# E-commerce research among Romanian web stores

## Research study on year 2013 and 2014

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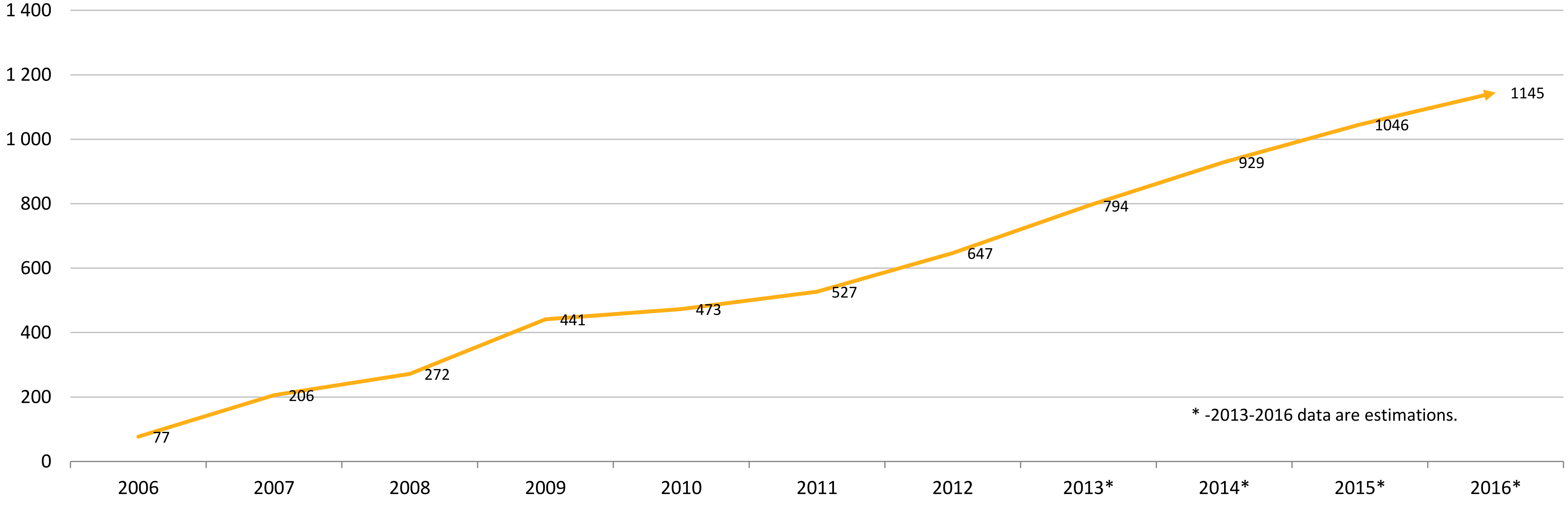
# Introduction

# Turnover in Romanian e-commerce (in million EUR)

Based on the PriceWaterhouse Coopers research there is a massive and constant growth in Romanian e-commerce. Based on their numbers (including not only products of web shops but services, too) the turnover in this sector was EUR 647 million but there is an optimistic estimation of an almost doubled turnover for 2016.)




PWC – Ymens Teamnet 2012

# Supply Side Survey

## Investigation of Romanian web shops dealing with online retail

eNET online research, May-August 2014

# Details of the 2014 year supply side survey research

**This research summary introduces some of the eNET online survey research results. Most of the results focus on the year 2013.**

eNET is a Hungarian research and consulting company. One of eNET's research field is e-commerce, the firm has been running online surveys in Hungary on the topic since 2001. This year the first time we launched our first online survey research on Romanian e-commerce market for web shops.

- **Aim of the research:** investigation of Romanian companies dealing with online retail.
- **Subject of the research:** investigation of web shops dealing with online retail and having a Romanian language website
- **Methodology:** Online (html-based) survey. Surveys were sent to 4930 web shops. The total sample covers the data of 177 respondents.
- **Research timing:** May – August 2014
- Our partner in the research is Naspers OCS Hungary Kft. Naspers is the owner of the Romanian price comparison site **Compari.ro**. Another local partner is GPeC – the Gala Premiilor E-Commerce.

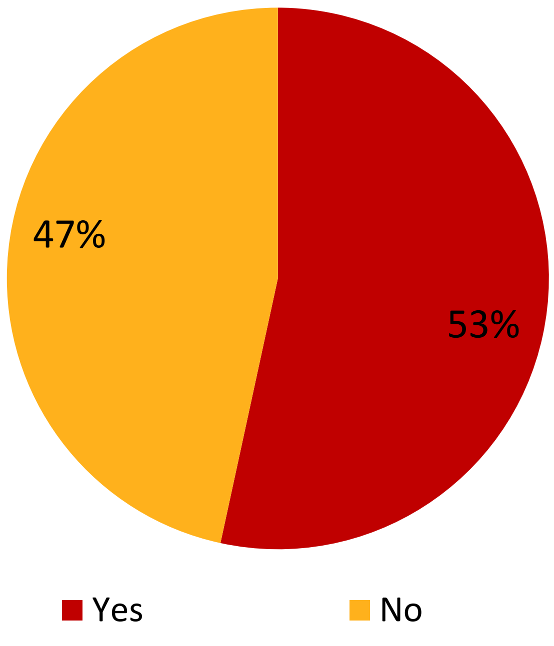
# Operation and sales activities of the web shop

# Web store characteristics

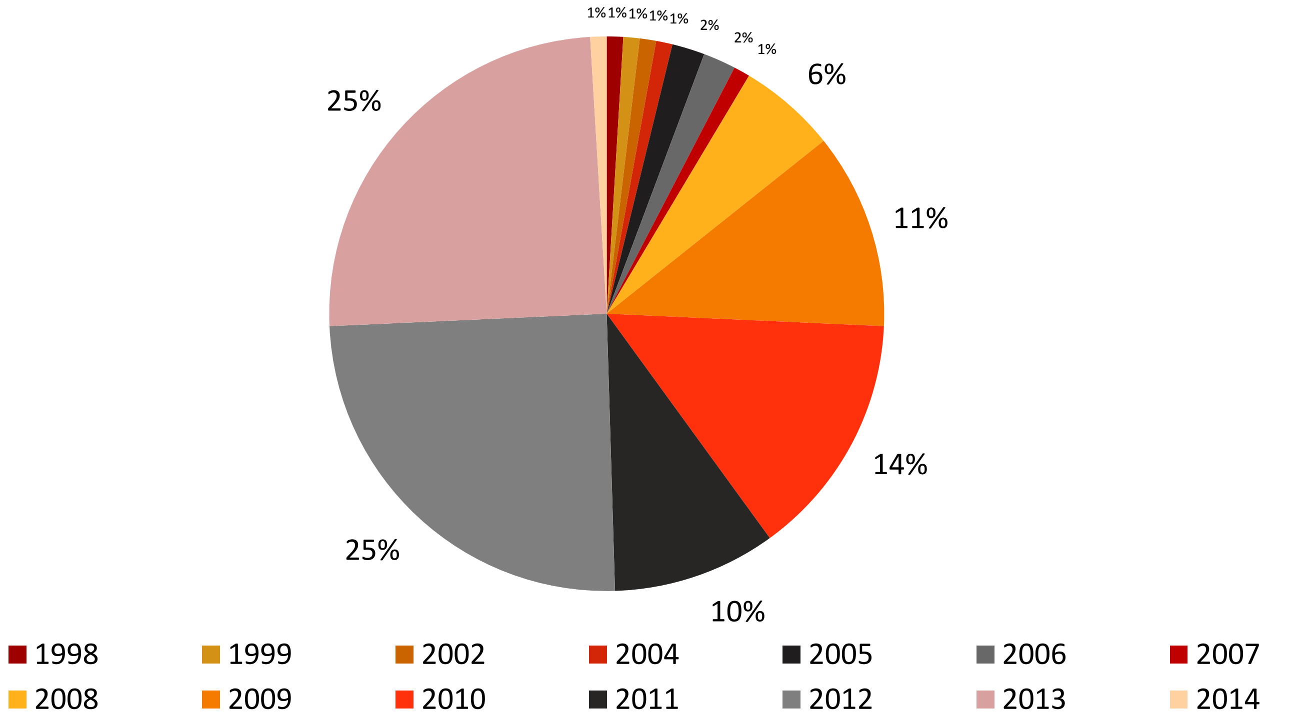
Half of the web shops in the sample was opened since 2012. Almost half of the web shops has offline activities, too – internet is not the only sales platform for them.

**The average conversion rate of the web stores is 11.2%. This rate is lower (8.8%) among only online shops than among shops with both online and offline activities (13.9%).**

**Do you have traditional, offline sales activity?**




**When did you open the online sales platform of your web store?**



# Web store characteristics: size matters?

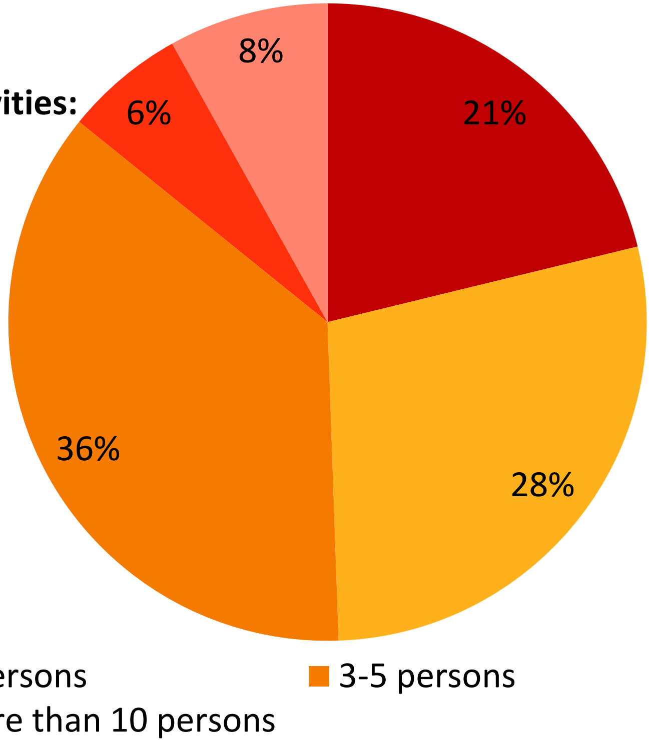
The web shops in our sample are quite small, 64% of them have only one business unit.
Half of them has only 1 or 2 employees, another third has 3-5 employees.

## Number of employees working for the web shop

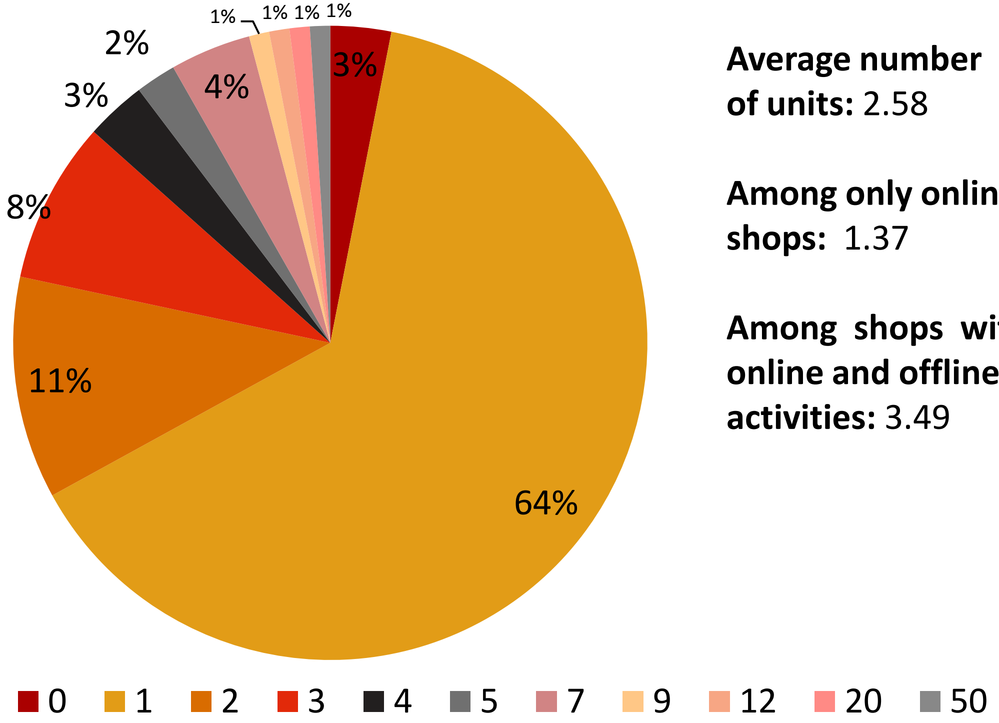
**Average number of employees:** 3.94

**Among only online shops:** 3.79

**Among shops with online and offline activities:** 4.06




## Number of stores / branches / business units in Romania



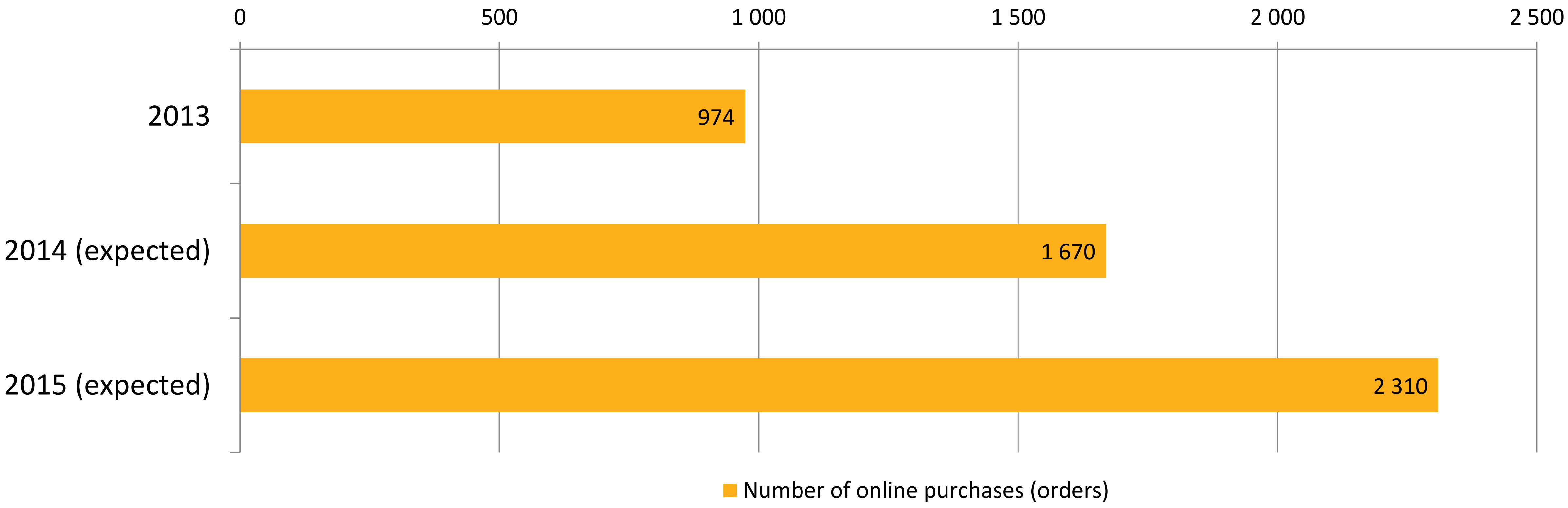

**Average number of units:** 2.58

**Among only online shops:** 1.37

**Among shops with online and offline activities:** 3.49

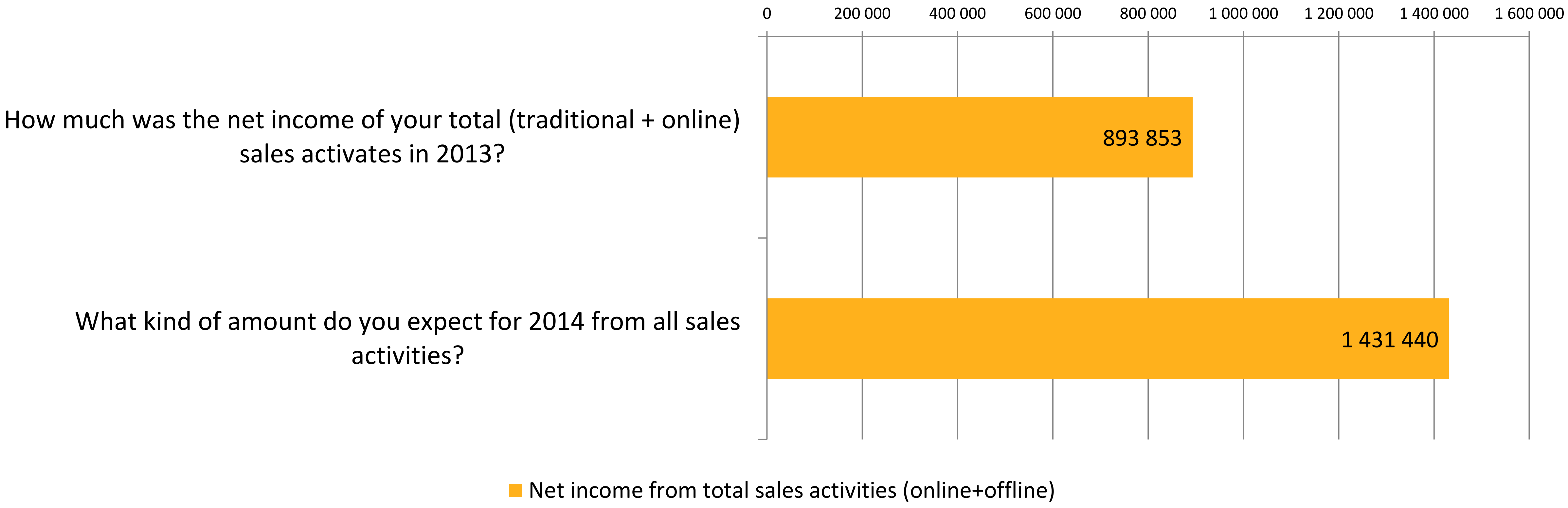
# Online sales data – number of purchases

Almost all respondents expect a rise in the number of purchases. 2014 expectations are 71% higher than in 2013 and for 2015 they are even more optimistic: compared to 2013 data the expectations are on 263%.



# Sales data – net income (in 1000 RON)

Companies dealing with traditional (offline) sales activities, too expect a 60% rise in total sales numbers for 2014 compared to the previous year.



# Details of product categorizations used by eNET

| Product category | Products in the category |
|---|---|
| Food for the family, alcoholic drinks, coffee, tobacco | Food for the family for not-prompt consumption, alcoholic beverages, coffee, tobacco products, e-cigarette |
| Food and drink orders for one meal (gastro) | Food and drinks for prompt consumption |
| Health, wellness and sports | Bio food, food supplements, vitamins, medicines, pharma products, medical tools, sporting goods, exercise and fitness tools, accessories for outdoor activities and hobbies, special sport clothes (not for street wear) |
| Beauty products and cosmetics | Cosmetics and personal care items, perfumes |
| Fashion, clothing, baby products, jewelry, watches and accessories | Textiles, clothes, shoes, leather goods, bags, general sporting clothes (for street wear, too), products for babies and their mothers, baby clothes, watches, jewelries and accessories |
| Drug store and household supplies | Non-durable consumer goods, cleaning and washing supplies but no medicines |
| Household appliances, brown and white goods | Household durables, major and small home appliances |
| Household electronics | Television, radio, tape recorder, video player, CD-player, DVD-player Blu-ray-player, hi-fi system, music players, cameras, camcorders, video games, PC and console games |
| IT products | Computers and accessories, software (not downloadable) |
| Mobile phone | Mobile phones and accessories |
| Home décor and furniture, home improvement and building, DIY and garden | Furniture, home decoration products, furnishing, lamps and lighting; metal and sanitary ware, wallpaper, house building and improvement materials and tools, hardware, paint; DIY tools and materials, small gardening tools |
| Books, newspapers, magazines | Printed books, newspapers and magazines |
| Gifts, toys and games | Toys, games, gifts and flowers |
| Office products, school supplies | Office products, office furniture, school products and supplies, official forms and documents |
| Pet food and supplies | Pet food and products for pet care |
| Audiovisual products (music, film, CD, DVD) | Films, music, CD, DVD, tape, videotape, record, audiobook |
| Downloadable content (voice, music, video, software) | Downloadable content for the customers’ devices (not containing stream and cloud services): videos, music, voices, picture, software, e-books |
| Automotive products | New and second-hand vehicles, car and motor accessories |
| Other products | Other articles and products |

# Product categories

| Product category | % in the sample* | Average number of transactions |
|---|---|---|
| Home décor and furniture, home improvement and building, DIY and garden | 28 | 851 |
| Beauty products and cosmetics | 19 | 149 |
| Fashion, clothing, baby products, jewelry, watches and accessories | 19 | 468 |
| Health, wellness and sports | 17 | 1060 |
| Gifts, toys and games | 16 | 1056 |
| Automotive products | 14 | 294 |
| Household appliances, brown and white goods | 12 | 5 |
| Household electronics | 9 | (no data) |
| Food for the family, alcoholic drinks, coffee, tobacco | 6 | 50 |
| Drug store and household supplies | 6 | 300 |
| IT products | 6 | 3 |
| Office products, school supplies | 4 | 250 |
| Audiovisual products (music, film, CD, DVD) | 4 | 200 |
| IT products specialized on laptop, notebooks and netbooks | 3 | (no data) |
| IT products specialized on tablets | 3 | (no data) |
| Mobile phone | 3 | (no data) |
| Mobile phone specialized on smartphones and PDAs | 3 | (no data) |
| Pet food and supplies | 1 | 50 |
| Other products | 17 | 754 |

* One web shop can trade more than one product category, therefore the sum of the percentages are higher than 100%.

# Summary

**Most of the web shops in our sample are small ones**, two-thirds of them have only one business unit in Romania and half of them has not more than 2 employees and did not have an online activity before 2012. 47% of them have offline sales, too.

The average yearly number of purchases did not exceed 1000 orders but for the next years there is an expectation of an increase in transactions numbers: for 2014 they anticipate a 71% rise in that, and for 2015 a 163% growth compared to 2013.

**The average conversion rate of the web stores is 11,2% that is lower among only online shops.**

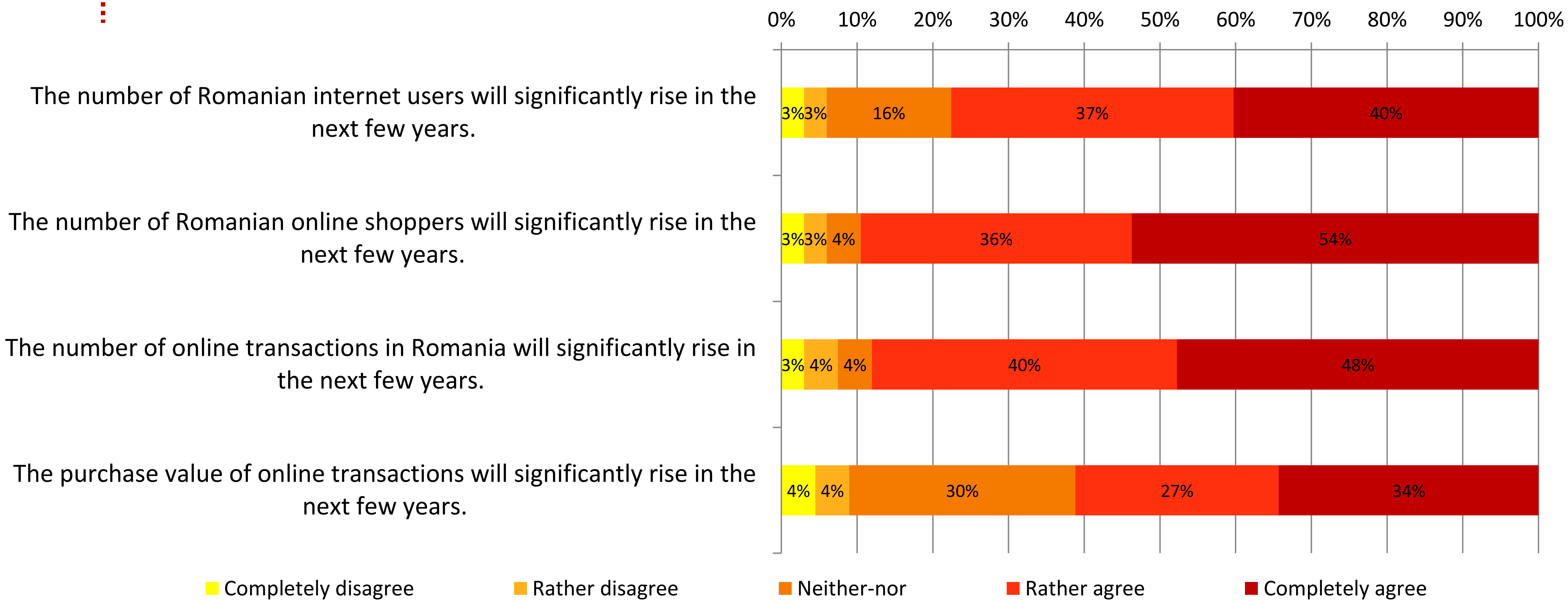
**The most common marketed product categories in our sample are:**

- Home décor and furniture, home improvement and building, DIY and garden (28%)
- Beauty products and cosmetics (19%)
- Fashion, clothing, baby products, jewelry, watches and accessories (19%)
- Health, wellness and sports (17%)
- Gifts, toys and games (16%)
- Automotive products (14%)

# Future expectations

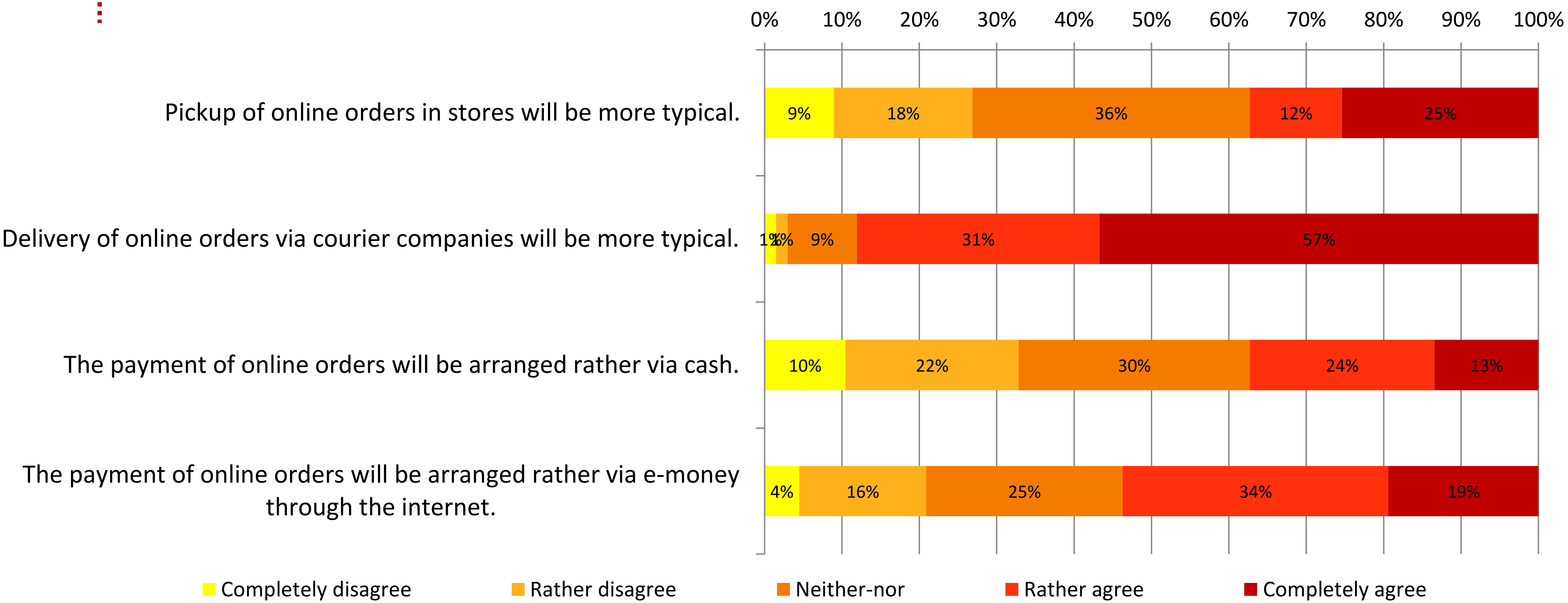
# Future expectations of Romanian web shops 1.

While there is an expectation of a growth in the number of Romanian internet users and online shoppers and also in the number of purchases, this tendency is more moderate in the increase of online transactions value in the next 3-4 years.



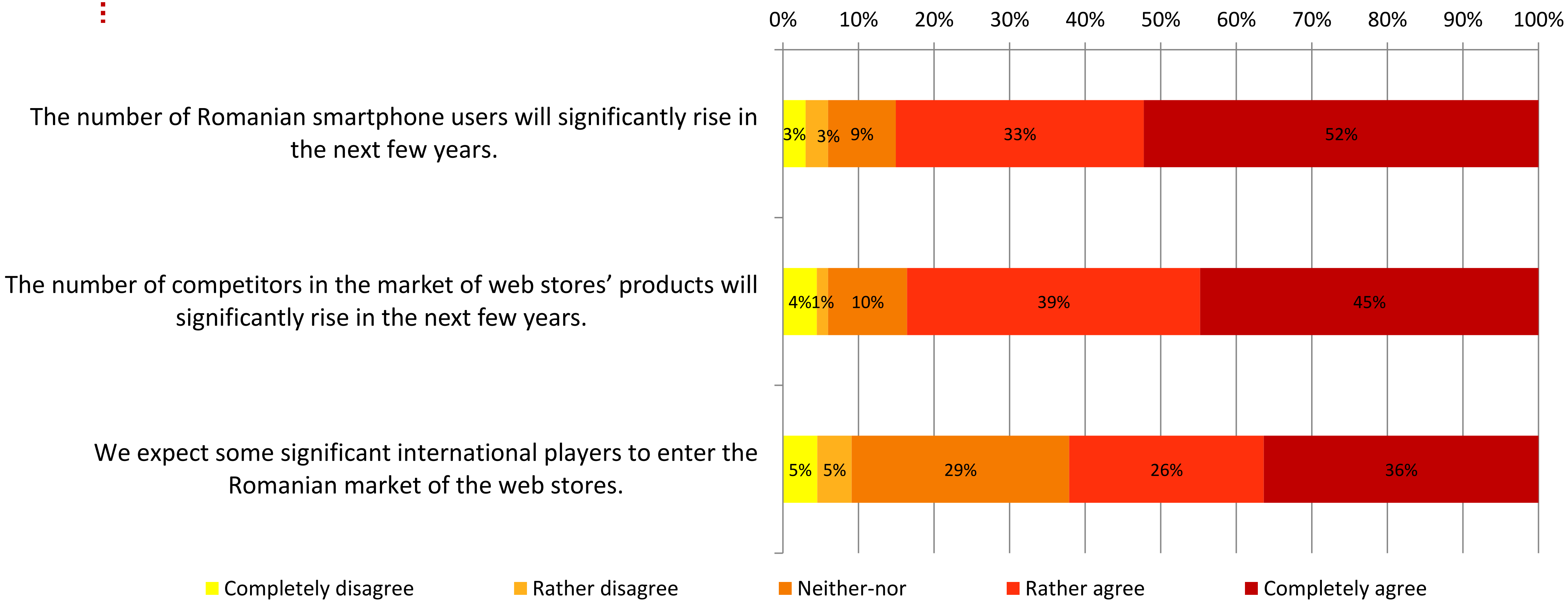
# Future expectations of Romanian web shops 2.

Web shops expect the rise of delivery by courier companies in the next 3-4 years that is a more convenient way of getting the ordered goods for the customers. However, the increase of online transactions paid online is not so much anticipated, only half of the respondents agreed on that.



# Future expectations of Romanian web shops 3.

Web shops think that the number of smartphone users will significantly rise in the forthcoming 3-4 years. There is a massive expectation of the appearance of new players on the e-commerce market, also from foreign countries.



# Summary

While most of the web shops **anticipate the significant growth of internet users** (77%) and **smartphone users** (85%) **and online shoppers** (90%) in the following 3-4 years, **there is an expectation of higher competition, too**. 84% of the respondents agreed that the number of web shops will be significantly higher and 61% thinks that international players will enter the Romanian ecommerce retail market in the next years.

83% agrees that **the number of transactions will be higher** but only 61% thinks that the value of purchases will grow, too.

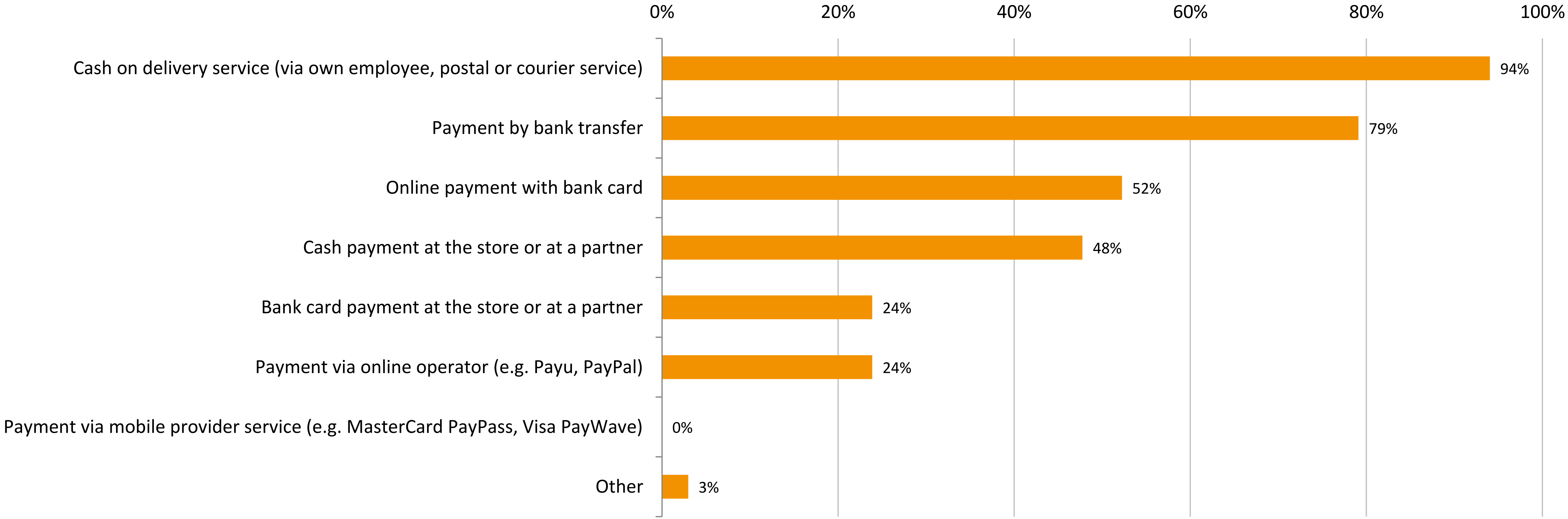
They also expect a change in common delivery methods: 88% agrees that **delivery via courier services will be more typical**. We cannot see similar tendencies if we look at the payment methods: although 53% thinks that online payment will be more common but still there are more respondents who expect the cash payment's popularity than respondents who deny it.

# Payment and delivery methods

# Available payment methods among web shops

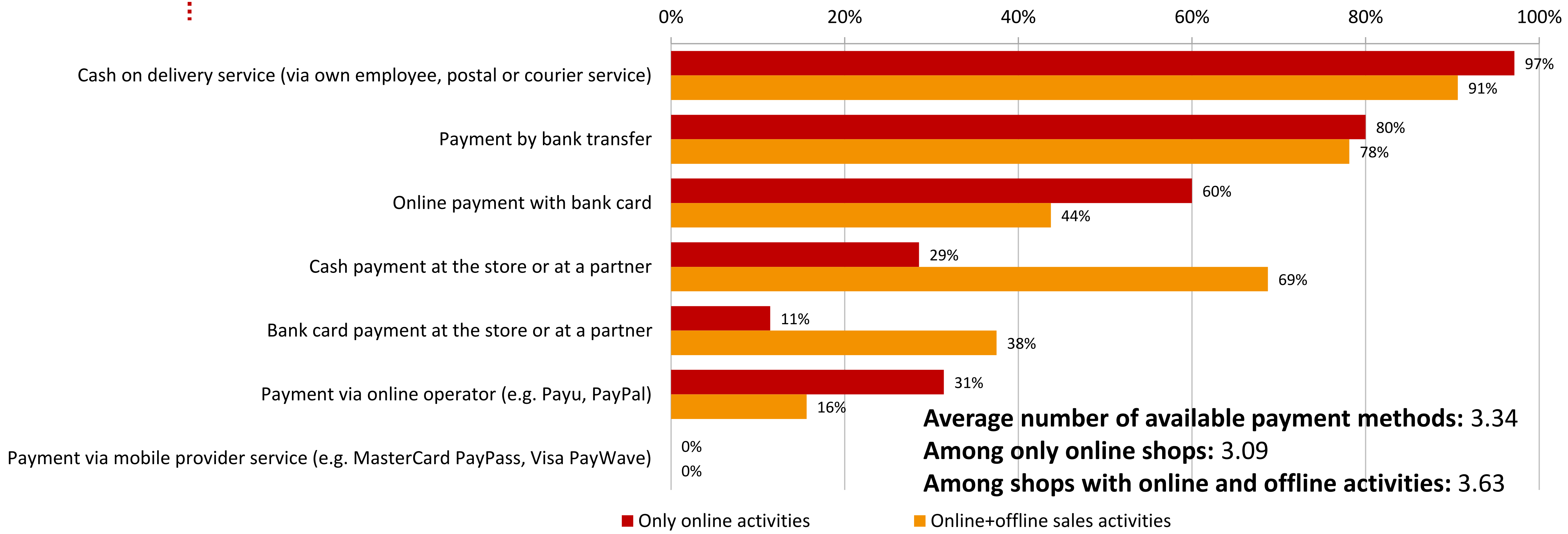
One of the most significant problem of Romanian e-commerce is the high proportion of deals paid by cash on delivery service. 94% of web stores gives this option to its customers, meanwhile bank transfer as a payment option is granted by 79% of them. Cash payment at the store (or partner) and payment with bank card is also popular, we have found this payment method among half of e-traders.

**Average number of available payment methods: 3.34**



# Available payment methods among web shops

Two-thirds of the web shops having an offline activity, too give the local cash payment as an option that is much a lower proportion among web shops only with online activity. But 60% of only online shops provide bank card payment online to their customers.



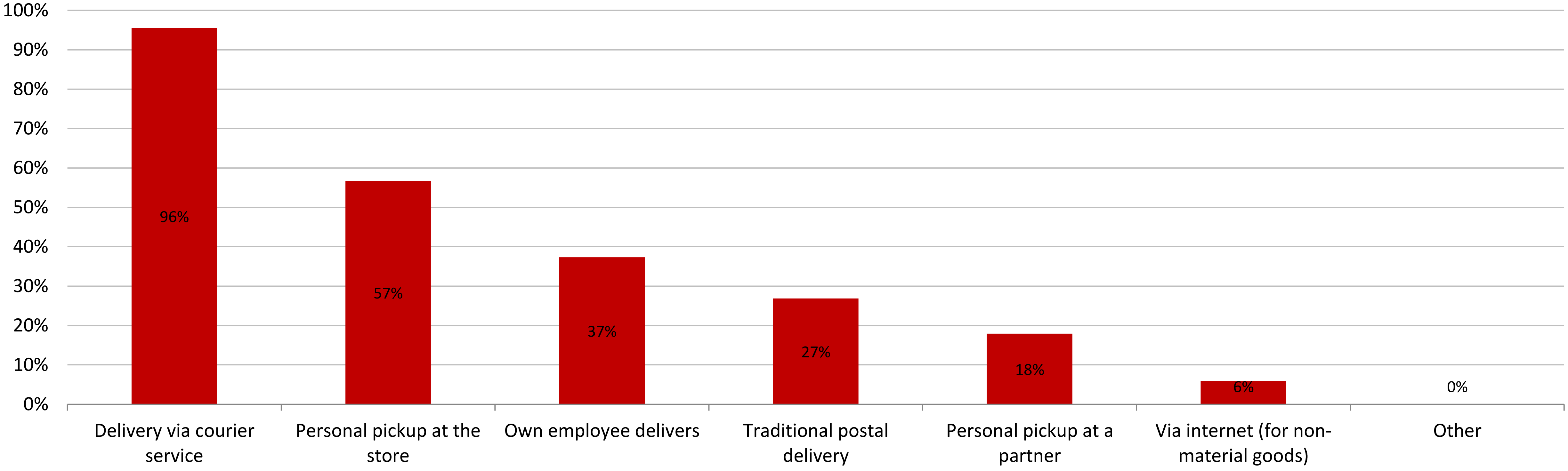

**Average number of available payment methods:** 3.34
**Among only online shops:** 3.09
**Among shops with online and offline activities:** 3.63

* Felvásárlás miatt a GTR-re vonatkozó adatokat is tartalmazza a DPD értéke.

# Available delivery methods among web shops

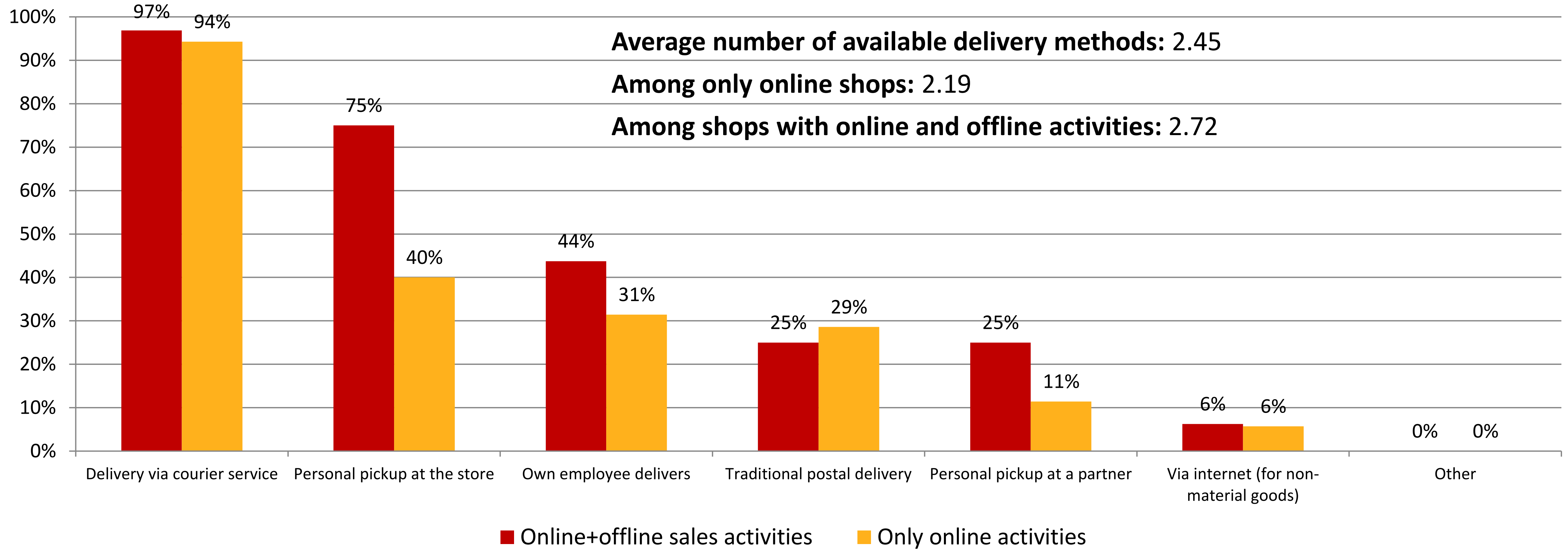
Delivery via courier service is the most common delivery method among Romanian web shops – it is available in almost each of them. Personal pickup at the store is also a popular option, more than half of the shops provide it for their customers.

**Average number of available delivery methods: 2.45**



# Available delivery methods among web shops

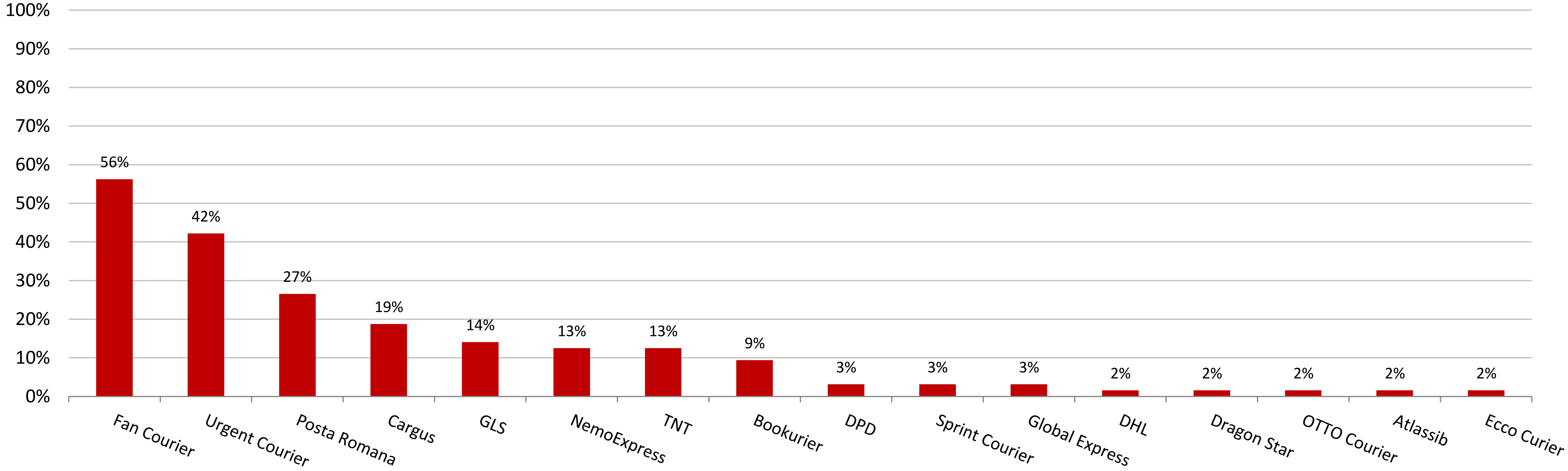
It is not a surprise that personal pickup at store as a delivery option is more popular among web shops having traditional sales activities, too. These later ones provide more delivery options for their clients.



# Available courier services among web shops

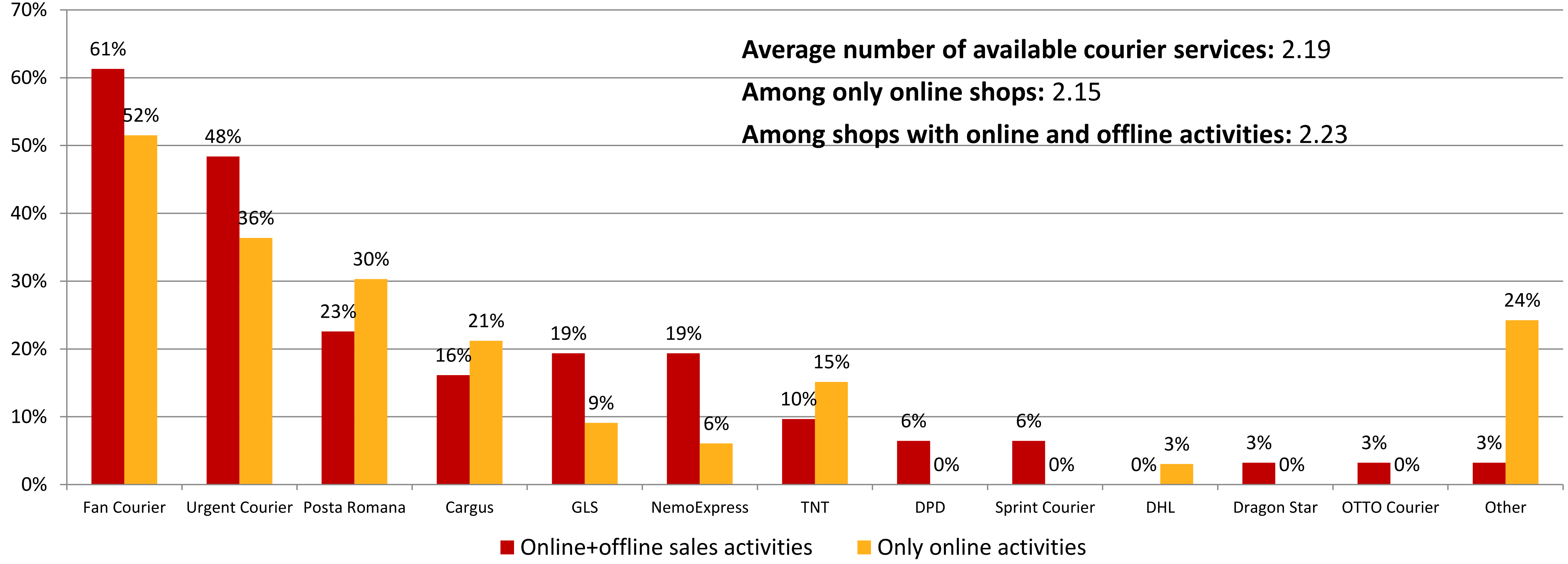
The most popular courier service among web shops in Romania is Fan Courier – their service is available in more than half of the web stores in sample. Urgent Courier is also significant player with: they deliver for the customers of 42% of the shops and one in four web shops uses Posta Romania as a courier company for delivery.

**Average number of available courier services: 2.19**



# Available courier services among web shops

In average there are more than two courier services available among Romanian web shops. Those dealers who have offline sales activities, too are more likely to have more courier companies than only online shops. Posta Romania is more popular among only online web shops than among traders with traditional and online sales.



# Summary

**Cash on delivery service is the most common payment method** among Romanian web shops. 94% of the sample gives this option to customers and 48% allows cash payment at the store or at a pickup partner. Online payment via bank transfer is available in 79% of the investigated stores and 52% gives the bank card payment option.

**The average number of available payment methods: 3.34**

**Delivery via courier service is the most common delivery method** among Romanian web shops – it is available in 96% of them but 37% tries to arrange it via own employers, too. Personal pickup at the store is also a popular option, 57% provides it for their customers.

**The average number of available delivery methods: 2.45**

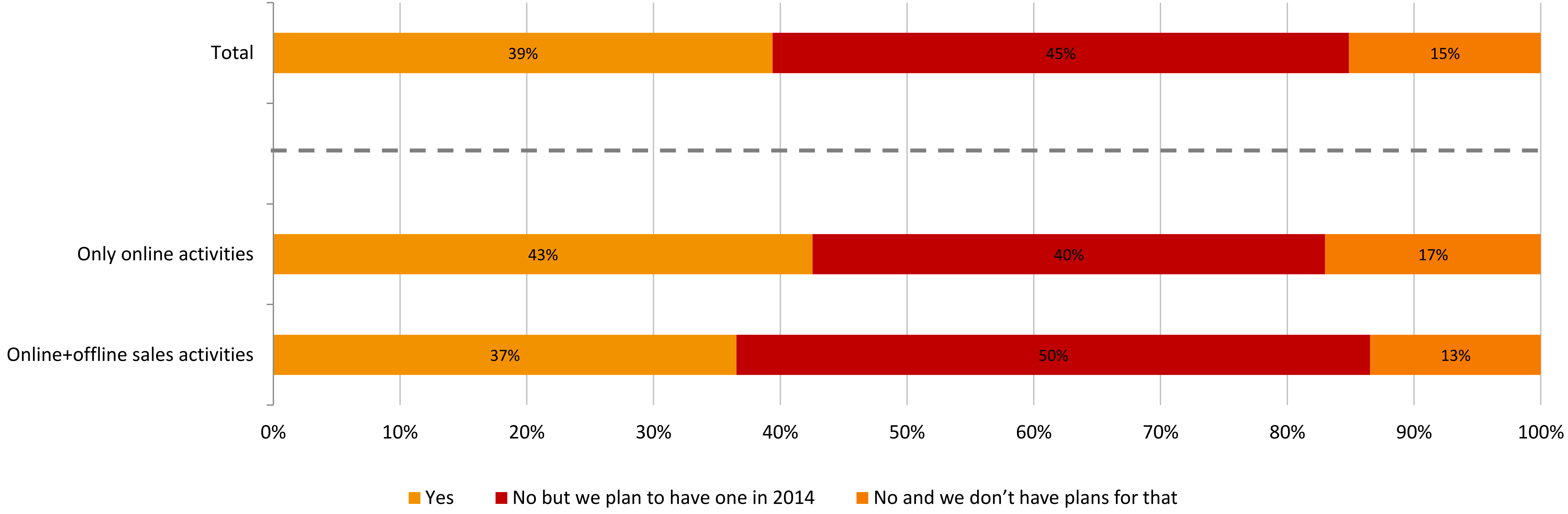
**Fan Courier is the most often hired courier service company**: in 56% of web shops where delivery happens via courier companies, Fan Courier is available. The same number for Urgent Courier is 42%. Posta Romana is the third most common option (27%).

**The average number of available courier services: 2.19**

# The role of mobile platform

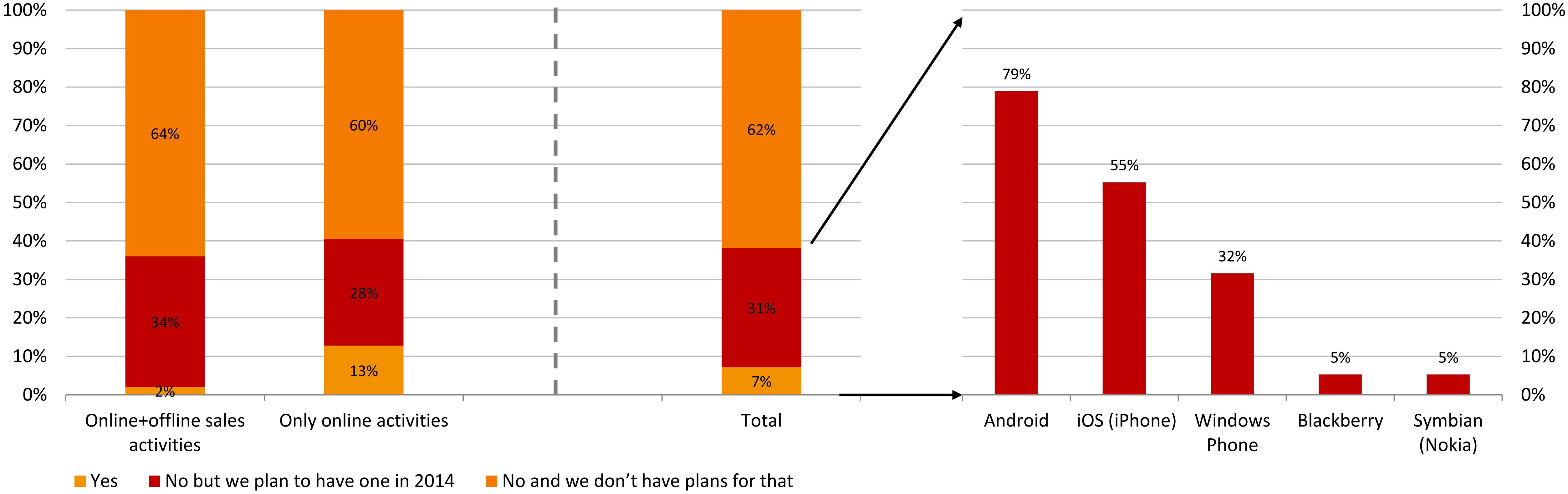
# Mobile phone optimization

4 in 10 web shops have an optimized site for mobile devices and another 45% plans to develop one in 2014. Among web shops without offline activity the proportion of already optimized sites is a bit higher.



# Smartphone applications among web shops

Smartphone application is not so popular, almost two-thirds of the respondents said they do not plan to develop an app. Those who have or plan to have one in 2014 prefer Android but iOS is also a significant platform.

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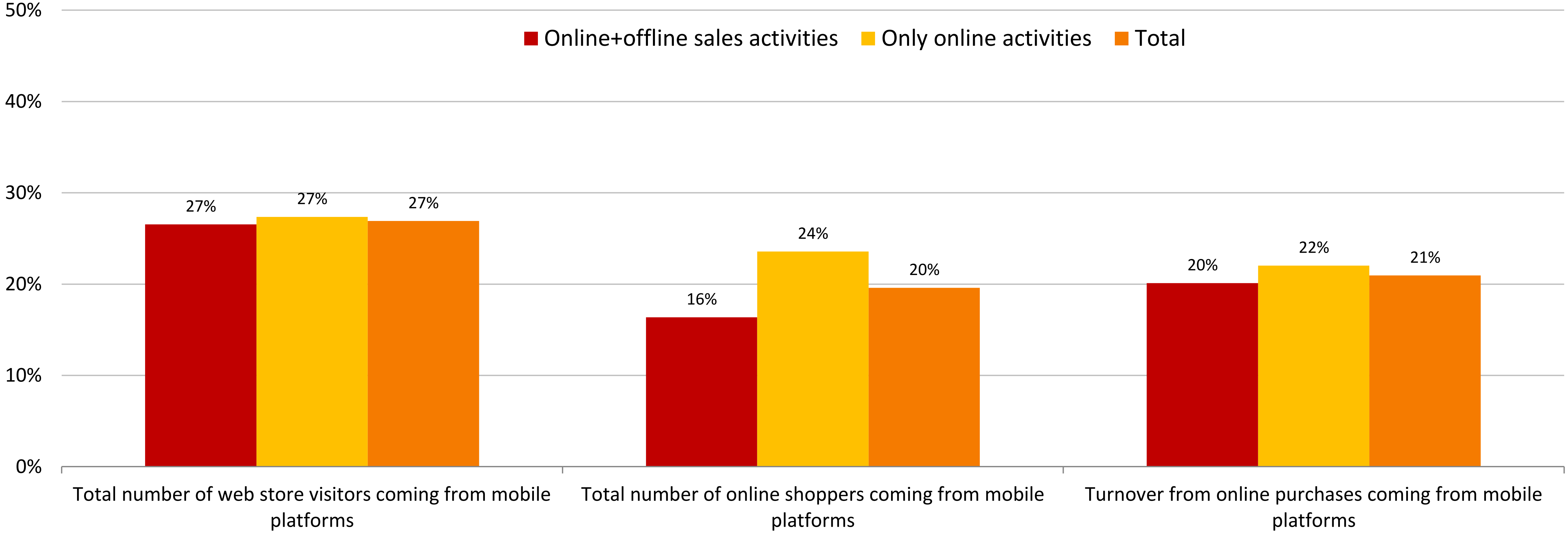
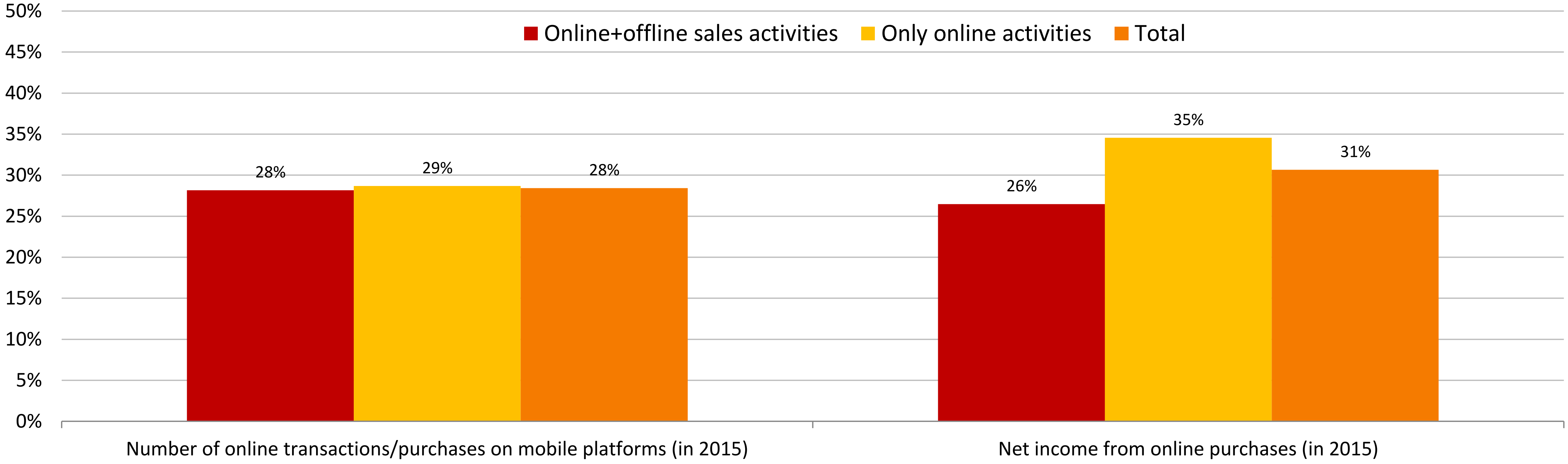
# Proportion of mobile platform in sales

With the expansion of e-commerce and mobile internet penetration the proportion of web shop traffic from mobile devices is becoming more and more important. Our respondents said that 16-21% of their traffic comes from mobile devices.



# Expected proportion of sales on mobile platforms for 2015

Both in the number of transactions and in the net income there is an expected growth: in the number of transactions we can see a rise from 20% (2013) to 28% (2015). The increase is even higher if we compare turnover expectations only from mobile platforms, it was 21% in 2013 and dealer expect a 31% proportion for 2015.



# Summary

E-trader retailers expect a higher smartphone penetration that enhances the importance of mobile platform in e-commerce. **The web shop traffic from mobile devices is becoming more and more important**, 16-21% of the traffic of web stores in our sample from mobile devices: 27% of their visitors, 20% of their shoppers and 21% of their turnover comes from mobile phones.

Both **in the number of transactions and in the net income there is an expected growth from mobile platforms** for the following years.

There are two popular ways to facilitate mobile e-commerce: website optimization for mobile devices and development of own applications. This later is not so important for small web shops but mobile optimization is quite crucial in the emerging competition.

**39% of the web shops in the sample already has an optimized site for mobile devices** and another 45% plans to develop one in 2014.

Developing a smartphone application is not so popular and is not an option for every e-trader, 62% does not plan to have an own smartphone app. Those who have (7%) or plan to have (31%) an own smartphone application in 2014 prefer Android (79%) because it is the most common smartphone operation system but iOS (iPhone) 55% and Windows Phone 32% are also significant mobile operation platforms for them.

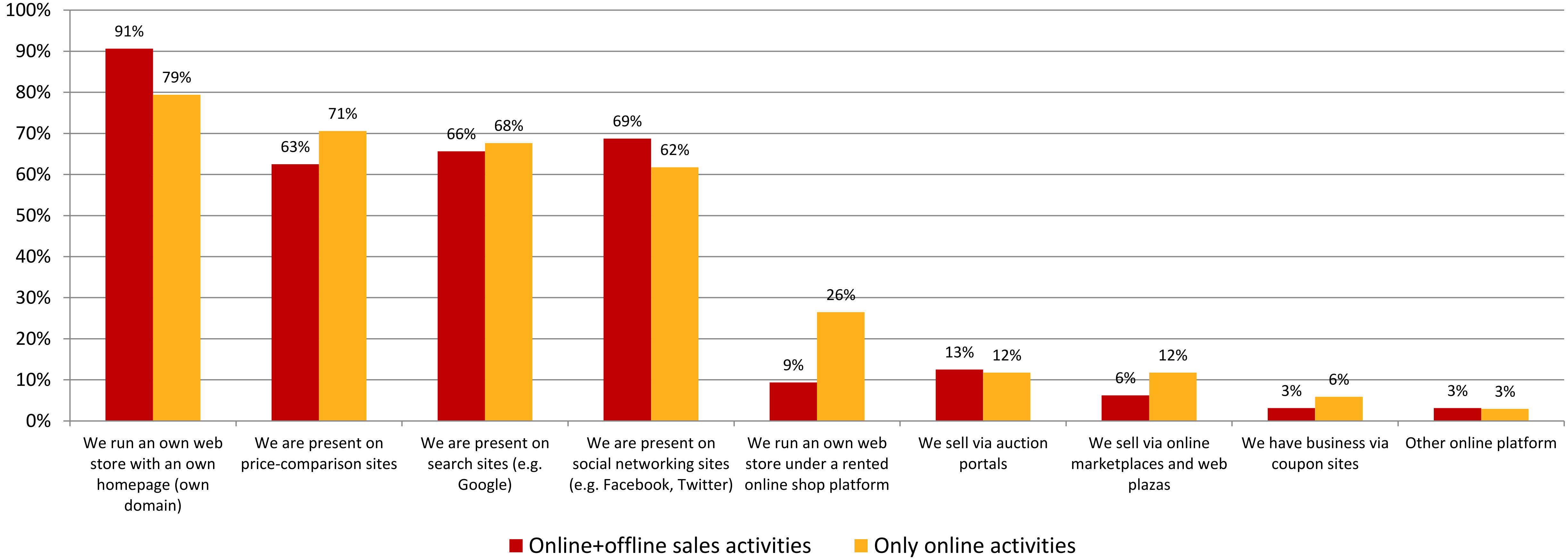
# Online platforms, price comparison sites and another marketing tools

# Different online platforms for web shops

Having an own website for the web shop is the most common way of running an ecommerce activity and 85% of web stores use this option. Only 18% of the respondents said that they rent a web store under an online shop platform. Two-thirds of the web shops use social networking sites and Google for its service and the same proportion is present on price comparison sites.

# Different online platforms for web shops

Companies having only online sales activities are more likely to rent a web shop than to develop an own one, 26% rents a web store under an online shop platform. They are more likely to join to a price comparison site, too than shops with both traditional and online sales.

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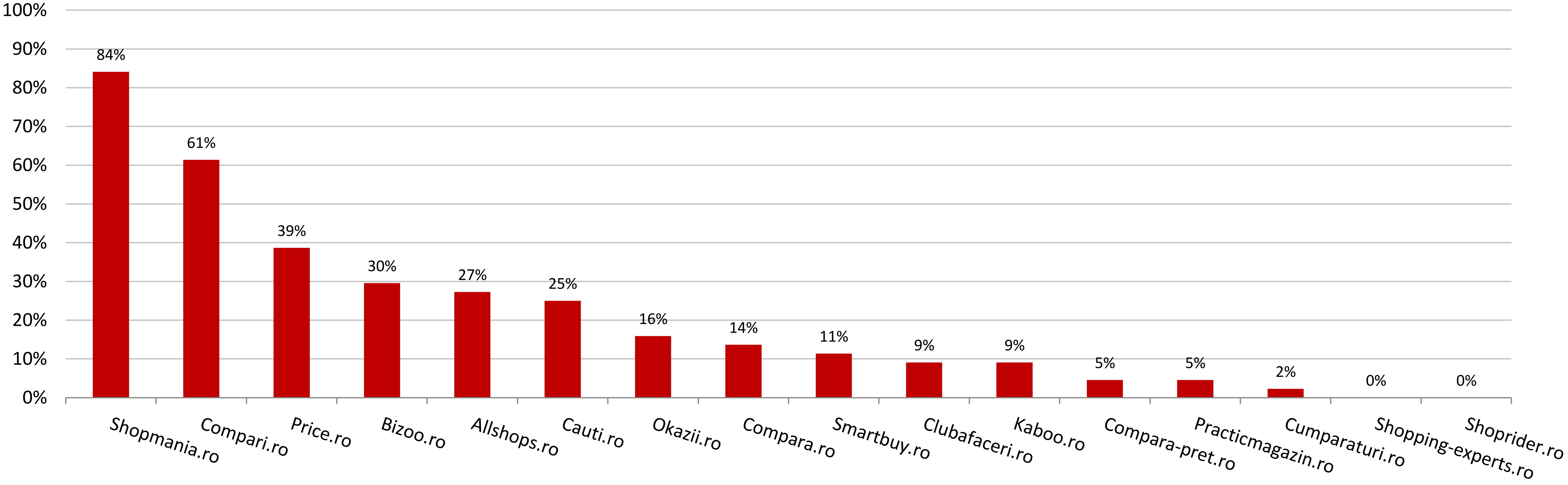
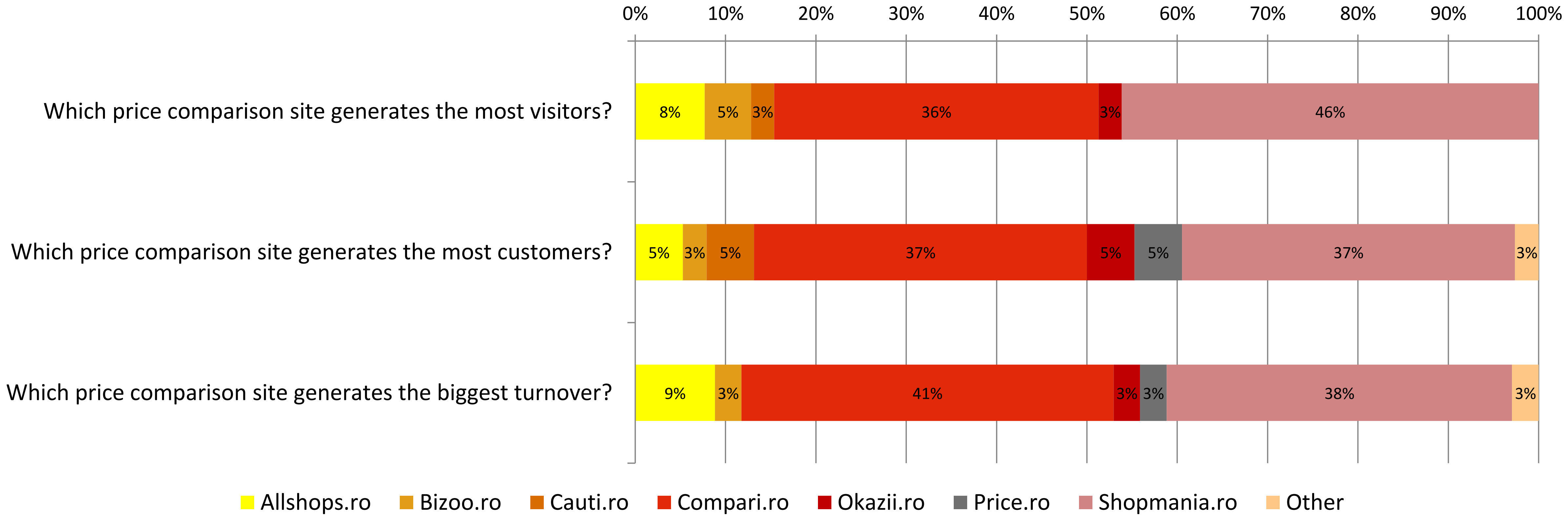
# Presence on price comparison sites

Shopmania.ro and Compari.ro are the most popular price comparison sites in our sample, they seem to be the two major players in this sector.



# The role of price comparison sites

Although 46% said that Shopmania.ro generates the most visitors but in the number of customers we can’t see difference between Compari.ro and Shopmania.ro. Furthermore, if we investigate the turnover Compari.ro is more effective.

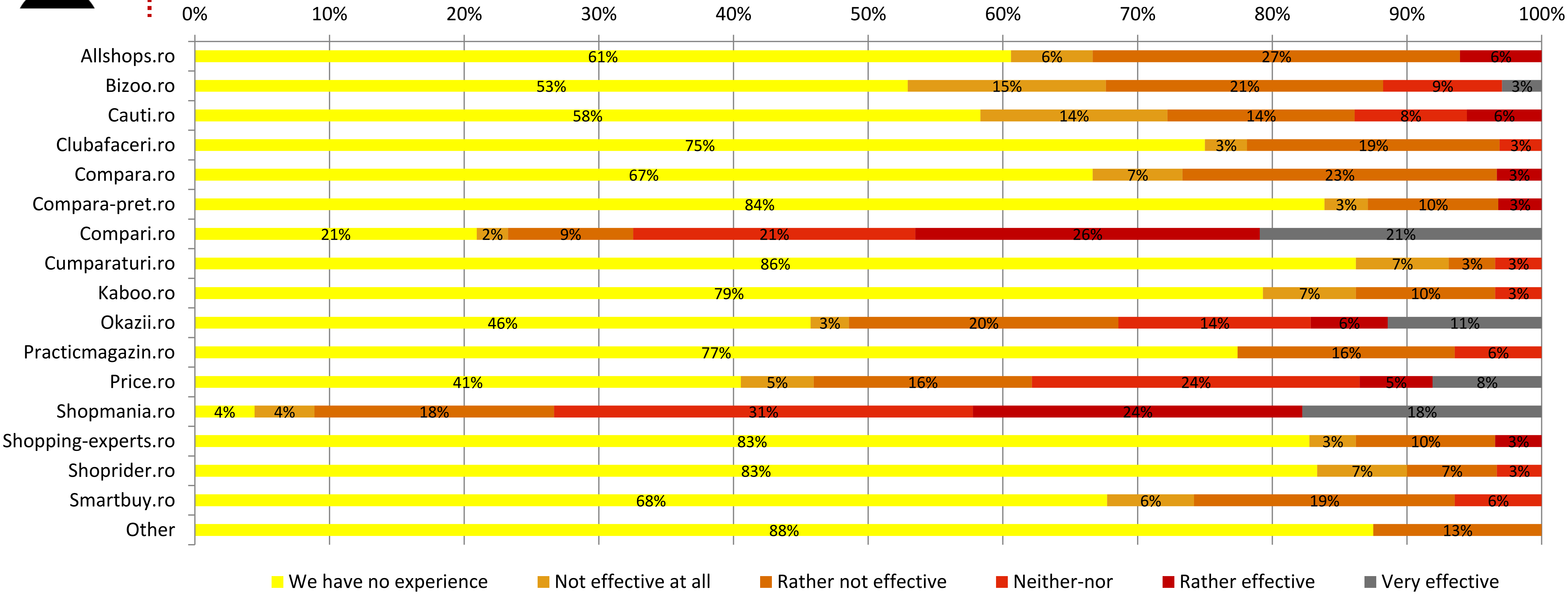


# Advertising rates of price comparison sites

Compari.ro and Shopmania.ro are the most often used price comparison sites but 27% of the web shops perceived them as expensive (expensive or rather expensive).

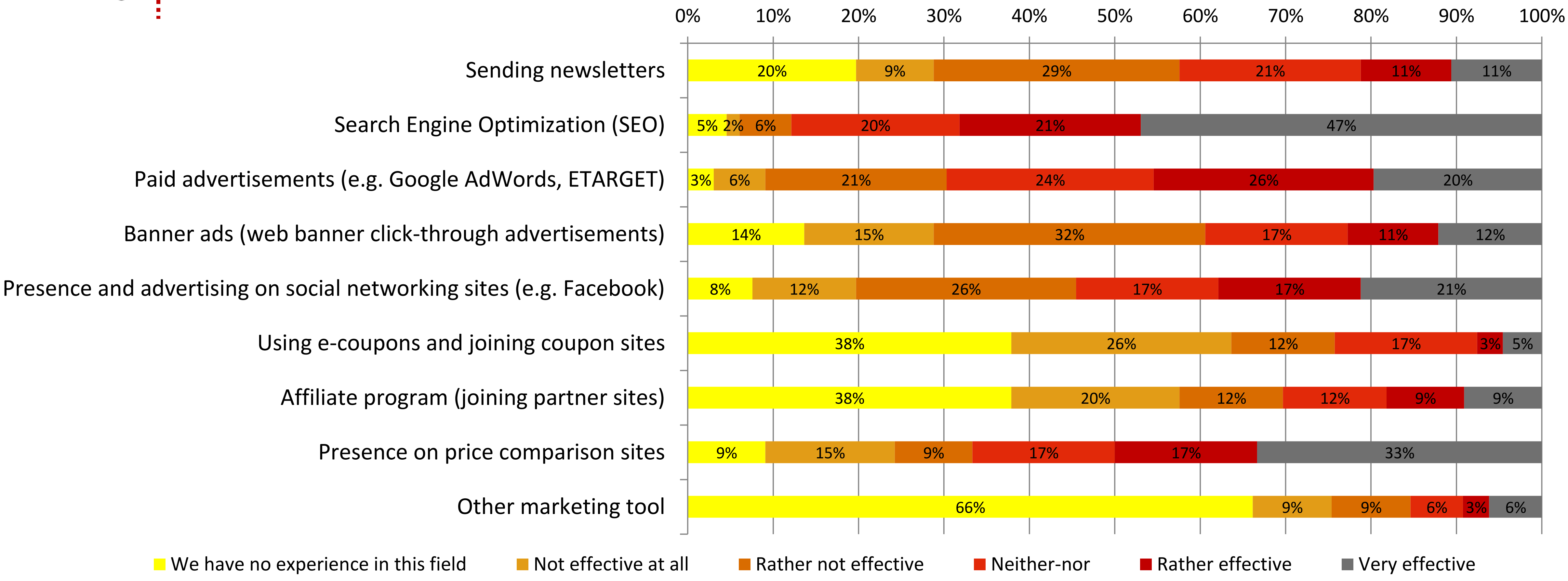
# Effectiveness of different price comparison sites

Compari.ro and Shopmania.ro are considered as more effective tools for sales among price comparison sites by the Romanian web shop retailers.



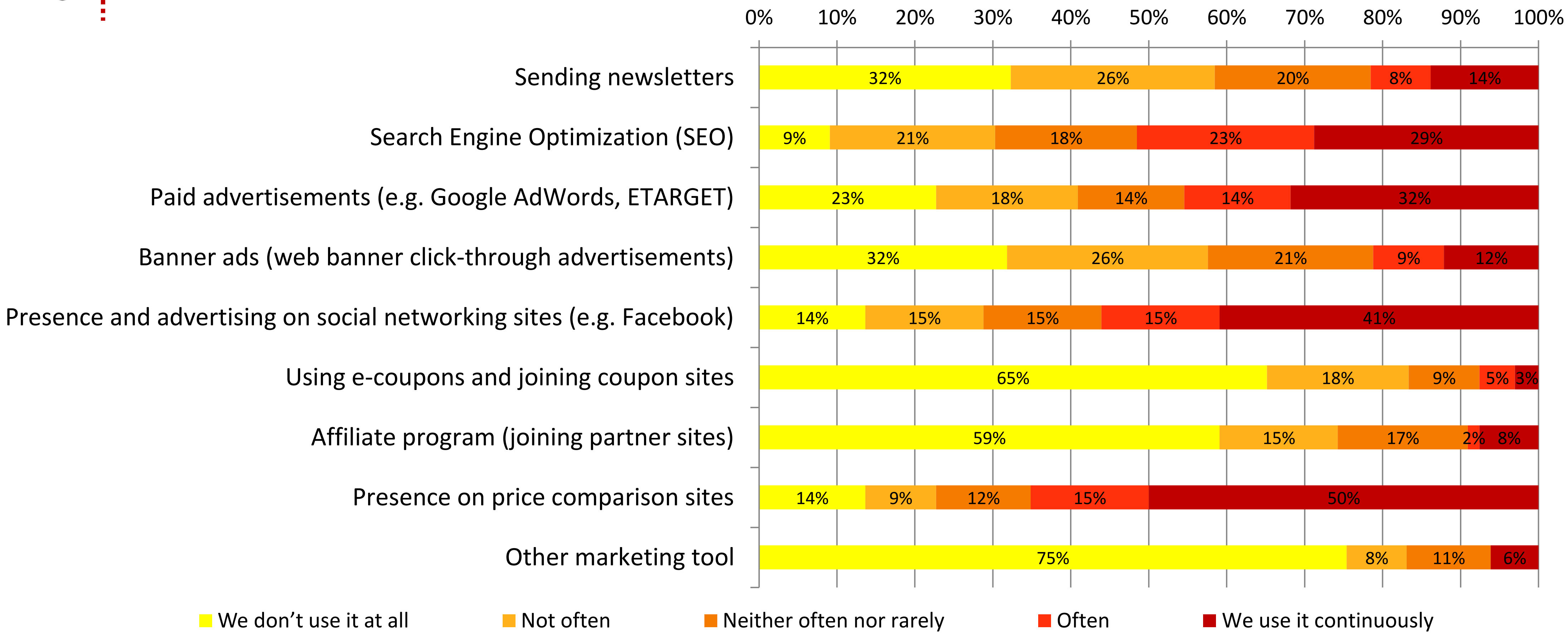
# Effectiveness of the different online marketing tools

Web shops think that SEO is the most effective marketing tool for their business goals. Joining to a price comparison site is the second most effective marketing tool for web shops but paid advertisements (PPC) and presence on social networking sites are also considered as effective.



# Usage of different online marketing tools

Presence on the PPC market, social networking sites and having SEO efforts seem to be important for Romanian web shops but presence on price comparison sites is the most common marketing tool used by them.



# Summary

85% of the web shops in the sample have an own developed website and 18% also use the option to rent a store under an existing online platform. 65-**67%** are **active** on search sites and social networking sites and **on price comparison sites**, too. 71% of the only online web shops uses the services of price comparison sites

**Shopmania.ro and Compari.ro are the most popular and most effective price comparison sites** for the web shops in our sample. 46% said that Shopmania.ro generates the most visitors but in the number of customers there is no difference between Compari.ro and Shopmania.ro. Furthermore, Compari.ro is more effective in case of turnover.

There are other ways to increase the traffic of the web shops. While joining to coupon sites and affiliate programs are not popular – and are not considered as effective marketing tools – the presence on social networking sites is quite general (56% uses it often or permanently), even if it is not as effective as PPC ads and search engine optimization. **SEO is considered as the most effective online marketing tool** (68% said it is effective) but it is difficult to manage in a highly competitive environment and requires a lot of work, so paid ads can help to increase the web shop's traffic. Classic banner ads are going to lose their former importance.

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