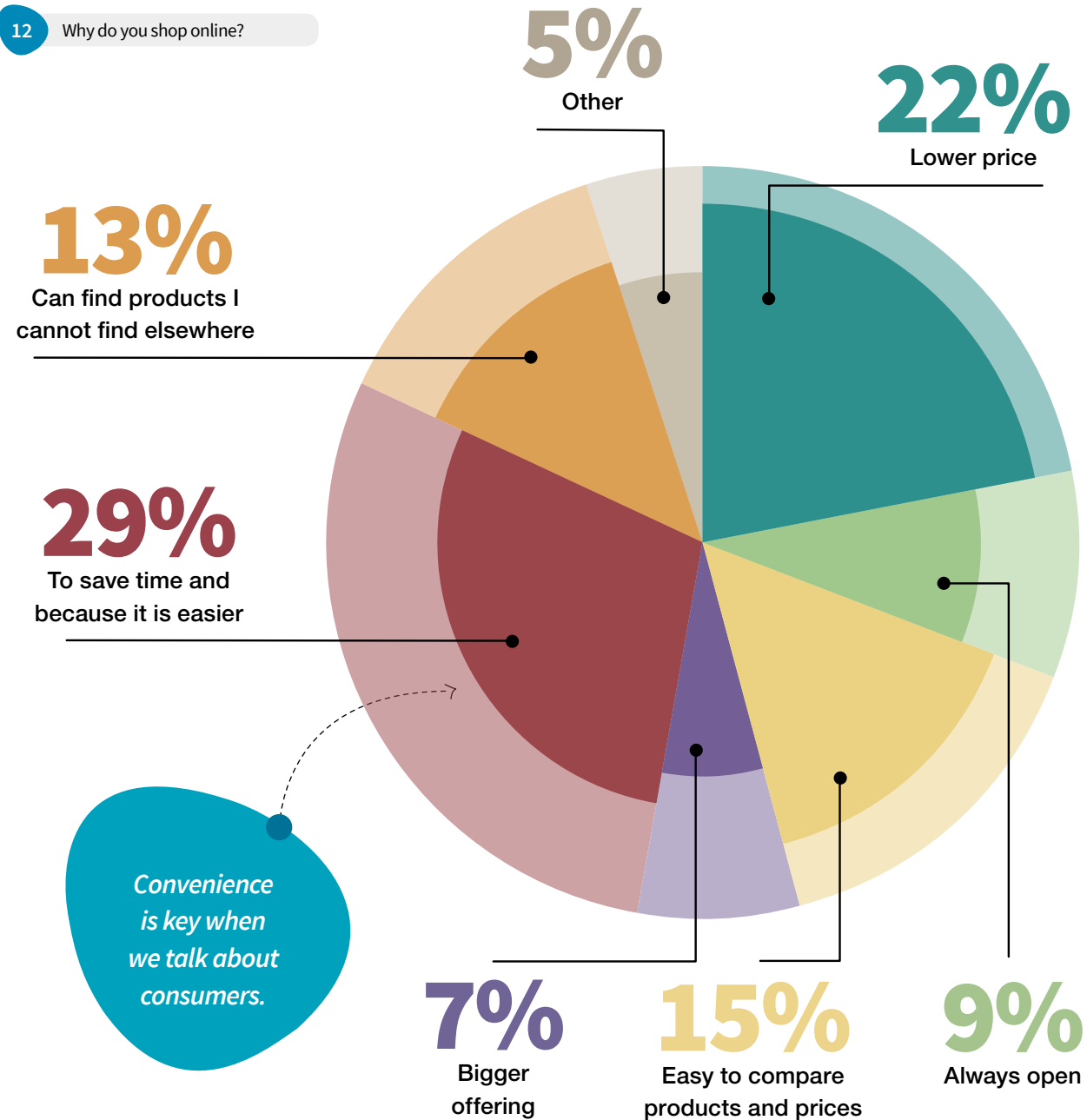
NATALIA LAURSEN,
Nordic Digital Manager,
DIBS, Nets e-com

CONVENIENCE IS EVERYTHING

Danish consumers are particularly motivated by one thing: saving time in their everyday lives. This fact is consistent and explains several aspects of the development in e-commerce in 2018. Consumers want to manage as many purchases as possible online, so that they can spend their time on other things which mean more to them. Even groceries are something that consumers increasingly buy from their sofa at home. Why stand in line in the local grocery store the hour before dinner, when shopping can be done easily and painlessly from the computer?

Convenience is key when we talk about consumers. It is important for Danish consumers that e-commerce is as easy as possible and that is plain to see in the numbers. Not surprisingly, 29 percent of Danes respond that they shop online because it is easy and because it saves time. 15 percent of online shoppers also respond that they shop online because comparing products and prices is easy. Another important factor is that the internet is always open. Consumers do not have to wait for the store to open, but can shop online whenever they have the time to do so. No matter if that time is 4 in the afternoon or 3 in the morning.

12 Why do you shop online?



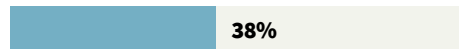
Convenience is key when we talk about consumers.

13 Men

Shop from foreign webshops:



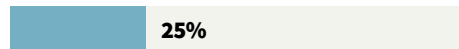
Would like to be able to exchange their online purchases in physical stores:



Shop via apps:



Shop online to save money:



Cancelled purchases if entering information is bothersome:



On average consumption per month:

2816
KRONER

14 Women

Would like to be able to exchange their online purchases in physical stores:



Shop from foreign webshops:



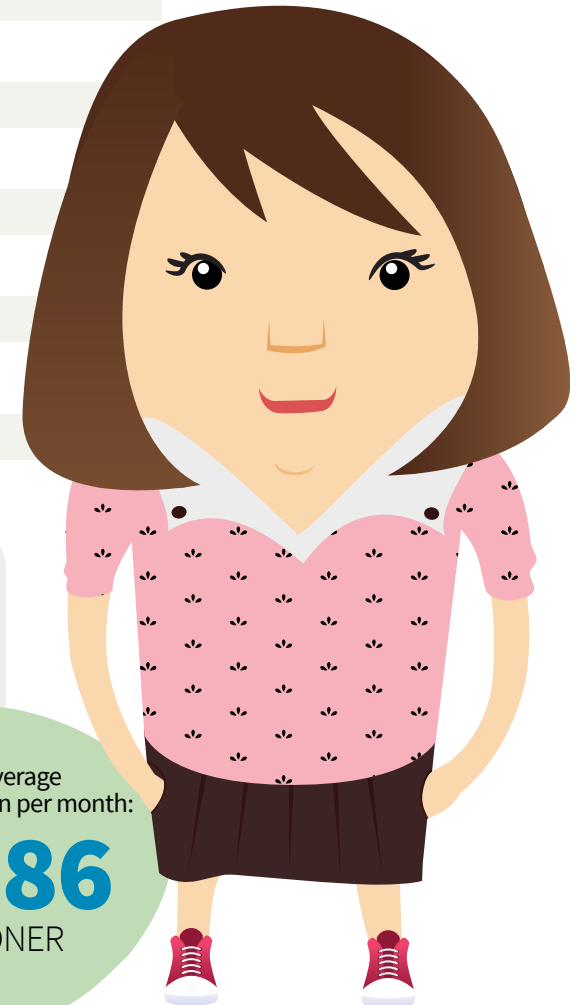
Shop via apps:



Shop online to save money:



Cancelled purchases if entering information is bothersome:



Although there are several similarities between male and female consumers, there are also differences. Women shop via apps more often, and would like to be able to exchange their online purchases in a physical store.

To a greater extent than women, men shop online to save money. Nevertheless, men spend the most money on average a month.

On average consumption per month:

2386
KRONER

15 How do families shop online?

79%

of working adults without children prefer to pay by card.



	YOUNG FAMILIES WITHOUT CHILDREN	YOUNG FAMILIES WITH YOUNG CHILDREN	FAMILIES WITH OLDER CHILDREN	WORKING ADULTS WITHOUT CHILDREN	PENSIONERS
Have bought food online	24%	23%	22%	18%	15%
Purchases made from mobile devices	55%	71%	59%	50%	34%
Prefer to return online purchases in a physical store	44%	31%	42%	44%	39%
Have cancelled an online purchase	35%	47%	39%	40%	32%
Have bought online from abroad	54%	51%	49%	49%	36%
Prefer to pay by card	65%	62%	66%	79%	76%

Young families without children love to shop online from foreign webshops. In fact, more than half have purchased Physical goods from abroad. This group is also the frontrunner for the purchase of food online.

Young families with young children are busy, and that can be seen in the numbers. By far, this is the group which makes the most purchases from the mobile phone, and an entire 47 percent have interrupted a purchase. If shopping online is too bothersome, they will not do it.

Along with young families with small children, families with older children is the group that shops the most from the mobile phone. 22 percent of families with older children shop online, and 66 percent prefer to pay by card.

Working adults without children is the family type who is the most happy to pay by card when shopping online. At the same time, this group would prefer to be able to return their online items in a physical store.

Pensioners shop online to a lesser extent than other family types. Nevertheless, 34 percent shop online from the mobile phone and 36 percent have made purchases from foreign webshops online. Pensioners prefer to pay by card.

Mr. Big Spender

Here is an insight into the typical online target consumer

We have studied the average for the 100 consumers in our survey who spent the most money online during a three-month period.

45-54 years
...and he lives in Copenhagen.

Spends **12.290** DKK per month shopping online.

Electronics

is the type of Physical goods he spends the most money on.



Shops from abroad a lot – especially from China and England.

Shops online:

To save time.



Cancels purchases:

Because the total price incl. delivery was too expensive.



TV streaming and beauty products

are the products that he holds online subscriptions to.



Ms. Shop A Lot

This year, we have also looked at the typical online consumer who makes the most purchases online

We have studied the average for those consumers who shop online most often – more than 25 times over a three-month period.

35-44 years
...and she lives in Copenhagen.

Spends **6.240** DKK per month shopping online.

Clothes is the product type she spends the most money on.

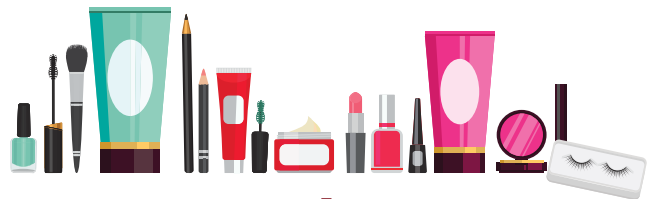
Shops online:

More than 25 times in 3 months.

Cancels purchases:

Because the total price incl. delivery is too expensive.

Would like to avoid having to enter card information.

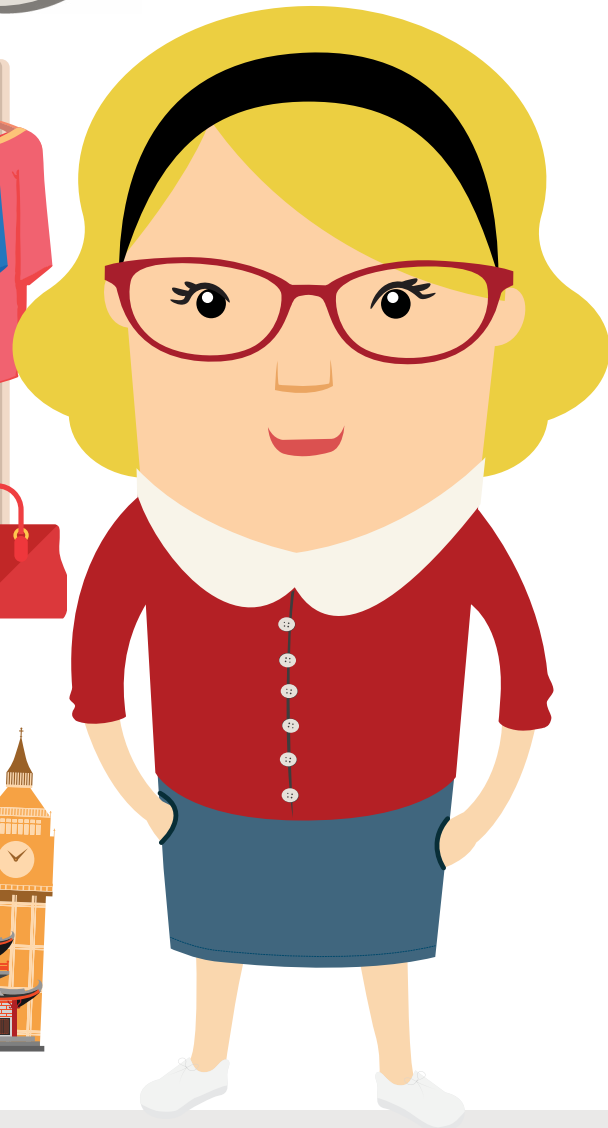


Beauty products

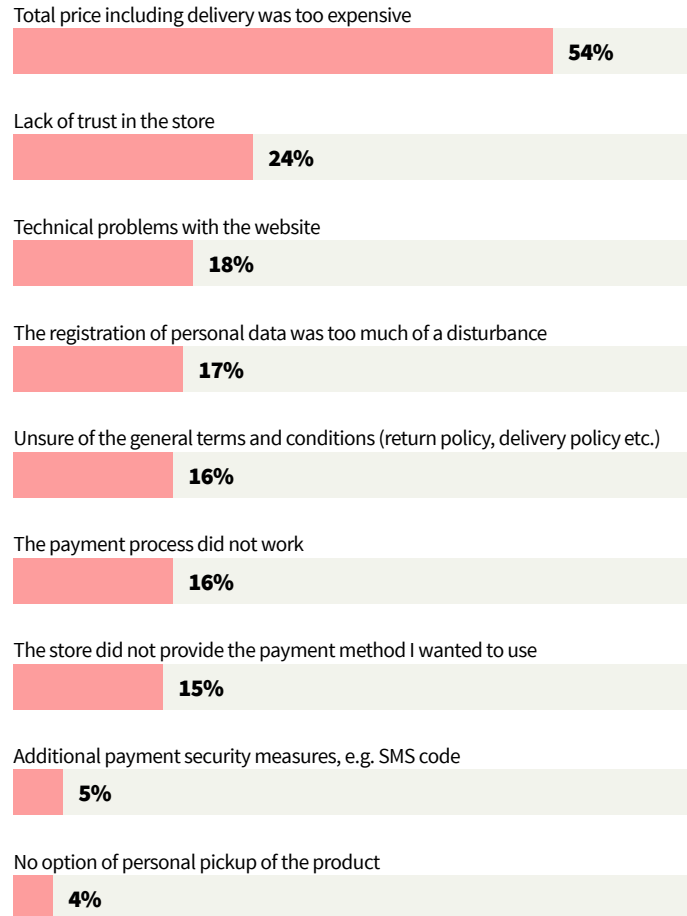
are one of the products she holds an online subscription to.



Shops from abroad a lot – especially from China and England.



17 What was the reason you cancelled a purchase?



Why do Danes shop online? That question is not hard to answer. The most obvious reason is convenience. In fact, 29 percent of consumers state that the main reason they shop online is that it saves them time and is easy.

Conversely, when Danes cancel an online purchase, it is often because of the total price. In fact, 54 percent say they cancelled a purchase because the price including delivery was too expensive. At the same time, 15 percent have cancelled a purchase because the webshop did not offer their desired payment method. This indicates that it is important for webshops to comply with consumer payment preferences and state delivery costs early in the process.

Around 18 percent of Danish consumers have cancelled an online purchase because of technical problems on the website. In the year 2018, this seems a relatively high number.

18 Junior consumers (15-24 years)

Cancelled an online purchase if the total price incl. delivery was too expensive:



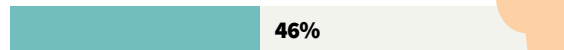
Shop from the mobile phone:



Shops from abroad:



Subscribe or have subscribed to music streaming:



Cancelled a purchase:



On average consumption per month:
1635
KRONER



There is a big difference between the younger and the older shopper. If you are selling to the younger audience, offering a shopping experience optimised for mobile is a good idea. Especially considering that 54 percent of 15-24-year-olds shop online from their mobiles. At the same time, as a webshop, you have to keep delivery costs in mind if you want to sell to a young audience. Over half of young shoppers actually cancelled purchases if the total price is too high.

19 Senior consumer (66-74 years)

In particular pick payment by card, most often consider it the safest:



Do not shop in foreign web shops because they want to support Danish stores:



Would like to avoid having to enter their card info:



Subscribe or have subscribed to transport services, e.g. parking or metro maps:



Cancelled a purchase:

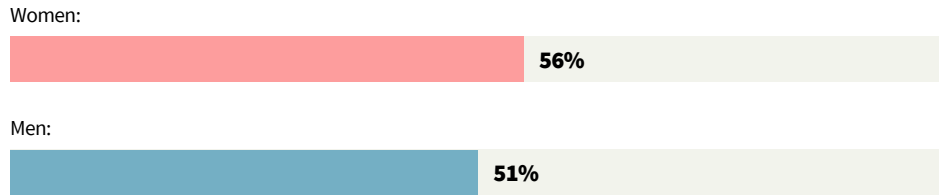


On average consumption per month:
2172
KRONER



However, if you want to sell to senior shoppers, you should be aware that this group cares deeply about security when shopping online. An entire 80 percent choose to pay by card, mostly because they consider it to be the safest. At the same time, 37 percent would like to avoid having to enter their card information, and that is why you should consider offering that option, if you want to hit the older target audience.

20 Shops via mobile



54%

IN TOTAL

A total of 54 percent of Danish consumers have now made online purchases from their mobile phone or tablet.

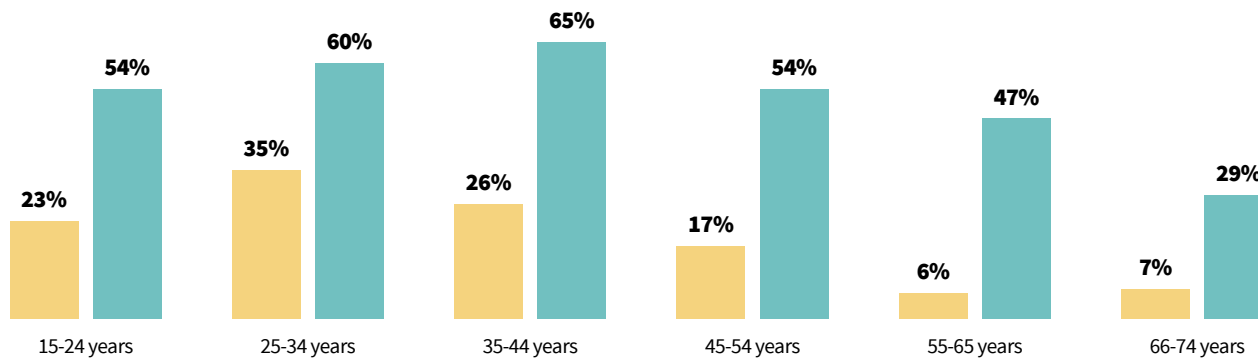
In 2017, for the first time we saw that more than half of consumers had made purchases online from their tablet or mobile. This year, more and more consumers are shopping online via their mobile devices. In fact, 54 percent of Danes shop online on their mobile phones, which is an increase of 3 percentage points compared to last year. As consumers take to mobile shopping, this development will only accelerate. Optimising webshops for mobile devices has never been more important.

If we consider the distribution of men and women, there is no doubt as to which gender most often involves the mobile in online shopping. Women are more likely to shop via mobile. While 56 percent of women have made purchases from mobile devices, the figure is just 51 percent for men.

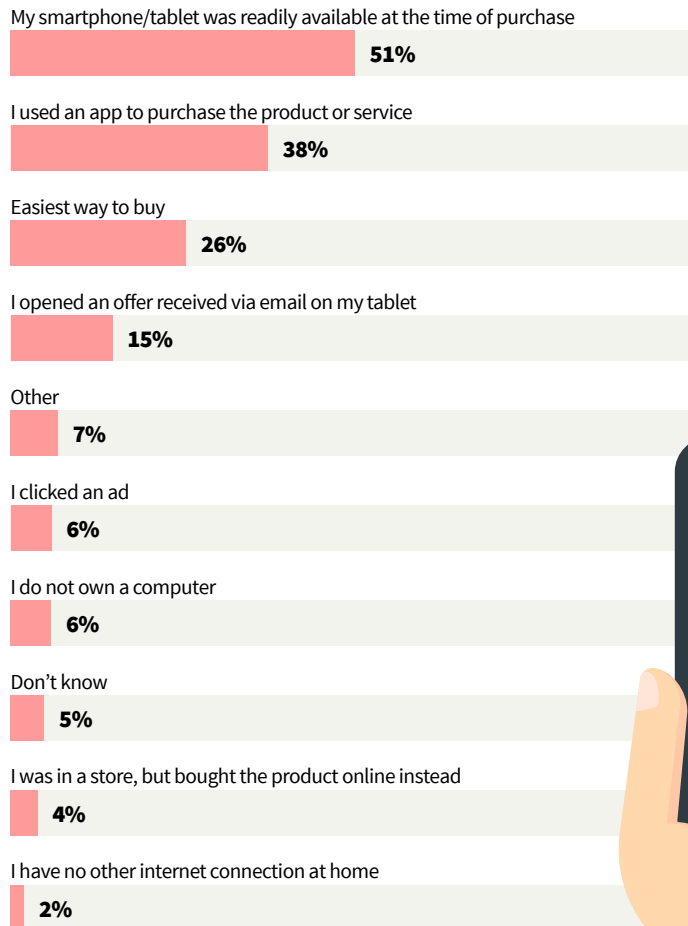
35-44-year-olds make up the age group shopping from the mobile phone the most, but make no mistake: The older age groups are also growing increasingly happy to shop via mobile. In 2012, 6 percent of 55-65-year-olds shopped online from mobile devices. This year, that figure stands at 47 percent. This is a big jump from just 37% in this age group last year.

21 Development by age

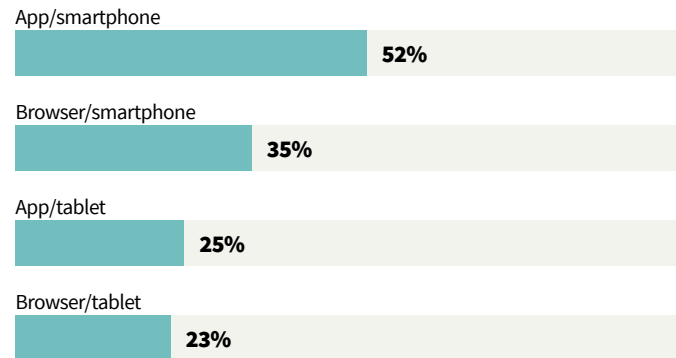
2012
2018



22 Why did you use smartphone/tablet to shop from?



23 How do you shop from your mobile devices?



Consumers especially shop via mobile because the mobile is at hand when they want to shop. This is clearly reflected in the figures. 51 percent of Danes who made online purchases via mobile state that they used their mobile or tablet because it was easily available at the time of purchase.

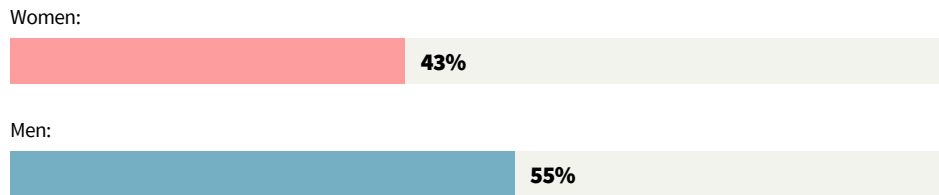
It is very important to consumers that online shopping is easy, and that is also one of the reasons why we see mobile e-commerce on the rise. 26 percent of consumers say that it is simply easier to shop from their mobile or tablet.

If we dive into how Danish consumers are shopping from their mobiles, we see that in-app purchases are rising steadily. 52 percent of those who buy via mobile do so via an app. Generally, e-commerce from smartphones is seeing an increase. Purchases made from tablets, on the other hand, are decreasing.

Surprisingly, 6 percent of those who shopped via mobile state that they do not own a computer at all.

This is an increase of 159 percent compared to last year! Thus, more consumers have moved away from owning a computer entirely.

24 Purchases made from foreign webshops



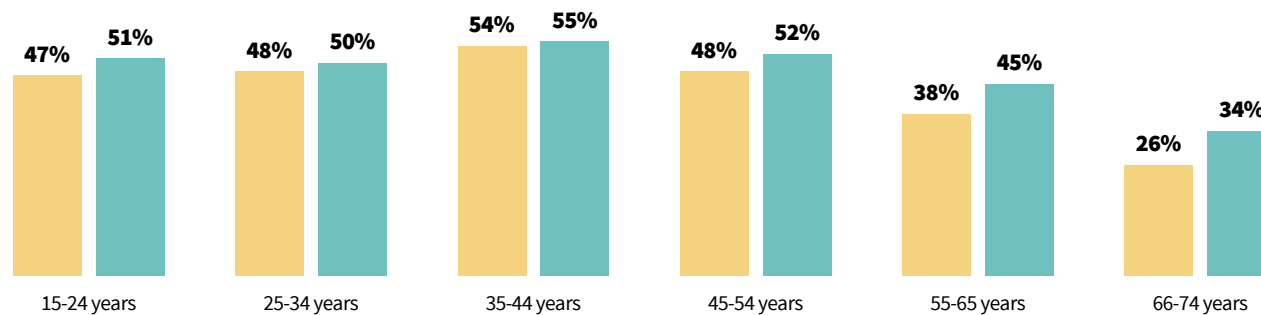
49%

IN TOTAL

A total of 49 percent of Danish consumers have now made online purchases from foreign webshops.

25 Development by age

2017
2018

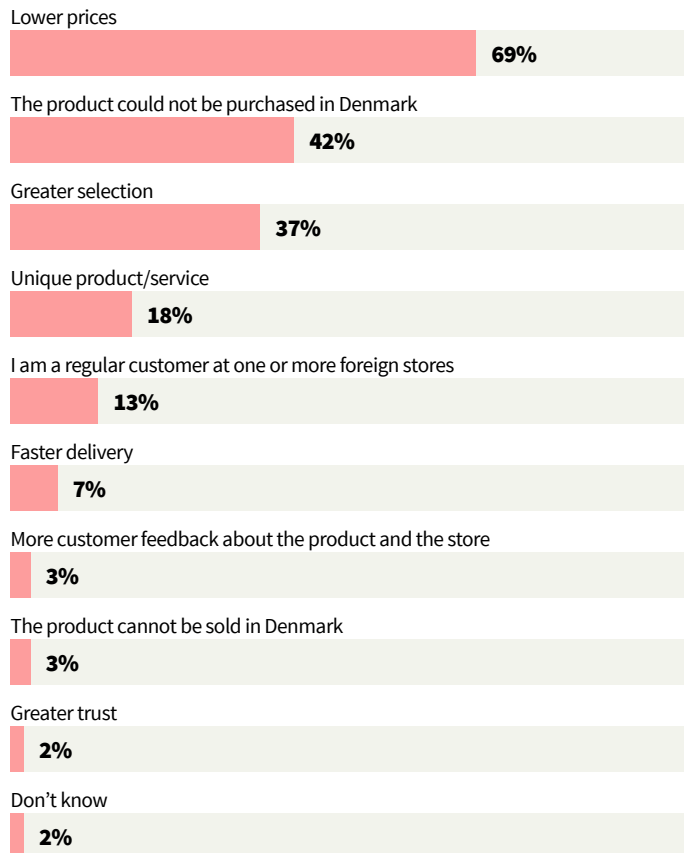


Last year, for the first time we saw a drop in the proportion of Danes who shop from foreign webshops. This year, however, foreign e-commerce is growing. Lower prices and a wider selection than on Danish web shops make foreign e-commerce popular among consumers.

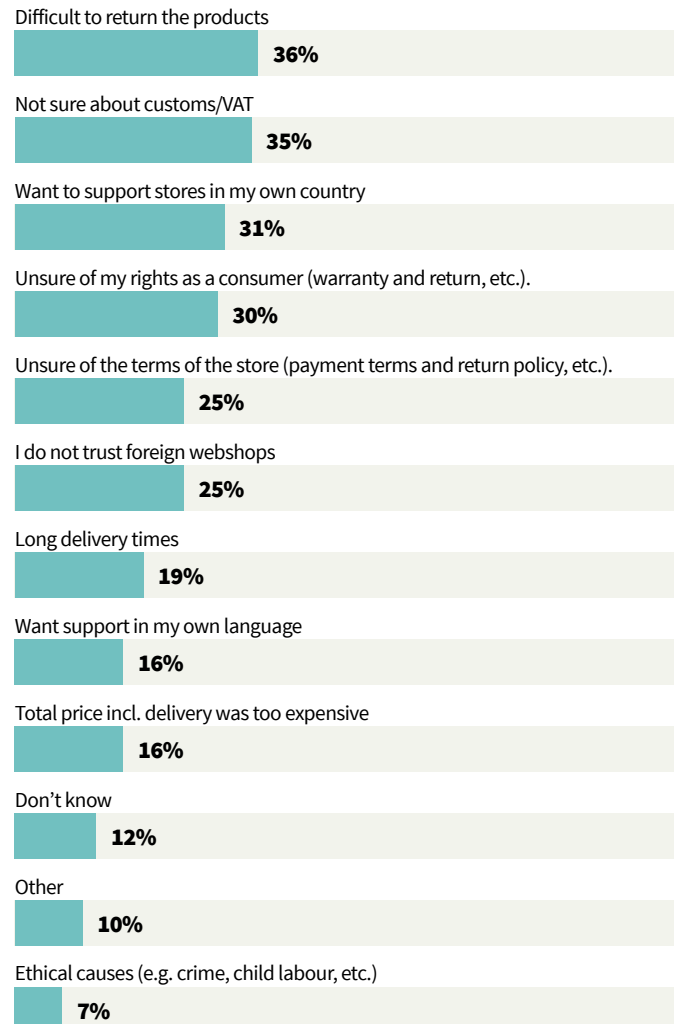
55 percent of Danish men have now shopped online from a foreign webshop, while for women the figure stands at 43 percent. Men are clearly more excited about foreign online shopping. The explanation may be that the men more frequently look for unique products, and the offering is larger on foreign webshops.

Shopping from foreign webshops is increasing across all age groups, but 35-44-year-olds especially resort to foreign webshops. In this age group, 55 percent buy products online from foreign webshops. 66-74-year-olds are the group that shops via foreign webshops the least. However, 34 percent still made purchases from a foreign webshops. Last year, that figure stood at just 26 percent.

26 Why do you shop from foreign webshops?



27 Why do you not shop from foreign webshops?

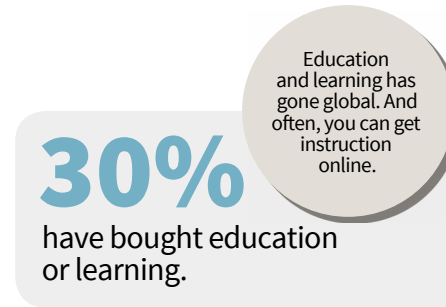
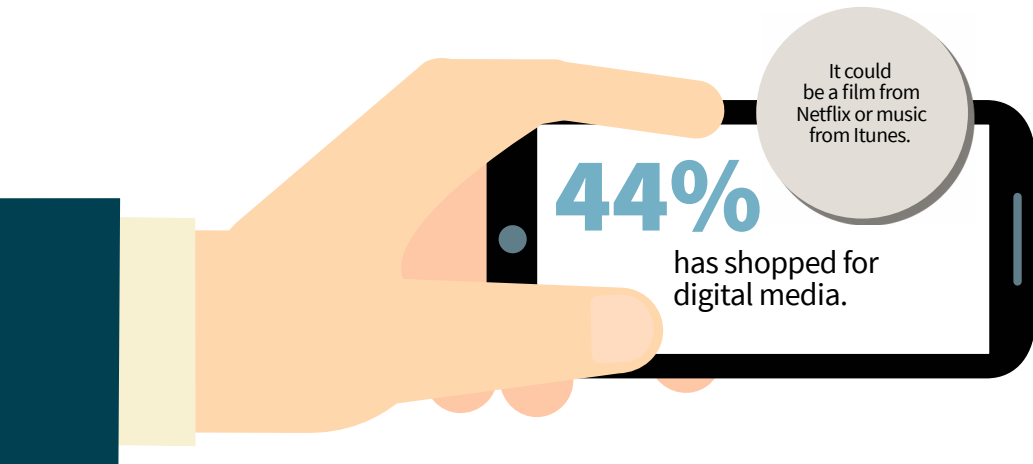


Danes want to shop from foreign webshops, where prices and product range are particularly appealing to them. Around 69 percent of Danes state that lower prices are the main reason why they shop on foreign webshops, while 42 percent choose foreign webshops because they wanted a product that cannot be bought in Denmark.

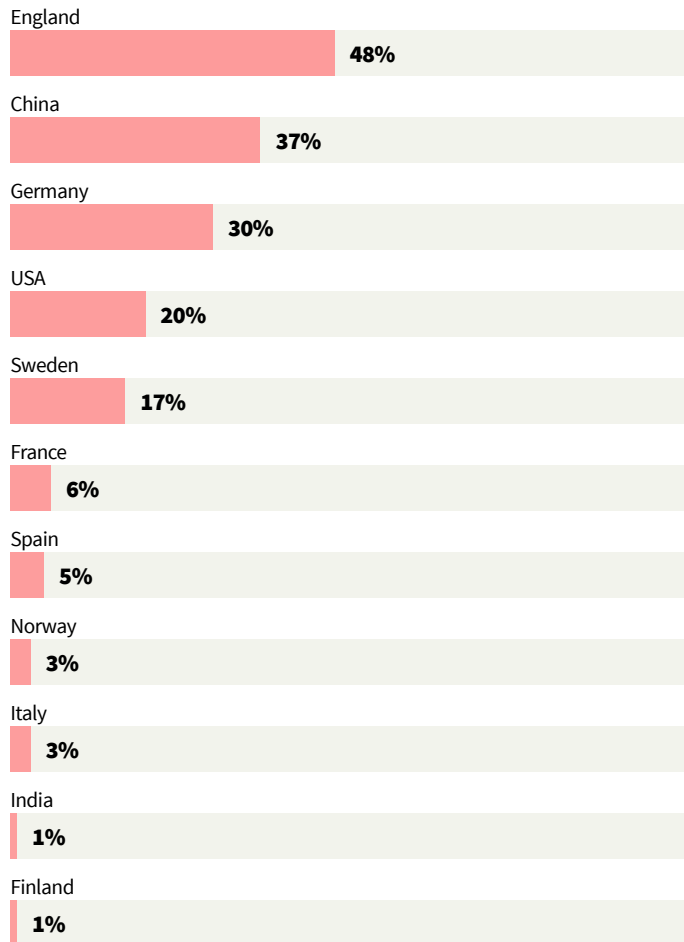
13 percent of Danes are also regular customers at one or more foreign webshops, which indicates that more and more Danes have started to feel safe shopping from abroad.

Even though more Danes are shopping at foreign webshops in 2018 compared to last year, they still have many concerns. 36 percent of Danes refrain from shopping from foreign webshops because they find it difficult to return products, while 35 percent feel uncertain about customs and VAT rules. Factors such as long delivery times and uncertainty about consumer rights are also prominent reasons why some Danes opt out of shopping at foreign webshops. In addition, it is worth mentioning that one in four Danes do not trust foreign webshops, just as 31 percent exclusively want to support stores in their own country.

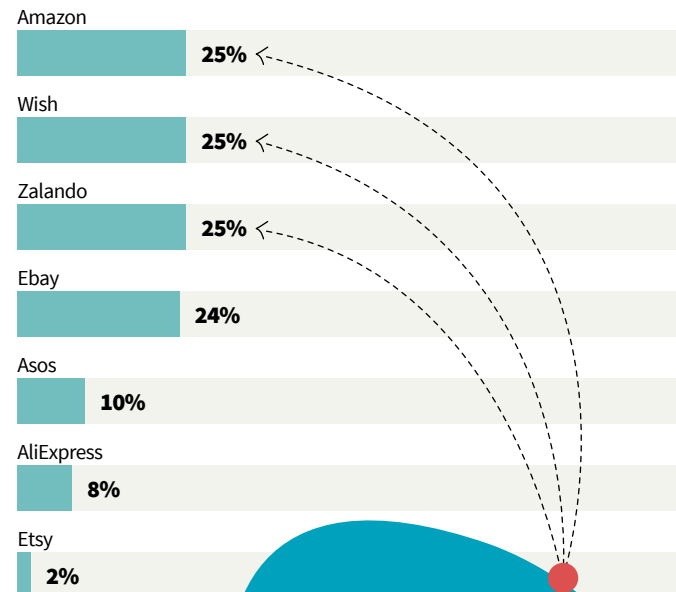
WHAT DO DANES BUY **ABROAD**



28 From which country do Danes buy?



29 From which webshops do Danes buy?



25%

have shopped online through Amazon, Wish or Zalando.

When Danes fill their virtual shopping cart abroad, they have their favourite suppliers. Almost half of those who shop on foreign webshops have done so on English webshops.

England is strongly followed by competitive China. This year, a total of 37 percent of Danes who made purchases from foreign webshops state that they have done so from China. Danish consumers have simply become aware of Chinese webshops, which offer both cheap products and a large selection. Two crucial factors which put Danish webshops to the test.

In third place over the most popular countries to shop from, we find our dear neighbour, Germany. In fourth and fifth place, we find the United States and Sweden, respectively.

Funnily – yet logically – enough, Danes' most-visited foreign webshops are consistent with the countries we tend to buy from. The top favourites include Wish, Zalando, Amazon and Ebay, each representing a country in the top five countries for Danes to buy from. Where Wish is a Chinese webshop, Zalando is originally German. Amazon is an American phenomenon, and Ebay is English.

04

**NORWEGIAN
E-COMMERCE**

THE E-COMMERCE MARKET STILL FLOURISHES

Norwegians have truly embraced online shopping. This year, e-commerce turnover will set a new record, and Norwegians are expected to spend a total of NOK 144.8 billion online in 2018. Consumers particularly emphasise ease and time-saving.

Welcome to DIBS' annual report on Norwegian e-commerce. There is a lot to be excited about this year. These are good times for Norwegian e-retailers. From 2017 to 2018, total e-commerce spend is expected to increase by 17 percent, which means that we will beat last year's record. In 2017, Norwegians spent NOK 124.2 billion online, but this year that figure will reach 144.8 billion. Among other things, the explanation is that more and more age groups are shopping online. E-commerce is no longer just for the young. At the same time, the standard of Norwegian online stores is getting higher.

Consumers have opened their eyes to the many benefits of e-commerce. They want to save time shopping, so they can spend time doing other things. For example, we see that online food purchases are growing. In 2017, 15 percent of Norwegians had bought groceries online, while this year that number

stands at 20 percent. This year, 3 percent of Norwegians hold an online subscription to food, and this figure has also increased since last year. Buying food online saves Norwegians time in everyday life, and we think the phenomenon will grow even bigger in the future.

Time is simply alpha and omega for consumers. That is also the reason why – not surprisingly – e-commerce via mobile continues to rise. Last year, 54 percent of Norwegians shopped online via the phone, while this year 60 percent do. Shopping online via the phone is both quick and easy, and consumers have become comfortable with it.

Consumer focus on e-commerce being easy and time-saving is also the reason why in the past year, we have launched the Easy payment solution. Easy makes paying online easier than ever for consumers, and that is so-

meting we are very proud of. The payment solution stores the customer's payment and delivery information, allowing them to pay with a single click. Because Easy is integrated, consumers are not forwarded to other pages, but remain within the online store. All this makes the purchase simpler for the user, and online stores offering Easy experience a better conversion rate. Looking ahead, there is no doubt that we will have a lot to get excited about over the next few years. We already see many companies combine online and physical commerce. One example is online stores which offer consumers the option of returning physical goods in physical stores. In the future, we will probably see more and more physical stores use electronic solutions in one form or another. Ecommerce is getting bigger and bigger, and nothing suggests that will change.

Happy reading.

Consumers have opened their eyes to the many benefits of e-commerce. They want to save time shopping, so they can spend time doing other things. For example, we see that online food purchases are growing.

JOHANNA TELL,
Head of sales
DIBS payment services



THE MARKET



LINE JARL HOLM,
Nordic Content Manager,
DIBS payment services

NORWEGIAN E-COMMERCE CONTINUES MARKED GROWTH

Norwegians love shopping online. In 2018, it is expected that total spending among Norwegian online shoppers will amount to a staggering 144.800.000.000 kroner. That is a growth of 17 percent compared to total e-commerce turnover in 2017.

The development paints a picture that Norwegian consumers have embraced e-commerce, and that they like to shop online via the phone. It is both simple, fast and practical.

With a total spend of NOK 65 billion, travel is still the category in which Norwegians spend the most money. The other two categories, physical goods and services, are also significant with spend of NOK 49 billion for physical goods and NOK 30 billion for services.

Many new business models use subscription plans, which explains the growth in several of the categories. For example, 48 percent of Norwegians have subscribed to TV streaming, while 10 percent have subscribed to so-called food boxes with seasonal food. Subscribing to food is becoming increasingly popular with Norwegian consumers.

SPENDING 2018
144.800.000.000
NOK



SPENDING 2017
124.200.000.000

01 Growth 2017-2018

In previous years, the report focused on estimating turnover in Norwegian online stores. For 2018, we have chosen to focus on Norwegians' online spending in both Norwegian and foreign online stores; to make the report more closely reflect consumer behaviour. At the same time, an important trend is emphasised: In 2018, e-commerce has gone global. Therefore, you will find that in this year's report, the figures stated for Norwegian spending in 2017 do not match the figures for Norwegian online stores in last year's report. This is due to there being a difference between turnover and spending, and in this report, spending for 2017 is estimated according to the same method that we used to estimate spending in 2018.

Respondents have stated how much they spend in different categories over a three-month period. We then compiled what each gender within a given age group has spent in total and divided it by the number of respondents. The per person average in each age group and gender is based on Norway's demographics and how many people have access to the internet. Demographics and internet statistics come from the following sources:

Internet: <https://www.ssb.no/en/statbank/table/07002?rxid=83735779-fd9a-4633-9bef-40f3c6b94f57>

Population: <http://norden.statbank.dk/popu01>

E-COMMERCE DISTRIBUTION

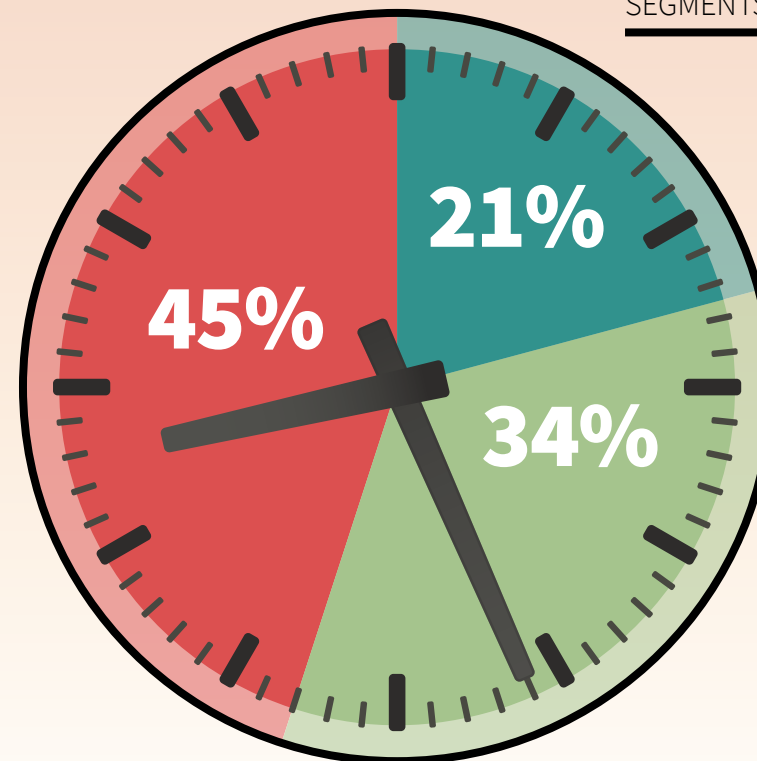
E-commerce in Norway is expected to total NOK 144.8 billion in 2018. This is an increase of 17 percent compared to last year's spending. Norwegian spending is divided into three categories: Travel, physical goods and services.

Spending generated by Norwegian online shoppers is expected to reach NOK 144.8 billion in 2018. This is split across Norwegians' spending in travel, physical goods and services, such as streaming of series, films and music.

Norwegian wanderlust remains great this year, and the travel category thus represents 45 percent of total e-commerce spending in 2018, while physical goods and services account for 34 percent and 21 percent, respectively. Although traveling accounts for half of total spending, this does not mean that Norwegians spend less money on physical goods and services. Quite the contrary.

Norwegian consumers love to buy physical goods online. In particular, clothing, body and health as well as physical media such as books and films find their way into the virtual shopping carts.

Subscription services are also popular among Norwegian consumers. Among other things, 44 percent of Norwegians subscribe to streaming of music, while 32 percent have subscribed to transport, such as bus or train season tickets. The popularity is due to subscriptions being simple and practical, because the product or service is available when the consumer wants it to be.



SERVICES
30 BILLION NOK

GOODS
50 BILLION NOK

TRAVEL
65 BILLION NOK

CREATIVITY CREATES **NEW INNOVATIVE SERVICES** AND INCREASED INCOME

In 2018, spending in services is expected to amount to NOK 30 billion. Thus, services account for 21 percent of Norwegians' total online spending, and the category has the potential to grow much bigger.

Norwegian consumers buy more and more services online. In fact, electronic services constitute 21 percent of total spending this year, which means that Norwegians spend a total of NOK 30 billion on different forms of electronic services. These services are not physical products, but include online purchases of memberships, phone subscriptions, charity and insurance.

Services are also a category in rapid development. The range of services which Norwegians can choose from when surfing the net flourishes, and the creativity in the industry is great. New concepts appear on a regular basis, and the service market has yet to be saturated. Parking apps are just one example of a new innovative service emerging in recent years, and one that Norwegians have embraced. In 2018, 26 percent of Norwegian consumers buy parking online. This is an increase of 64 percent compared to last year. Previously, parking was something we Norwegians only

paid for through a physical ticket machine. The many new services sell because they save Norwegians time and effort in everyday life. It is all about convenience. The other main reason for the growth in this category is that there are more services available to buy. Many more products are now offered as electronic services and subscriptions.

ALL SERVICES GAIN POPULARITY WITH NORWEGIANS

If we look at the number of buyers, all categories of services have grown since 2017, and there are several popular top scorers. Norwegian consumers are particularly fond of buying newspapers, e-books, music and films online: 41 percent of the population shop for digital media online, which is an increase of 15 percent from 2017 to 2018. Phone subscriptions and tickets are also services which Norwegians largely buy online. 31 percent of Norwegians buy mobile subscriptions online, and 40 percent buy tickets. In digital media, the increase is

largely due to the fact that the industry is developing. Several physical media cross over to digital platforms, and Norwegians can now buy news and entertain themselves with literature and films online.

Another service that has won the hearts of Norwegians is advertising. From 2017 to 2018, the proportion of Norwegians who buy online advertising has grown by 288 percent! This is due to consumers becoming more open to buying and selling used items online. You might also wonder how much of the advertising costs go to dating services.

It is not without reason that services such as phone subscriptions are popular when Norwegians shop via the internet. Online, comparing prices and products is both easy and manageable. Where can I find the cheapest mobile subscription? This is something consumers can find out on their own online.

New concepts appear on a regular basis, and the service market has yet to be saturated. Parking apps are just one example of a new, innovative service which has emerged in recent years, and one which Norwegians have embraced.



23%

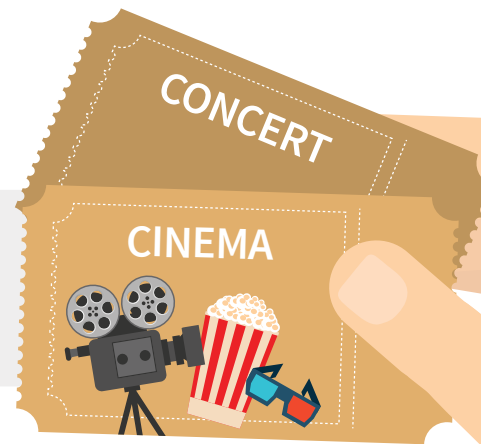
buy insurance online.

26%

buy parking online.



40%
of Norwegians buy tickets online.



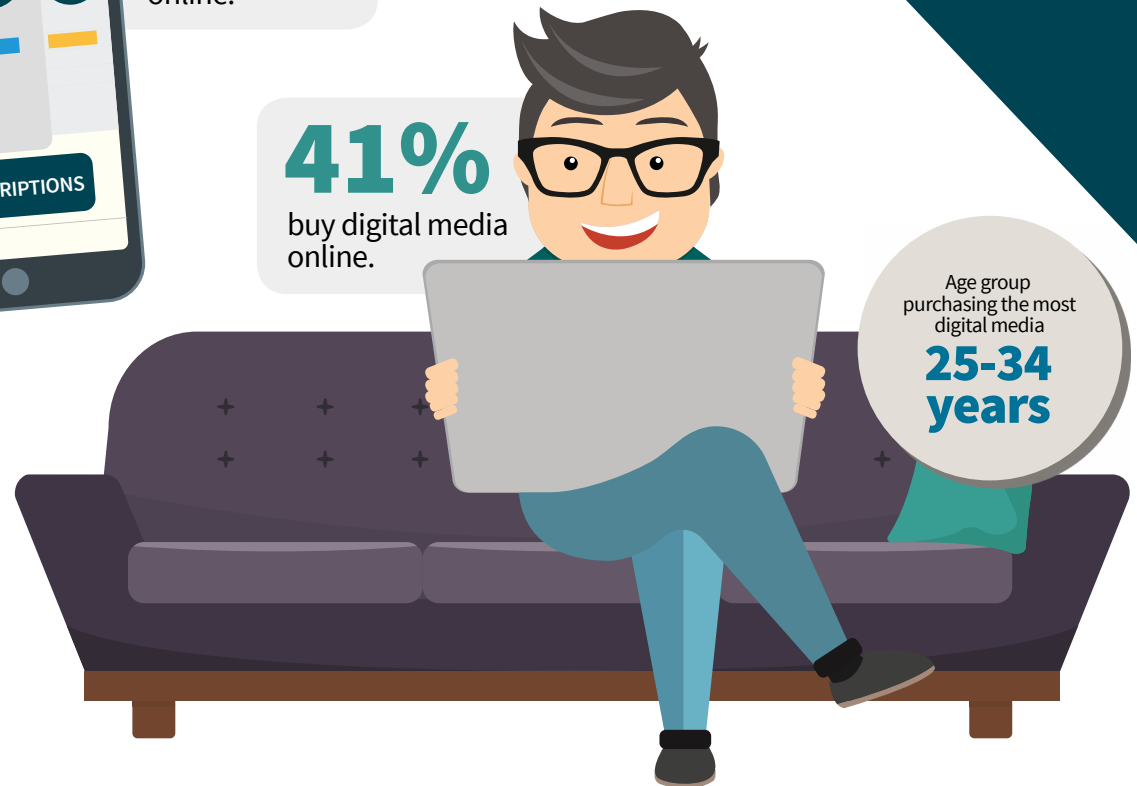
31%

buy phone subscriptions online.



41%

buy digital media online.



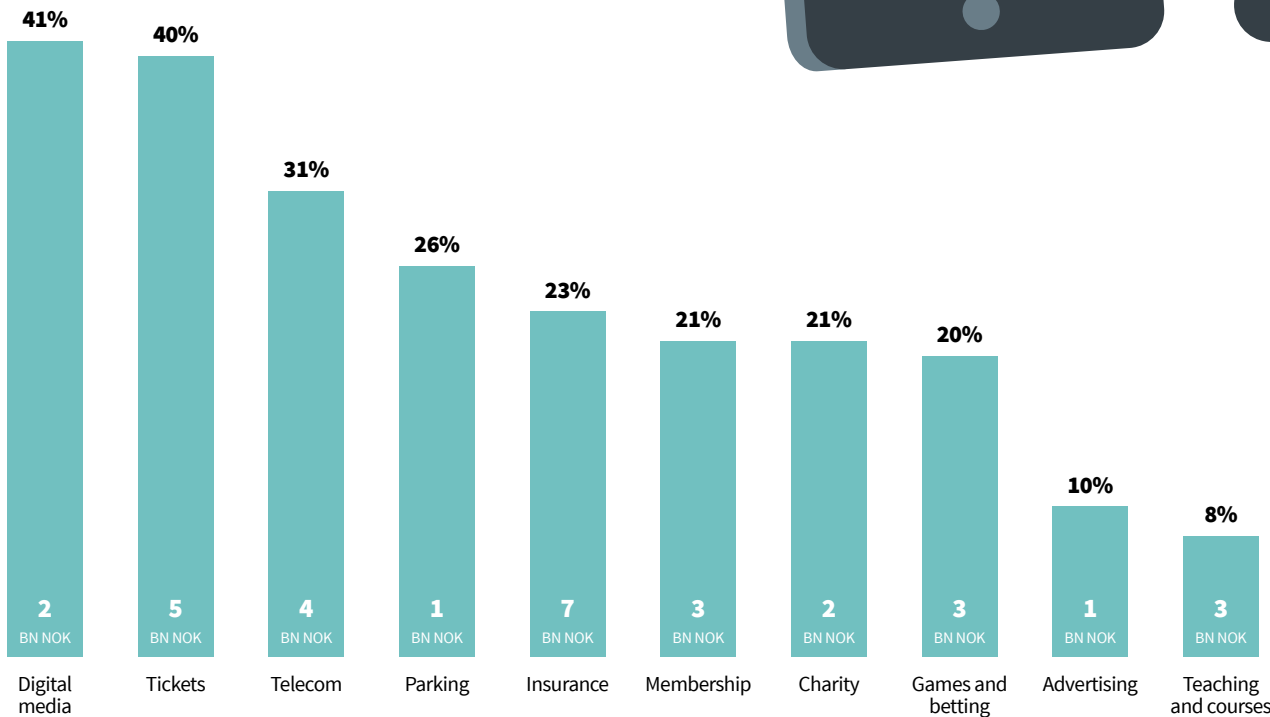
Age group purchasing the most digital media

25-34 years

02 Proportion of the population who buy online services and total spending

41%

of Norwegians buy digital media online.

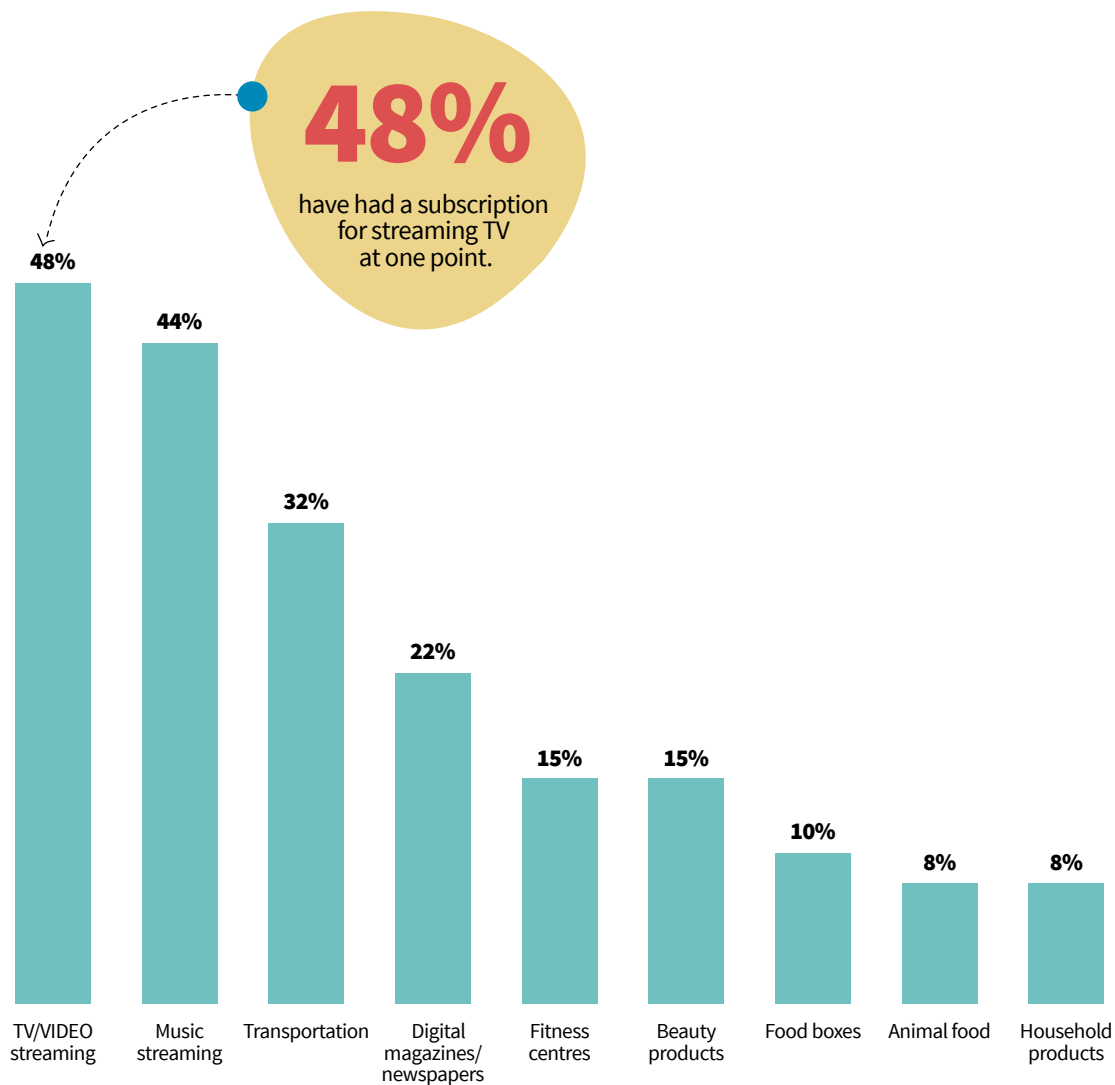


Electronic services have become a major hit among Norwegians in recent years. The market for online services is developing very quickly.

Thus, Norwegian consumers have been given the opportunity to purchase many more services online, electronic services that were not available before. Today, for example, 26 percent of Norwegians buy parking online. This is especially due to the development of parking apps that make it easy for consumers to pay for parking and quickly move on with their everyday lives.

Furthermore, digital media and tickets are services that Norwegians largely buy online. In fact, 41 percent of Norwegians buy digital media online, and 40 percent buy tickets online. Buying services like mobile subscriptions, insurance and memberships online is convenient because consumers can easily compare prices and products.

03 Online services which Norwegians subscribe to or have subscribed to



Today, consumers can subscribe to anything from TV streaming to beauty products and animal food. Norwegians can subscribe to both physical goods and electronic services. Therefore, subscriptions are divided across the three categories of travel, physical goods and services.

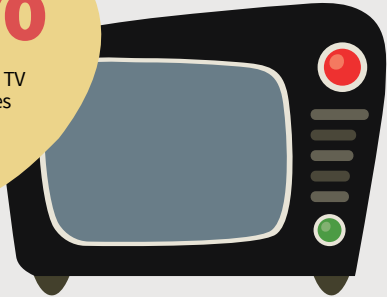
In the area of subscriptions, we especially see streaming services flourishing. Nearly half of all Norwegians have or have had a subscription for TV streaming, and 44 percent subscribe to a music streaming service such as Spotify. The age group of people aged 24-44 years stream TV and music the most.

If we look at physical goods, 8 percent of Norwegians have tried to subscribe to animal food, while subscribing to food boxes is becoming increasingly popular. From 2017 to 2018, the number of Norwegians who subscribe to food has increased by 40 percent. There is much to indicate that subscribing to food will become even more popular in the future.

TV streaming

48%

have subscribed to TV streaming services at one point.



Beauty

15%

have subscribed to beauty products at one point. 8 percent of them are men.



Animal food

8%

of consumers have now held a subscription to animal food.



Transportation

32%

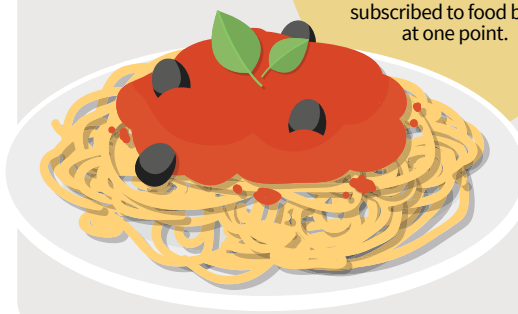
have subscribed to transportation online at one point, e.g. season tickets for bus or train.



Food

10%

subscribed to food boxes at one point.



Music streaming

44%

have subscribed to music streaming services.



SEVERAL PRODUCT GROUPS ON THE RISE

Norwegian consumers love to buy physical goods online. More than half of Norwegians buy clothes, shoes and accessories online, and online grocery shopping has increased from 15 to 20 percent in the last year.

In the physical goods category, Norwegians also spend large amounts on online shopping. Physical goods are expected to represent 34 percent of Norwegians' total spending in 2018, which means that spending in physical goods will be around NOK 49 billion this year.

Norwegian consumers are particularly fond of buying clothes online. In 2018, more than half of Norwegians – 58 percent to be exact – buy clothes, shoes and accessories online. That makes clothes, shoes and accessories the largest subcategory of physical goods, measured by the number of buyers.

But clothes, shoes and accessories are not all Norwegian consumers add to their virtual shopping carts. In fact, several types of physical goods are bought online by more than a quarter of Norwegians. For example, 33 percent of the Norwegian population buy physical media like books and films online, while 30 percent buy electronics online. In addition, electronics are the type of physical goods

which Norwegians spend the most money on. It is also worth noting that the body and health category has grown from 2017 to 2018. While 33 percent of the population bought products in body and health last year, that figure rises to 40 percent this year. This represents an increase of 21 percent from last year alone. Body and health have really jumped the online wave. The increase in body and health can also be interpreted as a result of an increased focus on body and health among Norwegians.

Another development can be seen in Norwegians' online purchases of erotica. In 2018, 7 percent of the population buy sex toys online, an increase of astonishing 82 percent compared to 2017. From home, Norwegians can easily and discreetly order erotic items from their computer or mobile device. Other high-growth categories are interior and home decor, which has grown by 41 percent. Cars, boats and motorcycles or accessories for these rise by as much as 43 percent.

GROCERIES DELIVERED TO THE DOORSTEP

As e-commerce grows and becomes more common, Norwegians buy more and more basic items online. We see that Norwegian consumers have really embraced online grocery shopping. In fact, online grocery shopping has increased by 27 percent since 2017. Last year, 15 percent of the population bought groceries online, and this year the percentage has risen to 20 percent.

Around the big cities in particular, Norwegians choose to buy milk and oatmeal from online grocery stores. Norwegians can easily and conveniently order their groceries from the sofa and have them delivered straight to their door, even on the 5th floor. Consumers avoid the hustle and bustle, and avoid having to queue at the local store or find parking in the city. The popularity of online shopping certainly has merit, and this trend is only expected to continue in the following years.

As e-commerce grows and becomes more common, Norwegians buy more and more basic items online. We see that in Norwegian consumers really embracing online grocery shopping.

58%

Share buying clothes online.



21%

buy interior and design
- and often abroad.

Age group
who shop the most
interior and design:

25-34-year
olds

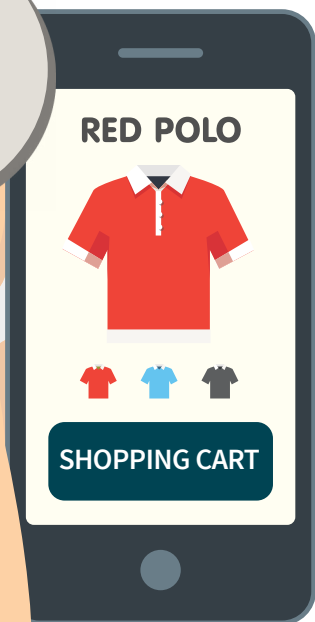


53%

have bought
clothes from
abroad.

Age group
who buys the most
from abroad:

25-44-
olds

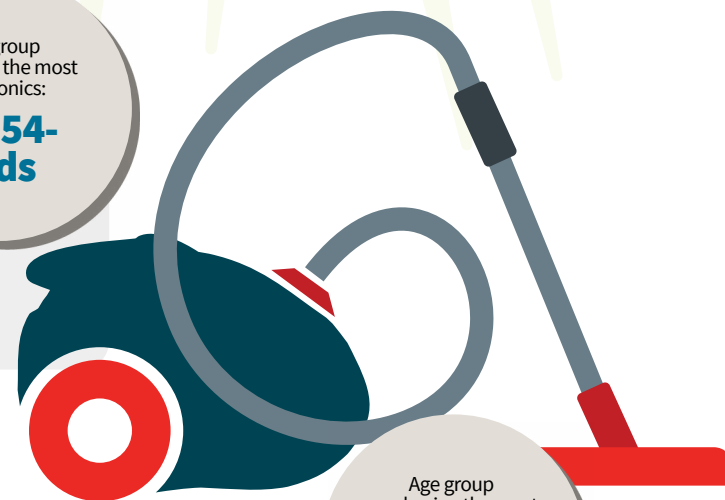


30%

buy electronics online
- and preferably abroad.

Age group
who buys the most
electronics:

45-54-
olds



Age group
purchasing the most
foods:

35-44-year-
olds

20%

Proportion who buy groceries online.

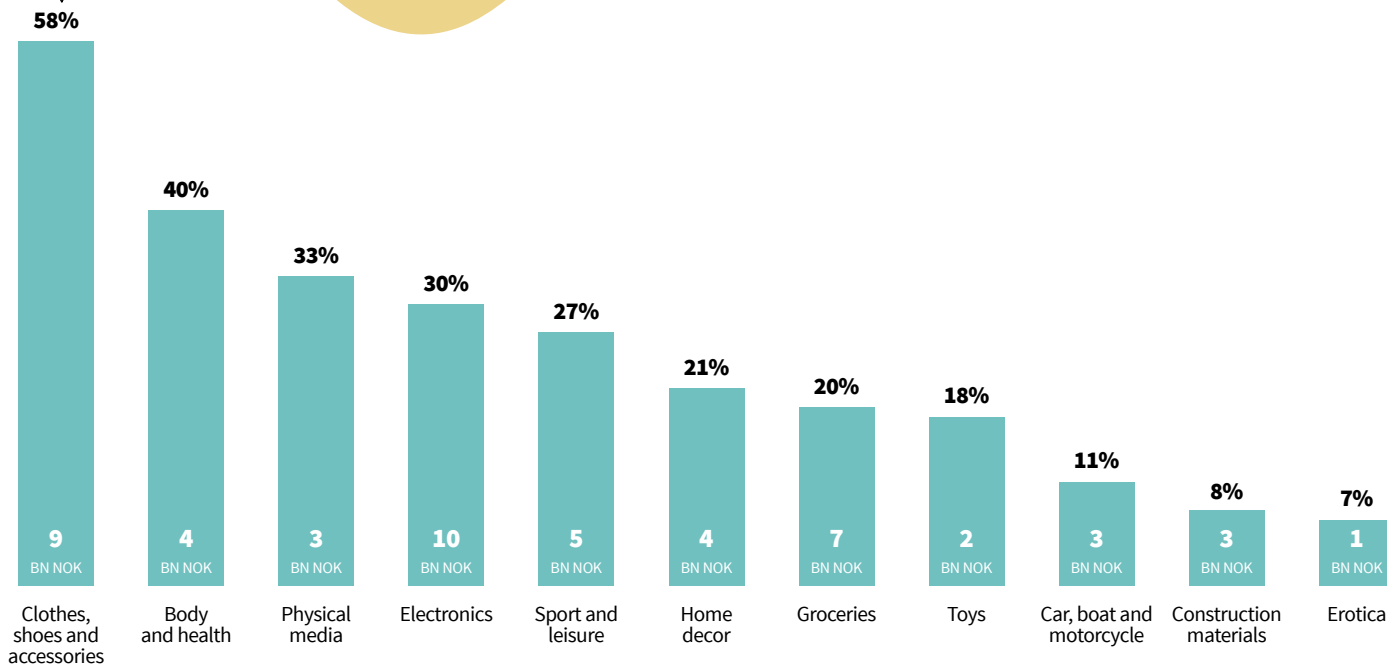


04 Share of the population that purchases physical goods online and total spending



58%

of the population buy clothing, shoes and accessories online.



Norwegians love to shop for physical goods online. In 2017, Norwegian consumers bought physical goods online for NOK 32.6 billion, and spending is expected to grow to a staggering NOK 49.6 billion in 2018.

Norwegians' spending is divided into different subcategories of physical goods, of which 58 percent of Norwegians buy clothes, shoes and accessories online. Thus, there can be no doubt that Norwegian consumers love to renew their wardrobe online, where it is easy to i.a. compare prices across online stores.

Norwegian consumers also like to shop for groceries online. Almost a fifth of Norwegians skip the trip to the supermarket and instead fill the virtual shopping cart with ordinary groceries.

Overall, there can be little doubt that Norwegians enjoy being able to buy their favourite products online.

NORWEGIANS CONTINUE TO SPEND THE MOST MONEY ON TRAVEL

With a total spending of NOK 65 billion, travel continues to be the category where Norwegians spend the most money. This year, we see that more Norwegians buy taxi trips, train and bus tickets online.

Norwegian consumers enjoy travelling, and they are happy to buy holidays and transport online. In fact, travel is by far the category where Norwegians spend the most money. In 2018, spending on travel is expected to reach NOK 65 billion. This corresponds to 46 percent of Norwegians' total online spending.

One explanation for this is that the travel industry was among the first to develop and make use of the potential of e-commerce. This means that many Norwegians take it as a matter of course that travel is something that you buy online.

Another important reason why travel features so heavily in Norwegians' spending is that every trip costs a lot of money compared to purchases within the physical goods and services categories. Travel, therefore, is not necessarily what Norwegians buy most often when shopping online. However, when they buy travel, they really get their wallets out.

FLIGHTS AND HOTELS ARE POPULAR

The tourism industry is highly competitive, and there are many companies vying for the same customers. For consumers, this means a healthy combination of many choices and competitive prices. Online, Norwegian consumers can easily and manageably compare the prices of travel companies. Flights are a particularly popular online purchase among Norwegians. In fact, 44 percent of airline tickets are bought online, a growth of 13 percent since 2017. Hotels are also a hit among Norwegian consumers with wanderlust: 35 percent of the population buy hotel stays online. This represents an increase of 18 percent compared to last year.

Norwegian consumers clearly like to pick flights and hotels themselves, but more and more Norwegians also buy package tours and holidays online. While 9 percent of the population bought package tours and

holidays online in 2017, this figure stands at 11 percent this year.

TAXI TRIPS AND PUBLIC TRANSPORT GROWING

If we consider the more practical part of travel, namely transport, there are some interesting observations to make as well. Norwegians increasingly buy taxi trips online. This year, 13 percent of Norwegians order taxis online, while in 2017 they only 8 percent did. This represents an increase of 58 percent. This may be due to more taxi companies offering mobile apps that allow consumers to order and pay for the taxi. This is both quick and easy for consumers on the go.

Another exciting development is found within rail and bus transport. In fact, almost half of the Norwegian population purchase bus and train tickets online this year. The main reason is that the industry has invented clever electronic solutions that consumers can easily access, e.g. from the phone.

This year, the figure stands at 13 percent of Norwegians who buy taxi trips online, whereas in 2017 only 8 percent did. This may be due to the fact that more taxi companies offer mobile apps that allow consumers to book and pay for the taxi.

13%

Proportion ordering and paying for taxi online.



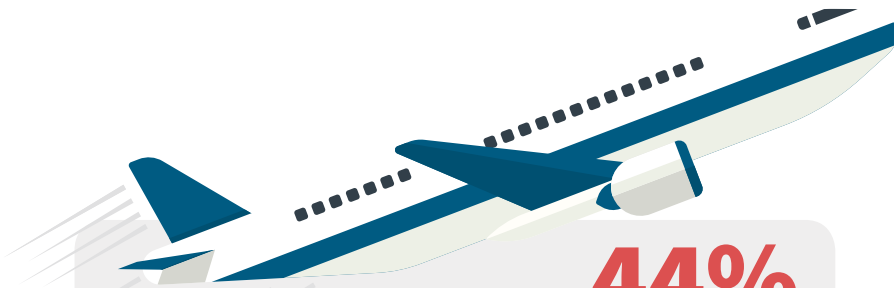
35%

buy hotels online.



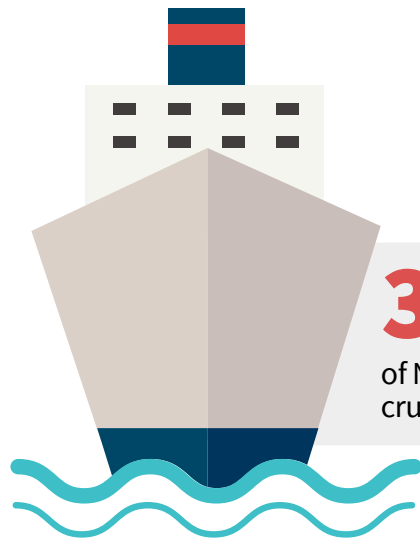
44%

of Norwegians buy flights online.



3%

of Norwegians buy cruise trips online.



BOOKED



46%

Proportion buying train and bus tickets online.

Age group buying the most tickets online:

25-34-olds

Ruter ensures that the organisational part of public transport in Oslo and Akershus runs smoothly. 60 percent of all Ruter's ticket sales are done through their app.

Every year, Norwegians travel 370-400 million times using the Ruter traffic company. One of the company's core tasks is to sell tickets and, when traveling with Ruter in everyday life, customers depend on an easy and fast e-commerce solution. For this reason, the carrier has chosen to prioritise a mobile e-commerce solution. Here Ruter's head of new sales channels and payment solutions, Christian Fjær, talks about their experiences.

Which e-commerce solution do you have?

We have an app where most of our ticket sales take place. In addition, we have a Travelcard, which is distributed via kiosks, ticket machines and service centres. Previously, we also sold tickets via our website, but we dropped that. It took too long for the tickets to be loaded from the website to our Travelcard. Our customers need a quick solution in their everyday lives, so the app is the right e-commerce solution.

Did you encounter any challenges?

Finding an easy payment solution has been difficult and, in the beginning, the only option was for the customer to register their credit card in the app. Security has also been prioritised highly because we have so many customers.

If something goes wrong or becomes unstable in the app, it puts a lot of pressure on our customer service centre.

How have you solved the problems?

We obtained offers and solutions that might improve Ruter from different companies. Today, the customer can still register their credit card in the app, but the app can also scan the customer's mobile for payment applications to allow the customer to pay through other apps such as Apple Pay. In terms of security and stability, we have found the right partner to ensure that our customers can rely on payment always working and Ruter not being exposed to fraud.

How do you ensure a good customer experience?

By making customers do as little as possible. Our customers rarely sit at home planning their next trip. They are on their way home from work or just left a restaurant, and they want their ticket fast so they can hop on the first bus or metro. Our first-time customers do not have to go through a lengthy registration process, because we do not need to know anything about them other than how they want to pay. If customers buy 30-day tickets, they will not have to think of anything



Christian Fjær is the head of new sales channels and payment solutions in Norwegian traffic company Ruter. According to him, making it quick and easy for customers to buy tickets on the go is crucial.

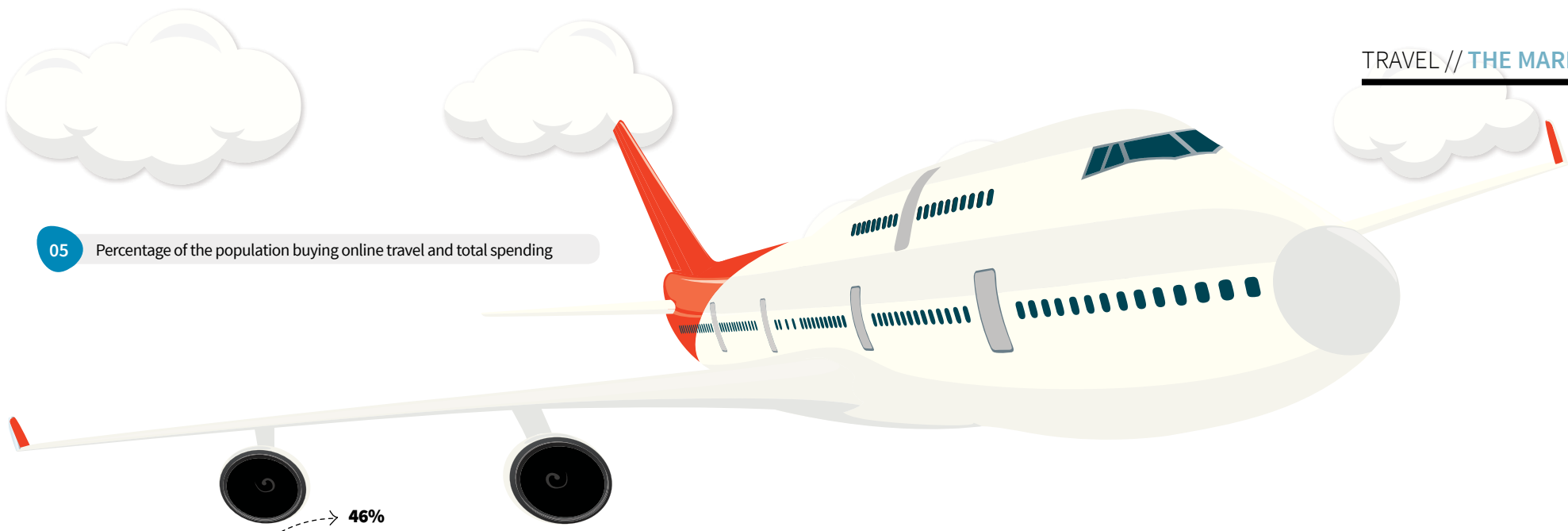
other than storing the ticket on the mobile phone for the next 30 days. They do not have to check in or out of our vehicles.

What is crucial for success?

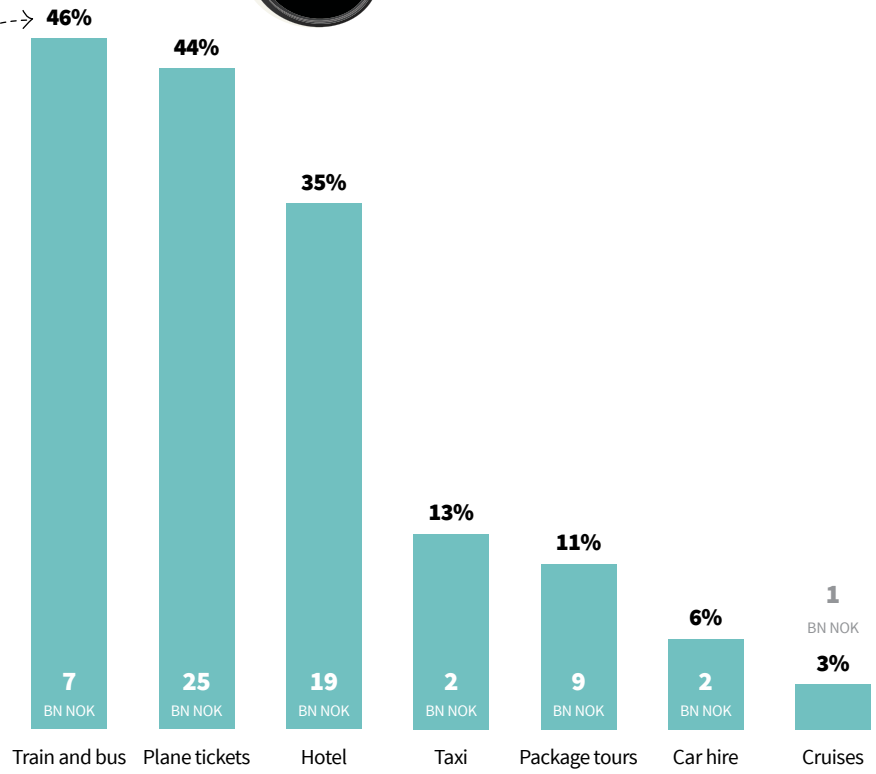
To get an understanding of the customers' mindset and accommodate their needs. In our industry, simplicity and speed are the

keys to success. The mistake that many other transport companies make is to ask customers to record all sorts of information before they can buy a ticket. And that takes too long when you just have to catch the next bus. It is also about having the right partners who can provide the best solutions for the customers.

05 Percentage of the population buying online travel and total spending



46%
of the population buy bus and train tickets online.



With a total spending of NOK 65 billion, travel is still the category in which Norwegians spend the most money.

The proportion of Norwegians who buy bus and train tickets online has increased by 27 percent in the last year. This means that almost half of the population now buy bus and train tickets online. One reason may be that today, there are far more ticket solutions for public transport online, especially on consumer mobiles.

Norwegian consumers like to buy flights and hotel accommodation online. However, this does not mean that Norwegians only want to tailor their own unique travel experiences. In fact, package tours and holidays have also increased from 9 to 11 percent since 2017.

ONLINE PAYMENTS



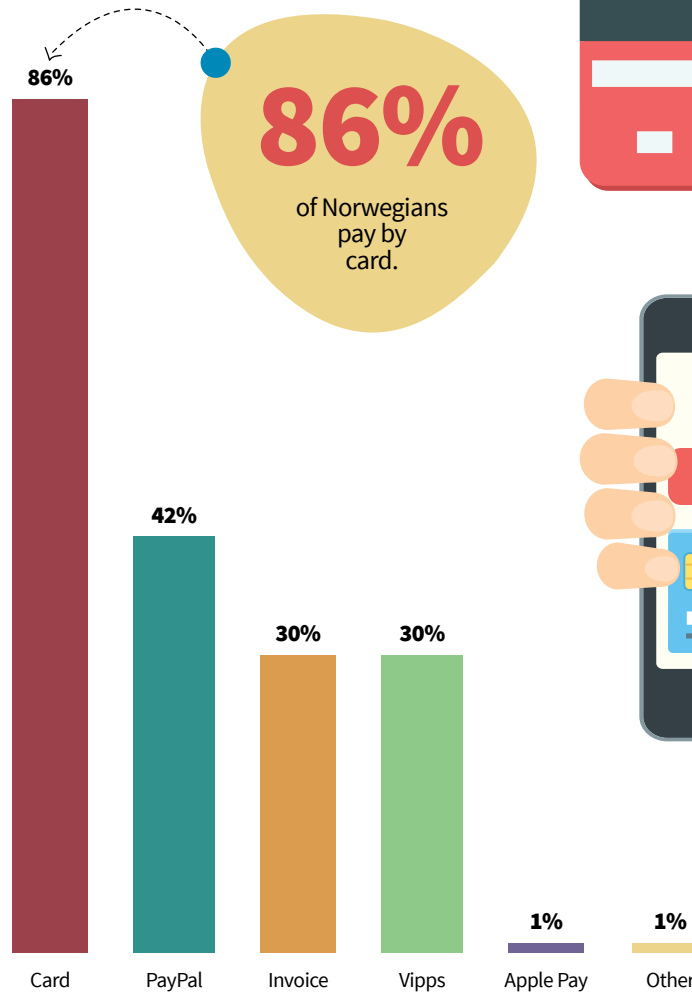
SEPIDEH MAJIDZADEH
Marketing Manager,
DIBS payment services

NEW PAYMENT METHODS GAINING GROUND

Payment by card is still very popular in Norway. This year, 56 percent of consumers state card as their preferred payment method. Norwegian consumers like to get the card out because they consider it simple and safe. We also see that new ways to pay by card are strengthened, e.g. through digital wallets like Vipps. The Vipps payment app continues to grow in popularity, and this year, 8 percent of consumers prefer to pay with the app. In 2017, the proportion was 5 percent. Vipps is popular with younger age groups and in mobile online shopping. The explanation is that the payment app fits the consumer's desire to shop quickly, easily and on the go.

Oddly enough, there are differences between the payment methods Norwegians say they prefer, and which they actually use. However, there is an explanation: If consumers pay in a different way than the one they prefer, it is probably because webshops do not offer the payment method preferred by consumers.

06 Payment methods used in 2018

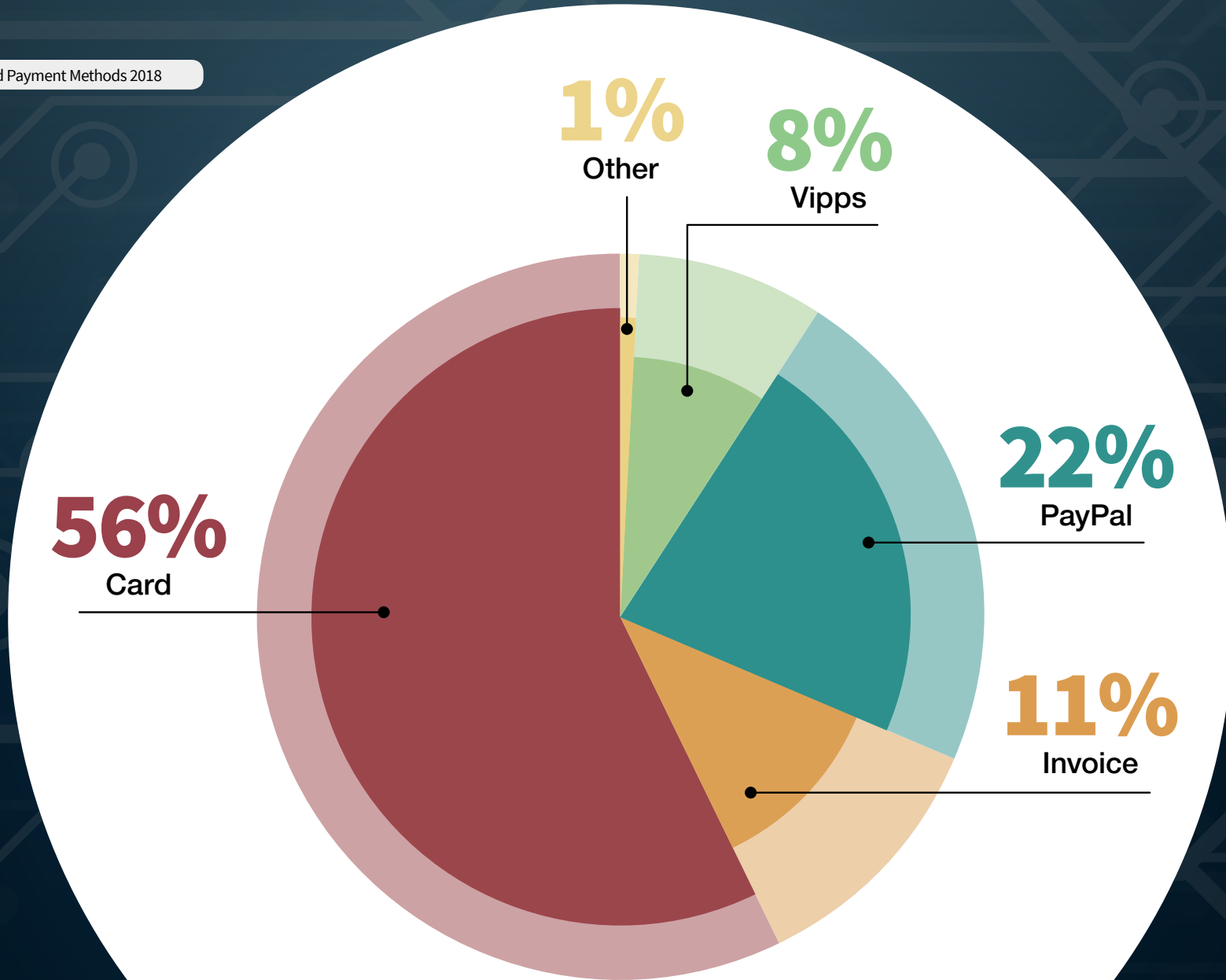


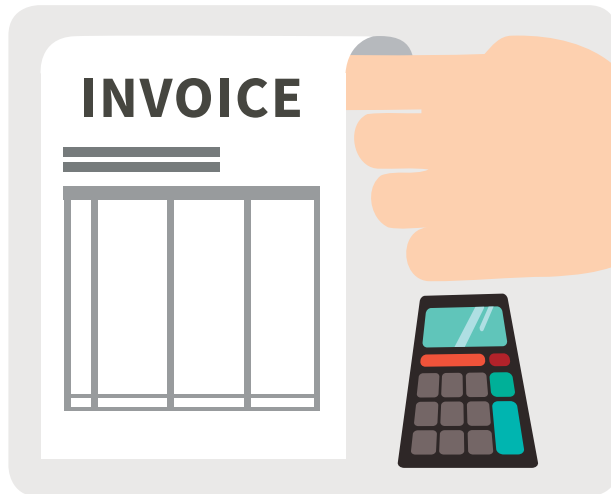
Preferred payment methods

56 percent of Norwegians prefer to pay by card when shopping online. This makes the card the most popular payment method in electronic commerce. In second place, we find PayPal, which is preferred by 22 percent of Norwegians, making it the second-most popular payment method. PayPal is followed by invoice, preferred by 11 percent of online shoppers. At the same time, we see an increase in the proportion of Norwegians who prefer to pay by Vipps since last year, rising from 5 to 8 percent.

Norwegians still prefer to pay by card when they shop online.







Invoice

11 percent of Norwegians prefer to pay by invoice. This is the same percentage as in 2017, and the payment method is quite stable.

The number of female consumers who want to pay by invoice is the greatest. At the same time, there are more proponents of invoices in the 45-54 age group.

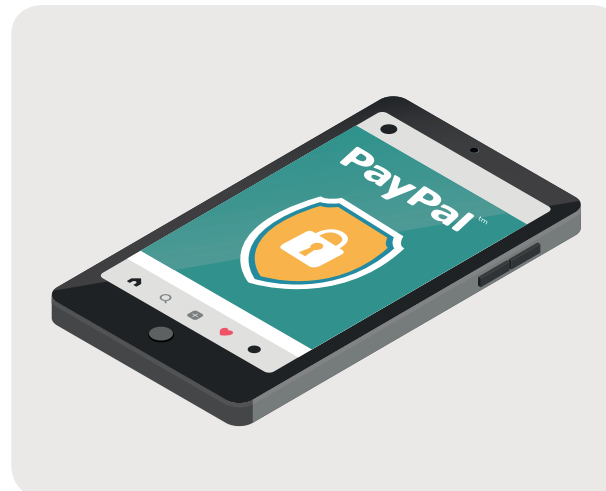
One thing in particular makes paying by invoice popular. 58 percent say that they prefer to pay by invoice because they can order their physical goods online and pay later.

Paypal

22 percent of Norwegian consumers prefer to pay with PayPal. Consumers also perceive PayPal as the safest method of payment.

When they pay for physical goods online, Norwegian men use PayPal more often than women. The group of people aged 15-24 are the biggest users of this payment method.

Across the Atlantic, consumers are into PayPal. As many as 72 percent of American consumers have a PayPal account.



Card

Norwegians love their cards. In fact, 56 percent prefer to pay by card when shopping online.

Although women also like to pay by card, fans of card payment are more likely to be men. If we look at age, middle-aged and older consumers mainly prefer to pay by card. For 55-65-year-olds, the percentage is 69 percent.

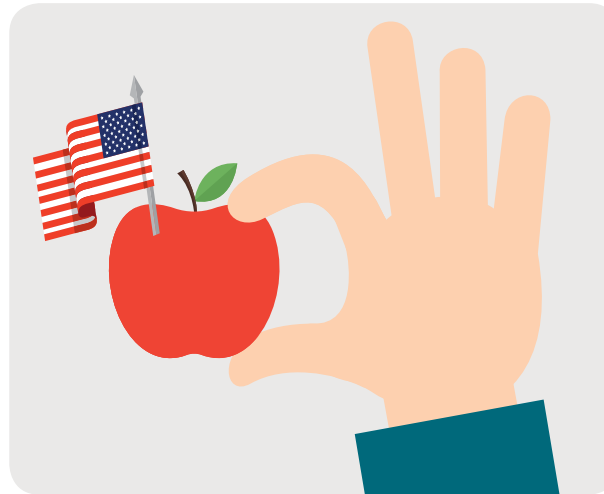
One of the main reasons consumers pay by card is that they are better insured when using card payment. This applies, for example, if consumers pay with MasterCard.

Vipps

The proportion of Norwegians who prefer to pay with Vipps has risen from 5 to 8 percent over the past year. Consumers use the payment app because they consider it the fastest and easiest way.

The typical major Vipps user is a woman aged between 15 and 24. Vipps is particularly used when the consumer shops via mobile.

Consumers' love for Vipps does not mean that the card is on its way out. Transactions via Vipps are actually linked to card payment, and Vipps thus helps keep cards alive.

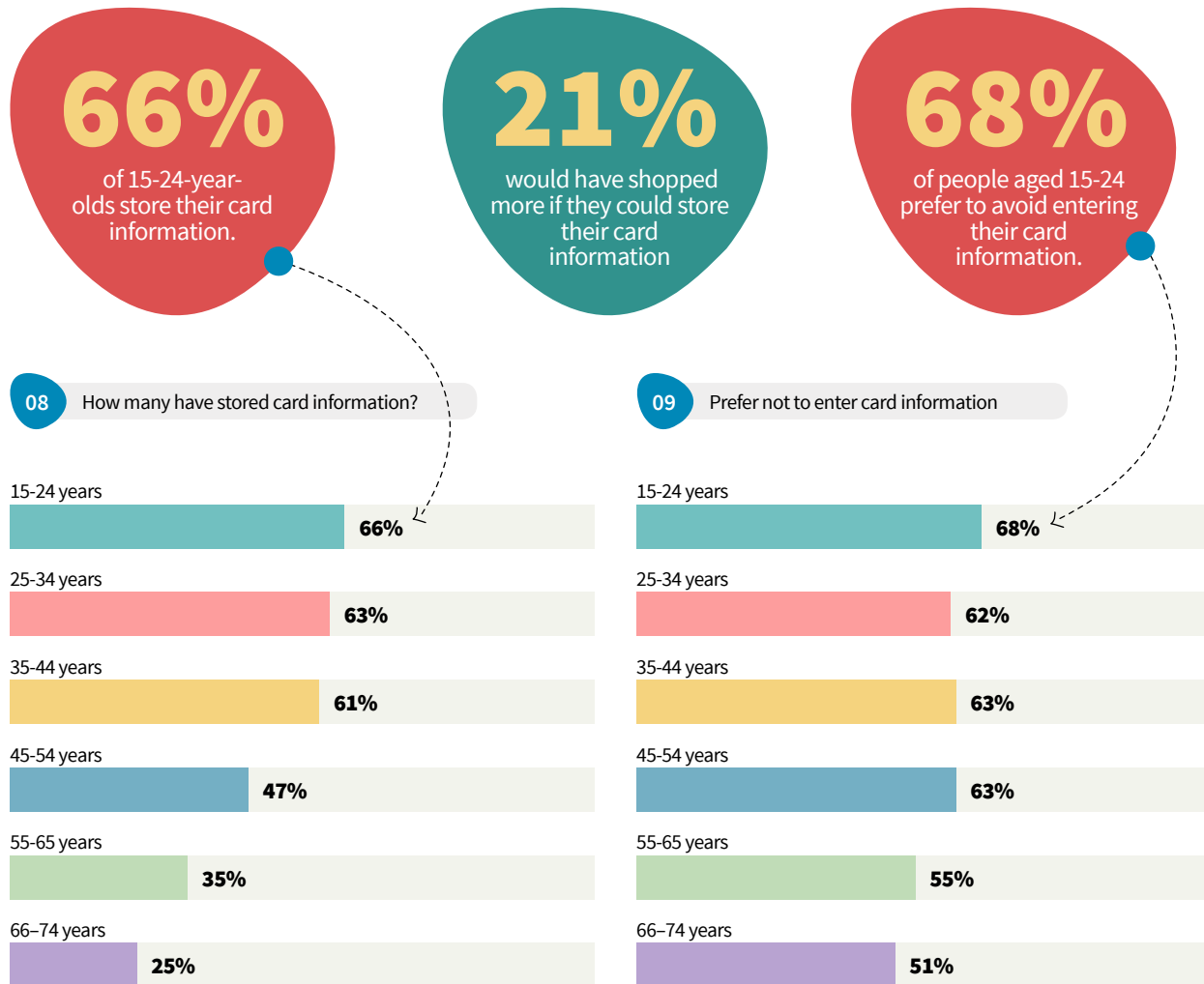


Apple Pay

For the first time, we have asked how many people prefer Apple Pay as a payment method. Little less than 1 percent of Norwegian consumers prefer to pay with Apple Pay.

(So far) only the group aged 15-24 years shows an interest in Apple Pay. In this age group, 2 percent prefer to pay with the payment app.

The future will show how popular Apple Pay will become domestically. The payment app is available in 30 countries and has 87 million global users.



15-44-year-olds particularly want to store card information when shopping online. Storing card information is less common among the older age groups. In the age group 15-24 years, 66 percent have stored their card information.

More than half of all Norwegian consumers want to avoid having to enter their card information when shopping online. Among 15-24-year-olds, no less than 68 percent want to avoid having to enter their card information.

Online payment must be Easy

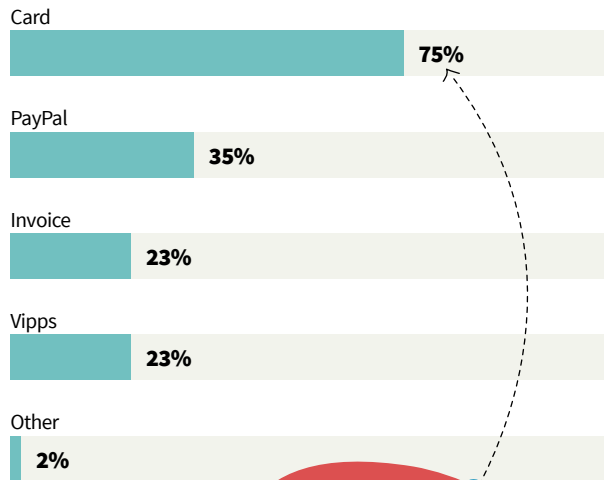
Because consumers want to store their card information and not have to enter it, in the past year we launched the Easy payment solution. The new payment solution makes online shopping easier than ever before. Easy remembers far more consumer information than other payment solutions on the market. In fact, Easy stores both payment and delivery information, so that consumers will not have to enter e.g. card information and address each time they make a purchase. This means that returning consumers can pay with a simple click in online stores that offer Easy.

The payment solution still includes all common forms of payment, so the consumer is free to choose how he or she wants to pay.

Easy is also integrated into the company's online store. Therefore, consumers are not directed to other sites for payment, but remain in the online store during payment. The payment solution simplifies the consumer's purchase journey and, in this way, also helps online stores increase their conversion rate.

Easy is not just a simple solution for consumers. Online stores can register for Easy easily and paperlessly. Just 24 hours from registration, online stores can receive payments through the solution.

10 Payment methods used via mobile

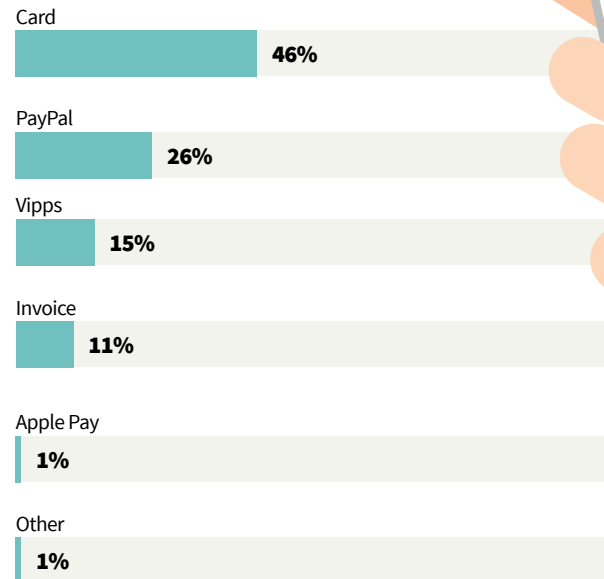


75%

of Norwegians
pay by card when
shopping via
mobile.

This year, there is no doubt that card remains the most widely used payment method among Norwegians – even when they shop from the phone. 23 percent of Norwegians pay with Vipps, and as many as 35 percent pay with PayPal when shopping online from their mobile devices. From 2017 to 2018, the use of invoices has increased by 4 percentage points.

11 Preferred payment methods via mobile



46 percent of Norwegians still prefer to pay with the familiar and safe card when they shop online from the mobile phone. The second-most preferred form of payment is PayPal, while 15 percent prefer to pay with the Vipps payment app. Apple Pay is a favourite of just one percent of Norwegians.



Norwegians' preferred payment methods vary, depending on whether they are shopping from the computer or from a mobile device. There is no doubt that Norwegians still prefer cards. 75 percent of Norwegian consumers still pay by card when they shop from the mobile phone, followed by PayPal which is used by 35 percent. Compared to last year, we see an increase in the use of both card and invoice as payment methods. When consumers shop online from their mobile phones, 15% of them prefer to pay through Vipps.

Payment apps are popular for mobile e-commerce because they are already available on the phone. However, not all payment apps have been embraced by Norwegians (yet). Only one percent of Norwegians prefer to pay with Apple Pay when shopping online from the phone. This may be due to just a few online stores offering the payment method.

CONSUMERS



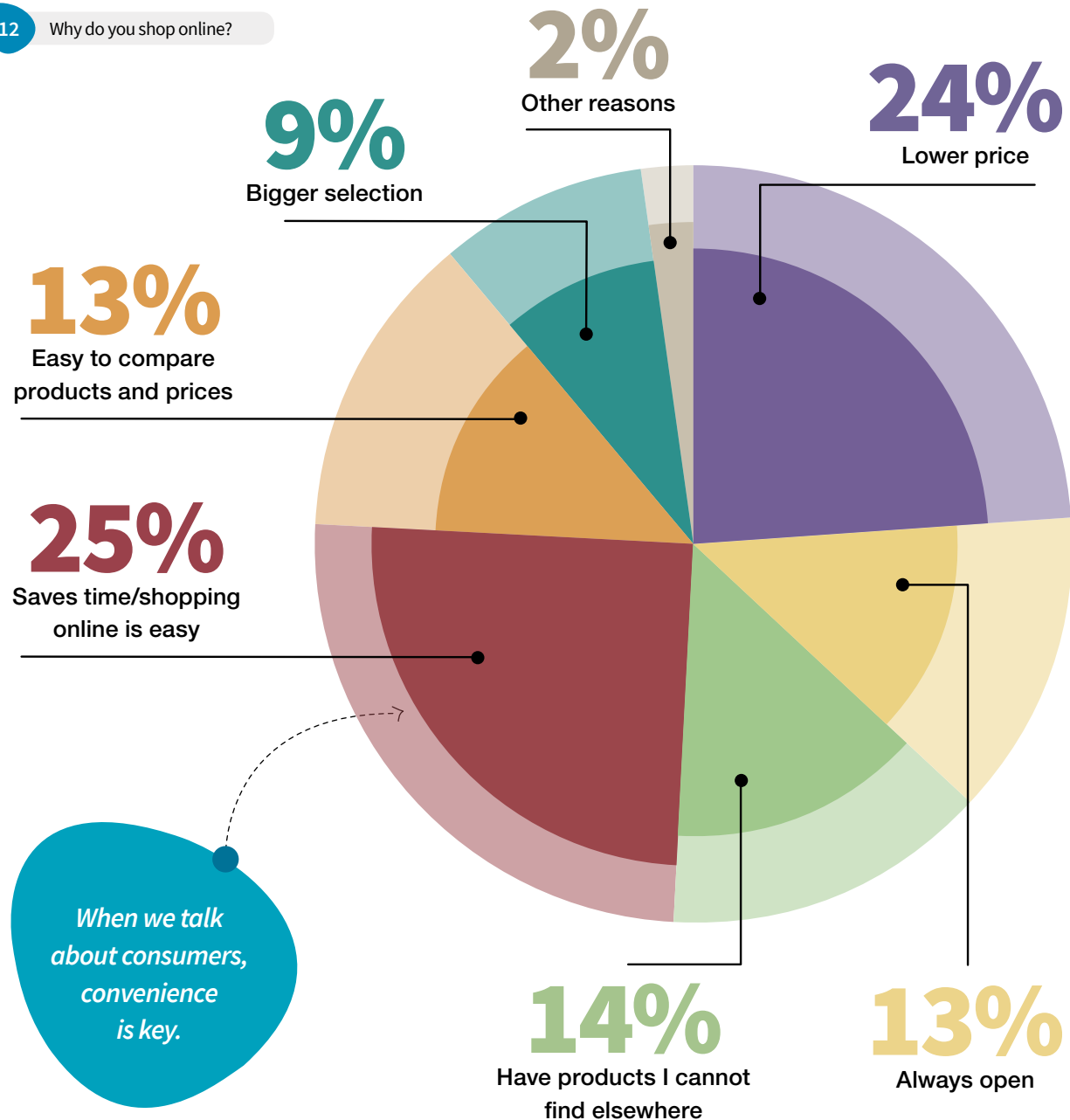
NATALIA LAURSEN,
Nordic Digital Manager,
DIBS payment services

CONVENIENCE IS EVERYTHING

Norwegian consumers are particularly motivated by one thing: saving time in everyday life. This is a consistent fact and describes several aspects of the development of e-commerce in 2018. Consumers want to bring as much of their shopping online as possible, so that they can spend time on other things that mean more to them. Even purchasing food is something consumers increasingly do at home from the sofa. Why queue at the local grocery store in the middle of rush hour, when the shopping can be done easily and painlessly through the computer?

When we talk about consumers, convenience is key. It is important for Norwegian consumers that e-commerce is as easy as possible, and this clearly appears from the figures. Unsurprisingly, 25 percent of Norwegians state that they shop online because it is convenient and because it saves them time. 13 percent of those shopping online also state that they do so because it is easy to compare products and prices. Another important factor is that the Internet is always open. Consumers do not have to wait until the store opens, as online they can shop whenever they have a moment – regardless of whether that moment is at 4 in the afternoon or 3 in the morning.

12 Why do you shop online?



When we talk about consumers, convenience is key.

13 Average male consumer

Shop in foreign webshops:



Would like to exchange their online purchases in physical stores:



Shop through apps:



Cancels purchases if entering information is too bothersome:



Shop online to save money:



Average spending per month:

3349
NOK

14 Average female consumer

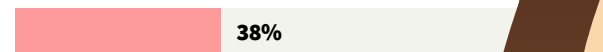
Shop in foreign webshops:



Would like to exchange their online purchases in physical stores:



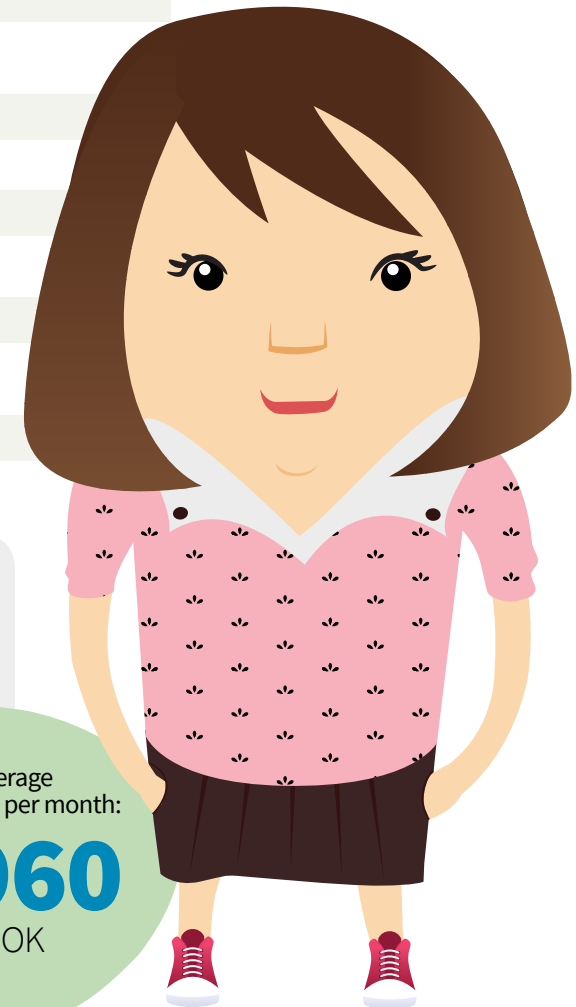
Shop through apps:



Mainly shop online to save time:



Cancels purchases if entering information is too bothersome:



Average spending per month:

2960
NOK

Although there are many similarities between male and female consumers, there are also differences. Women shop more frequently through apps, and they want to be able to exchange physical goods bought online in a physical store.

To a greater extent than men, women shop online to save time. In addition, men spend the most on e-commerce every month on average.

15 Why do families shop online?

71%

of young families with young children have shopped online from mobile devices.



	YOUNG FAMILIES WITHOUT CHILDREN	YOUNG FAMILIES WITH YOUNG CHILDREN	FAMILIES WITH OLDER CHILDREN	WORKING ADULTS WITHOUT CHILDREN	PENSIONERS
Have bought food online	21%	31%	24%	11%	6%
Purchases via mobile devices	70%	71%	67%	43%	33%
Prefer to return online purchases in a physical store	41%	43%	40%	38%	43%
Have cancelled an online purchase	52%	46%	50%	48%	39%
Have bought online from abroad	59%	58%	55%	50%	52%
Prefer to pay by card	53%	49%	53%	62%	70%

Young families without children like to shop online via mobile phone. In fact, 70 percent have made purchases via mobile devices. This family type also loves to buy from foreign websites, which often have lower prices and a greater selection.

Young families with young children have a busy day, and we see this from the numbers. By far, this is the group that shops the most from the mobile phone, and 53 percent have interrupted a purchase. If shopping online is too bothersome, they will not.

Along with young families with young children, families with older children is the group that shops the most via mobile phone. This family group also likes to buy groceries online. Just under a quarter have been buying food online.

Working adults without children is a family type with a fondness for shopping in foreign online stores. 50 percent of working adults without children shop from foreign online stores, and 62 percent prefer to pay by card.

Pensioners shop less online than other family types. Nevertheless, 33 percent of them shop via the phone. Pensioners are also the group who are the most fond of paying by card. A total of 70 percent of pensioners prefer to pay by card.

Mr. Big Spender

Here is an insight into the typical target online consumer

We have studied the average for the 100 consumers in our survey who spent the most money online during a three-month period.

35-44 years
... and lives in Oslo /Akershus or Trøndelag.

Spends **16.000** NOK per month on e-commerce.

Food is what he spends the most money on.



Shops online to:
Save money.



Cancels purchases:
because the registration process was too bothersome.



Buy a lot from abroad – especially China and the United States.



TV streaming
Is one of the products he holds an online subscription to.



Ms. Shop A Lot

This year, we have also looked at the typical online consumers who make the most purchases

45-54 years

... and she lives in Trøndelag or northern Norway.

Spends

4.062

NOK per month on e-commerce.

Clothes

is it what she spends the most money on.



Shops online:

More than 25 times in 3 months.

Cancels purchases:

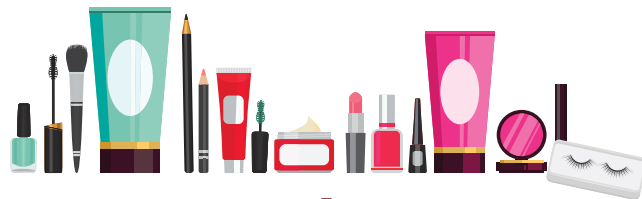
Because the total price incl. delivery was too expensive.



Prefers not to specify card information.



Buys a lot from abroad – especially China and the United States.



Beauty products

Is one of the products she holds an online subscription to.

We have studied the average for those consumers who shop online most often – more than 25 times over a three-month period.



16 Why have you cancelled a purchase?

Total price including delivery was too expensive

56%

The registration of personal data was too bothersome

23%

The store did not have the payment method I wanted to use

20%

The payment process did not work

20%

Lack of trust in the store

17%

Unsure of the General Terms and Conditions (return policy, delivery policy, etc.)

14%

Technical issues with the website

14%

Other

14%

No option of picking up the product personally

5%



Why do Norwegians shop online? That question is not difficult to answer. The main reason is that it is practical. In fact, 25 percent of consumers state that the main reason they shop online is that it is time-saving and easy. Lower prices are the second most important reason. When Norwegians refrain from shopping online, they often do so because of the total price including delivery. A total of 56 percent respond that they have interrupted a purchase because the price including delivery was too expensive. This indicates that it is important for online stores to point out shipping costs early on in the process. The second-most frequent reason for Norwegian consumers to cancel purchases is that the personal registration process is too bothersome. If consumers are to buy, things must move both simply and quickly!

A total of 14 percent of consumers have cancelled an online purchase because of technical problems with the website. Given the fact that this is the year 2018, that number is quite high.

17 Average junior consumer (15-24 years)

Shop from the phone:



Subscribes or have subscribed to music streaming services:



Cancelled online purchases if the total price incl. delivery is too high:



Shop from abroad:



Has cancelled a purchase:



Average spending per month:
1825
NOK



There is a big difference between the young and the older shoppers. If you want to sell to a younger audience, offering a mobile-optimised shopping experience is a good idea. In fact, 71 percent of 15-24-year-olds shop online from their mobile phones. As an online store, you also need to keep shipping costs in mind if you want to sell to a young audience. 63 percent of young buyers will actually cancel a purchase if the total price is too high.

18 Average senior consumer (66-74 years)

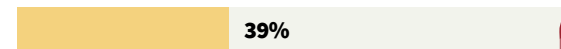
Want to avoid having to enter card information:



Particularly choose cards because they consider them safer:



Has cancelled a purchase:



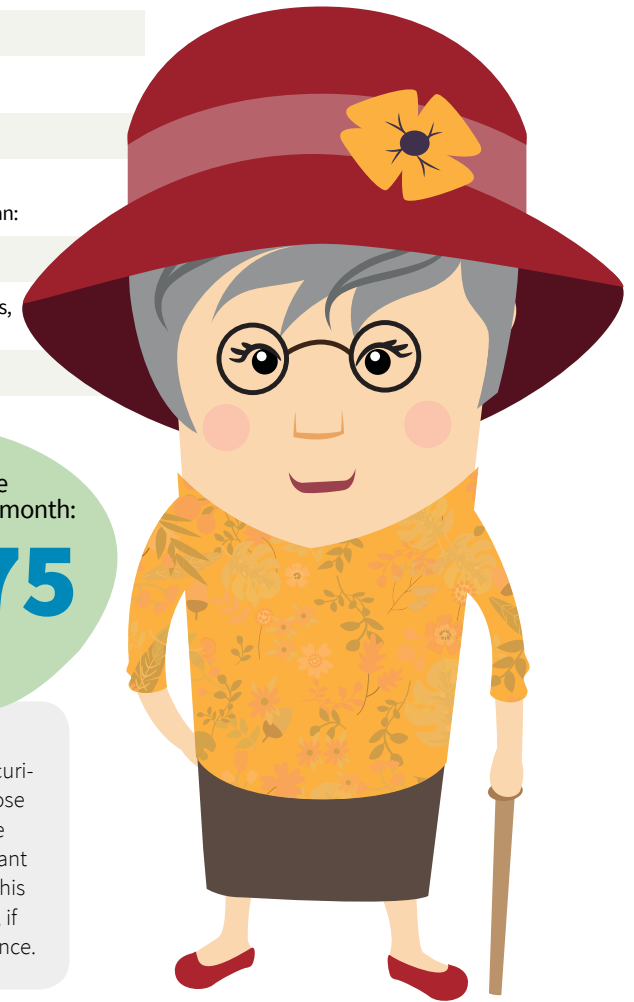
Do not shop in foreign online stores because they prefer customer service in Norwegian:



Subscribe or have subscribed to transport services, e.g. parking or train tickets:

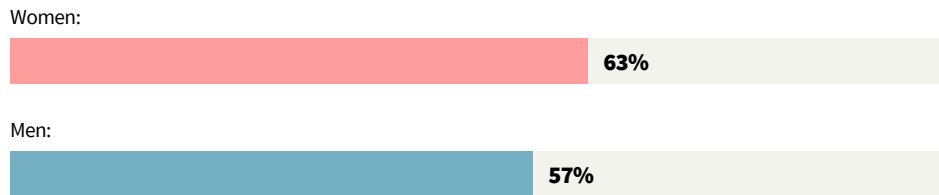


Average spending per month:
2475
NOK



If you want to sell to older buyers, keep in mind that this group is concerned with security when shopping online. Almost half choose to pay by card because they consider it the safest. At the same time, more than half want to avoid having to enter card details, and this is something you should consider offering, if you want to accommodate an older audience.

19 Shop via mobile



60%

TOTAL

60 percent of Norwegian consumers have made online purchases from his or her mobile phone or tablet.

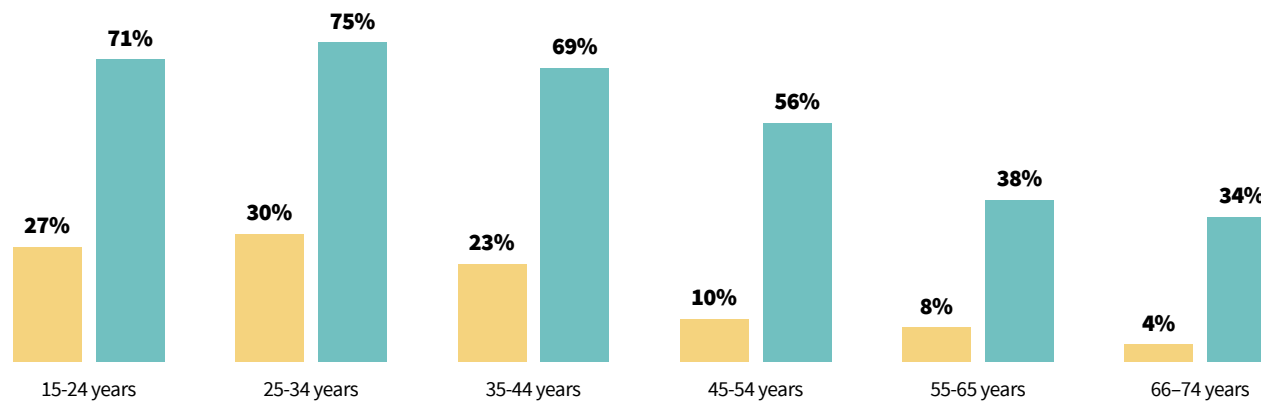
In 2018, more and more consumers are shopping online via mobile devices. Around 60 percent of Norwegians shop online from their mobile phones, an increase of 6 percentage points compared to last year. This trend will only increase as consumers embrace mobile shopping more and more. Optimising webshops for mobile devices has never been more important.

If we look at the distribution across men and women, there is no doubt as to which gender takes to the phone to shop online most frequently. Women are more positive towards shopping via mobile. While 63 percent of women made purchases via mobile, the figure stands at 57 percent for men.

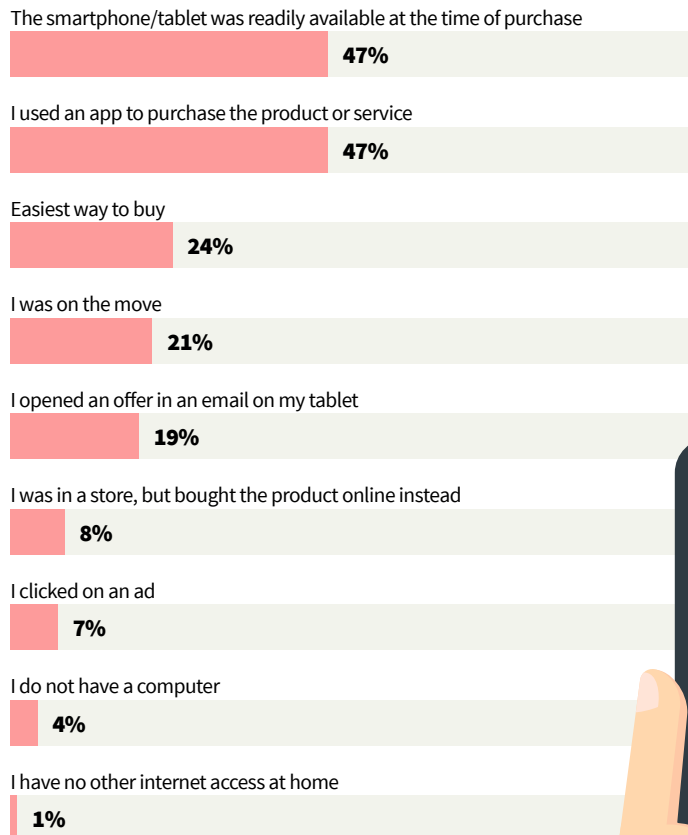
The age group that shops the most from the phone is made up of the 25-34-year-olds, but we should also add that older age groups also increasingly take to the phone when shopping online. In 2012, 8 percent of 55-65-year-olds shopped online from mobile devices, this year the proportion is 38 percent. Among 66-74-year-olds, just 4 percent had been shopping via the mobile phone in 2012, while this year it is just under a quarter of the seniors.

20 Development by age

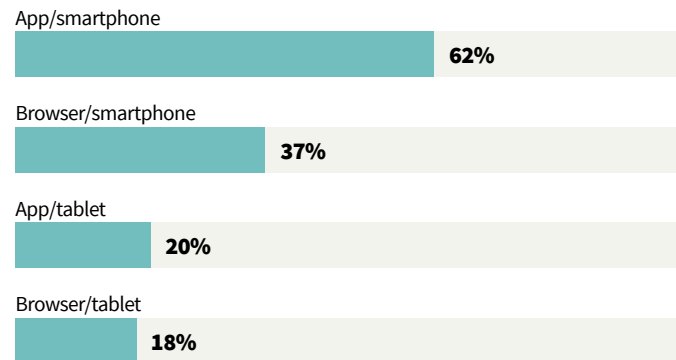
2012
2018



21 Why did you use a smartphone/tablet to shop from?



22 How do you shop from your mobile devices?



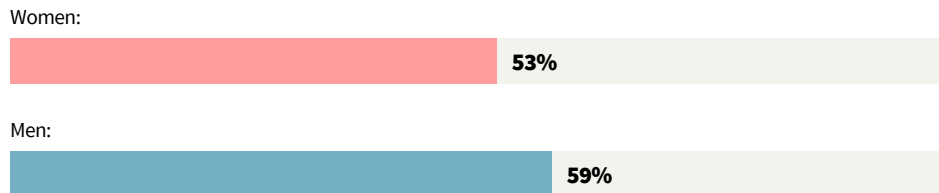
Consumers shopping via mobile phone because it is easily accessible when they want to shop. This fact is clearly seen in the figures. 47 percent of Norwegians who have been shopping online via the mobile phone claim that they used the mobile phone or tablet because it was easily accessible at the time of purchase.

It is important for consumers that online shopping is easy, and that is also one of the reasons why we see mobile e-commerce growing. 24 percent of consumers state that shopping from mobile or tablet is simply easier.

If we look at how Norwegian consumers shop from their mobile phones, we see that in-app purchases are still increasing. 62 percent of those who shop from the phone do it through an app. Generally, there is an increase in e-commerce from smartphones.

It is interesting to note that 8 percent of those shopping via mobile state that they were actually in a store to look at the product, but chose to buy it online instead. More consumers want to see the quality of an item or test the size of – for example, clothes – before buying them online.

23 Purchases from foreign webshops



56%

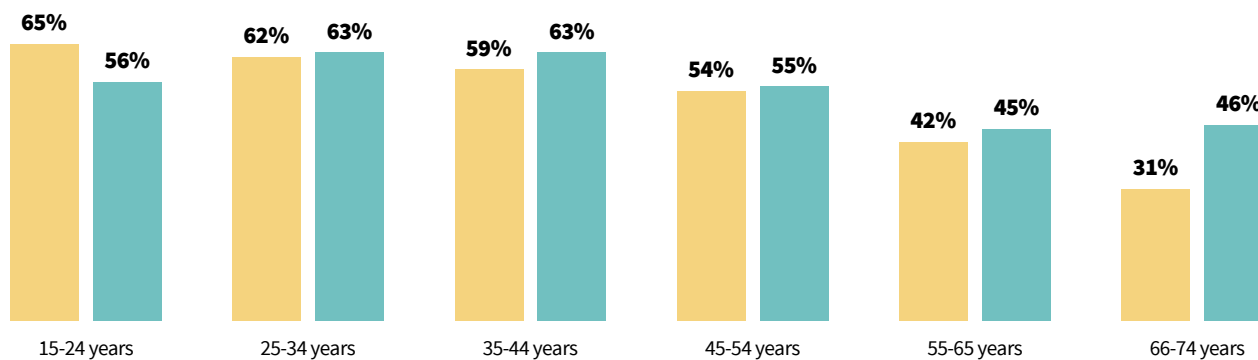
TOTAL

A total of 56 percent of Norwegian consumers have now made online purchases from foreign webshops.

Just from 2017 to 2018, foreign e-commerce has seen progress. Last year, 54 percent of Norwegian consumers made purchases from foreign online stores, while this year that figure rose to 56 percent. This is an increase of 2 percentage points. Specifically, lower prices and a greater selection than in Norwegian online stores make foreign webshops popular with consumers.

24 Development by age

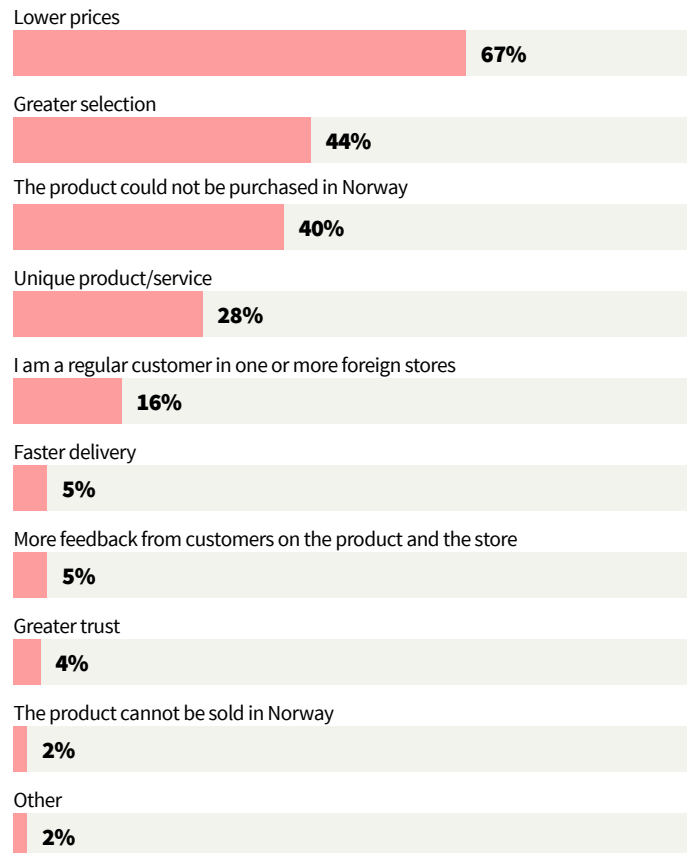
2017
2018



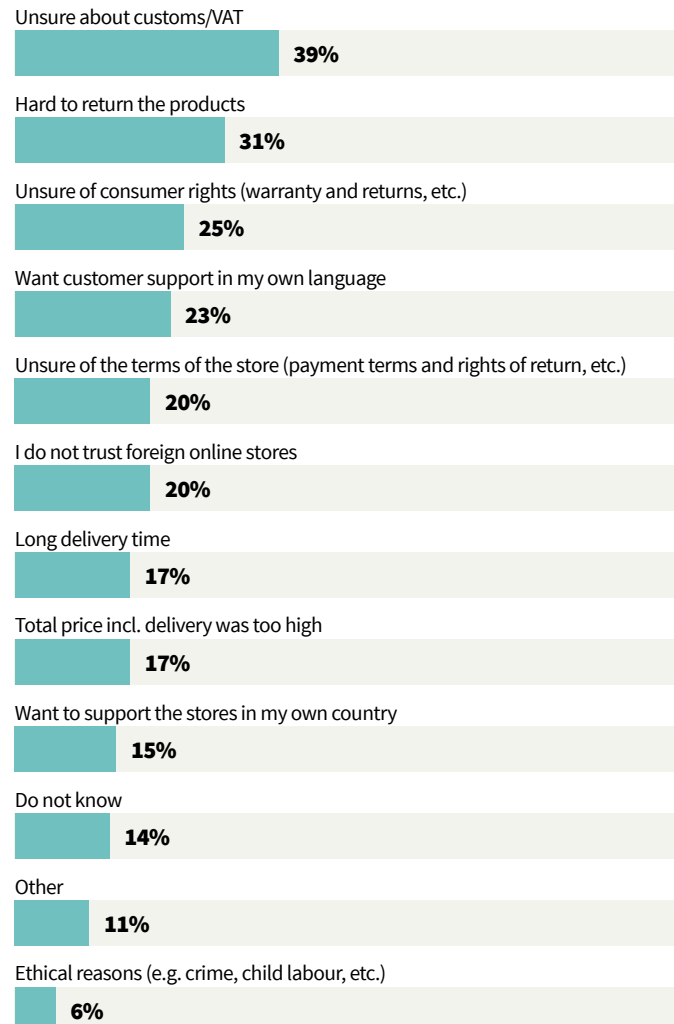
59 percent of Norwegian men have now made an online purchase from a foreign webshops, while 53 percent of women have done the same. Men are clearly more excited about online shopping from abroad. One explanation may be that men are more likely to look for unique products and that the selection is greater in foreign online stores.

Shopping in foreign online stores is growing across all age groups, but mostly those aged 25 to 44 resort to foreign webshops. In this age group, 63 percent buy products from foreign webshops. 55-65-year-olds are the group who shop from foreign webshops the least. However, 45 percent of them still made purchases from foreign webshops. Last year, that figure stood at 42 percent.

25 Why do you shop on foreign webshops?



26 Why do you not shop on foreign webshops?

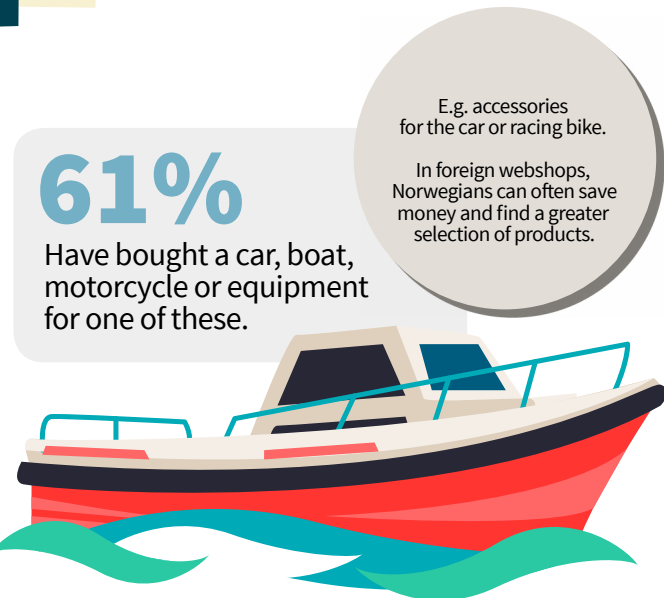
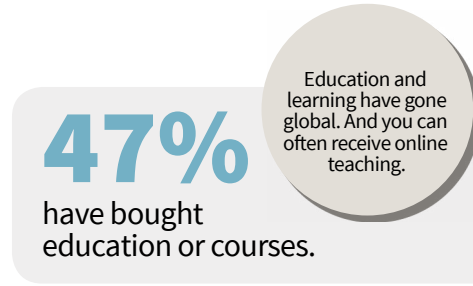
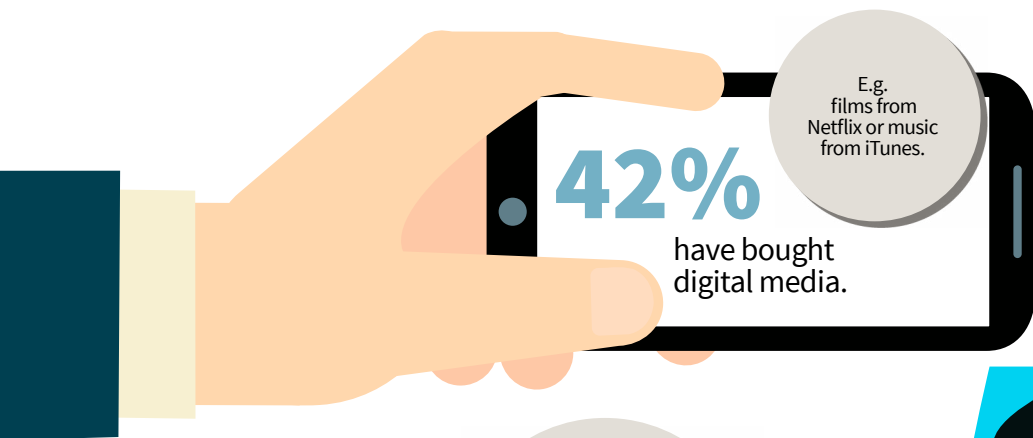


Norwegian consumers love shopping in foreign online stores, particularly naming price and selection as attractive to them. Around 67 percent of Norwegians state that lower prices are the main reason for shopping from foreign webshops, while 44 percent chose foreign webshops because they have a larger selection.

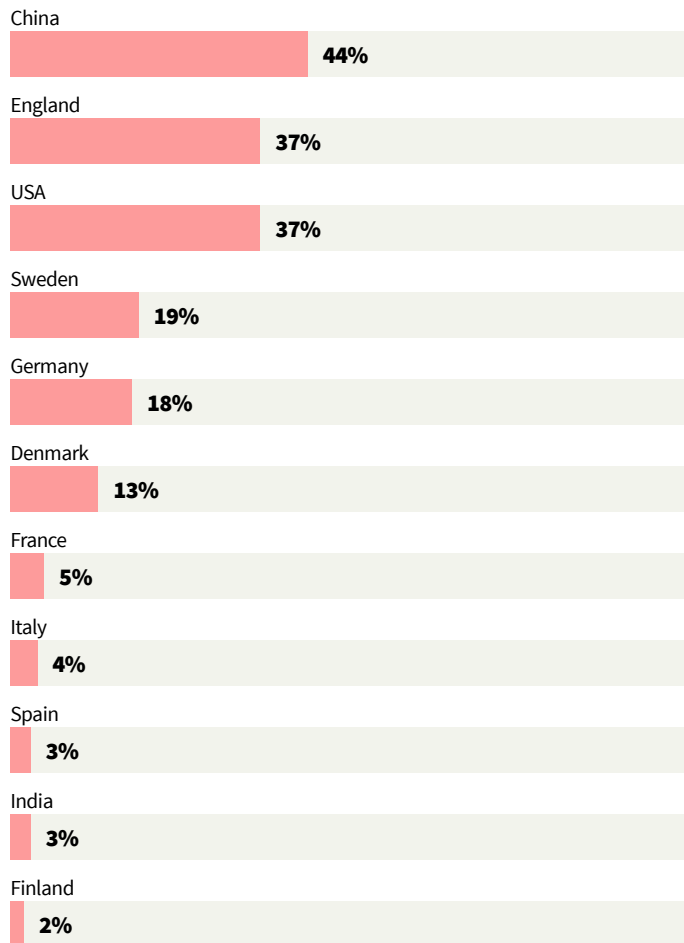
16 percent of Norwegians are also regular customers in one or more foreign webshops, which indicates that more and more Norwegians are starting to feel safe shopping from abroad.

Even though more Norwegian consumers shop from foreign webshops in 2018 compared to last year, they are still worried about several things. 31 percent of consumers refrain from making purchases from foreign online stores because they find it difficult to return the products, while 39 percent feel uncertain about customs and VAT rules. Factors such as long delivery times and uncertainty about consumer rights are also important reasons why some Norwegians choose not to shop from foreign webshops. In addition, it is worth mentioning that one in five Norwegians do not trust foreign webshops and that 15 percent only wish to support stores in their own country.

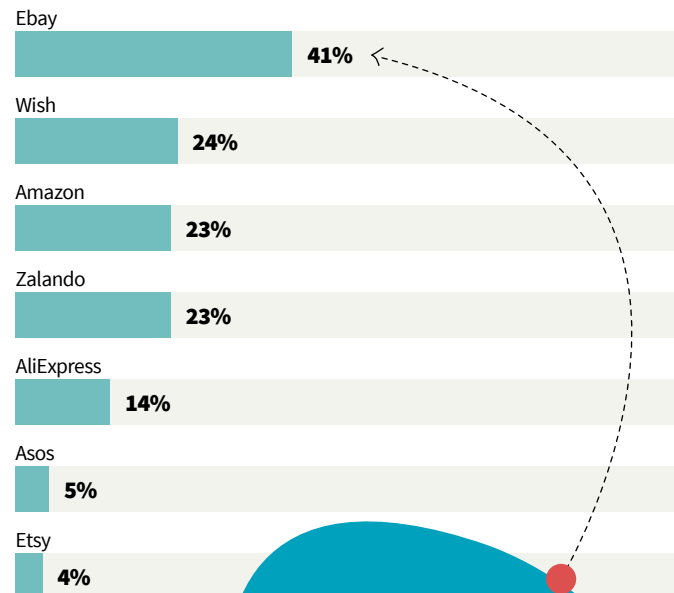
WHAT DO NORWEGIANS BUY FROM **ABROAD**



27 From which countries do Norwegians shop?



28 From what websites do Norwegians shop?



41%

have been shopping online
via Ebay.

When Norwegians fill their virtual shopping carts abroad, they have their favourite suppliers. Almost half of those who shop from foreign webshops have made purchases in Chinese webshops. Norwegian consumers have simply opened their eyes to Chinese webshops, which offer both cheap products and a large selection. Two important factors that put Norwegian webshops to the test.

China is followed closely by England and the United States, which share second place. This year, as many as 37 percent of Norwegians who shopped from foreign webshops have done so from English or American websites. In third place among the most popular countries to shop from, we find our dear neighbour, Sweden. In fourth and fifth place, we find Germany and Denmark.

Strangely – and yet logically – Norwegians' most widely used foreign webshops match the countries we prefer to shop from. At the top we find favourites Ebay, Wish and Amazon, each representing one of the countries in the Norwegians' top three countries to shop from. While Wish is a Chinese store, Ebay is originally English, and Amazon is an American phenomenon.

05

**FINNISH
E-COMMERCE**

FINNISH E-COMMERCE CONTINUES TO GROW RAPIDLY

Consumers have really taken to online shopping. As a result, Finnish e-commerce is growing significantly faster than the rest of the economy. Companies that successfully digitize their business processes will be major winners in the future.

The Finnish economy is on the rise, and the positive economic growth also affects the e-commerce business. This year's report finds that Finnish e-commerce is growing at a significantly higher pace than the rest of the Finnish economy. This is an important point in the Finnish business landscape: companies that are able to digitize their business and establish a user-friendly online experience, will have the most favorable conditions in the future. This is because an ever increasing amount of consumers prefer to make their purchases online.

In 2018, the total revenue from Finnish e-commerce is estimated to be 12,2 billion euros. This is an increase of 18 percent compared to 2017, which represents a significant improvement when compared to the approximate 3 percent growth of the total Finnish economy. Travel continues to be the category where Finns spend the

majority of their money online. In 2018, Finnish consumers have spent a total of 5,7 billion euros on online travel purchases. Finnish consumers are also likely to shop online for these two categories: services and physical goods. For example, 36 percent of consumers have bought various tickets online, and 53 percent have purchased clothes online. The figures also show that 16 percent of Finns have shopped for food and groceries online. This means that even basic everyday purchases are gradually moving into the digital space.

Online banking remains the most popular payment method in Finland. However, according to this year's report, an increasing number of consumers prefer to pay by invoice. This is because invoice is considered a very secure payment method that allows the customer to postpone payment until the item has been received.

The report also finds that mobile payment methods such as MobilePay are gaining ground. Mobile payments are not as prominent in Finland as in other Nordic countries, but they will certainly grow in popularity as consumer awareness increases.

According to Finnish consumers, the best part of online shopping is the availability and speed of making purchases. Consumers want to save time and have a large selection of items accessible 24 hours a day, and this is unlikely to change any time soon.

We hope that this year's report will give you a better understanding of the Finnish e-commerce. Perhaps you can even gain some insights on how to make your own webshop even better.

Enjoy the report.

Consumers want to save time and have a large selection of items accessible 24 hours a day, and this is unlikely to change any time soon.

MARKUS LAURIO,
CEO,
Paytrail



THE MARKET



KARI MELENDER,
Director,
Compliance Officer,
Paytrail

FINNISH E-COMMERCE IS STILL ON THE RISE

Finns love shopping online. In 2018, the total revenue from Finnish e-commerce will rise to 12,2 billion euros. This figure represents an increase of 18 percent compared to the total e-commerce revenue in 2017.

The tendency is clear: Finnish consumers have embraced e-commerce like never before. They are especially fond of shopping via online banks, which is still the most popular method in the online payment landscape.

With a total spend of 5.7 billion euros, travel continues to attract the highest amount of online spending. The two other categories, physical goods and services, earn 4.4 billion euros and 2.1 billion euros respectively.

A growing number of companies apply business models that are based on subscription, which explains part of the growth in total spend. 27 percent of Finnish consumers have subscriptions for TV and video streaming. There is also an increasing number of Finns that prefer to buy their groceries online.

SPEND 2018
12.200.000.000
EUROS



SPEND 2017
10.400.000.000

01 Growth from 2017 to 2018

We have changed our method of calculation so that our conclusions are based solely on the responses from consumers. This way we achieve the most objective report that reflects the present day market as accurately as possible. YouGov gathered data from respondents on what they spent during a three month period in a variety of categories. Thereafter we added the amount of money that each gender of each age group spent in total and divided that figure by the number of respondents. The average number per individual in each specific age group and gender takes into account the demographic and the general availability of internet in each country. Statistics relating to demographics and internet have been derived from the following sources:

Internet: https://www.stat.fi/til/sutivi/2017/13/sutivi_2017_13_2017-11-22_tie_001_en.html

Population: <http://norden.statbank.dk>

DISTRIBUTION OF E-COMMERCE

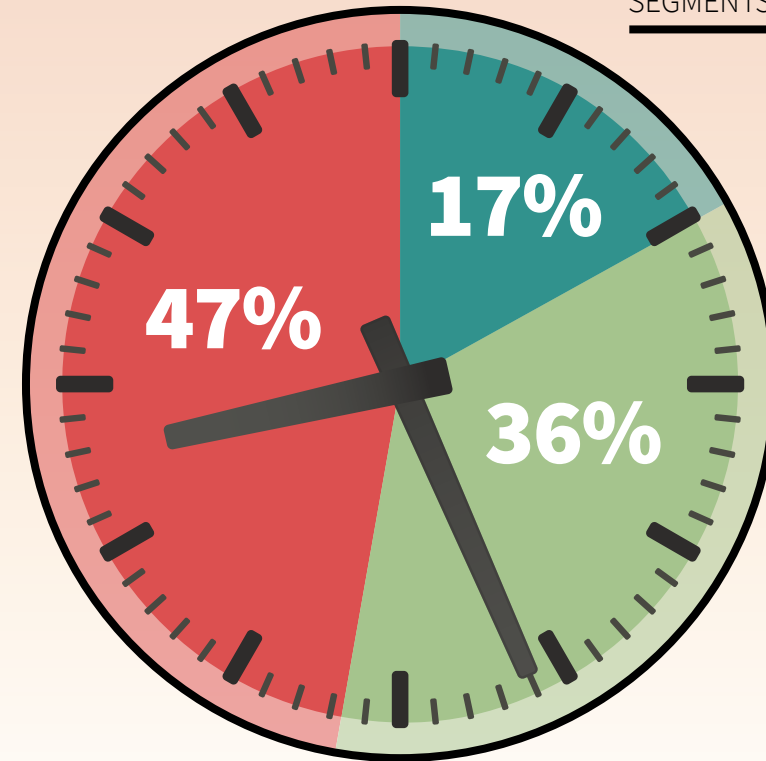
Finnish e-commerce will have a spend of 12 billion euros in 2018. This represents an increase of 18 percent compared to spend from 2017. The spending is divided into three categories: Travel, Physical goods and Services.

Finnish e-commerce has a total spending of 12 billion euros in 2018. The spending reflects how Finnish consumers shop in three different categories: Travel, Physical goods and Services such as TV and video streaming.

Once again, there is a strong wanderlust amongst Finnish consumers as travel makes up 47 percent of the total e-commerce spend in 2018. Physical goods and services make up 36 percent and 17 percent respectively. Even though travel accounts for almost half of the total spending, it doesn't reflect that Finnish consumers wouldn't want to spend money on

physical goods and services. Quite the contrary, Finns love to buy physical goods online. Clothing and shoes, physical media and health & beauty products are the most popular items amongst consumers. From services, tickets and digital media are the most popular ones bought online.

Every third Finn has subscribed to a TV or video streaming service. But the actual number may be higher, since subscriptions are used and shared within households. 11 percent of Finns buy pet food online, which is an increasingly popular item.



SERVICES

2.100.000.000 EURO

GOODS

4.400.000.000 EURO

TRAVEL

5.700.000.000 EURO

ONLINE SERVICES REACH A GROWING NUMBER OF FINNISH CONSUMERS

The total spend from services has increased to 2 billion euros in 2018 and the category makes up nearly one fifth of the overall online spending. Many online services have the potential to significantly expand in the coming years.

Finnish consumers spend an increasing amount of money on online services. In fact, this year services make up 17 percent of e-commerce. In other words, Finns have spent 2 billion euros on different online services. Services are not physical goods, but include the online purchase of memberships, telecommunications, charity and insurance, just to name a few.

The services category is undergoing serious changes. The selection of online services that Finns can choose from is booming and there is a lot of creativity in the industry. New concepts are revealed at a rapid pace, and the market is far from satiated. For example, online applications that offer parking tickets have come a long way over the past year, and is one of the online services that many Finnish consumers have embraced. 12 percent of Finnish consumers pay for parking with an online application. Previously, the only way to pay for parking required physical

money and a payment machine, but this is no longer the case.

The prevalence of online services is no surprise as they help consumers avoid many time consuming hassles. It is a matter of convenience. Availability is another important reason why the category is growing. An increasing number of online services are at ones disposal, which results in more spending.

Looking at what the Finns buy in this category, it's clear that there are many popular online services. Finns are especially fond of buying tickets online: 37 percent of Finnish consumers buy tickets online, which is an increase of 12 percent compared to 2017. Digital media (e.g. music, films and newspapers) and online games (e.g. online games, betting and poker) are also popular online services. 31 percent of Finnish consumers buy digital media online, while

28 percent buy online games. Both of these online services have increased their sales compared to 2017.

The overall trend is that online services are rapidly gaining ground with Finnish consumers. Interestingly, the expectation has become that services should be available online. The result is that companies must provide consumers with online buying options. Otherwise they risk losing significant portions of their customer base to competitors that are more digitally savvy. Companies must consider how they can provide customers with online services that are easy, flexible and affordable. Many Finnish companies have already learned this lesson and more will follow in the coming years. Insurance is a great example of an industry that has experienced an increase in being purchased online. 15 percent of consumers buy insurance online. This is an increase of 3 percent compared to 2017.

Interestingly, the expectation has become that services should be available online. The result is that companies must provide consumers with online buying options. Otherwise they risk losing significant portions of their customer base.

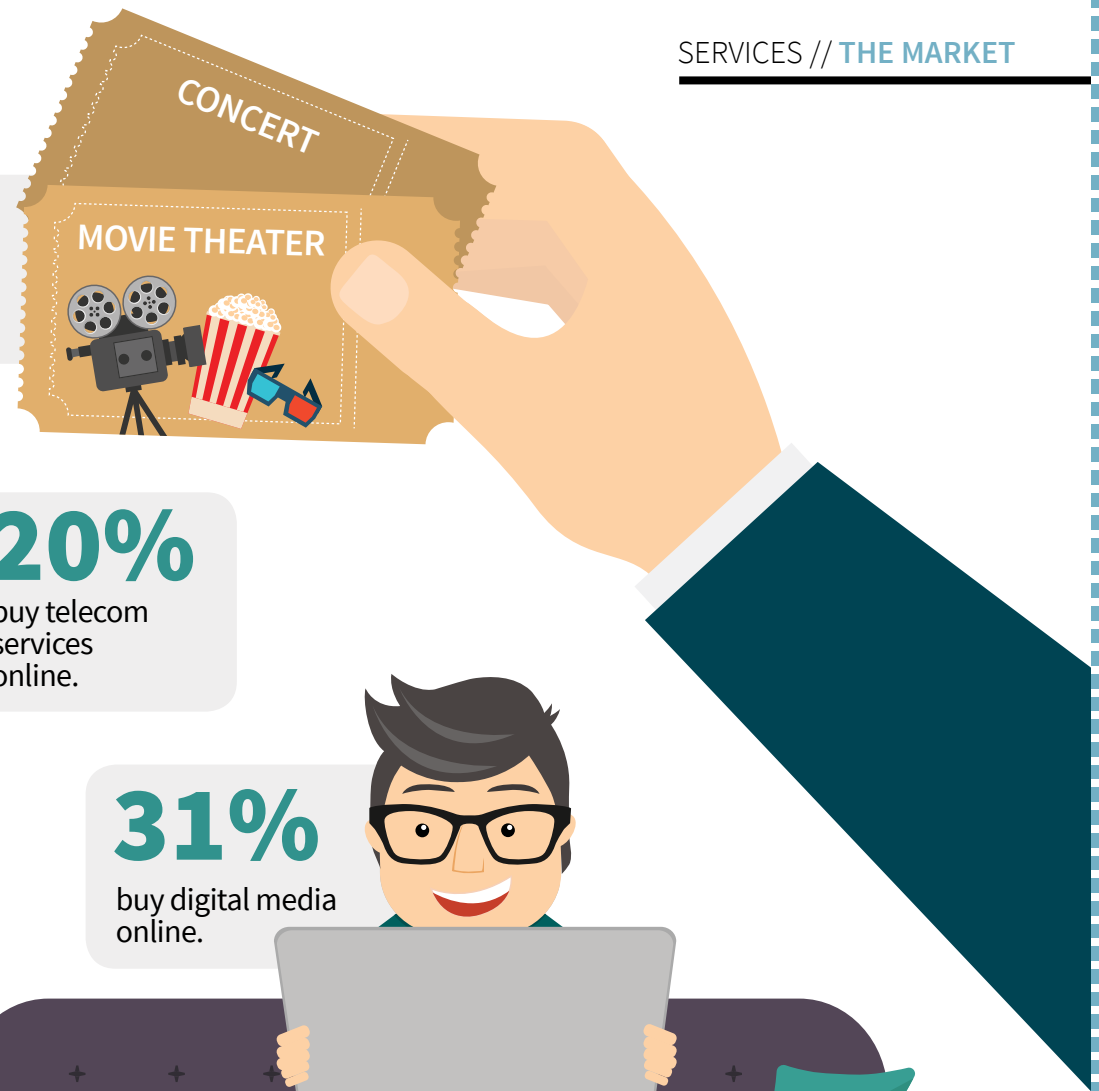
15%

buy insurance online.



36%

buy tickets online.



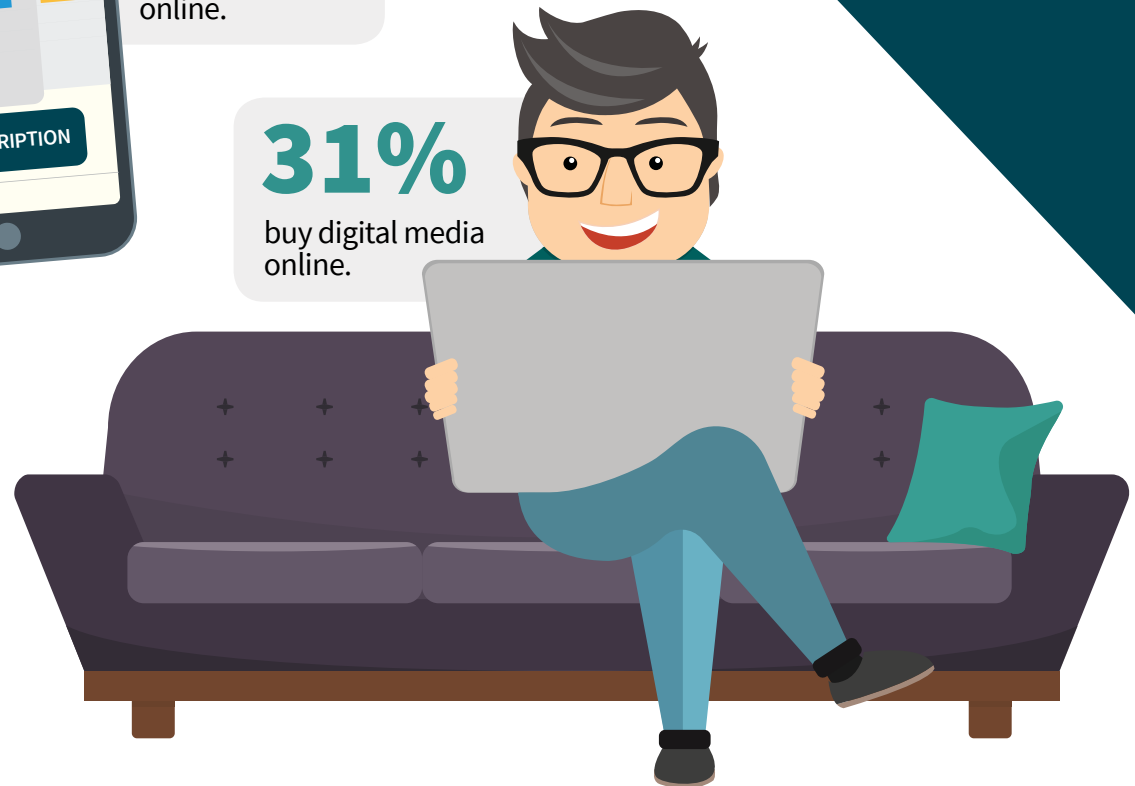
20%

buy telecom services online.



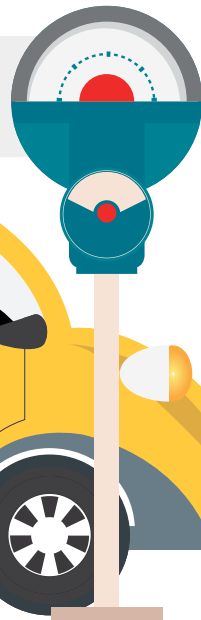
31%

buy digital media online.



16%

pay for parking online.

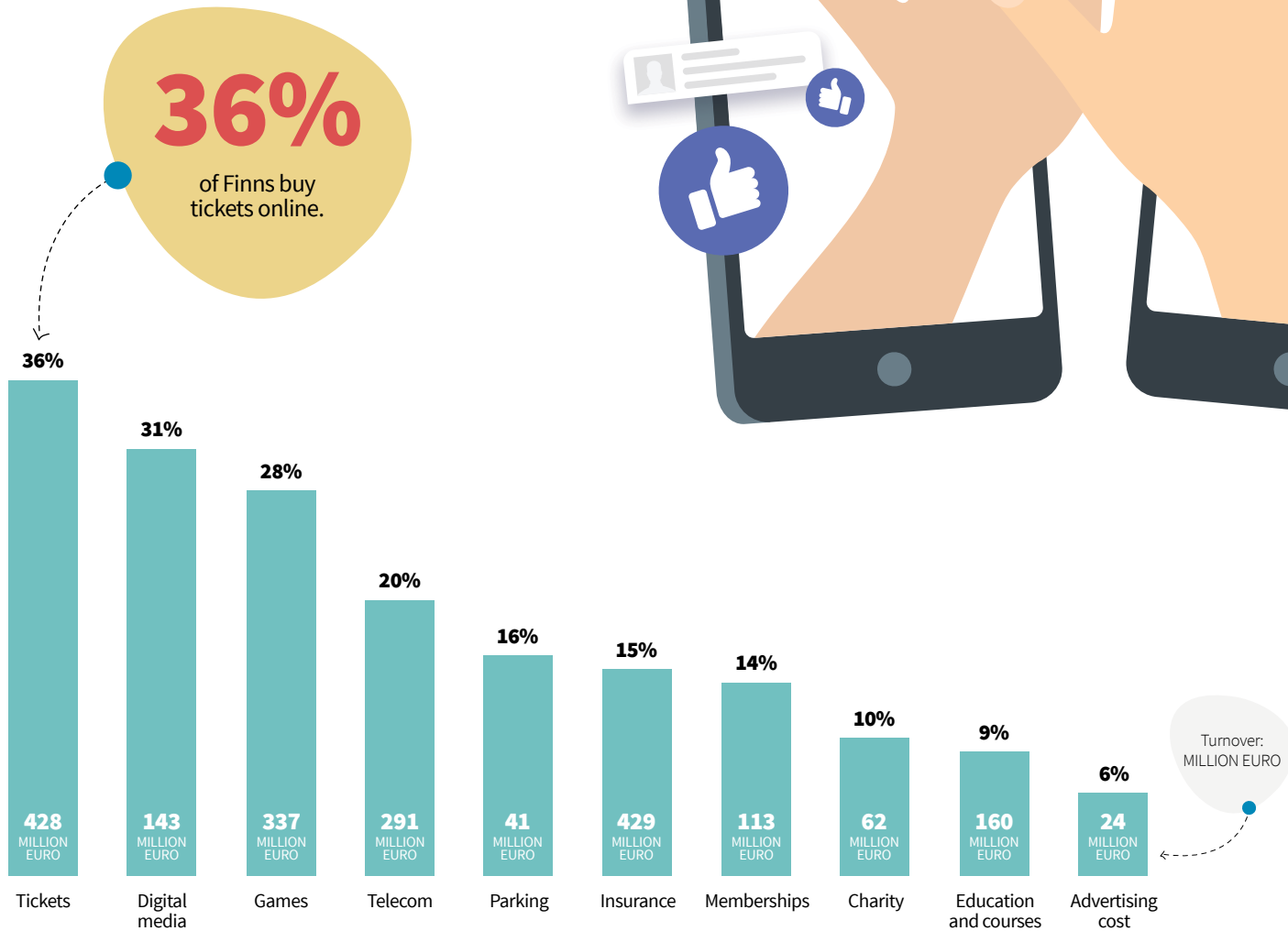


28%

buy games online.



02 Percent of the population who buy services online



36%

of Finns buy tickets online.

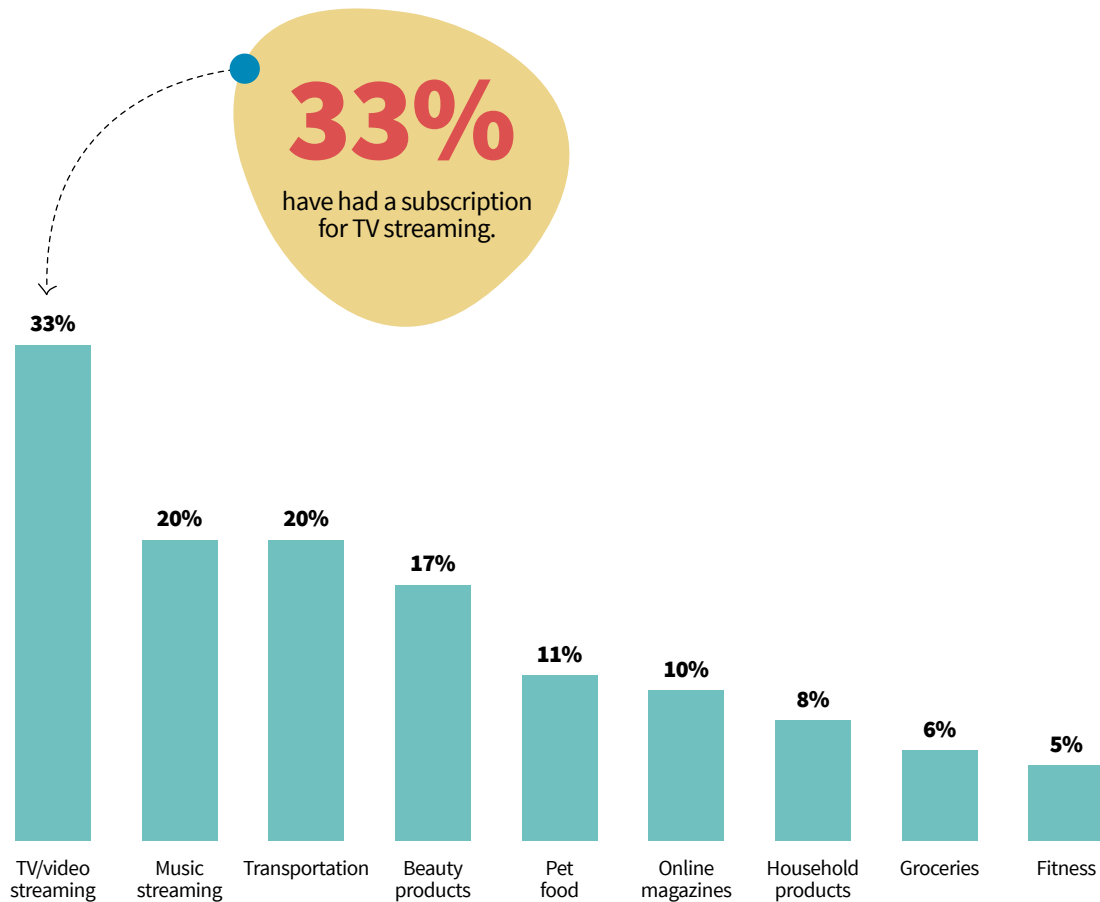


Online services have become increasingly popular among Finnish consumers. The market for online services is undergoing rapid development and the Finns have a growing number of online services to choose from. 16 percent of Finnish consumers pay for parking online. This development is a result of mobile applications that make it easy for customers to park their car, pay and get on with their day.

Tickets for concerts and other cultural events is another online service that Finns have embraced. 36 percent of Finnish consumers buy tickets online and 28 percent buy games. Services such as telecom, memberships and insurance are convenient to buy online as consumers can compare prices and services easily.

The percentage refers to the amount of people, who buy the services mentioned in the column. And the turnover equals to the overall amount spent on the subcategory.

03 Online services that Finns subscribe or have subscribed to



In today's market, Finnish consumers have the opportunity to subscribe to a vast variety of online services and physical goods. From TV/video streaming to beauty products and pet food. Subscriptions are available in all three categories: Travel, Physical goods and Services.

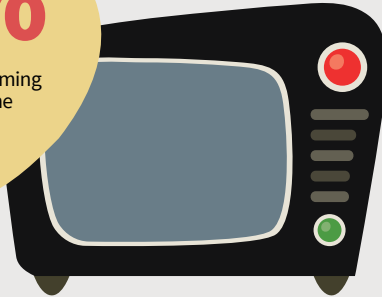
The streaming of TV and video is a type of subscription that is on the rise. 33 percent of Finns have or have had a TV/video streaming subscription, and a fifth have subscribed to music streaming services such as Spotify. Music streaming is especially popular among the younger demographic.

If we take a look at physical goods, 11 percent of Finns have subscribed to pet food, and it is increasingly popular to subscribe to household products. Subscriptions are both easy and convenient. The physical good or service is right there when the consumer needs it.

TV-streaming

33%

subscribe to TV streaming services. This is the largest group.



Beauty products

17%

have subscribed to beauty products at some time.



Pet food

11%

have subscribed to pet food.



Transportation

20%

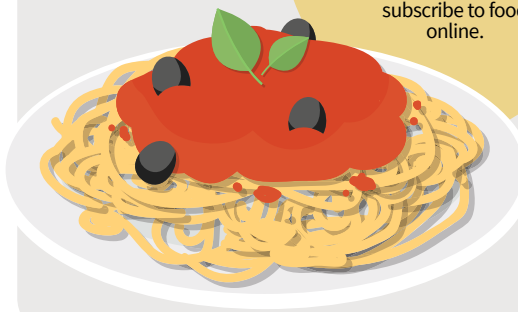
buy subscriptions to transportation, e.g. Travel Card or parking.



Groceries

6%

subscribe to food online.



Music streaming

20%

subscribe to music streaming.



FINNS EMBRACE PHYSICAL GOODS ONLINE

Finnish consumers are crazy about buying physical goods online. More than half of Finns buy clothes, shoes and accessories online. Purchasing groceries online has increased an impressive 6 percent compared to 2017.

Finns spend an increasing amount of money on e-commerce and physical goods is no exception. Physical goods account for 36 percent of the total spending in 2018, in other words more than 4.4 billion euros.

Finnish consumers enjoy buying clothes, shoes and accessories online. In 2018 more than half of Finnish consumers, or 53 percent, bought clothes, shoes and accessories online. This makes clothes, shoes and accessories the largest subcategory in physical goods. 50 percent of Finns bought clothes, shoes and accessories online in 2017.

But it is not just clothes, shoes and accessories, that Finnish consumers put in their virtual shopping carts. There are several types of physical goods that more than one fourth of Finnish consumers have bought online. For example, 36 percent of Finnish consumers bought health & beauty products online. 32 percent of consumers bought

physical media including books, CDs, films and games online.

It is noticeable that a large percent of consumers have bought health & beauty products online. This is a category that has taken a significant jump from 2017 to 2018. 30 percent of consumers bought health & beauty products in 2017, and the number increased by six percent in 2018. The health & beauty industry has become a major online player, as many companies try to establish the most user-friendly business. It should be noted that the rise in health & beauty products is due in part to an increased interest in health within the general population.

The amount of toys that Finns have bought online has increased. 13 percent of consumers bought toys online, which is an increase of 3 percent compared to 2017. Parents can buy toys in the peace and comfort of their own homes, which is

a welcome change to the fuss at actual toy stores.

As e-commerce increases in popularity in Finland, the number of Finns who buy basic products online is on the rise. Finnish consumers are starting to embrace grocery shopping online. 16 percent of Finns bought food and groceries online, which is an increase of six percent compared to 2017. This tendency is also linked to the growth of new players like Wolt, Foodora and Pizza-online where a consumer can order a meal and have it delivered straight to their door step.

It shouldn't be a surprise that consumers embrace online grocery shopping. Finns can order groceries while sitting on their couch and then go pick up their packaged purchases from the store. Grocery shopping online is becoming more popular and we expect this trend to continue in the coming years.

New players in the market deliver restaurant meals straight to Finnish homes, which results in an increase of food bought online. This is no surprise, who wouldn't want their favorite sushi delivered to their doorstep.



53%
buy clothes online.



Of those,
women
buy the most.

76%
of people who buy home furnishing online, buy them from Finnish websites.



Of those,
women
buy the most.

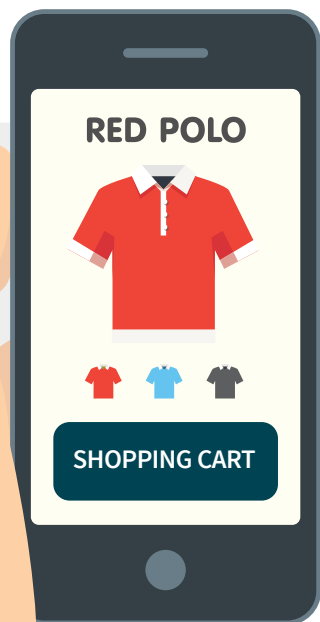
77%
of people who buy electronics online, buy them from Finnish websites.

60%

of people who shop clothes, buy them from abroad.

Age group who shop the most clothes in foreign webshops:

15-24
year old



16%
buy food online.

Growth in the number of consumers who buy food online from 2017-2018:

57%

Handpicked products and global delivery has made Finnish DesignShop a leading provider of Nordic design. This year the online store is expecting a 40 percent growth.

After 14 years in the business, Finnish Design Shop has turned into the world's largest online store specializing in Nordic design.

According to the COO, Reetta Noukka, the idea is simple: deliver Nordic happiness around the world in form of design furniture, lighting and interior decoration items. Today, Finnish Design Shop ships to more than 180 countries, and about half of their sales comes from outside Finland. Last year, Finnish Design Shop had a turnover of 14,4 million euros, and this year the company is aiming for 20 million euros. Reetta Noukka reflects on the success of the company.

Which e-commerce solution do you have?

We have our own custom-made platform. It was important for us to customize our e-commerce solution, because we like to have complete control of our site and platform. We offer a wide range of payment methods from direct bank transfer and various credit cards to Paypal and invoice payment.

Have you had any challenges?

Global reach poses a challenge because of slower internet connections in some parts of the world. Compared to Scandinavia, Australia for example has slower

connections, which can affect our user experience there.

How have you solved these challenges?

We have dedicated a lot of resources towards constant website speed improvement, especially in mobile. Investing in website speed results in better conversion.

How do you ensure a good customer experience?

By offering fast, global delivery and a comprehensive but curated selection of designer products. We have a handpicked selection of well-known designers and design classics from brands such as Artek, Vitra, Iittala, Muuto, Hay and Marimekko, as well as interesting new products that suit the Nordic style. Most of our 9 000 items are ready to ship immediately because our customers value receiving their products quickly. In order to ensure a good customer experience, we also continuously develop our online store. We have a development team whose sole purpose is securing a good, stable and easily accessible online store.

What is key to success?

Listening to your customers, anticipating



Reetta Noukka is COO at Finnish Design Shop. After 14 years in the industry, the online store has become the biggest online provider of Nordic design.

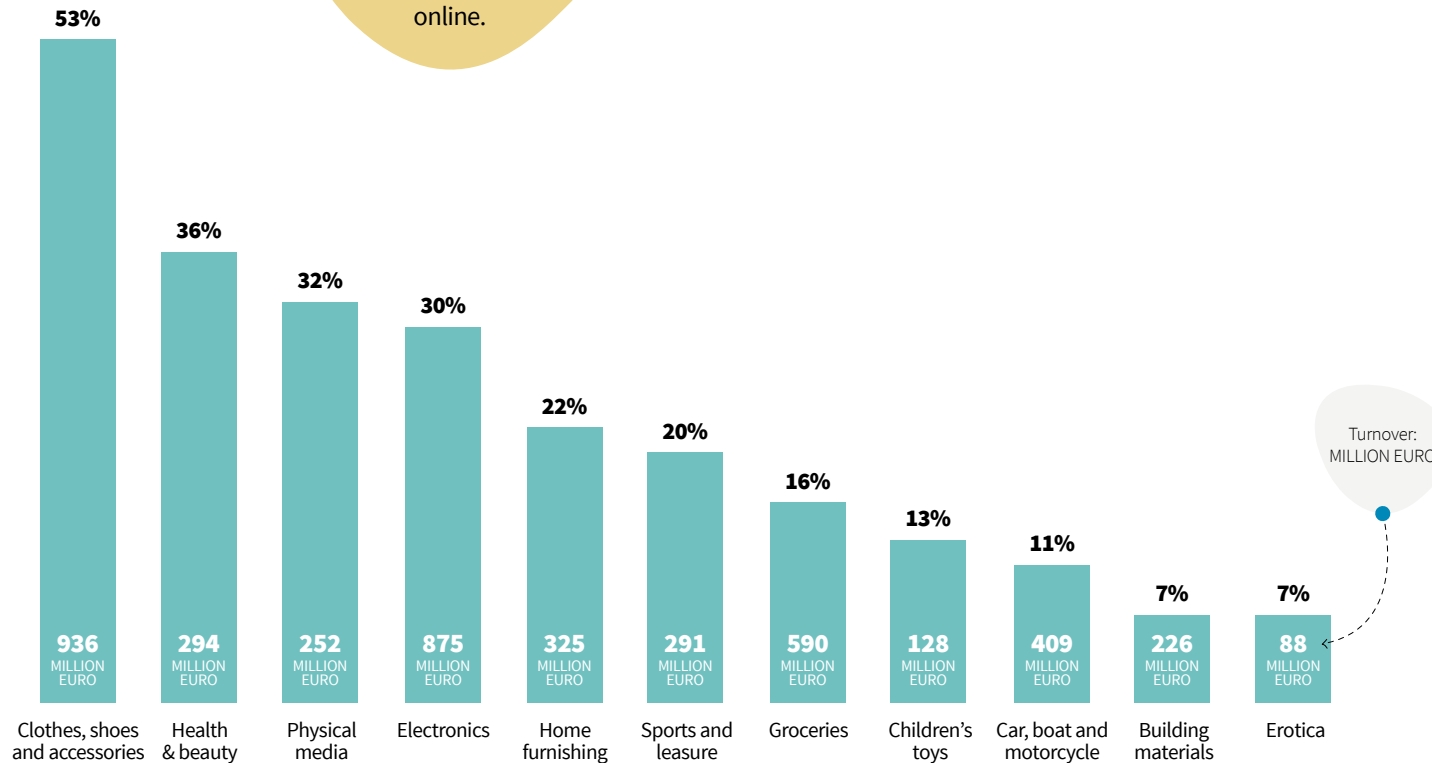
their needs and supplying them with high quality products and content. Our buyers are constantly searching for new products, and a big part of our success is that we handpick the items for our store. We also publish our very own online magazine, Design Stories, which features weekly editorial content on design, homes, and

interior decoration. Furthermore, we constantly optimize our site, both proactively and based on customer feedback. We aim to predict the future needs of our customers to stay on top of their demands. Additionally, I cannot stress fast delivery enough. It is our experience that this is really important to our customers.

04 Share of the population that purchase goods online

53%

of consumers buy clothes, shoes and accessories online.



The percentage refers to the amount of people, who buy the services mentioned in the column. And the turnover equals to the overall amount spent on the subcategory.

Finns love to buy physical goods online. Finnish consumers spent 2.8 billion euros on physical goods in 2017, and that figure rose to 4.4 billion euros in 2018.

The spending is divided between a variety of subcategories. 53 percent of Finns buy clothes, shoes and accessories online. There is no doubt that the Finns love to renew their wardrobe. One advantage is that comparing prices is so much simpler with e-commerce.

Finnish consumers are also increasingly fond of buying groceries online. 16 percent of Finnish consumers try to avoid supermarkets and choose to pack their virtual shopping basket with groceries instead.

Overall, it is clear that Finnish consumers enjoy selecting all of their favorite products online.

TRAVEL IS STILL THE BIGGEST CATEGORY IN FINNISH E-COMMERCE

With an overall consumption of 5.7 billion euros, travel remains the category where Finnish consumers spend the most money. 30 percent of the consumption is spent on plane tickets, and there is also an increase in paying for hotel accommodations.

Finns are eager to travel. When they buy vacations and transportation, quite often it occurs online. Travel continues to be the category where Finns spend most of their money. The overall spend from travel is 5.7 billion euros in 2018. A staggering figure that amounts to 47 percent of the overall expenditures online. Four billion euros was spent on travel in 2017.

Travel was one of the first industries to recognize the vast potential in e-commerce. Many Finns are used to purchasing vacations and transportation online. Travel makes up such a large portion of the overall consumption because each purchase in this category is generally more expensive than physical goods and services. Travel does not account for the highest number of transactions, but each time a Finnish consumer buys a vacation or plane ticket online it is usually an expensive purchase.

PACKAGE TOURS LOSING POPULARITY

The travel industry is characterised by strong competition and many companies are reliant on the same customer base. From the consumer's perspective, this market dynamic results in a wonderful combination of competitive prices and a huge selection to choose from. In addition, e-commerce provides the consumer with a clear and easy way to compare prices. Hotel accommodations are especially popular to shop for online. In fact, hotel accommodations make up 27 percent of the overall spending in travel and a record high 30 percent of consumers shop for hotel accommodations online.

While an increasing number of Finnish consumers book rental cars online, this year's report finds that the overall amount spent on package tours has decreased. Package tours made up 27 percent of the overall expenditures in 2017 but it has fallen to 20 percent in 2018. The development indicates that Finnish consumers prefer

creating their own vacations. The freedom of choice is greater when consumers can personally select their flights and accommodations.

TRAIN AND TAXI IS ON THE RISE WHILE CRUISE TRAVEL IS DOWN

Let's change focus to the more practical aspect of traveling, transportation. The report finds some remarkable trends. Finns are increasingly fond of ordering a taxi online. 12 percent of Finnish consumers order a taxi online, which is an increase of 5 percent compared to 2017. Part of the reason for this is that taxi companies have made it easier for customers to order a taxi online through the help of apps and improved online platforms. Online booking is an important time saver from this perspective.

There is a 3 percent increase from 2017 in the number of Finns who bought train and bus tickets online. Cruise travel is on the downswing.

The travel industry is characterised by strong competition and many companies are reliant on the same customer base. From the consumer's perspective, this market dynamic results in a wonderful combination of a huge selection to choose from and competitive prices.

12%

order and pay for their taxi online.



30%

book and pay for hotel accommodations online.

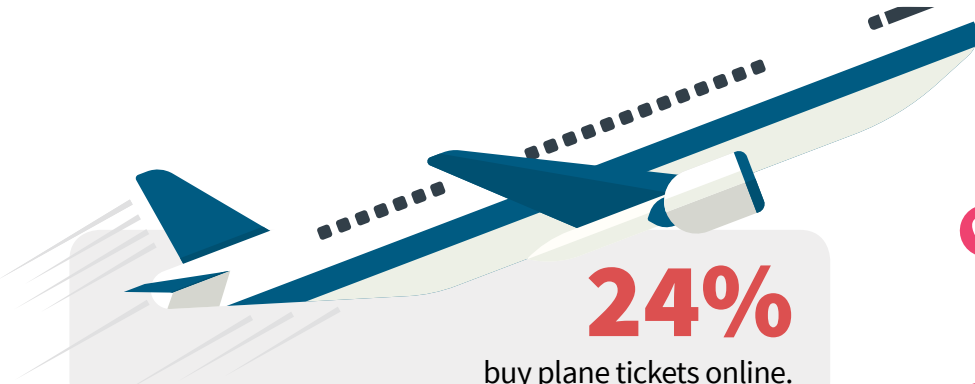


Age group who shop most:

35-54 years old

24%

buy plane tickets online.

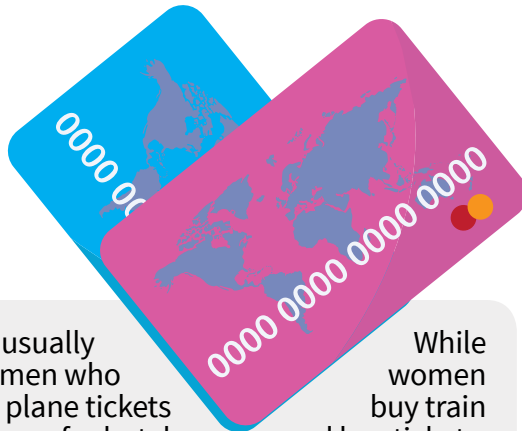


Age group who shop least:

66-74 years old

29%

buy train and bus tickets online.



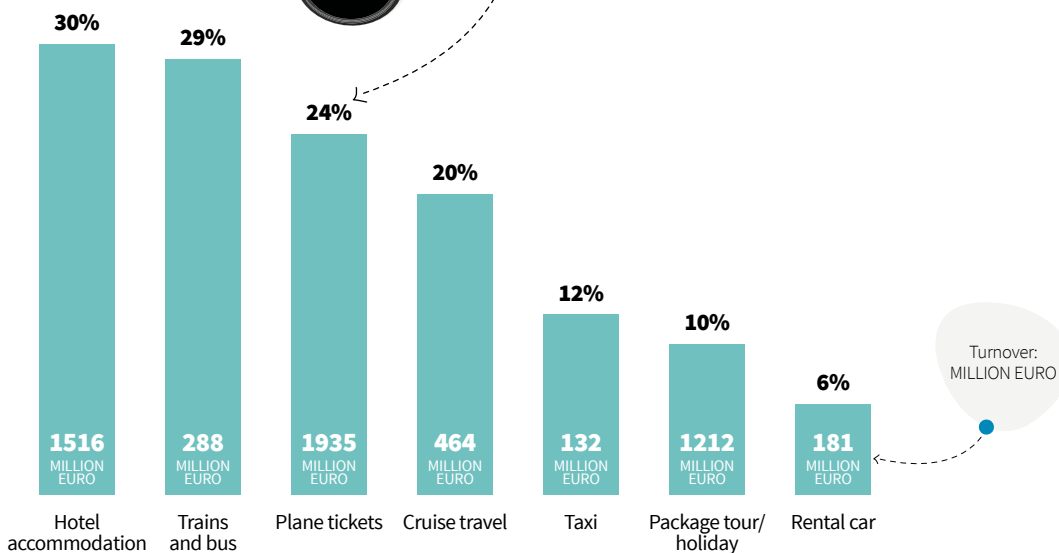
It is usually the men who buy plane tickets and pay for hotel accommodations.

While women buy train and bus tickets.

05 Percent of the population that purchase travel online

24%

of consumers shop for plane tickets online.



The percentage refers to the amount of people, who buy the services mentioned in the column. And the turnover equals to the overall amount spent on the subcategory.

With a total spend of 5.72 billion euros, travel continues to be the category where Finns spend the most money.

Finns prefer to buy train and plane tickets and pay for hotel accommodations online. The figures indicate that Finnish consumers want to choose their own vacations instead of buying package tours or holidays.

The development highlights that Finns prioritize their freedom of choice when shopping online. Consumers want to decide when they take-off and where they stay while on vacation.

Finnish consumers have become increasingly fond of using online services when ordering a taxi. The tendency emphasizes the importance of simplicity when traveling.

ONLINE PAYMENTS



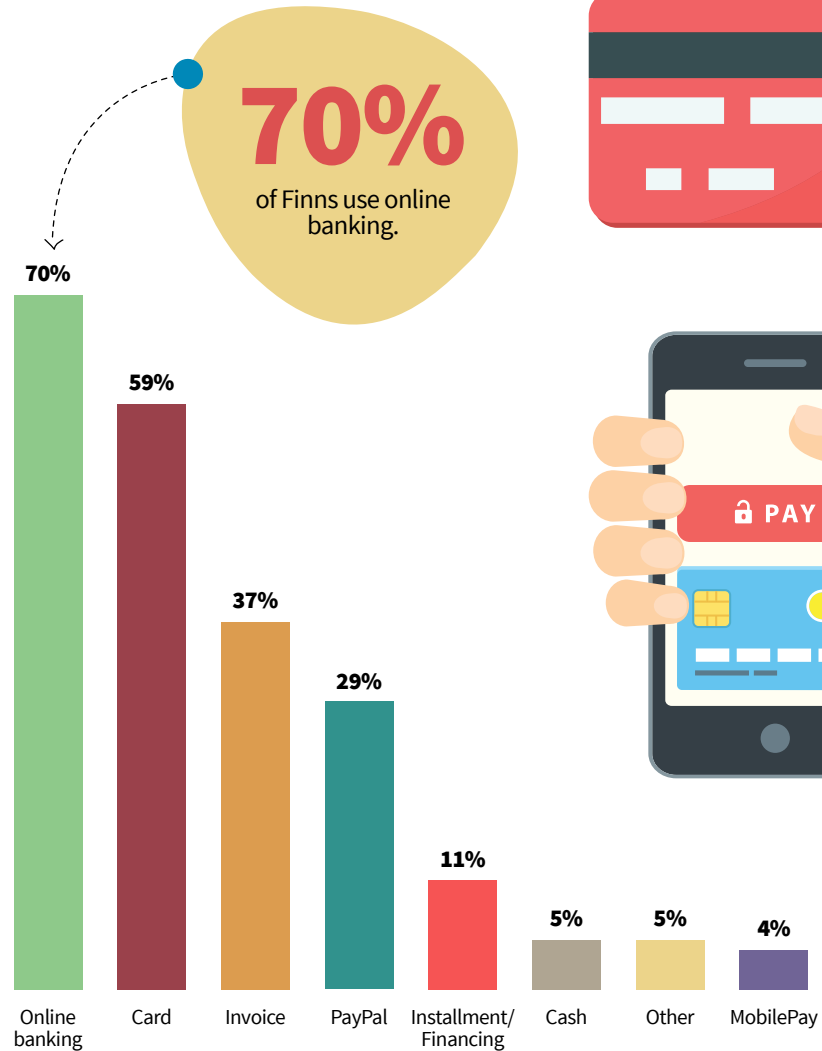
SUVI TIKKANEN,
Marketing Director,
Paytrail

NEW METHODS ARE **GETTING MORE NOTICE**

Online banking is still the most popular payment method in Finland. 39 percent of consumers shared that online banking is their preferred payment method. Online banking has historically been the most popular payment method in Finland, but the lead on credit cards is decreasing. 24 percent of Finnish consumers shared that credit card is their preferred payment method and 59 percent say that they have used a credit card as a payment method in the past six months.

Even though mobile payment solutions such as MobilePay and Pivo aren't as popular in Finland as they are in other Nordic countries, it seems that mobile payment is slowly gaining interest amongst Finnish consumers. Four percent of Finnish consumers have used MobilePay in the past six months.

06 Payment methods used 2018



Please notice, that this graph demonstrates the payment methods that are actually used when Finns buy online. Later on in this chapter we talk about payment methods consumers would be prefer to use. There is an interesting difference between what people actually use, and what they prefer.

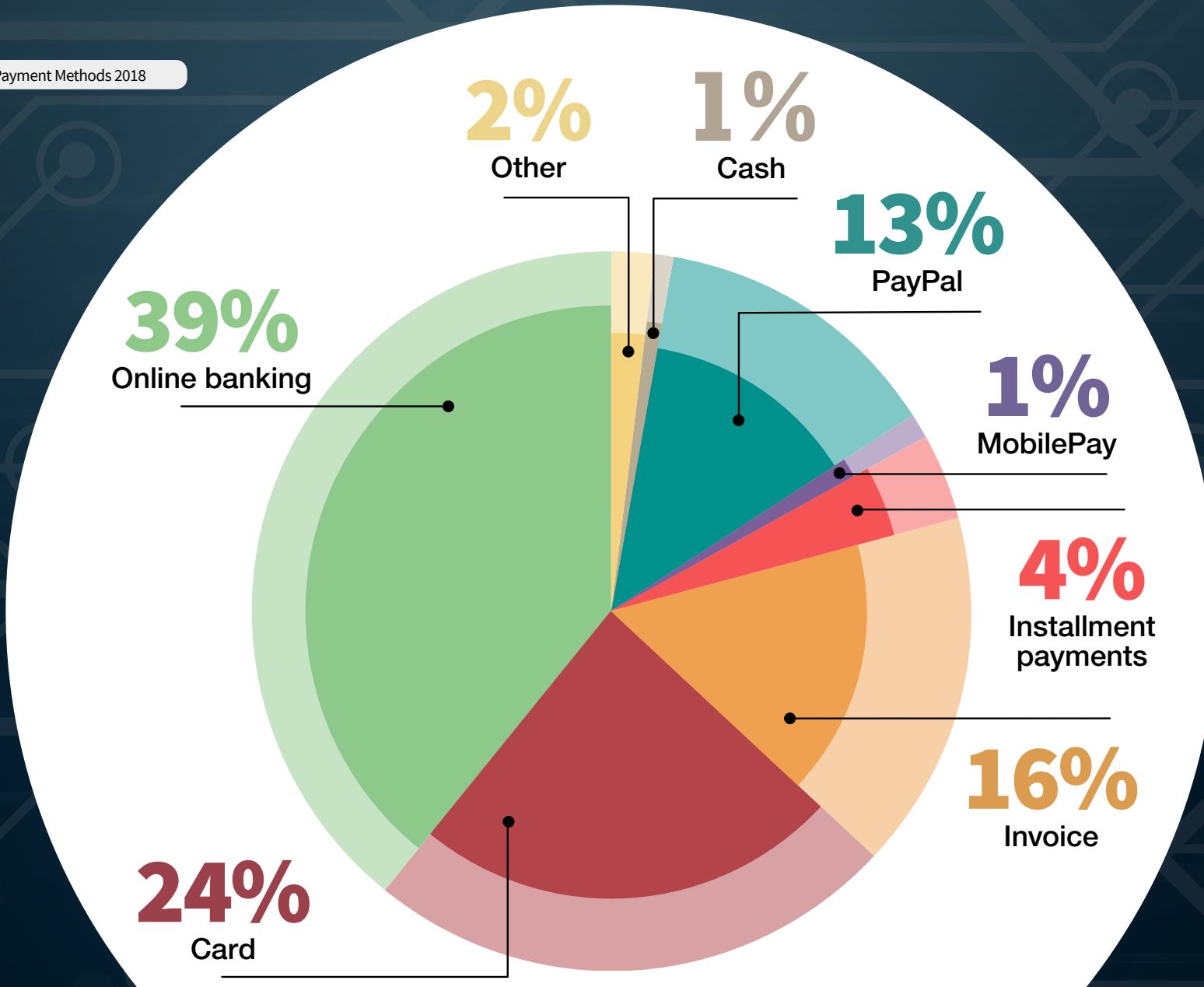
Preferred Payment Method

40 percent of the Finnish consumers still prefer to pay by online banking when they shop on the internet. Nevertheless, other payment methods are also popular among the consumers. 24 percent prefers to pay by card, and the Finnish consumers consider it to be one of the safest payment methods. 16 percent of the Finns prefer to pay with invoice, just as 13 percent prefer PayPal. Also, 4 percent prefer installment payments because this payment method makes it possible to finance the purchase. 1 percent likes to pay by cash or MobilePay. In fact, MobilePay is considered as the quickest payment method among Finnish consumers.

24%

*of Finns prefer
to pay by
card.*



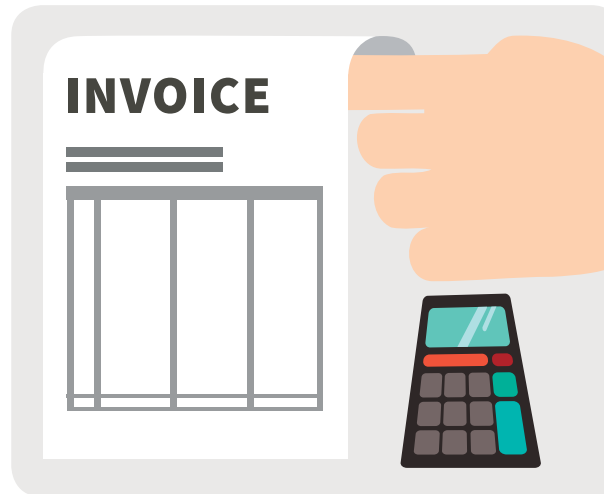


Online banking

39 percent of Finnish consumers would prefer to pay via online banking. 51 percent of those who prefer online banking like the payment method because they consider it to be the easiest payment method available.

Women in particular are fond of online banking. 41 percent of women prefer to use online banking when they make purchases online. Whereas for men it is 37 percent.

Online banking remains the most popular payment method in Finland, but the figures indicate that times are changing.



Invoice

16 percent of Finns prefer to pay with invoice. Payment by invoice is popular mainly because customers can order their products and put off payment until the products have been delivered.

The majority of consumers who wish to pay with invoice are in the age groups 25-44 years and 66-74 years. Payment by invoice is generally much more popular among women than men.

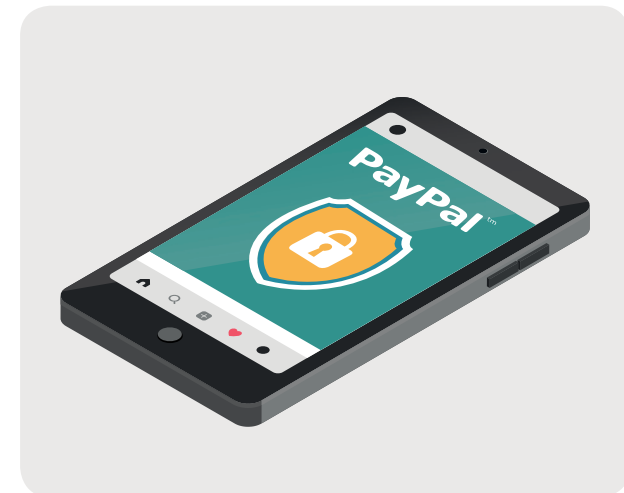
Payment by invoice has increased in popularity in Finland during recent years. 34 percent of consumers who shopped via smartphone have paid by invoice in the past six months, which is a 5 percent increase compared to 2017.

PayPal

13 percent of Finnish consumers prefer to pay with PayPal. Men in particular are fond of the payment method. 17 percent of men prefer to use PayPal, while for women only 9 percent.

It seems that PayPal has increased in popularity with Finnish consumers. 25 percent have used PayPal via their smartphone or tablet during the past six months. In 2017, it was 23 percent. Safety is a big reason why PayPal is popular.

In contrast, Americans love to use PayPal. 72 percent of American consumers have a PayPal account, which indicates that the payment method is extremely popular in the US.





Card

Card payment is becoming increasingly popular with Finnish consumers. During the past three months, 59 percent have used a card when shopping online and 24 percent prefer to buy with credit card. This is a 3 percent increase compared to 2017.

Men in particular are fond of paying with a card. 28 percent of men said that card payment is their preferred payment method, while for women it is 20 percent.

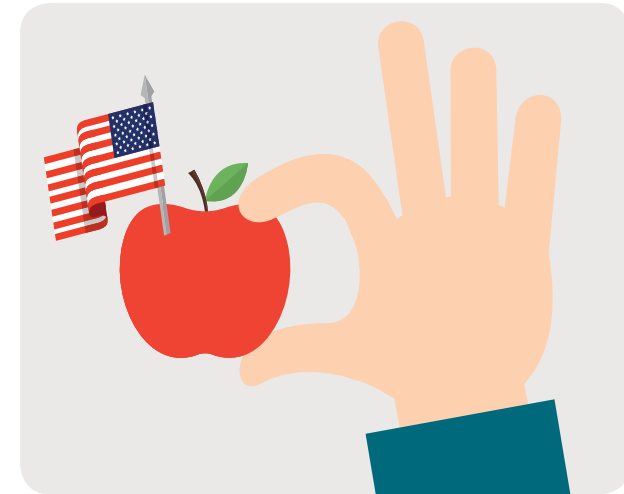
The main reason why consumers like to pay by card is safety. 56 percent of those who prefer card payment said it is the safest method of payment.

MobilePay

MobilePay has doubled its Finnish users compared to last year. 4 percent of consumers have used MobilePay in the past three months. MobilePay is equally popular among men and women.

The biggest reason why consumers prefer to use MobilePay is speed. 67 percent of those who prefer to use MobilePay said quickness is the most important reason.

MobilePay is the leading mobile payment application in Finland at the moment, but there is still a lot of development needed in the mobile payment industry.



Apple Pay

Apple Pay is still in the early stages of introduction as a payment method to Finnish consumers. At this point, only 1 percent of Finnish consumers have used Apple Pay in the past three months.

Apple Pay is most popular among consumers in the age group 15-24 years. 1 percentage of consumers in this age group said that Apple Pay is their preferred payment. So far, the age group 15-24 years appears to be the only age group to have shown interest in Apple Pay.

Only time will tell how popular Apple Pay will become in Finland. The payment application is available in 30 countries and has 87 million users globally.

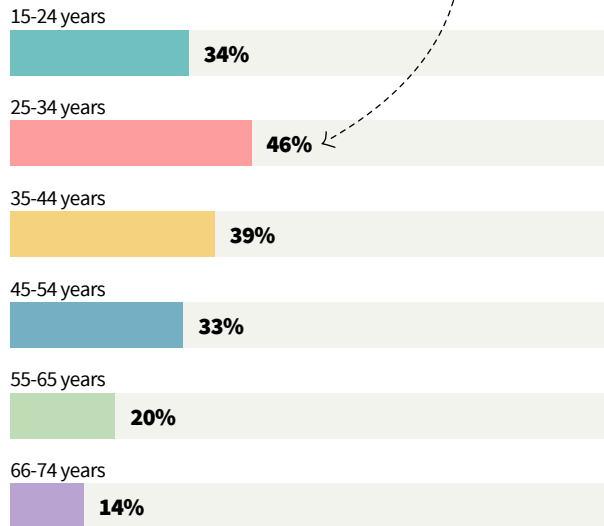
46%

of the age group 25-34 years have saved their card details.

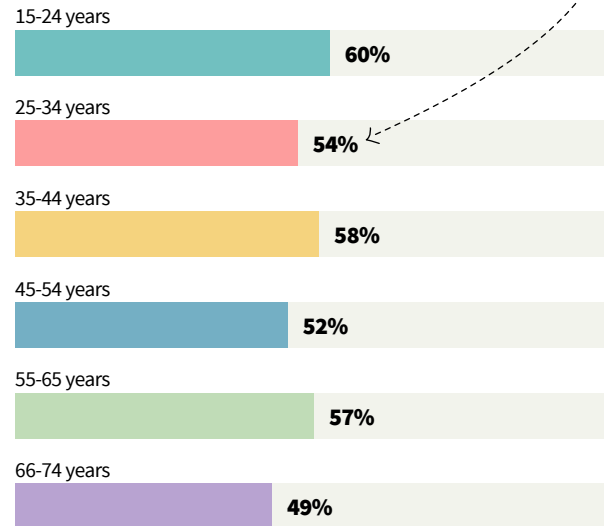
54%

of the age group 25-34 years prefer not to save their card details.

08 How many have saved card information?



09 Prefer not to save card information

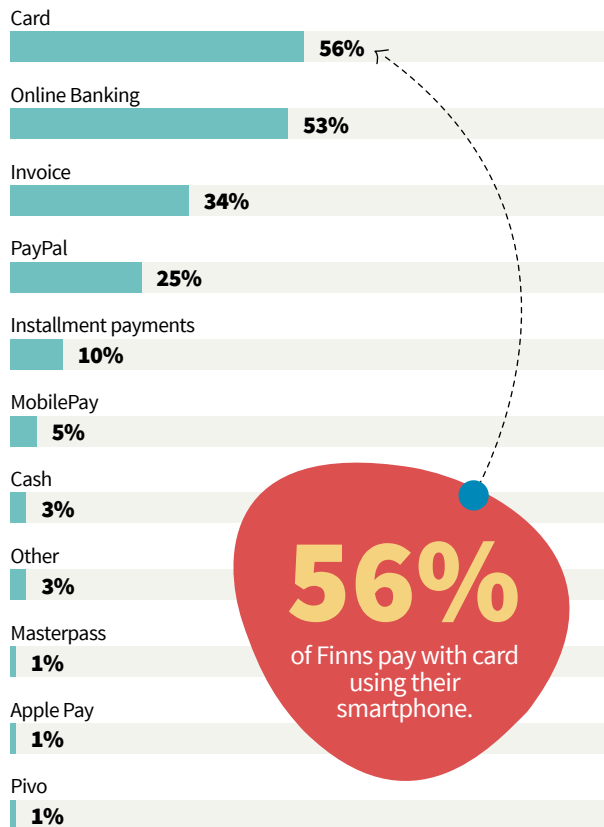


Consumers in the age group 25-34 years prefer to save their card information when they shop online. Elderly consumers are less likely to save their card information. 20 percent in the age group 55-65 years store their card information.

Notably, consumers from the younger demographic prefer not to enter their card information. 60 percent of consumers in the age group 15-24 years prefer not to enter their card information.



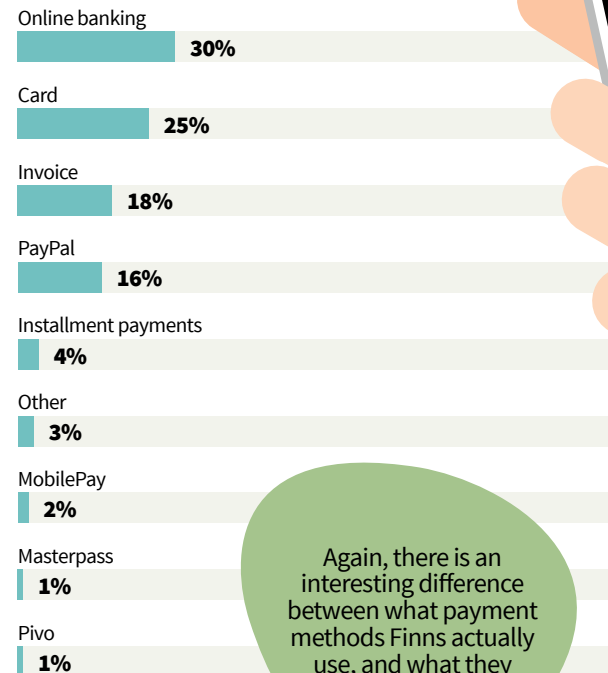
10 Payment methods used via mobile devices



56%
of Finns pay with card
using their
smartphone.

Card payment is the most used payment method when Finnish consumers make online purchases using their smartphone. This is a significant development in a market where historically online banking has been the dominant payment method.

11 Preferred payment methods via mobile devices



Again, there is an
interesting difference
between what payment
methods Finns actually
use, and what they
prefer.

30 percent of Finns prefer online banking when they shop online using a mobile device. Online banking has always been a popular payment method in Finland so this is no surprise. Mobile payment methods such as MobilePay are on the rise.

Unlike other Nordic countries, the Finns preferred payment method does not depend on the device they use. When consumers shop online using their phone, 30 percent prefer online banking. Online banking is the most popular payment method regardless of device. Mobile payment applications like MobilePay are increasing in popularity among Finnish consumers since these payment methods are always on hand. Not every mobile payment application has become popular though. Only 1 percent of Finns have tried Apple Pay.

Mobile payment applications are gaining ground, but have a long way to go before overtaking card as the most used payment method via mobile. 56 percent pay by card when they shop from their smartphone. 5 percent use MobilePay.

CONSUMERS



EMILIA LINNERA,
Customer Service
Manager,
Paytrail

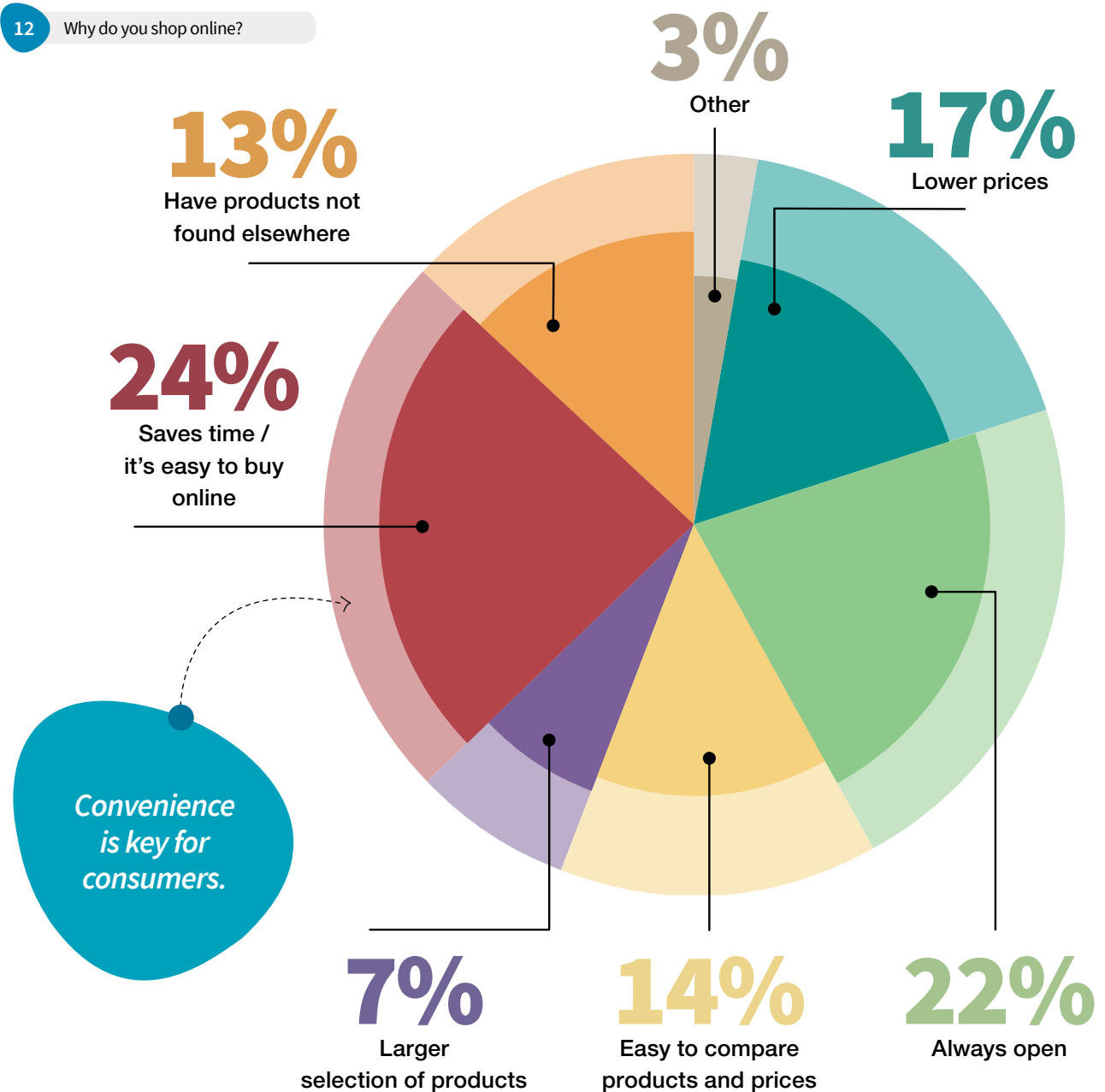
12 Why do you shop online?

CONVENIENCE IS KEY

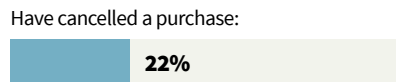
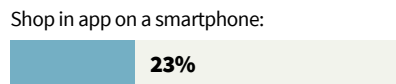
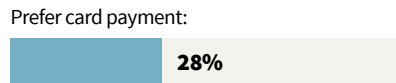
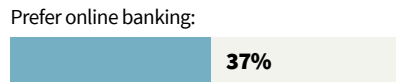
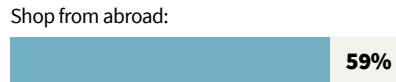
Finnish consumers value their time. This explains several aspects of e-commerce development in 2018. Consumers prefer to make their purchases online so they can spend their time on more important things. Consumers are shopping online for groceries more than before. Why stand in line at the local grocery store, during rush hour, when one can fill their shopping cart easily and painlessly from home?

Convenience is key for consumers. It is important to Finnish consumers that e-commerce is as easy as possible and the figures show it! 24 percent of Finns shop online because it is easy and saves time. 14 percent of those who shop online do so because it is easy to compare products and prices.

Another very important factor is that online stores are always open. Consumers do not want to wait for physical stores to open, and online they can shop whenever they have a free moment. Whether it is 4 o'clock in the afternoon, or 3 o'clock in the morning.



13 Average male consumer



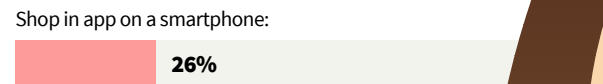
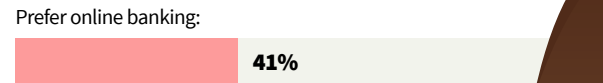
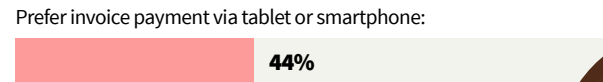
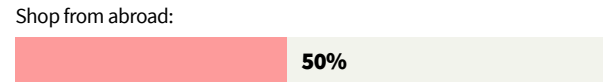
Here are some differences between male and female consumers in Finland.

Men shop more from foreign webshops, and they spend more money online than women. Female consumers shop more often in apps and are more likely to prefer online banking when paying for a purchase.

Average spending/month:
279
EUROS

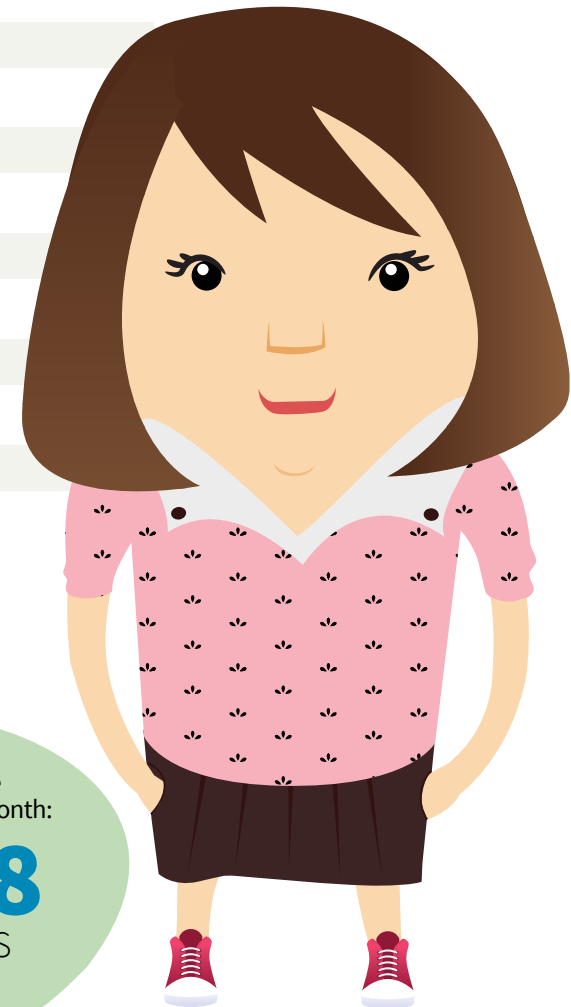


14 Average female consumer



Interestingly, there is a big difference in the use of invoice payment between men and women. Women pay by invoice about twice as much as men. 44 percent of women have paid by invoice using a tablet or smartphone in the past six months, while only 22 percent of men have.

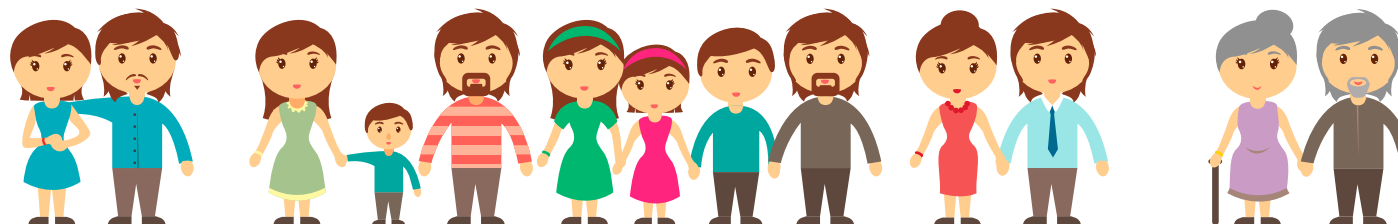
Average spending/month:
238
EUROS



15 How do families shop online?

59%

of young families have shopped abroad.



	COUPLES	YOUNG FAMILY	ADULT FAMILY	EMPTY NESTERS	SENIORS
Have bought food online	19%	23%	13%	13%	11%
Have shopped using a mobile device	53%	56%	40%	38%	20%
Prefer online banking	40%	26%	35%	44%	48%
Have cancelled an online purchase	28%	30%	20%	16%	17%
Have shopped from abroad	59%	59%	57%	49%	45%
Prefer to pay by card	21%	23%	24%	28%	27%

Couples are crazy about shopping online from foreign webshops. 59 percent have purchased goods from abroad. Almost a fifth have bought food online and a bit more than a fifth prefer card payment.

Young families with small children are busy and the figures reflect. They are front runners both in purchasing food online and using their phones to shop. They shop when the time, not necessarily the place, is right.

Families with older children are like families with small children. They shop from their phones and from foreign webshops but to a lesser degree. This family type prefers to pay by card more often than the families with small children.

Empty nesters prefer card as a payment method to a greater degree than other family types. They buy as much food online as families with older children, but less than families with small children.

Overall, seniors shop less online than other family types. 20 percent have shopped online from their phone, and 45 percent have made a purchase online from a foreign webshop. Nearly half of seniors prefer online banking.

Mr. Big Spender

Here's how Mr. Big Spender spends his money online.



We have studied the average for the 100 consumers in our survey who spent the most money online during a three-month period.

35-44 years old
and he lives in Helsinki.

Spends **1887€** a month to shop online.



Electronics

Is what he shops mostly.



Shops online

To save time.



Trades extensively abroad - especially from China and Germany.

Cancels purchase

Preferred payment method was not available.



TV-streaming

Is the product he has online subscription to.

Mrs. Shop A Lot

Oh my! Look at Mrs. Shop A Lot and her shopping preferences.

We have studied the average for those consumers who shop online most often – more than 25 times over a three-month period.

35-44 years old
and she lives in Helsinki.

Spends **1421€**
a month to shop online.

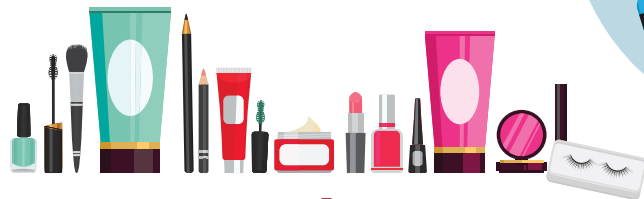


Shops online

More than 25 times in 3 months.

Cancels purchase

Preferred payment method was not available.



Beauty products

Is the product she has online subscription to.

Prefers not to enter card information.

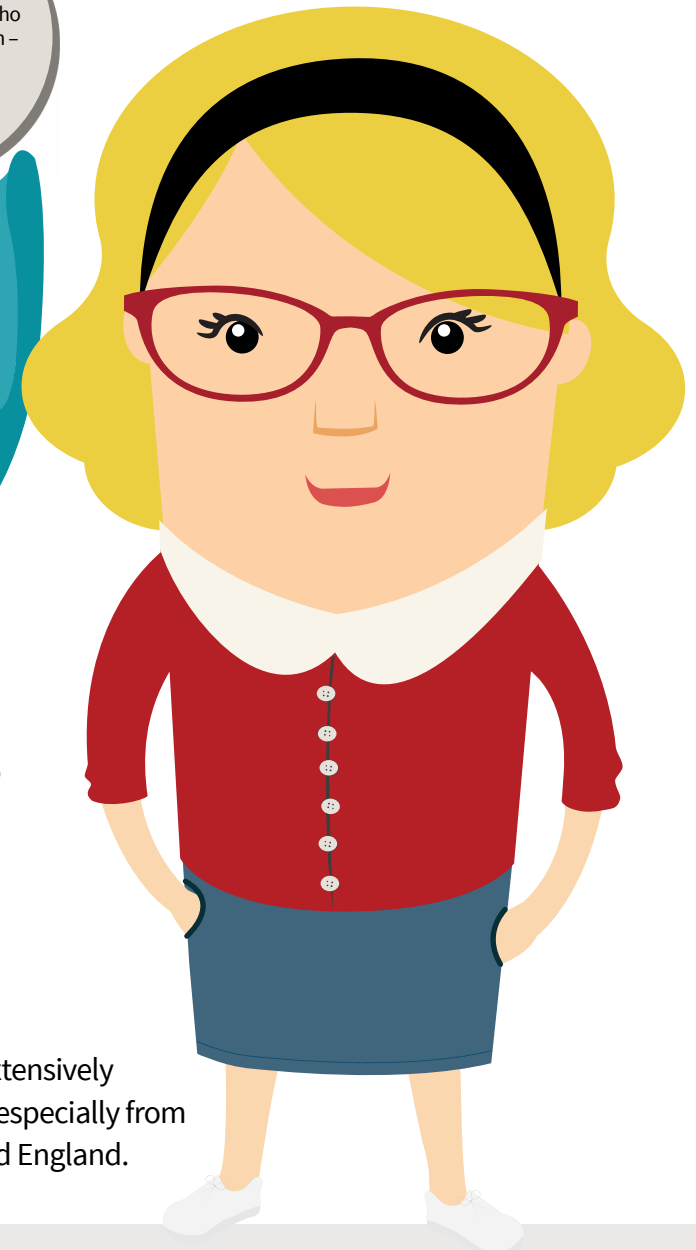


Decorations and furniture

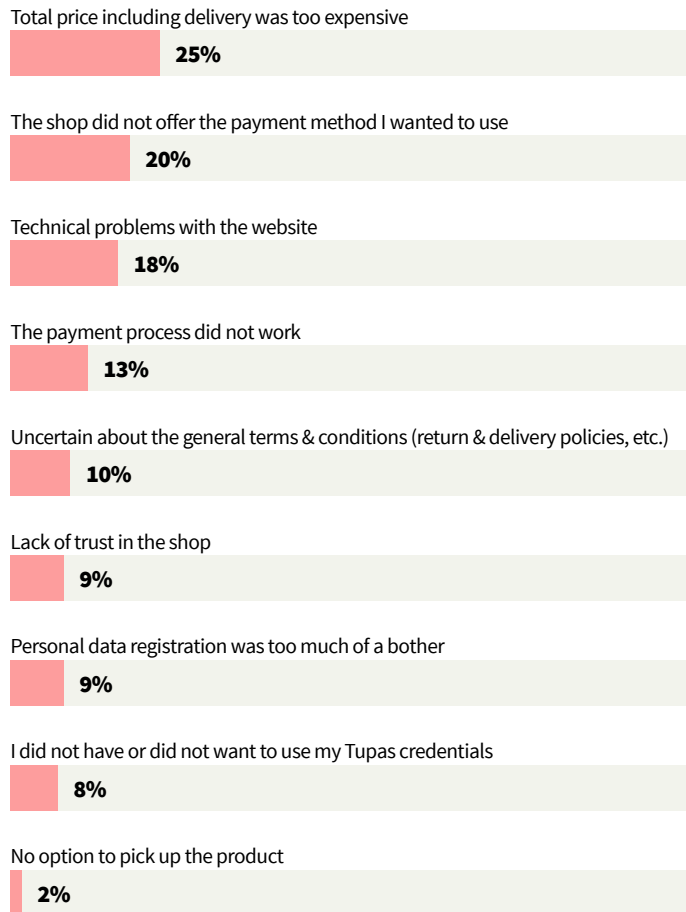
Is what she shops mostly.



Trades extensively abroad - especially from China and England.



16 Why have you cancelled a purchase?

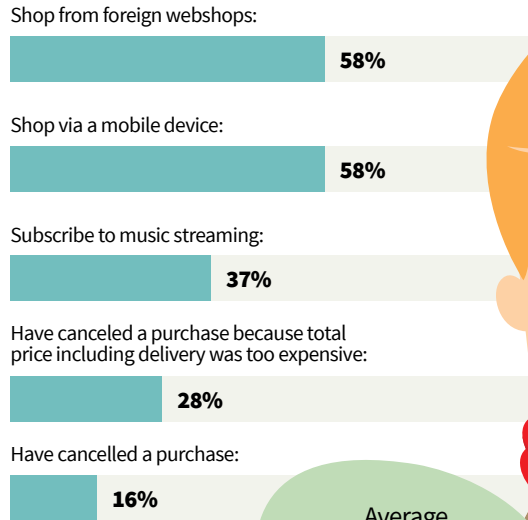


Why do Finns shop online? That question is not hard to answer. The most obvious reason is convenience. In fact, 24 percent of consumers said the main reason they shop online is that it saves time and is easy. Always accessible and lower prices are the the second and third reasons respectively.

On the other hand, when Finns change their mind about an online purchase, it is often because of the total price. 25 percent said they have cancelled a purchase because the price including delivery was too expensive.

As much as 18 percent of Finnish consumers have cancelled a purchase online due to technical issues with the website.

17 Average junior consumer (15-24 years old)

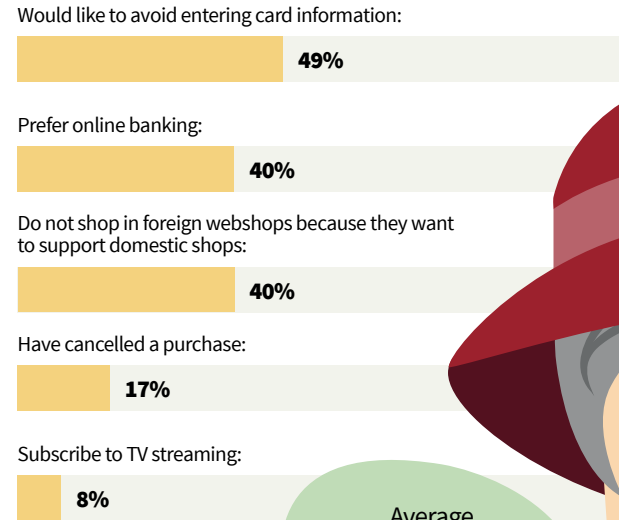


Average spending/month:
219
EUROS

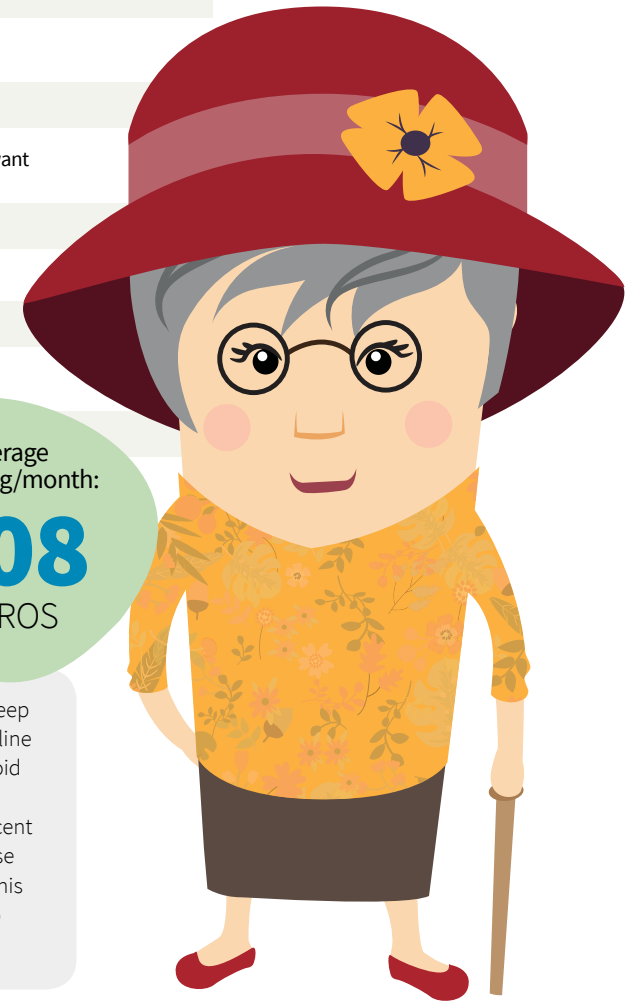


To attract a younger Finnish audience, it is important to offer a mobile friendly shopping experience. 58 percent of 15-24 year olds shop online from their smartphones. Simultaneously, as a webshop, it is necessary keep track of foreign competition and the offers they provide. More than half of young consumers will shop abroad if the product and price is right.

18 Average senior consumer (66-74 years old)



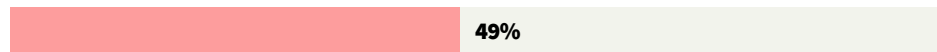
Average spending/month:
208
EUROS



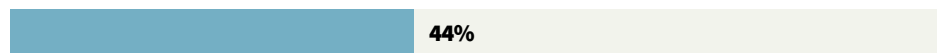
When selling to older Finnish shoppers, keep in mind that 40 percent of them prefer online banking and almost half would like to avoid entering their card information. Fortunately for Finnish webshops, 37 percent of seniors avoid foreign webshops because they prefer to support local businesses. This can be a benefit and should be taken into consideration when marketing.

19 Shop using mobile devices

Women:



Men:



IN TOTAL
46%

of Finnish consumers have
shopped online from a
mobile device.

More and more Finns shop online using their smartphone or tablet. In 2018, 46 percent have shopped from a phone or tablet, whereas in 2017 the figure was 40 percent. This is a 6 percent increase in just one year. The trend is significant and an indication that development will continue. Companies need to see the smartphone as a major payment device and design their online shops accordingly.

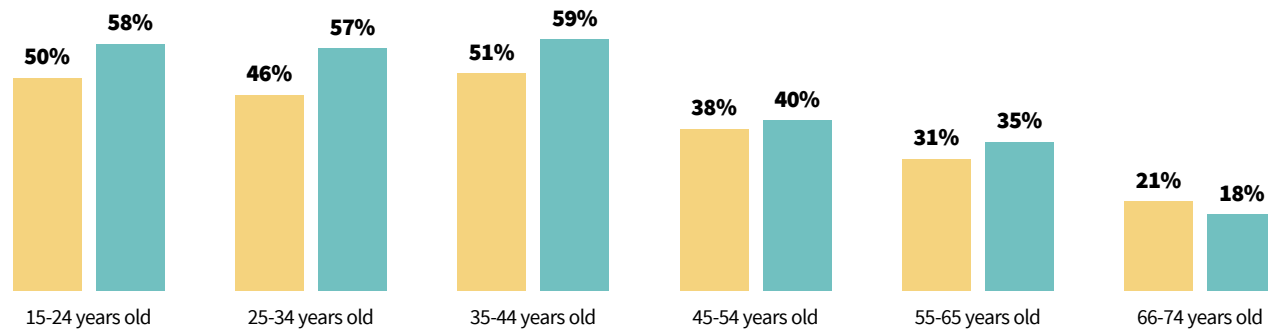
When comparing the mobile use of Finnish men and women, it is clear who the forerunners are. 49 percent of female shoppers have used their smartphone to make a purchase versus 44 percent of men.

Generally, the younger half of the Finnish population use their mobile devices to shop online more than the other age groups. This of course does not mean that the older half is not using their phones to shop online.

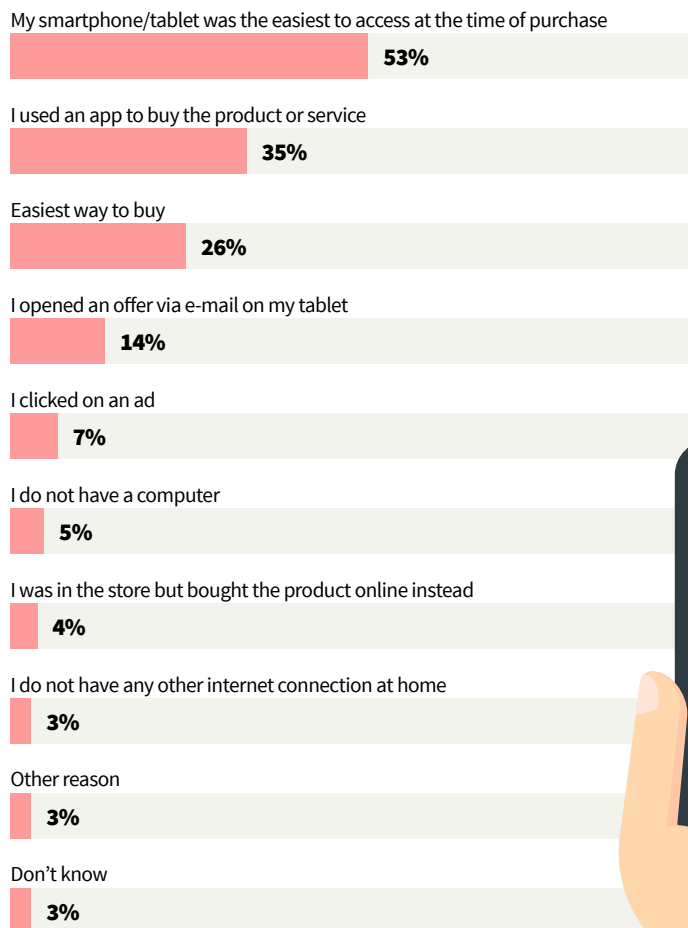
On the contrary, 40 percent of 45-54 year olds have shopped from smartphone and 35 percent of 55-64 year olds have done the same. The smartphone is here to stay - and to shop from.

20 Mobile device use by age

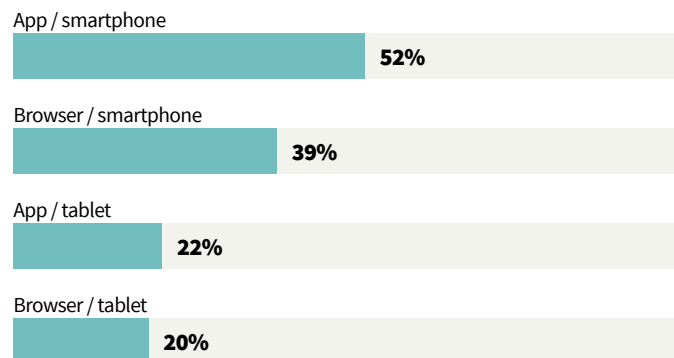
2017
2018



21 Why did you use a smartphone / tablet to shop?



22 How do you shop using mobile devices?



The top ten reasons why Finns shop on their mobile devices have not changed since last year. In 2017, the ease and accessibility of using a smartphone or tablet was the main reason.

In apps purchases are still popular among Finnish consumers who shop on their smartphones. More than a third of those who buy using their phone do so via an app.

Surprisingly, 5 percent of those who shop using a mobile device replied that they do not have a computer at all. Last year this reason did not even make it to the top ten because less than 3 percent of Finnish consumers said the same.

Interestingly, 4 percent go to a physical store to see the product, but then go home and buy it online. This indicates that consumers trust online shops, find online shopping easy and are aware of the money that can be saved by shopping online.



23 Shop from foreign webshops

Women:



Men:



IN TOTAL
54%

of Finnish consumers have
shopped online from
foreign webshops.

Compared to many other countries, prices in Finland are quite high. Often the same product can be found cheaper abroad and Finnish logistics are lacking. This means an order from a foreign webshop may arrive just as quickly as an order from a Finnish webshop. This could be one of the reasons why 54 percent of Finnish consumers – the exact same percent as last year – have shopped online from foreign webshops.

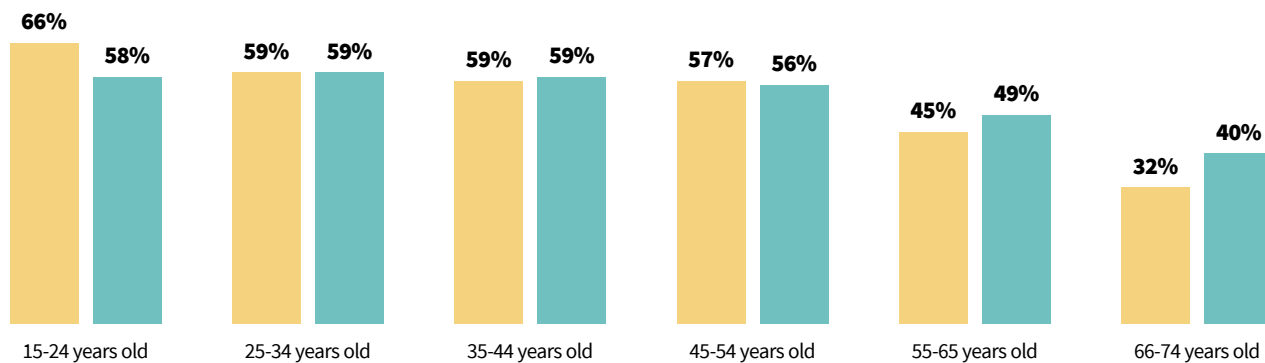
59 percent of Finnish men have shopped online at a foreign webshop, while only half of Finnish women have. Men are obviously more excited about shopping abroad. Could the reason be that foreign webshops offer a greater selection of products?

Although there was no change in the percent of Finnish consumers who have shopped online from foreign webshops, there was shift for some of the age groups. The youngest Finns, the ones 15-24 years old, are shopping less abroad than they did last year. In contrast, the older Finns, the 55-74 year olds, are shopping more from foreign webshops.

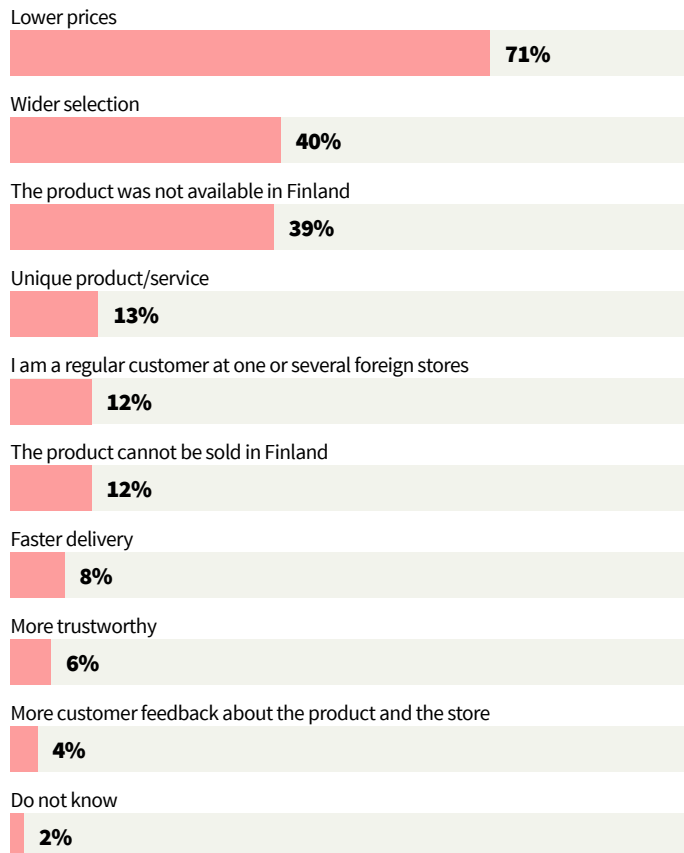
Overall, the younger half of the population shop online more from foreign webshops.

24 Shop from foreign webshops by age

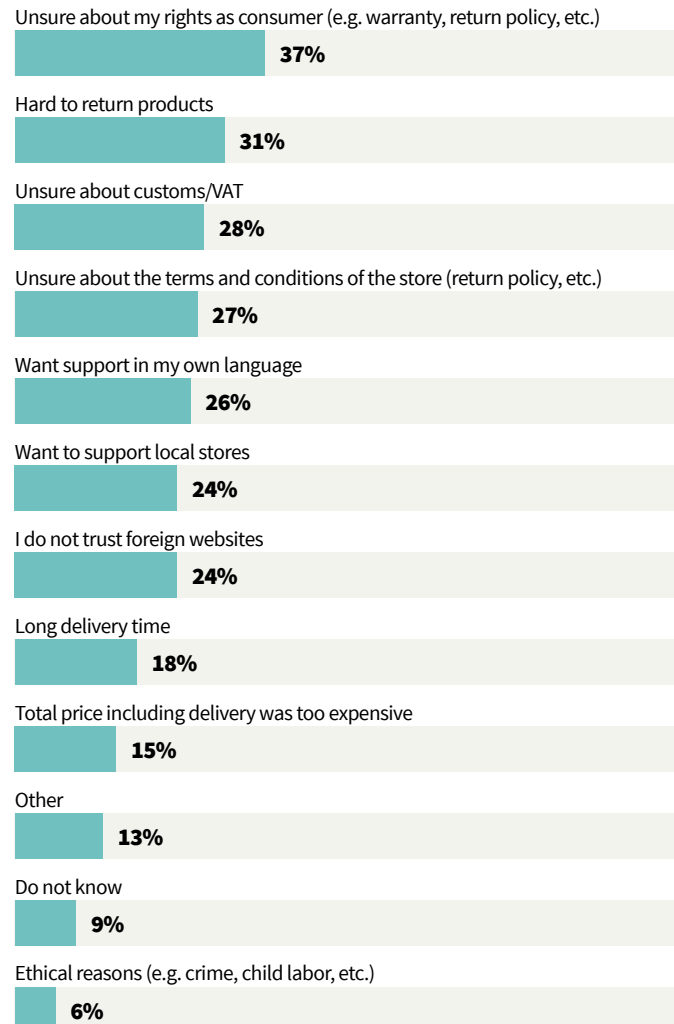
■ 2017
■ 2018



25 Why do you shop from foreign webshops?



26 Why don't you shop from foreign webshops?



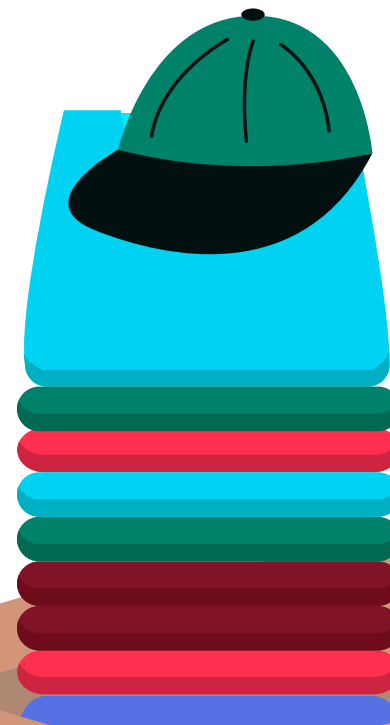
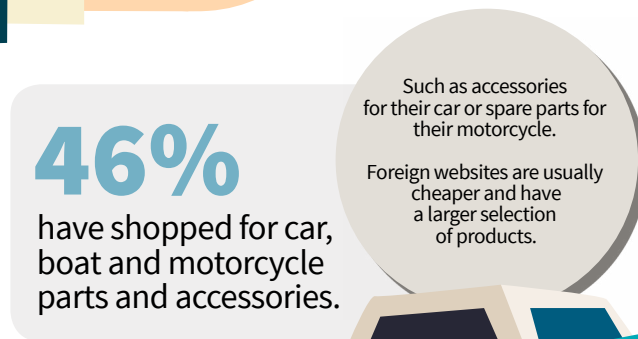
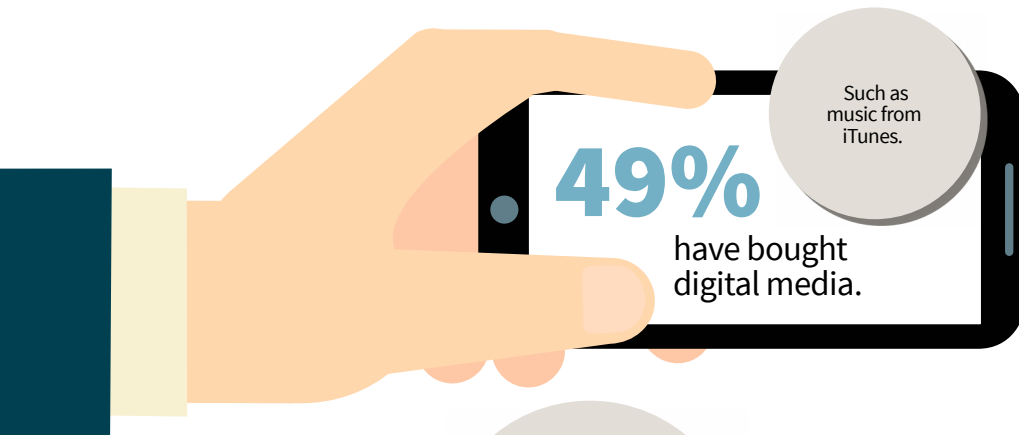
Finns like to shop from foreign webshops. As much as 71 percent of Finns said lower prices are the main reason why they shop from foreign webshops, while 40 percent choose foreign webshops because they offer a wider selection.

39 percent of Finns shop abroad simply because the products are not available in Finland, and 12 percent of Finns are regular customers in one or more foreign webshop – this indicates an increased sense of security when shopping abroad.

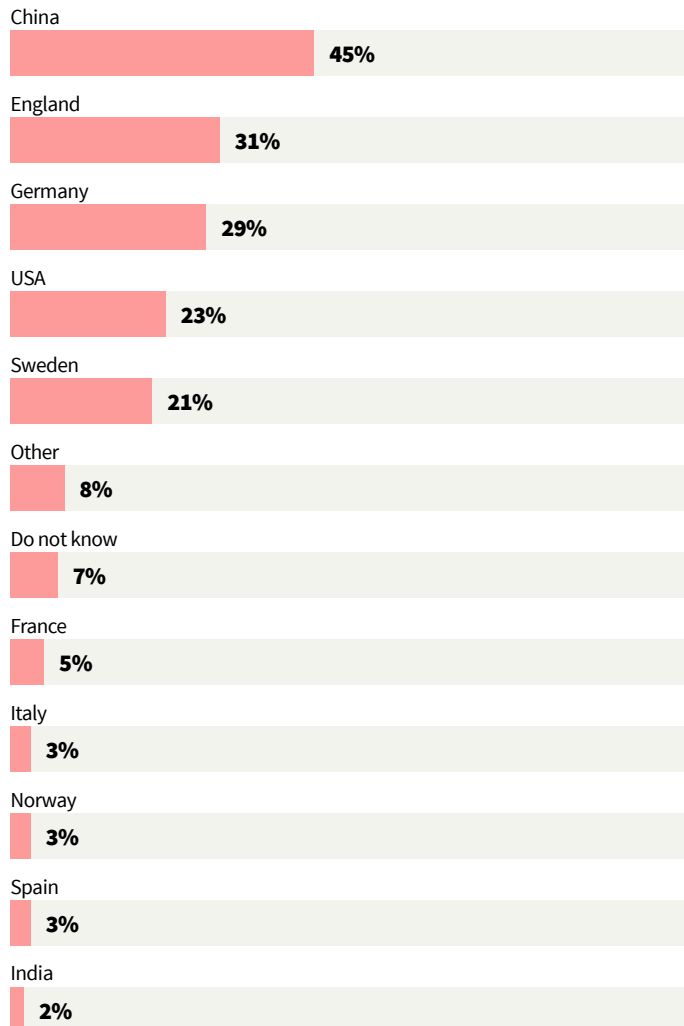
Even though more Finns are shopping at foreign webshops in 2018 than in 2017, there are still plenty of concerns. 37 percent of Finns refrain from shopping at foreign webshops because they are unsure about their rights, and 31 percent refrain from shopping abroad because of potential difficulties with returning products.

28 percent of Finns are also uncertain about customs and VAT regulations. Having customer support in Finnish is a must for 26 percent, while supporting local stores is important for 24 percent.

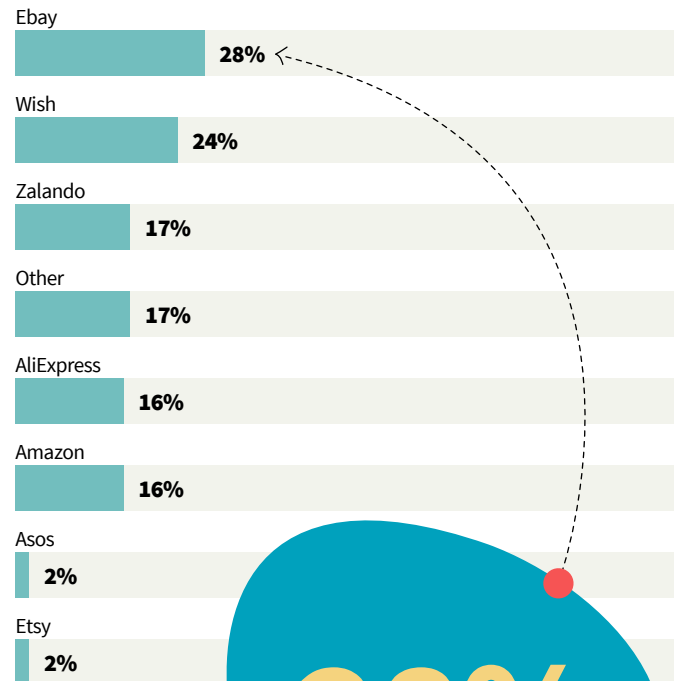
WHAT DO FINNS BUY **ABROAD**



27 From which foreign countries do Finns shop?



28 What websites are Finns shopping at?



28%

have shopped online
at Ebay.

When Finns fill their virtual shopping carts abroad, they have a clear favorite. Almost half of Finns who shop from foreign webshops said they visit a Chinese one. It seems that Chinese websites, which often offer a wide range of affordable products, have caught the Finns' eye.

The second most preferred foreign webshops are English ones. This year, 31 percent of Finns said that when they shop at a foreign webshop it's one based in England. Such as Asos, where 2 percent of Finnish consumers have shopped.

In third, we find another European superpower, Germany. This makes perfect sense since Zalando, a German e-commerce company, is third on the list of Finns' favorite foreign webshops. 17 percent of Finnish consumers have shopped for shoes, clothes or other fashion items at Zalando.

In fourth comes the United States, 16 percent of Finnish consumers have made a purchase at the American mammoth, Amazon.



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