eCommerce 2005

Market & Projections

gemiusAdHoc – April 2005

Gemius

MYŚLI BEZ GRANIC

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Contents

About the Research

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- The research was conducted through the use of two separate surveys:
  - Internet users were shown an online survey. The questionnaire was emitted on the 12 – 14th of April on web sites making use of the free site-centric audit stat.pl/PBI. The survey was displayed at random to every *n*th user.
  - Online store representatives were sent an invitation to participate in the survey via e-mail. The e-mail contained a link to the survey and was sent to store representatives on the 18 – 25th of April.
- The Internet user survey collected data from 2229 respondents, while the store survey collected data from 63 respondents. The latter was primarily filled out by store owners, co-owners, presidents and marketing directors.
- Responses to the Internet user survey were analyzed using an analytical weight constructed on the basis of gender, age and Internet use frequency data among the overall Polish population as determined by the independent study Interbus conducted by TNS OBOP (January-March).
- The research was conducted in association with Money.pl.

Introduction – Basis & Perspectives for eCommerce in Poland

Introduction – Basis & Perspectives for eCommerce in Poland (1)

- Information, multimedia, advertising and product sales – these are the foundations of our electronic world. For many Internet users, especially for companies providing online services, eCommerce is more than just a revolution: it is reality. Companies around the world are seeing positive dimensions to eCommerce, which today has relatively low financial & technological costs of entry. It provides them a presence on the global market with their products or services. Consumers, on the other hand, consider the functionality of online purchasing, its competitive pricing and service and the flexibility to respond to changing needs.

- According to Forrester Research (as quoted in *Modern Marketing*, "Na początku był Amazon," www.modernmarketing.pl/index.php?pg=mms&msgnr=1672, 21.02.2005) American companies alone will spend on goods and services bought online 316 billion dollars. Certain icons of eCommerce profit come to mind when one thinks of Amazon.com or eBay. Turning to numbers, it is worth considering that in the middle of 2004 the number of users of eBay's online auction site exceeded 100 million. Internet users sold goods in only a few months worth over 8 billion dollars in total (P. Drygas, *Stan i determinanty rozwoju handlu elektronicznego w Polsce*, www.e-marketing.pl/artyk/handel_elektroniczny2004.pdf, 2004).

- It is important to remember, however, that eCommerce is not limited solely to the American market. Although the US economy leads and sets the trends for global communications and business, the eCommerce concept is adapted and adopted by companies around the world. Adapted both to suit technical and financial resources, as well as to the character of the business or service. An excellent confirmation for this can be found in the results of the latest Economist Intelligence Unit report (*Ranking e-commerce*, http://www.egospodarka.pl/4706,Ranking-e-commerce,1,39,1.html, 22.04.2004). The market which offers the best conditions for

Introduction – Basis & Perspectives for eCommerce in Poland (1)

- conducting an eCommerce business is Denmark. Second place was occupied by Great Britain and the third was Sweden. The report also credited numerous countries with achievements in organization, technology, communication or regulation, including: Norway, Finland, the USA, Singapore, the Netherlands and Hong Kong. Poland, in the general category, was ranked on the 36th position. Although ahead of Lithuania and Slovakia, it is still significantly weaker than Estonia, the Czech Republic, Hungary, Slovenia or Latvia.

- Despite the fast expansion of the eCommerce industry, online spending still remains a small share of overall consumer spending. Analysis conducted by the Danish E-Commerce Association show, that for every 100 people visiting an online store, only 5 decide to buy something. Simillarly, the Polish online channel continues to underperform more traditional ones. Although in 2001 close to 2.5 million Poles used the Internet, only approximately 1 percent of this group made purchases online (P. Drygas, *Lojalność klienta w wirtualnym biznesie*, www.e-c.zie.pg.gda.pl/artyk/lojalnosc_klienta.html, 23.03.2005). It is worth remembering that the use of online stores is closely related to the consumer's level of education and their income. Taking into account the number of potential clients, their purchasing power, education and wealth, one can safely predict that the eCommerce market is becoming an increasingly attractive and profitable alternative to traditional channels.

- The goal of this analysis is to show a complete picture of the eCommerce market in Poland. The data gained will undoubtedly help determine the Internet's value as a sales and marketing channel, as well as to plan future online marketing.

Executive Summary

Executive Summary (1): Online Shoppers

• Polish Internet users are well aware of the opportunity to buy and sell goods online. Only 3% have not heard of eCommerce. Most respondents learned about eCommerce from search engines (30,5%), while 42,3% of Internet users who heard about eCommerce have actually bought goods online. Online auctions are more popular than online stores – 44% of people who bought something online have bought via online auctions. By contrast, 31,3% bought something in stores, with every fourth (24,7%) online consumer bought something in both online stores and auctions.

• People who had not heard about eCommerce were more likely to be men, or people aged 35+, using the Internet rarely (1 – 3 times per month) and connecting to the Internet via modem.

• People who had never bought online were : women (56,4%), people aged 35+ (43,1%), people with secondary education (49,2%) or with low monthly personal income – up to 1000 zł (28,1%).

• People who bought in online stores were: men (60,1%), aged 35+ (39,5%), with a licencjat or higher education (43,2%) and with monthly personal incomes in the 1001-2000 zł range (24,1%).

• People who bought in online auctions were likewise more likely to be: men (62,2%), but at a younger age – 15-24 (44%), with secondary education (43,8%) and without personal income (30,3%).

• On the other hand, people who bought in both stores and auctions are the most active Internet users – they use the Internet daily, and are predominantly male (72,9%), aged 35+ (37,6%) or with licencjat or higher education (52,4%).

Executive Summary (2): Online Shoppers

• 40% of people who bought online made their first purchases in the last 6 months. 33,8% of online shoppers declared that in the near future they will be making more online purchases than before, and 26,4% - that they will continue as previously. Among non-shoppers, some intend to buy online in the next 3 months (7,2% - decidedly so, 9,7% rather so). These numbers show that the eCommerce market is dynamic and will continue to grow.

• Among online shoppers (in online stores), the preference for Polish online stores with a specialized profile (wide assortment in one category) is clear. 52,5% of people who bought in online stores expressed this preference. A significant share of non-shoppers would like to purchase from a specialized store (19,5%). However, they place a higher premium on safety/security and would explicitly select a store worthy of their trust (49,9%). This tendency is confirmed in other declarations – when shopping online, 62,3% of online shoppers compare the offers of different stores and select the best. It is this group that requires the specialized stores. Those who seek safety/security are similarly the most loyal clients: 28,9% declare that they always buy from the same, tried and tested stores. Auction-goers similarly place a premium on safety/security - 57,6% always take into account the opinions of other auction-goers about a seller.

• 66,5% of people who bought online do so more than once per year. Most use their home computers for this purpose, and the hours when they buy online vary widely (48%).

• The main incentives that would lead consumers to buy online more frequently are financial: lower prices (40,1%), and a distant second lower shipping costs or free shipping (19,5%).

Executive Summary (3): Online Shoppers

• 53,3% of people who bought online have at least once planned to buy, but then decided not to. These resignations were most often caused by a lack of information from the online store: „inadequate assortment information – lack of product description” (37,4%), „no information about shipping costs” (20,8%), „inability to contact store” (18,5%), „no information about product availability” (17,8%).

• Non-shoppers can be attracted through low prices (18,7%), product assortment (13,3%) i and safety/security guarantees (12,3%). The top three reasons for buying in online stores relate directly to the buyer’s comfort (saving of time – 59,7%, ability to buy at any time – 57,9% and home delivery – 54,1%). Online auction-goers typically value characteristics of the goods/services they buy (large selection – 53,9%, lower prices – 49,3%).

• Non-shoppers explained their lack of eCommerce purchases by saying that they look at the product and directly judge its quality (69,6%), prefer to buy in person (45,5%), and that they are concerned about customer service issues (e.g. warranty) (44,7%). Those who buy in online stores find the greatest difficulty in delivery delays (45,1%) and inadequate assortment information – lack of product description” (36.4%). Auction-goers complain about receiving goods different from the description (30,3%) and long waits for delivery (27,4%).

• Internet users most frequently declare that they would buy books online. For this reason, the best-known online store is Merlin (spontaneous awareness – 29,3%). An interesting finding is that many Internet users (29,3%) classify the auction site Allegro as an online store. Nonetheless, Allegro remains the unquestioned leader among auction services (67,2% spontaneous awareness).

Executive Summary (4): Online Stores

• 39,7% of stores daily or several times a day update their site. 20,6% do it several times per week. This is to meet customer demands for information, without which they may not make a purchase.

• The most popular – used by 81% of online stores – method of advertising is search – which is a wise strategy, bearing in mind that Internet users get their eCommerce information primarily from search engines.

• To attract clients, online stores will most often lower prices (55,5%), with the second-most popular promotion being free shipping (36,5%). This will continue into the future (at least for the next 12 months), with price reductions planned by 54% of online stores. Bearing in mind the declarations of Internet users, online stores should highlight the security measures taken on their sites. This would assuage consumer concerns.

• In the next 12 months we can expect many changes. 79,4% of online stores plans to expand its product assortment. 46% to change their advertising strategy. 36,5% to introduce new payment methods. Only 6,3% of online stores does not plan any changes.

• 79,4% of online stores expect that in the next 12 months sales will increase. Only 1,6% of respondents predict that sales will decrease.

• Attitudes regarding the future of Polish eCommerce are divided. Almost half of respondents (47,6%) feels that vertically-specialized stores will dominate. This is an opinion in-line with Internet users' perceived needs. However, 25,4% predict that the future of eCommerce lies in "online malls" (aggregators aggregating multiple stores).

Online Buying Habits

Online Buying Habits (1)

- Polish Internet users are well aware of the opportunity to buy and sell goods online. Only 3% have not heard of eCommerce. People who had not heard about eCommerce were more likely to be men, or people aged 35+, using the Internet rarely (1 – 3 times per month) and connecting to the Internet via modem.

- Online shoppers often precede their purchase by seeking information about the product they wish to buy. The Internet is one of the most important media they use for this information. Respondents most often go online to look for information about computer games (44,5%), travel services (43,6%) and computer software (42,3%).

- For some goods, consumers go offline to find their information (in a store): white goods (40,8%), clothing/jewelry (34,1%) and brown goods (radio/TV - 37%). These are goods which can be called "expert" goods, because the salesman is treated as an expert with deep knowledge who can therefore advise on a selection.

- Internet users are consciously influenced by television, radio and press advertising most often when purchasing films (12,7%), cosmetics (11,3%) and white goods (11,3%).

- Internet users look to friends' opinions when buying computer software, (22%), insurance (20,5%), computer hardware (19,8%) and cosmetics (19,4%). In the case of insurance, friends are in fact the most important source of information.

Online Buying Habits (2)

- Products/services for which consumers rarely seek information are music CDs (49,9%), insurance (39%) and pharmaceuticals (38,9%). These goods are likely to be less important for consumers.

- Non-shoppers are less likely to look online for information about goods and services than people who buy in online stores or auctions.

- When making a purchase decision, respondents who are aware of eCommerce will look for information about goods/services at an online store or auction and then buy the product through a traditional (offline) store. This is most often the case in computer hardware (35,5%), mobile telephones & accessories (32,6%) and books (32%), and is rarest in insurance (16,3%), pharmaceuticals (16,8%) and music CDs (17,8%).

- Non-shoppers are more likely to seek information in online stores & auctions before making an offline purchase about computer software (36,1% responded „often") and computer games (36,7%) and for train, bus or plane tickets (30,9%). People who buy in online stores are likely to do so for books (43,2%), while those who buy through online auctions mobile telephones & accessories (37,7%). Those buying through online stores and auctions are likely to do so for brown goods (radio/TV - 37,6%) and white goods (30,1%).

- Regardless of whether they have purchased online or not, are most likely to learn about this possibility through search engines. Non-shoppers are more likely to have heard about the ability through friends/family (29,4%) and television (11,8%).

Online Buying Habits (3)

- 42,3% of Internet users has bought something online. Online auctions are more popular than online stores – 44% of online shoppers bought through online auctions, while 31,3% in online stores. Every fourth Internet user (24,7%) bought both through online stores & auctions.

- 40% of online shoppers bought something online for the first time in the last 6 months – this means that eCommerce is rapidly becoming more popular. Amongst online shoppers, the least experienced are those who have bought only on online auctions – 48,9% of these bought something online in the last 6 months – while the most experienced are those who bought in both online stores & auctions– 38,1% first bought something online 2 – 5 years ago.

- However, the frequency of online purchases is still low – most respondents (30,8%) declared that they make online purchases at most several times a year, but less than one per month. In the group that bought in both auctions & stores, the frequency of online purchases was highest. Those that have only ever made one purchase online are predominantly people who have only ever purchased via online auction (33,6%).

- An increase in eCommerce is likely and can be seen in declarations about purchase intent. 33,8% of respondents intends to buy something online more frequently than previously. Those who have used both online stores & auctions are more likely increase their purchase frequency (42,5%).

- Those who do not intend to increase their online purchase frequency could be convinced through lower prices (40,1%), and subsequently lower shipping costs or free shipping (19,5%).

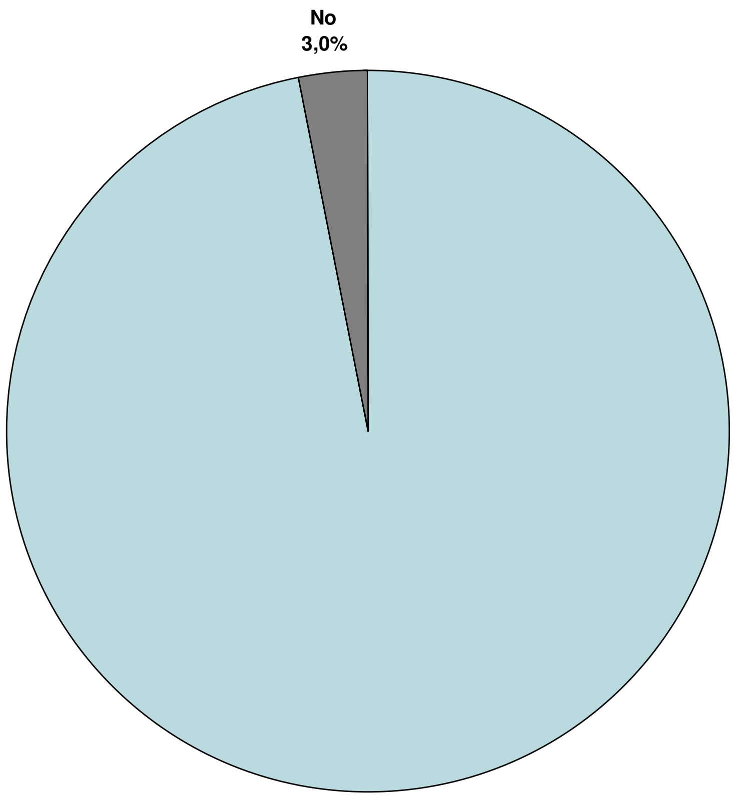
Online Buying Habits (4)

- Respondents buying online predominantly use their home computers (89,7%). Significant differences were not noticed amongst those who buy at home versus those who buy elsewhere (e.g. at work).

- 48% of online shoppers does not have a set time at which they do this shopping. Respondents who buy on online auctions more often declare that they buy online during the working day (between 8 a.m. and 5 p.m.), while people who buy in online stores are more likely to do so after 17:00.

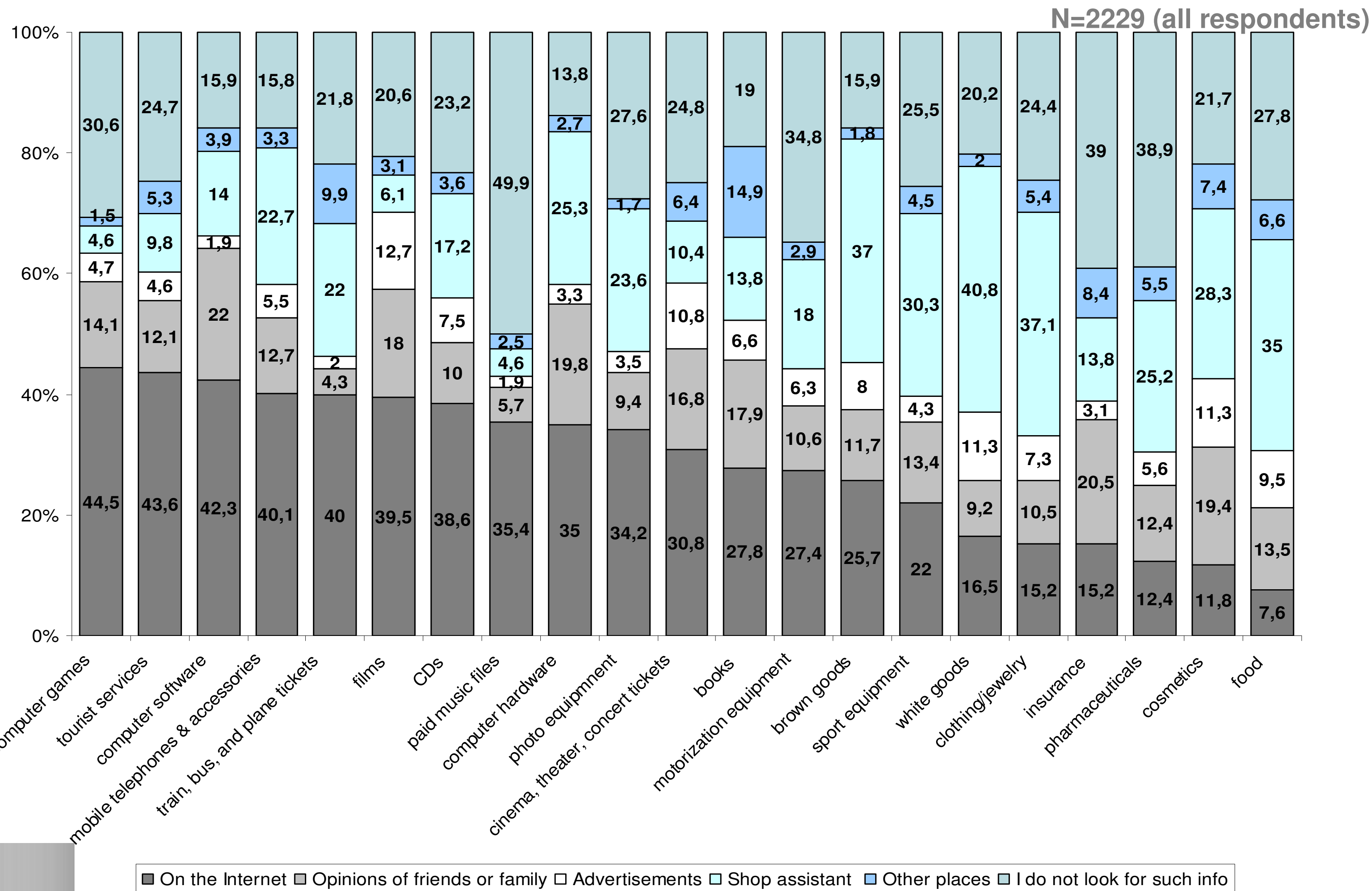
Have you heard about the possibility of shopping through the Internet?

N=2229 (all respondents)



Source: gemiusAdHoc; April 12-14, 2005

Where do you look for information about a given product when you have decided to shop online?



	On the Internet	Opinions of friends or family	Advertisements	Shop assistant	Other places	I do not look for such info
computer games	44,5	14,1	4,7	4,6	1,5	30,6
tourist services	43,6	12,1	4,6	9,8	5,3	24,7
computer software	42,3	22	1,9	14	3,9	15,9
mobile telephones & accessories	40,1	12,7	5,5	22,7	3,3	15,8
train, bus, and plane tickets	40	4,3	2	22	9,9	21,8
films	39,5	18	12,7	6,1	3,1	20,6
CDs	38,6	10	7,5	17,2	3,6	23,2
paid music files	35,4	5,7	1,9	4,6	2,5	49,9
computer hardware	35	19,8	3,3	25,3	2,7	13,8
photo equipmnent	34,2	9,4	3,5	23,6	1,7	27,6
cinema, theater, concert tickets	30,8	16,8	10,8	10,4	6,4	24,8
books	27,8	17,9	6,6	13,8	14,9	19
motorization equipment	27,4	10,6	6,3	18	2,9	34,8
brown goods	25,7	11,7	8	37	1,8	15,9
sport equipment	22	13,4	4,3	30,3	4,5	25,5
white goods	16,5	9,2	11,3	40,8	2	20,2
clothing/jewelry	15,2	10,5	7,3	37,1	5,4	24,4
insurance	15,2	20,5	3,1	13,8	8,4	39
pharmaceuticals	12,4	12,4	5,6	25,2	5,5	38,9
cosmetics	11,8	19,4	11,3	28,3	7,4	21,7
food	7,6	13,5	9,5	35	6,6	27,8

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Source: gemiusAdHoc; April 12-14, 2005

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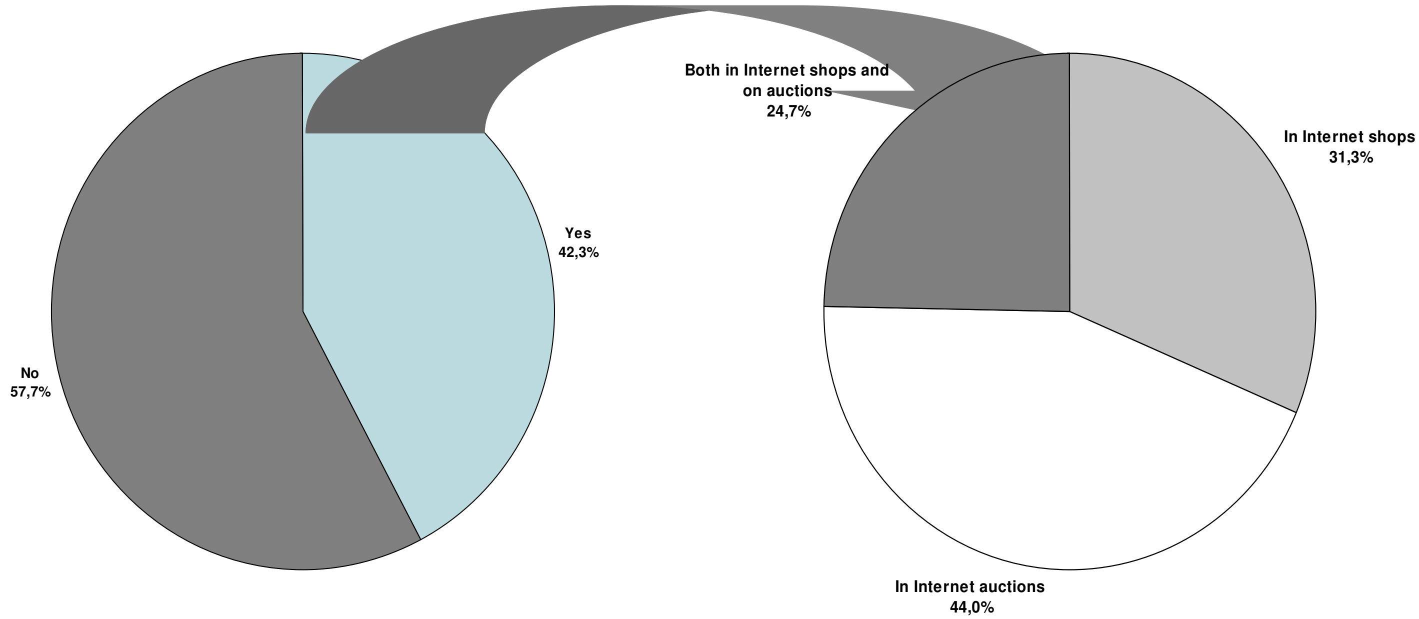
Have you ever purchased anything online?

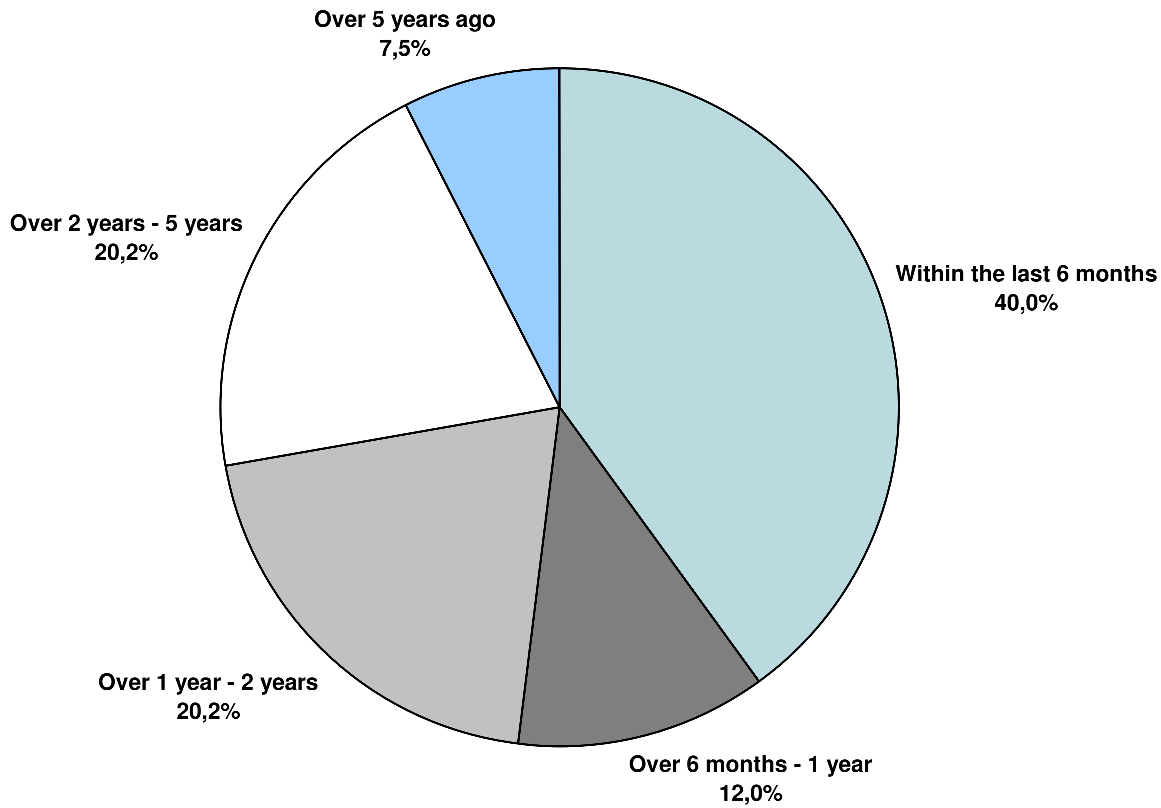
N=2163 (respondents who have heard about the possibility of doing shopping on the Internet)

N=914 respondents who have done shopping on the Internet



When did you shop online for the first time?

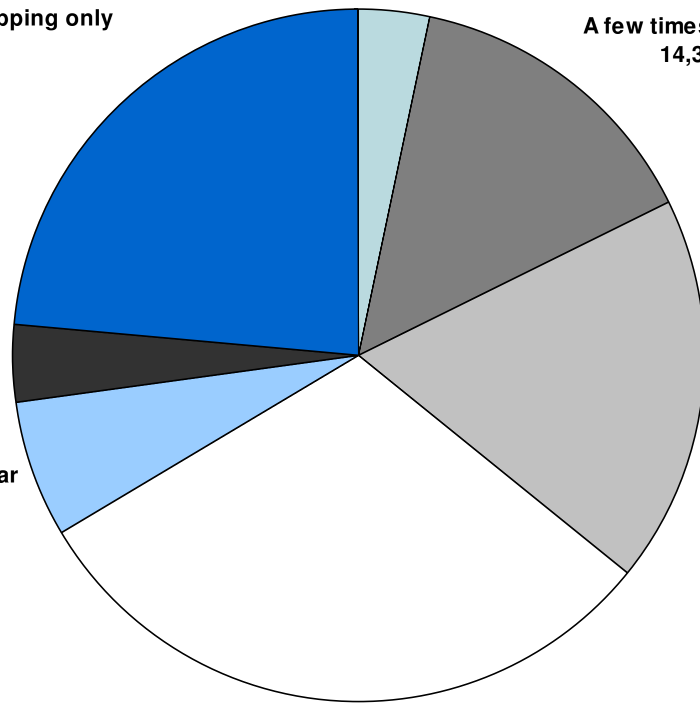
N=914 (respondents who have done shopping on the Internet)



Source: gemiusAdHoc; April 12-14, 2005

How often do you do shopping on the Internet?

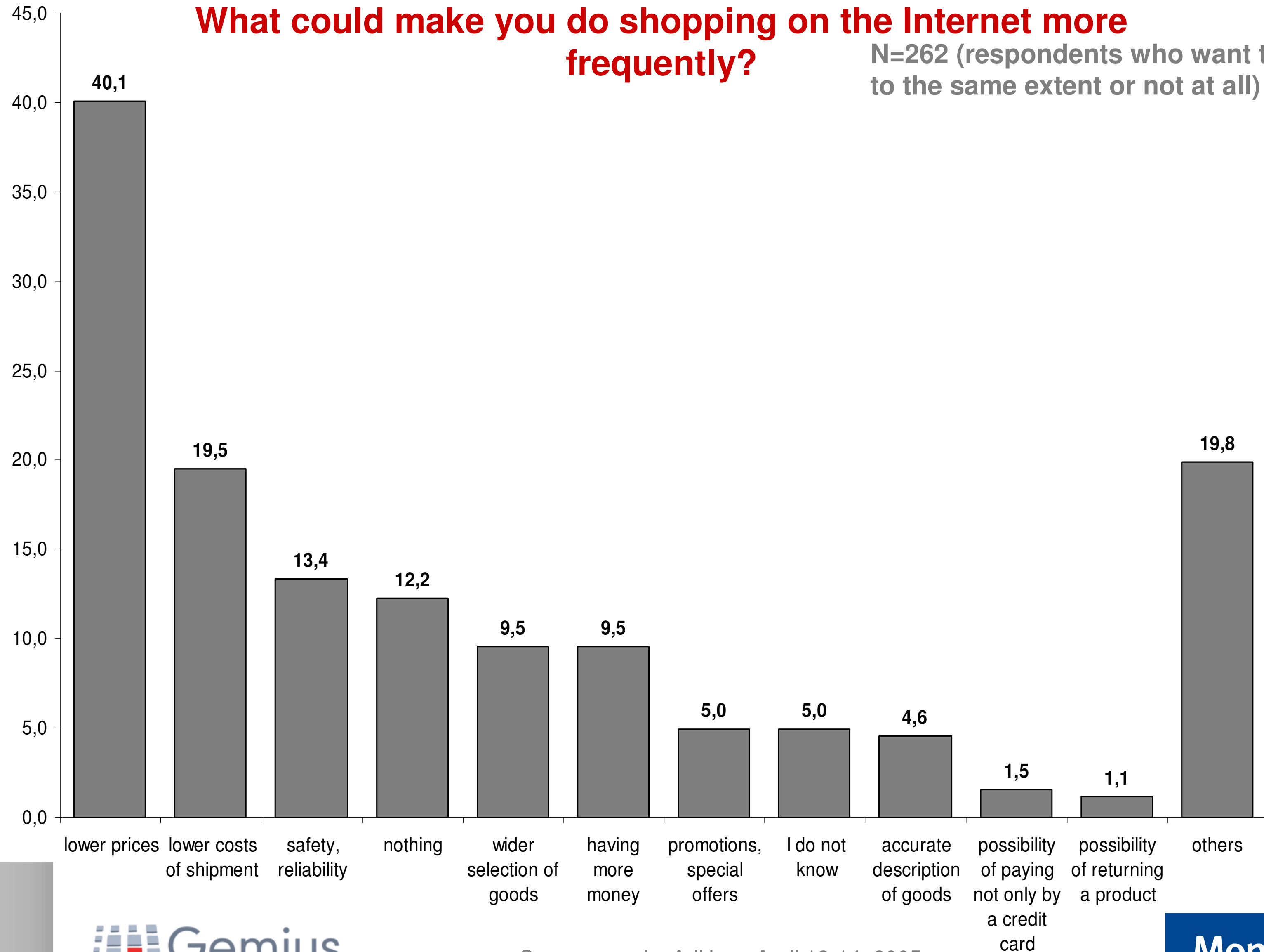
N=914 respondents who have done shopping on the Internet



Source: gemiusAdHoc; April 12-14, 2005

What could make you do shopping on the Internet more frequently?

N=262 (respondents who want to do shopping to the same extent or not at all)



Source: gemiusAdHoc; April 12-14, 2005

Who are online shoppers? (1)

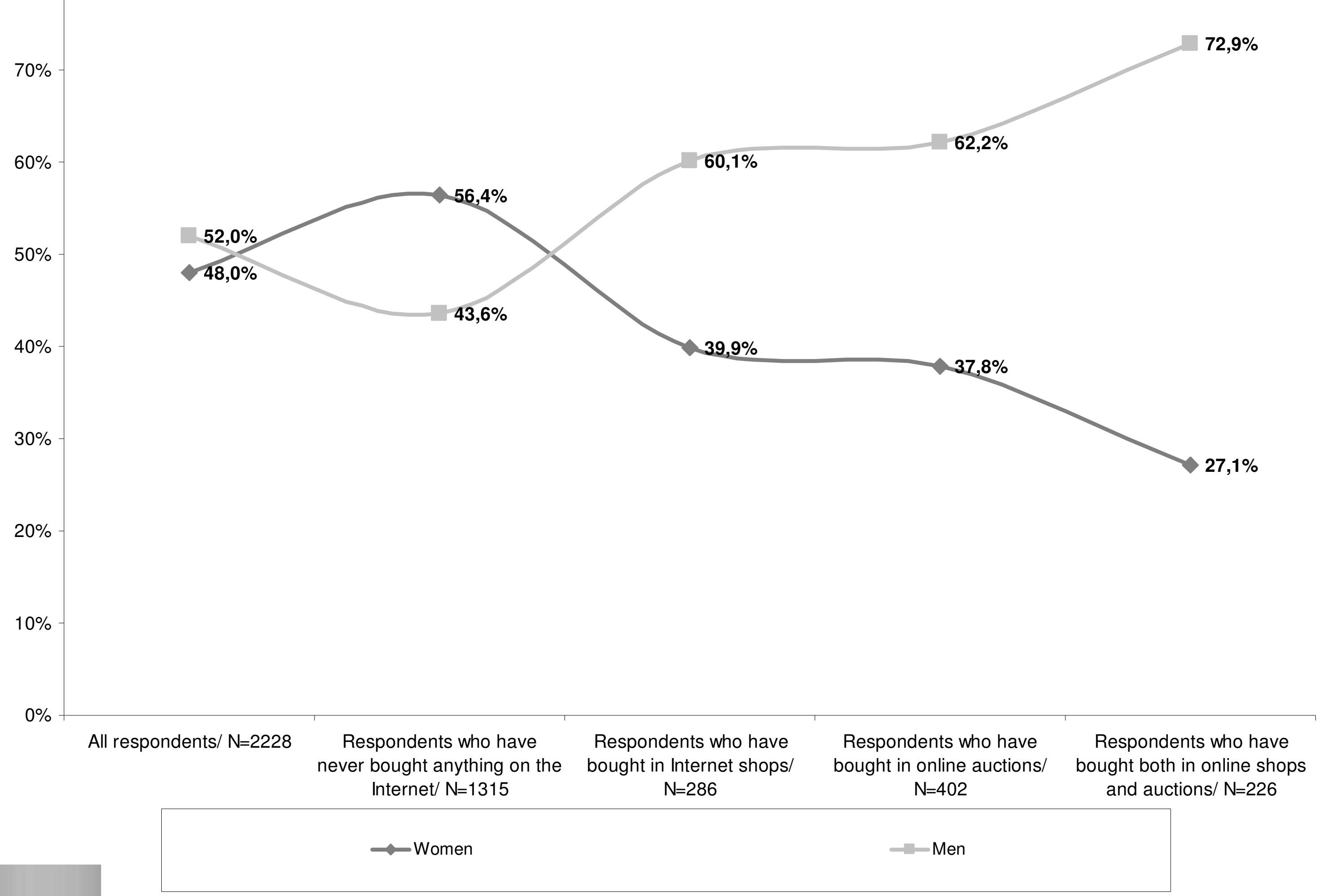
- **Gender**: Online shoppers are predominantly men. Amongst respondents who bought in online stores & auctions, men represent 72,9%. For comparison, in the group that has never bought online women represent 56,4%.

- **Age**: The youngest respondents (aged 15-24) primarily buy through auctions (44%), while older (35+) are more likely to buy in online stores (39,5%).

- **Education**: Respondents with secondary education prefer online auctions (43,8%). Similarly, non-shoppers tend to have secondary education. Respondents with higher education prefer to buy through both online stores & auctions (52,4%) or in stores only (43,2%).

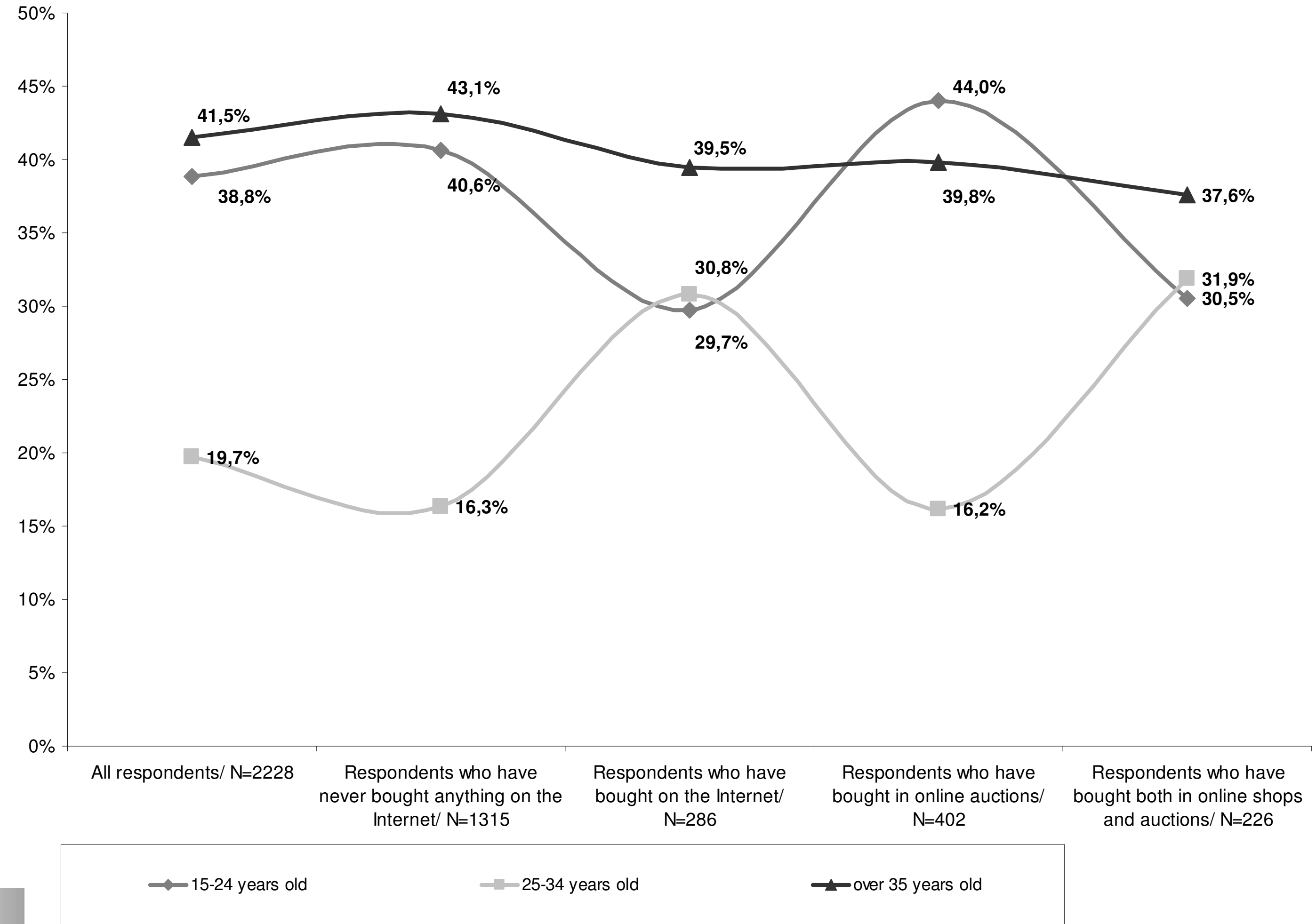
- **Income**: Respondents without personal income prefer buying through auctions (30,3%), while those that buy through both online stores & auctions have the greatest share of the richest population (income above 3000 zł. – 20,4%) and with incomes of 1001 zł to 2000 zł. Non-shoppers tend to have lower incomes (up to 1000 zł. - 28,1%).

Who buys online? - Gender



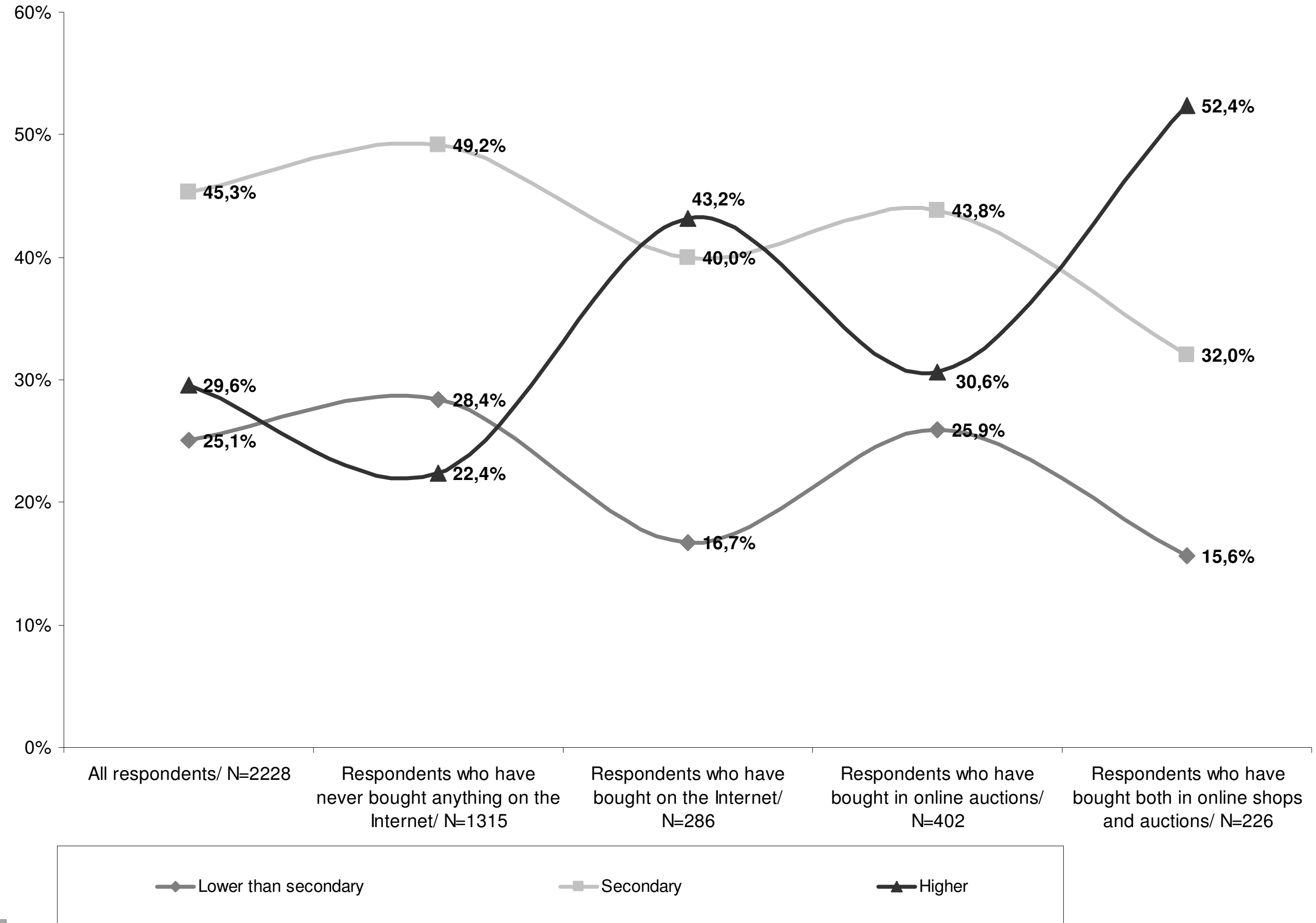
Source: gemiusAdHoc; April 12-14, 2005

Who buys online? - Age



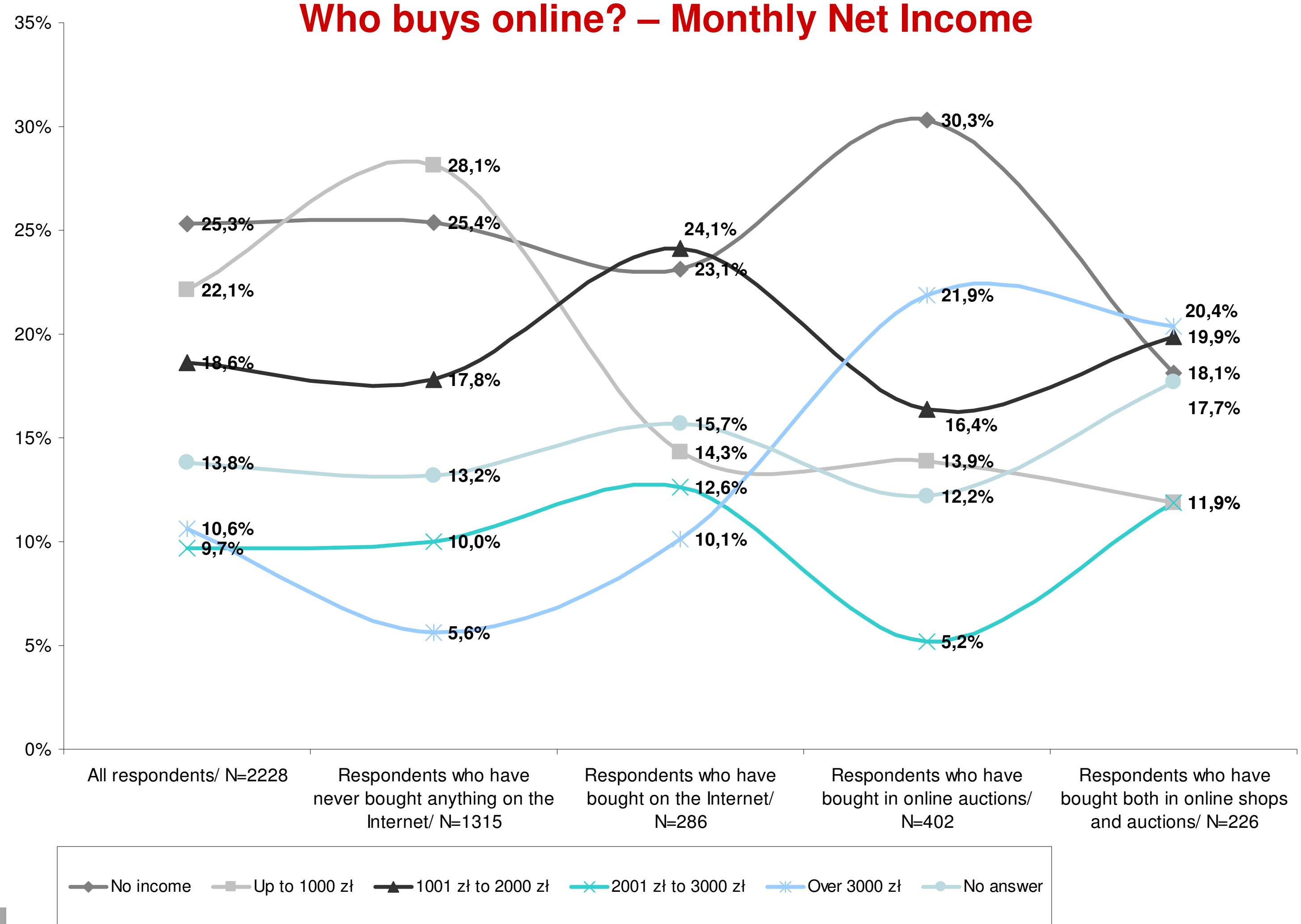
Source: gemiusAdHoc; April 12-14, 2005

Who buys online? - Education



Source: gemiusAdHoc; April 12-14, 2005

Who buys online? – Monthly Net Income



Source: gemiusAdHoc; April 12-14, 2005

Internet users & Internet Shopping

Buying Online – Internet Users & Internet Stores

- Respondents who have made at least one purchase in an online store were asked to list three online stores that they know. The best-known (spontaneous awareness) was Merlin – named by 29,3% of respondents. What is interesting is that Internet users perceived auction-site Allegro to be an online store – it was the 2nd most popular listed at 23,2% of respondents. However, the number of online stores is so large those most were mentioned by too small a share of the sample to be separately listed and so were grouped into the "Other" category.

- Merlin & Allegro are also listed as the stores in which consumers most often make online purchases (22,5% & 17,6% of Internet users, respectively).

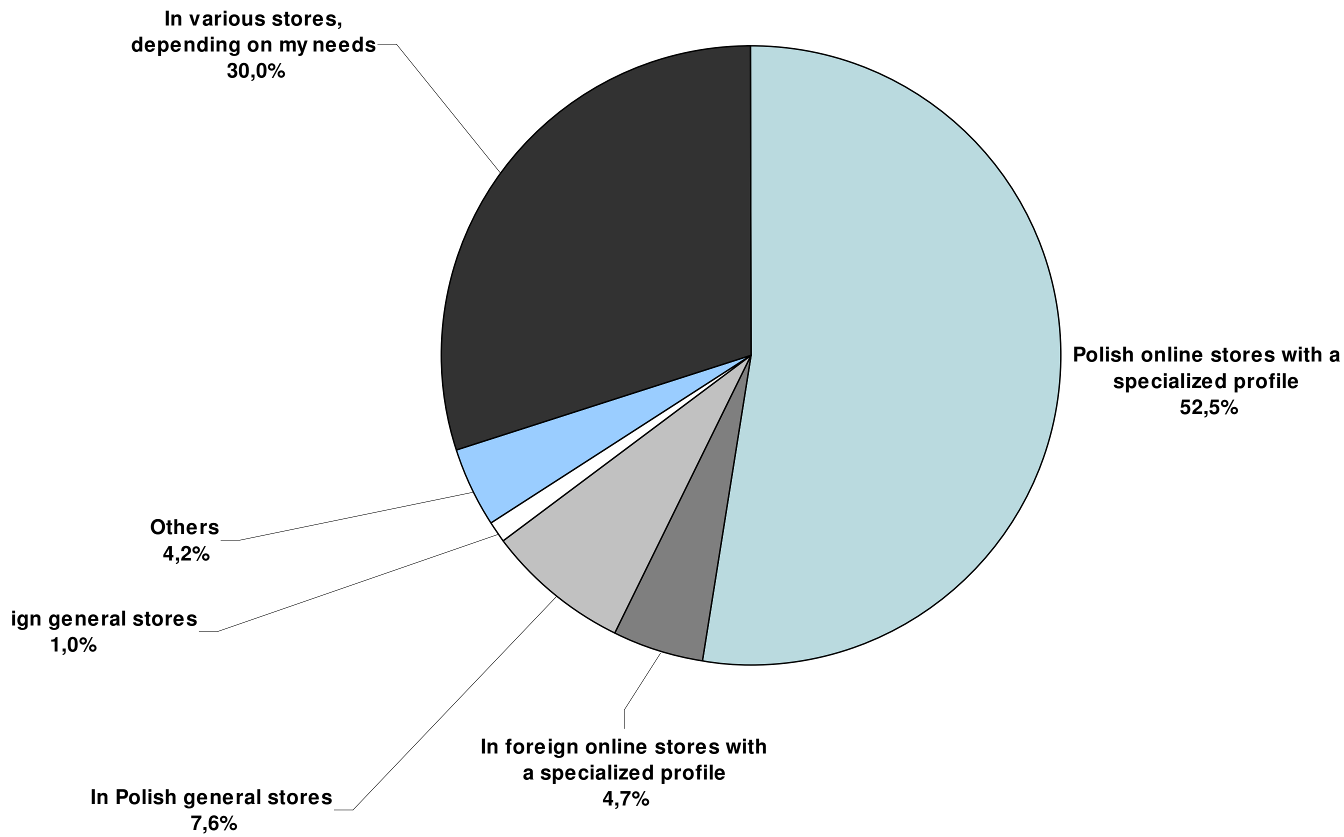
- 52,5% of Internet users who bought in online stores most often choose specialized Polish sites that offer products from one category.

- The likely cause of such a preference is the fact that most respondents who buy online more than once (62,3%) compare the offers of different stores and select the best. 28,9% of respondents are loyal customers – they always use the same, tried and tested online stores.

- 53,3% of respondents declare that they have resigned from an online purchase. The main cause of such resignations was inadequate information about the assortment – lack of an appropriate product description (e.g. picture, others' opinions, etc.) (37,4%).

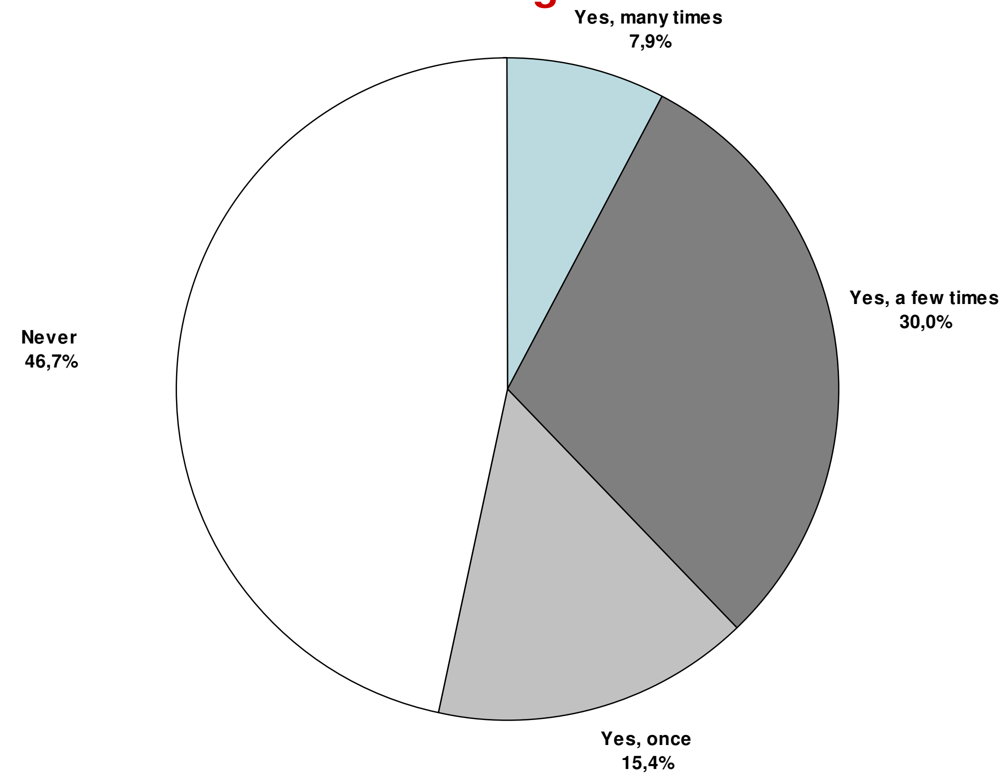
In what online stores are you most likely to make a purchase?

N=430 respondents who have done shopping on the Internet more than once)



Source: gemiusAdHoc; April 12-14, 2005

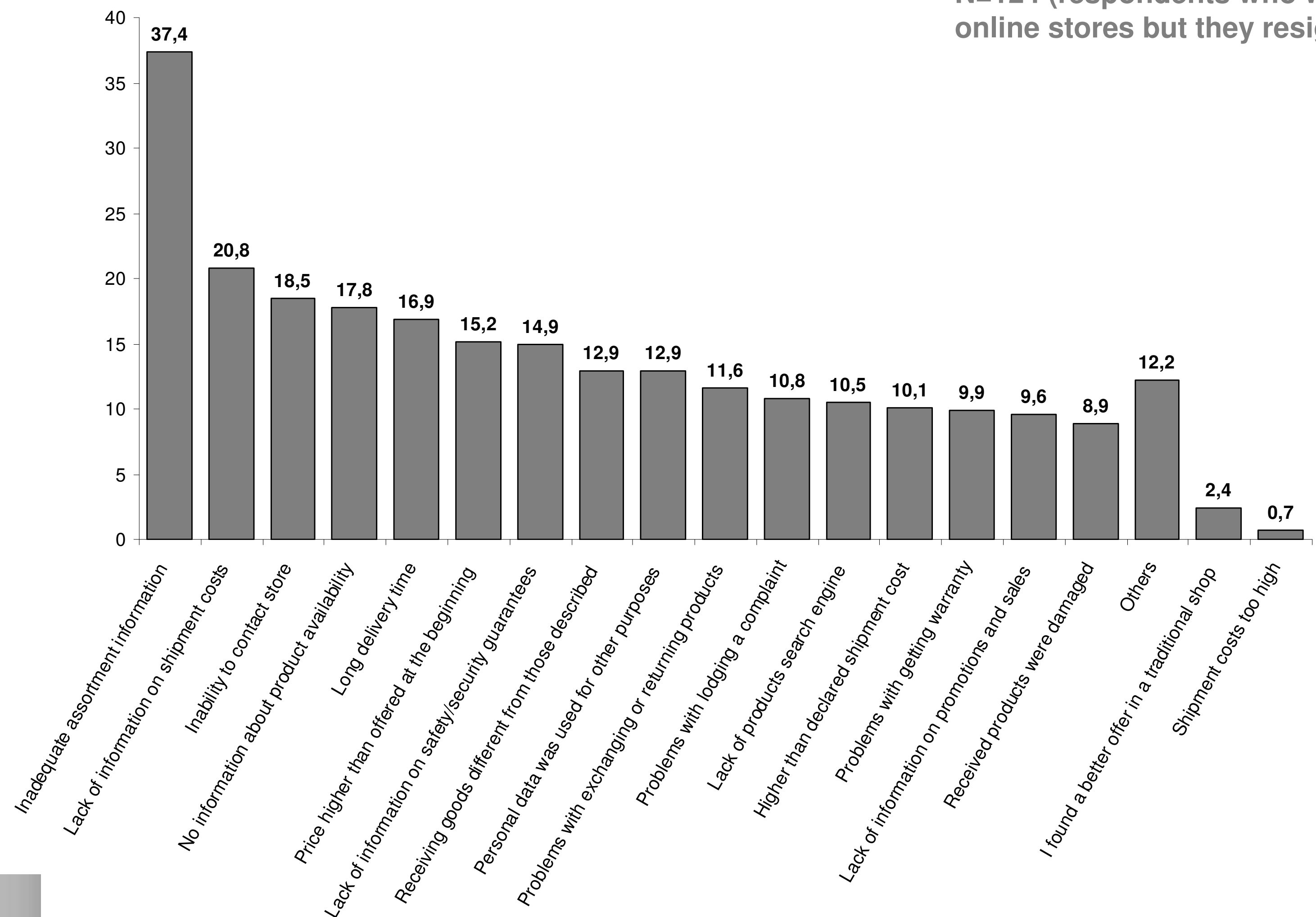
Have you ever planned to buy something online, and then decided against it?



N=512 (respondents who have bought in online stores)

Why did you decide against a purchase in an online store?

N=124 (respondents who wanted to buy in online stores but they resigned)



Source: gemiusAdHoc; April 12-14, 2005

Buying Online – Internet Users & Online Auctions

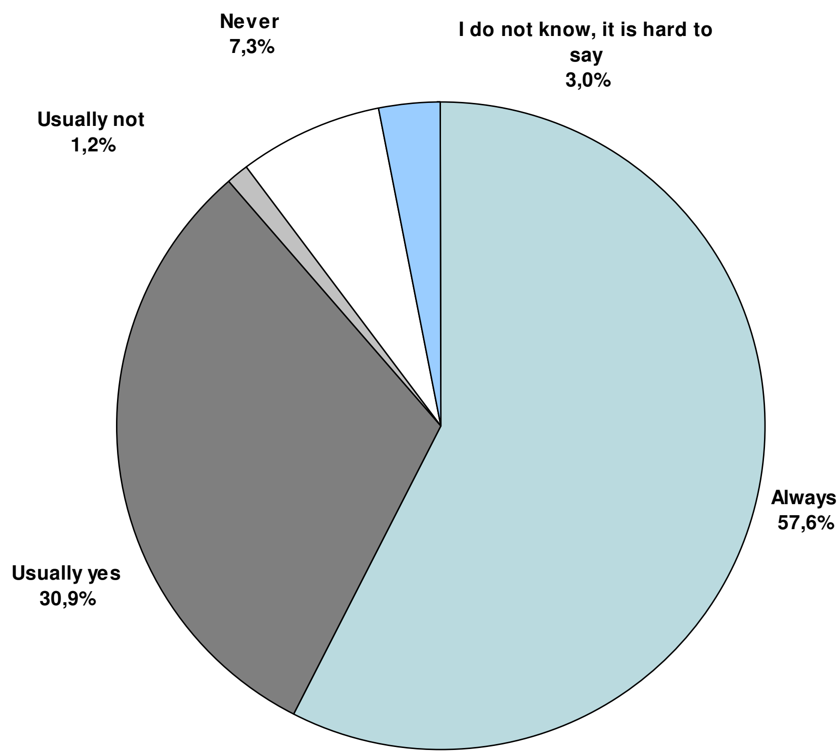
- The best-known online auction service is Allegro – spontaneously named by 67,2% of respondents. An identical percentage of respondents declares that they most often make auction purchases there.

- Respondents who buy through online auctions try to do so with open eyes. 57,6% take into account the opinions of others about online sellers and a further 30,9% base their decisions on them.

- 37,6% of people buying on online auctions claim to have sold through auctions as well.

When taking part in online auctions, do you take into account the opinions of other buyers about a seller?

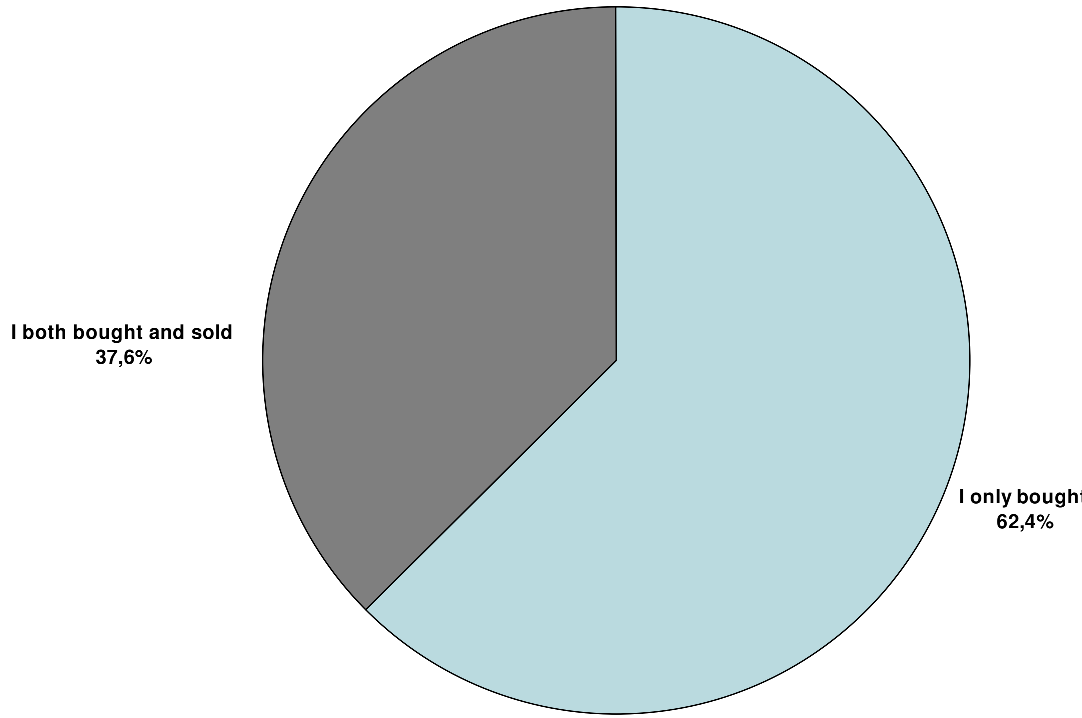
N=628 (respondents who have bought in online auctions)



Source: gemiusAdHoc; April 12-14, 2005

When visiting an online auction, have you ever sold items there?

N=628 (respondents who have bought in online auctions)



Source: gemiusAdHoc; April 12-14, 2005

Buying Online – Comparing Stores & Auctions (1)

- The three main reasons for buying in online stores relate to the shopper's comfort: time savings – 59,7%, ability to buy at any time – 57,9% and home delivery – 54,1%.

- Those that buy on online auctions focus on the characteristics of the desired goods/services (wide selection – 53,9%, lower price – 49,3%).

- People buying on online auctions were somewhat more likely (by 4,5%) to have had problems during online purchases.

- In the case of online stores, the most common problem is delivery delays (45,1%) and inadequate information about the assortment – lack of appropriate product descriptions (e.g. pictures, others' opinions, etc.) (36.4%). Auction-goers complain about receiving goods different from those described (30,3%) and long delivery times (27,4%).

- Both on auctions and stores, the most commonly-bought item are books. This is further confirmed by the fact that Merlin (an online bookstore) has the greatest brand awareness.

- The assortment available online – both in stores & auctions – is considered very wide. Few Internet users claim that they cannot find specific articles online.

- Those that buy in online stores & auctions base their decisions on their own experiences (42,7% & 42,6% respectively), while in second place they base decisions on the opinions of friends & family. Nonetheless, auction-goers put greater store in the opinions of others than store-buyers (38% do 24,7%).

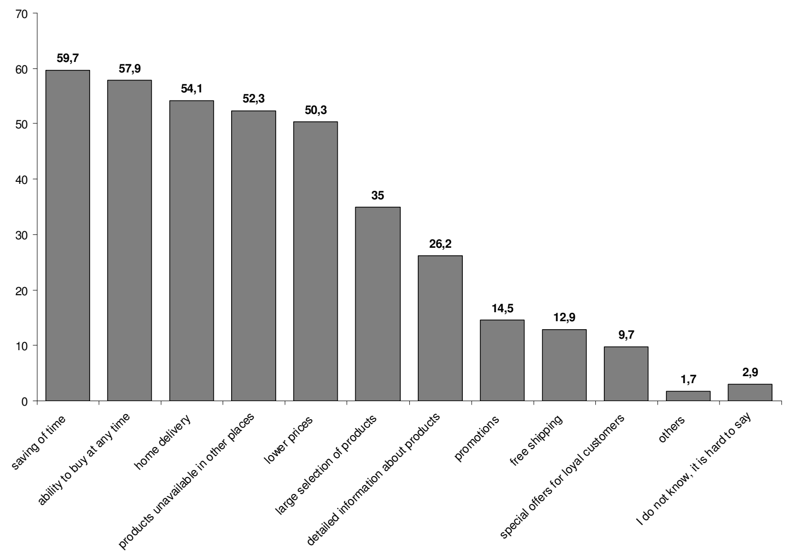
Buying Online – Comparing Stores & Auctions (2)

- Online auction-goers seem to be greater risk-takers in payment methods than those that only use online stores. Although both groups claim that cash-on-delivery is the best payment method, auction-goers are more likely to be feel that the best method is wire transfer (39,1%) when compared to store-buyers (20,8%).

- Auction-goers more-frequently declare that they set aside up to 100 zł. for purchases in a given month. They are very active – more likely to have made online purchases in the past month. This confirms one of the reasons for buying via an online auction – auctions are a sort of sport – what matters is the purchase at the lowest possible price.

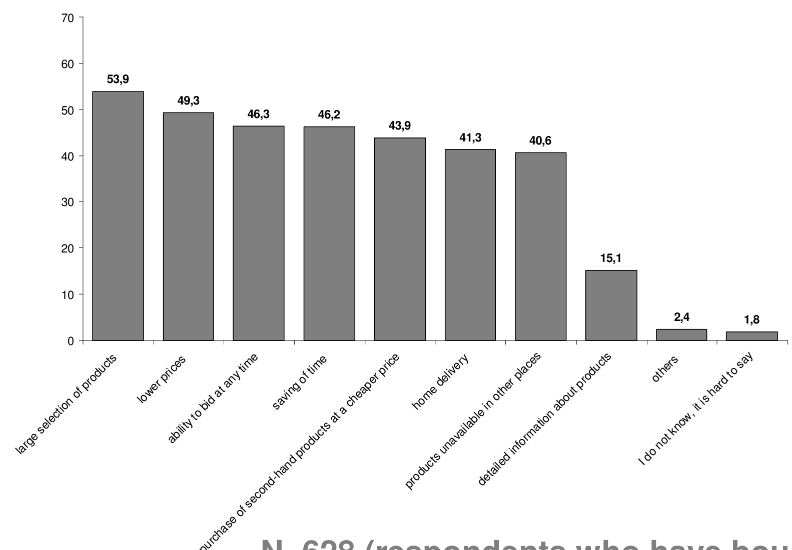
Why did you decide to purchase…

... In online stores



N=512 (respondents who have bought in online stores)

... in online auctions



N=628 (respondents who have bought in online auctions)

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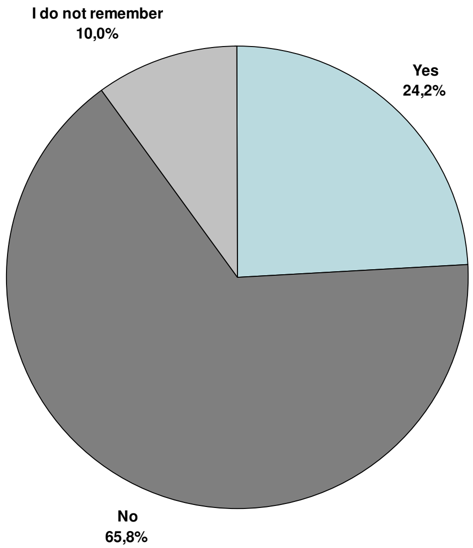
Source: gemiusAdHoc; April 12-14, 2005

Money.pl

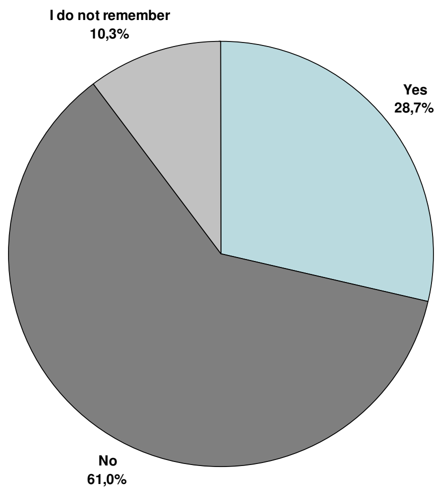
When making online purchases did you ever run into problems …

… in online stores



N=512 (respondents who have bought in online stores)

… in online auctions

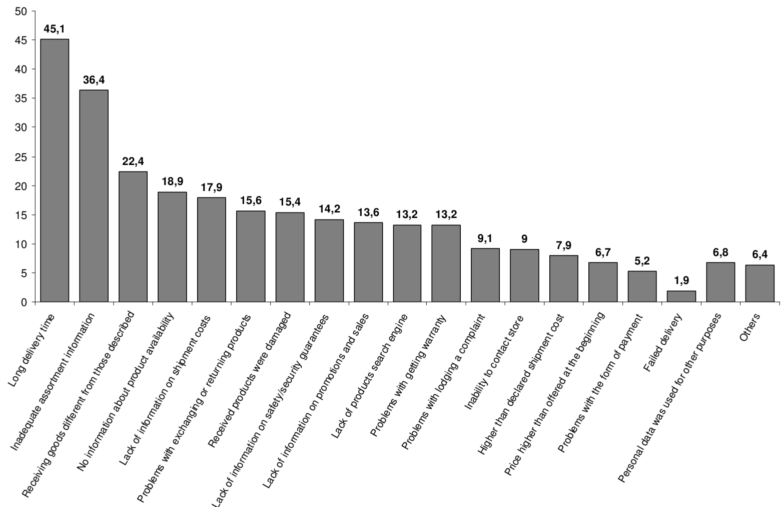


N=628 (respondents who have bought in online auctions)

Source: gemiusAdHoc; April 12-14, 2005

What problems did you run into when making online purchases?

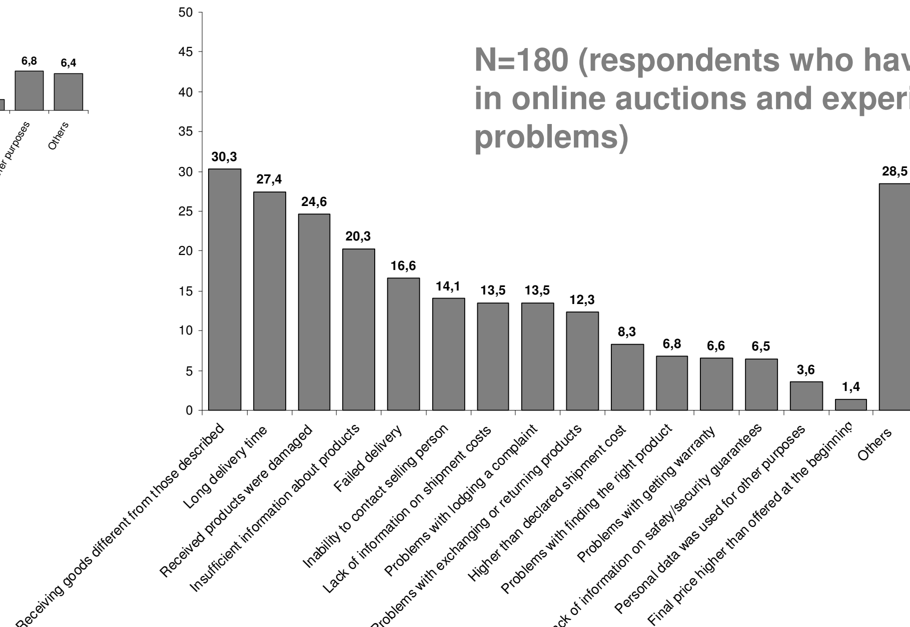
... in online stores



N=124 (respondents who bought in online stores and experienced problems)

... in online auctions

N=180 (respondents who have bought in online auctions and experienced problems)



Gemius

Source: gemiusAdHoc; April 12-14, 2005

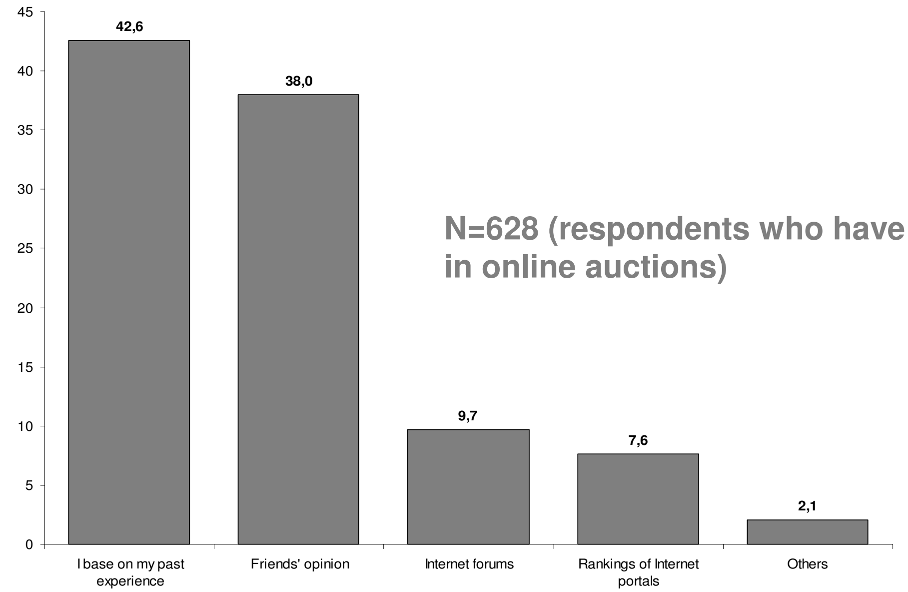
Money.pl

Where do you most frequently look for information about...

... online stores

N=512 (respondents who have bought in online stores)

... online auctions



N=628 (respondents who have bought in online auctions)

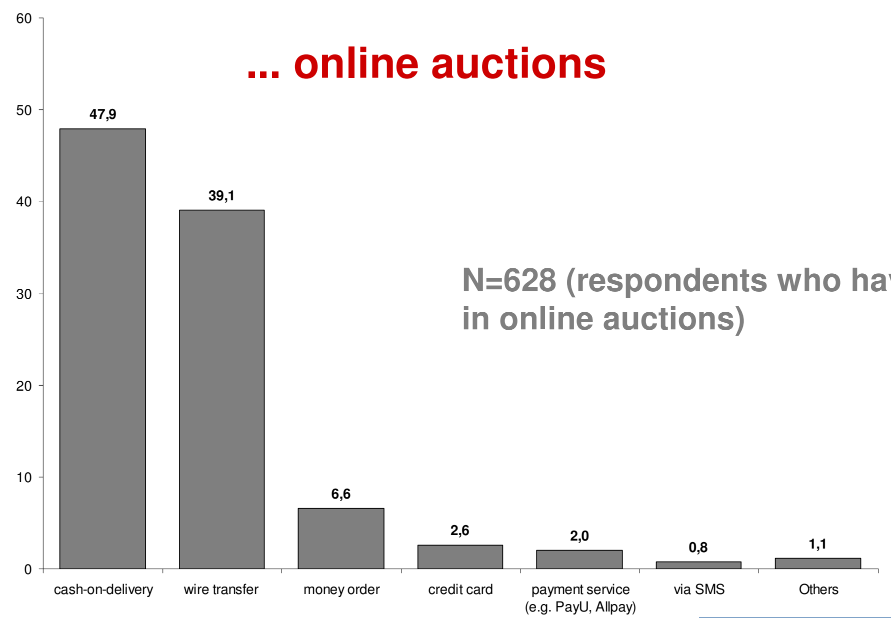
Source: gemiusAdHoc; April 12-14, 2005

What payment for online purchases is the best for…

... online stores

N=512 (respondents who have bought in online stores)

... online auctions

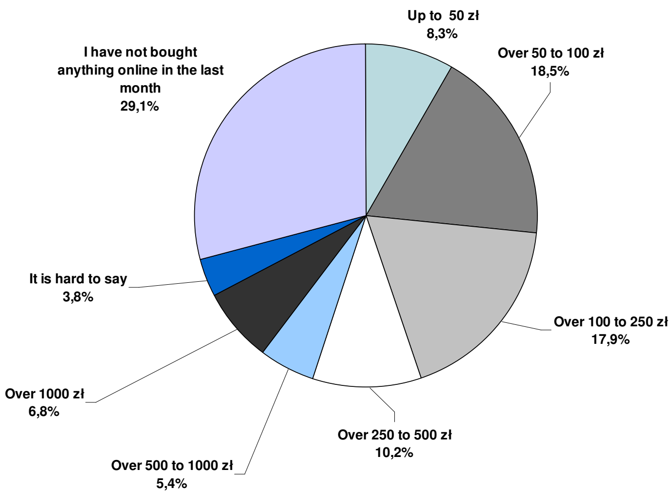


N=628 (respondents who have bought in online auctions)

Source: gemiusAdHoc; April 12-14, 2005

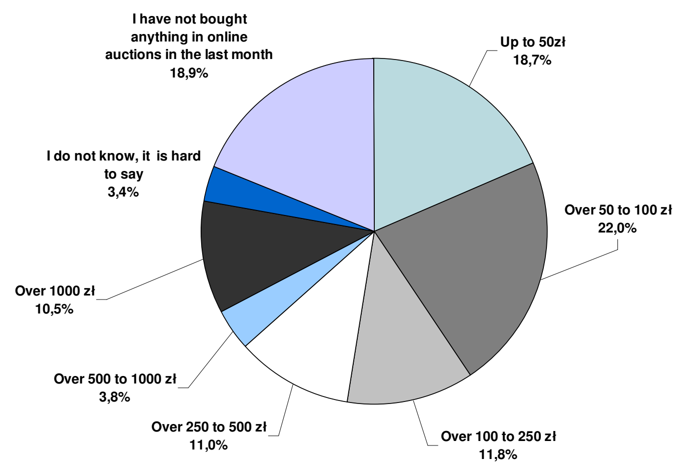
What did you spend on online purchases in the past month…

... in online stores



N=512 (respondents who have bought in online stores)

... in online auctions



N=628 (respondents who have bought in online auctions)

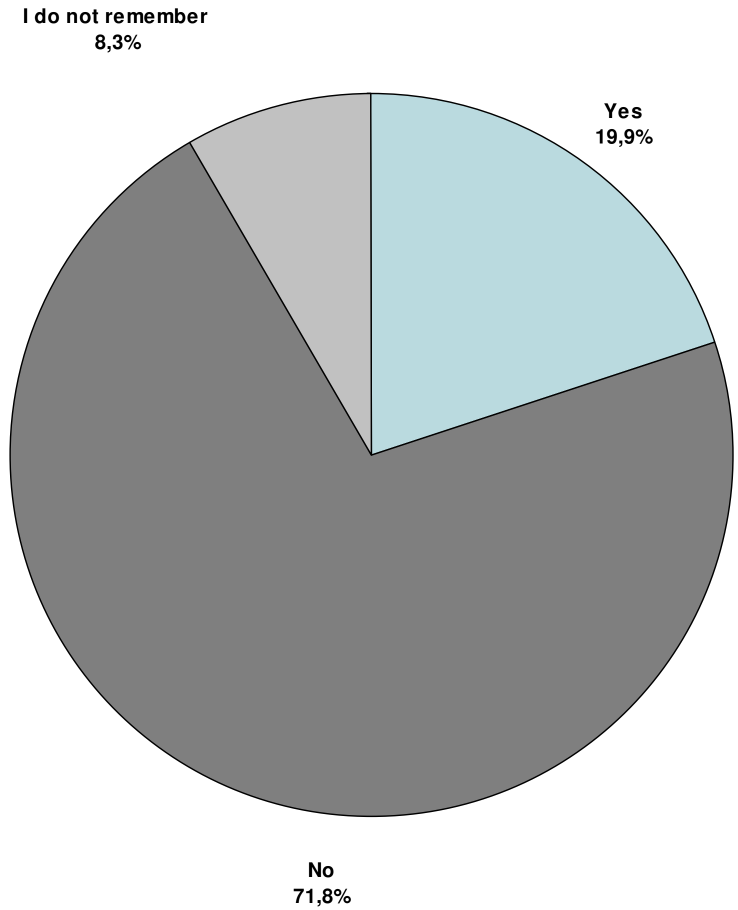
Source: gemiusAdHoc; April 12-14, 2005

Non-shoppers

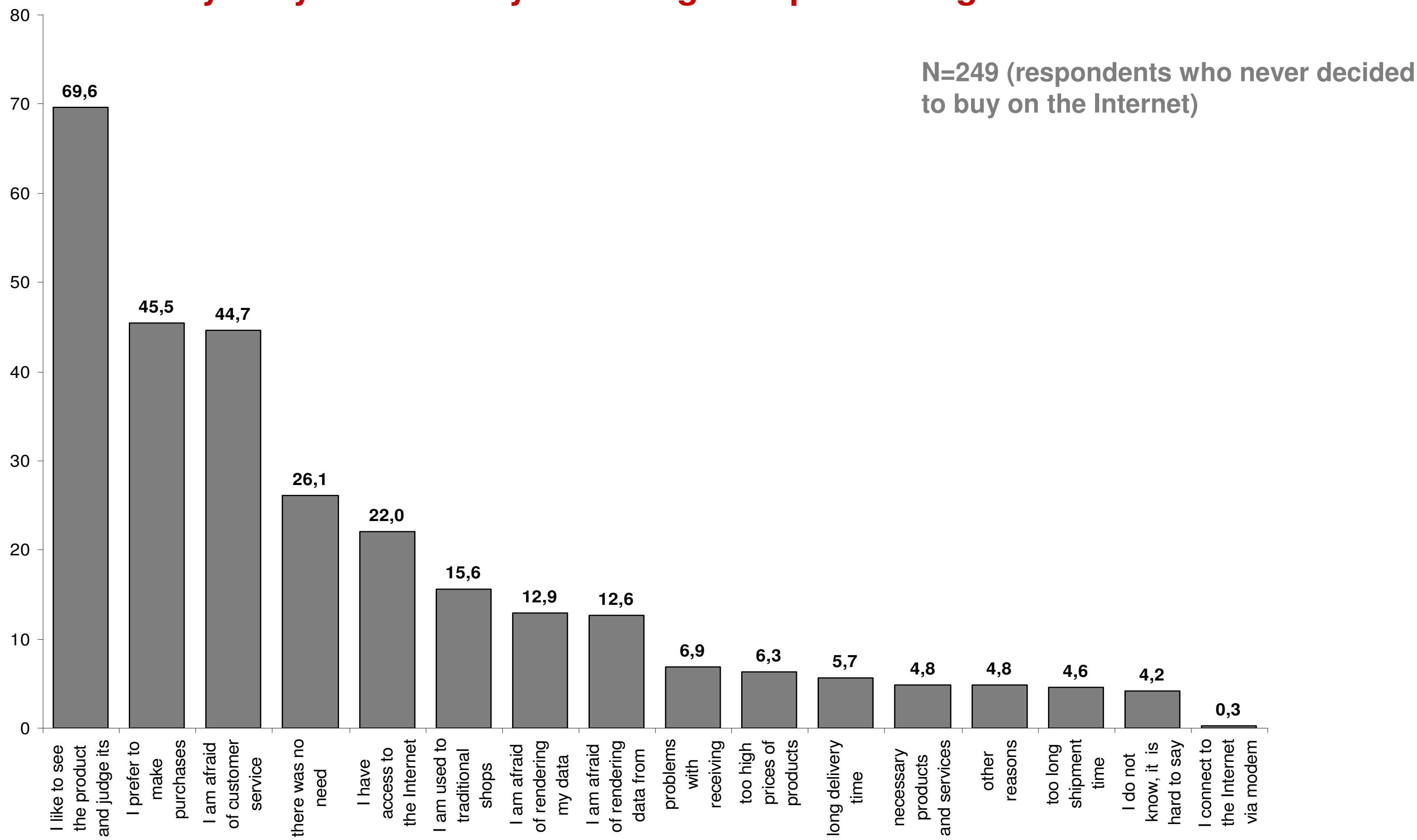
- Among respondents who have never bought online, one fifth (19.9%) has tried to.
- Those who did not attempt online purchases declare that they like to see the product and judge its quality (69,6%), prefer to make purchases in-person (45,5%) and are concerned about customer service problems (e.g. warranty, returns) (44,7%).
- In the next 3 months, some non-shoppers intend to try (7,2% - decidedly so, 9,7% rather so).
- Arguments that can convince non-shoppers to buy online are lower price (18,7%), product assortment (13,3%) and safety guarantee (12,3%).
- Non-shoppers – like their more experienced counterparts – would be most likely to buy books online (36,6%).
- They would prefer to buy from a specialized store (19,5%), but they are primarily interested in security and would buy from a trustworthy store (49,9%).
- For greater security, non-shoppers would be more likely to pay via cash-on-delivery if they decided to buy online (68,1%).

Have you ever tried to purchase anything online?

N=1248 (respondents who never decided to buy on the Internet)



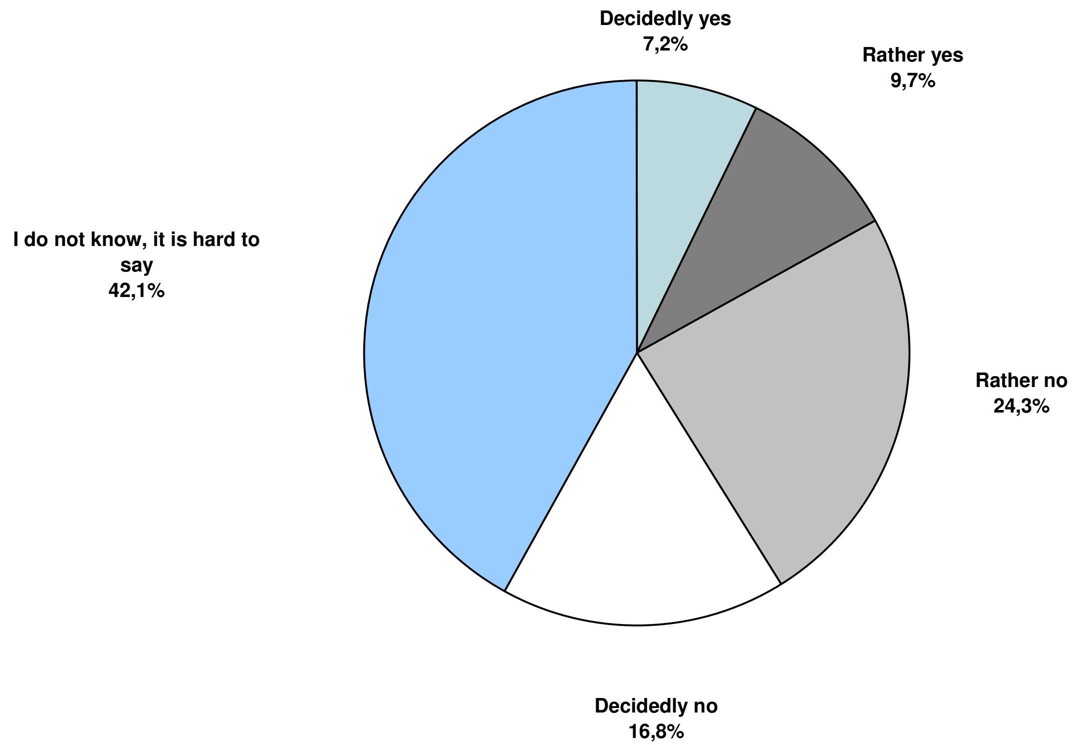
Why did you ultimately decide against purchasing online?



Source: gemiusAdHoc; April 12-14, 2005

Do you intend to buy anything online in the next 3 months?

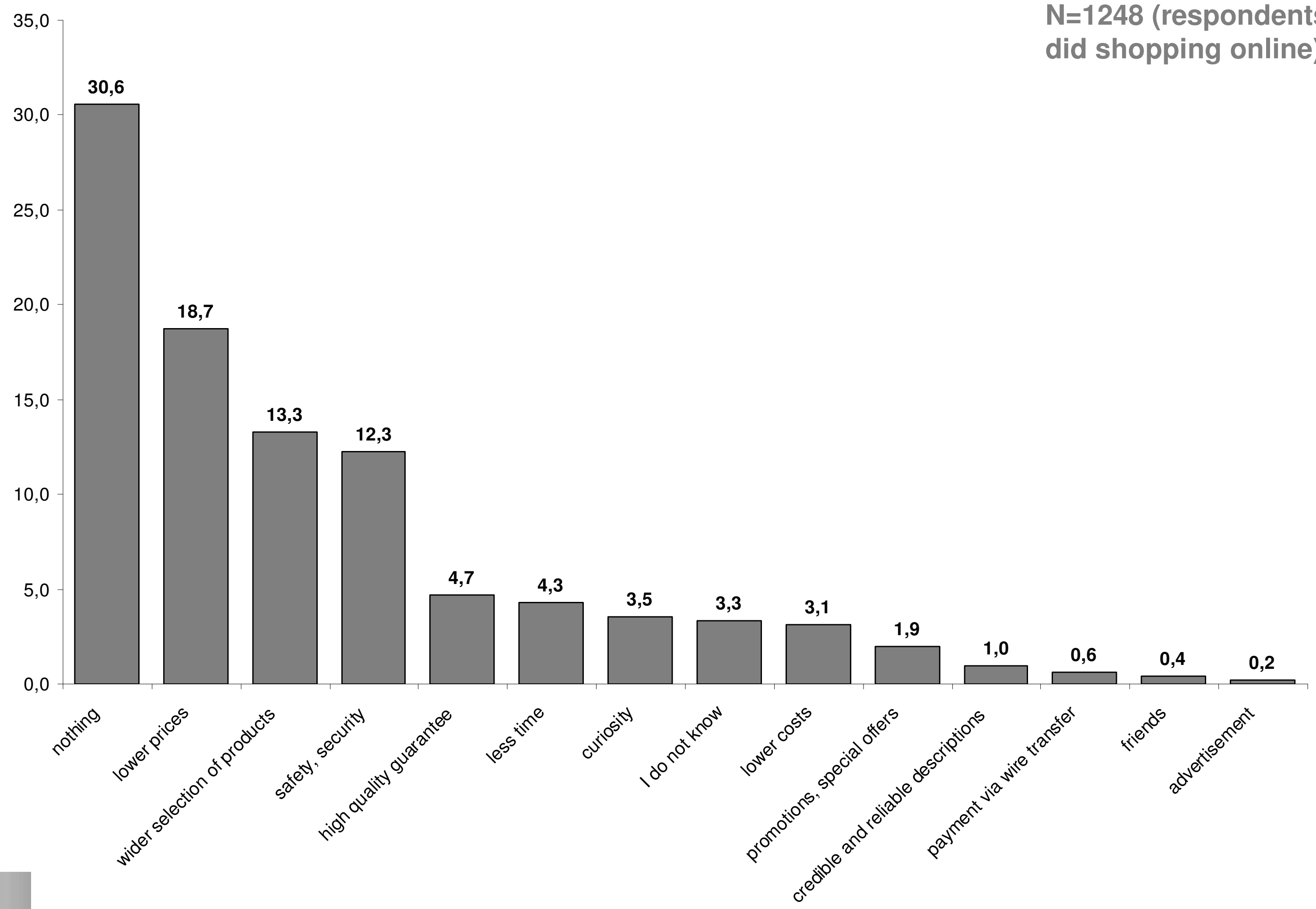
N=1248 (respondents who never did shopping online)



Source: gemiusAdHoc; April 12-14, 2005

What would convince you to shop online?

N=1248 (respondents who never did shopping online)



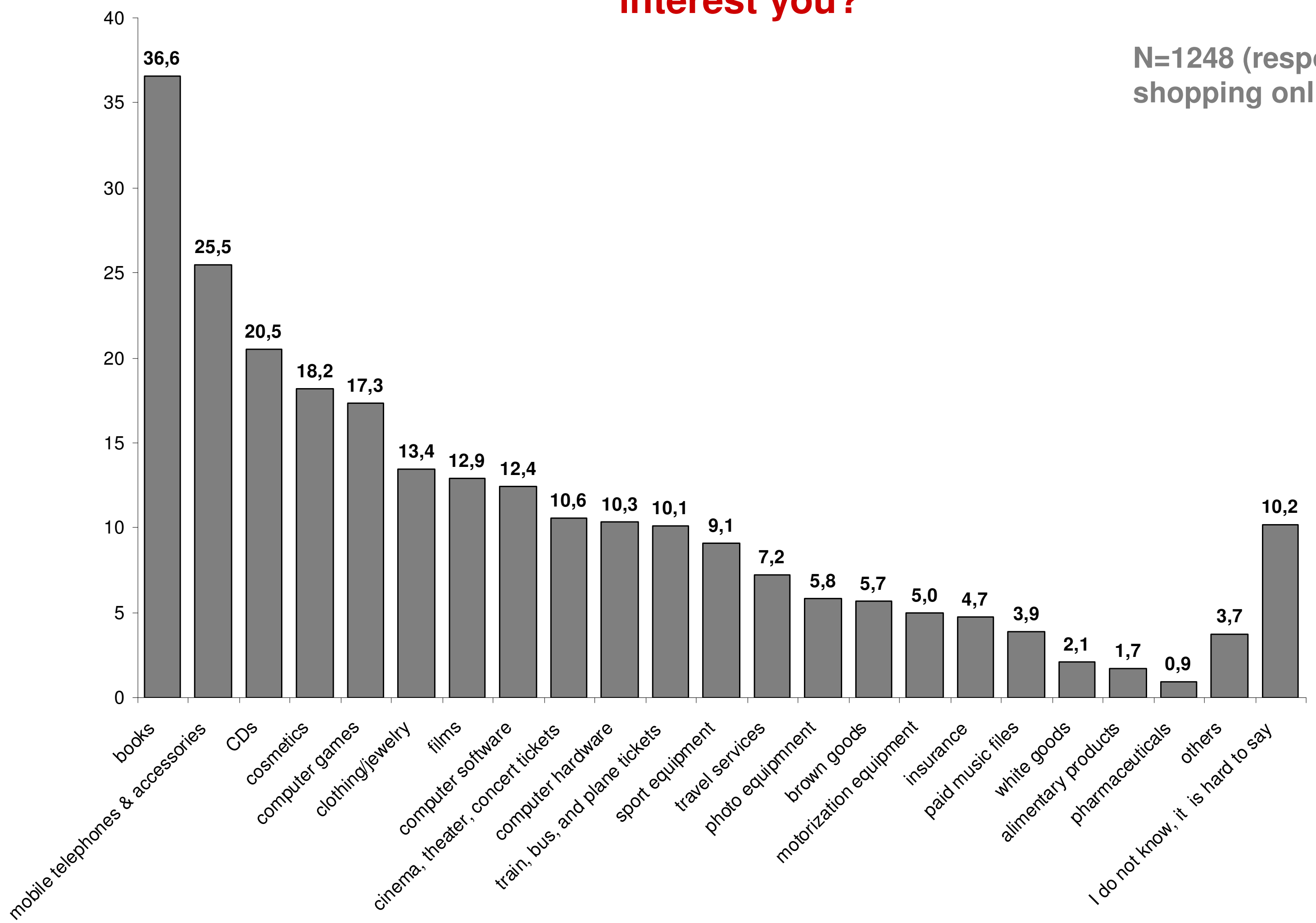
Gemius

Source: gemiusAdHoc; April 12-14, 2005

Money.pl

If you were to shop online, what products would most interest you?

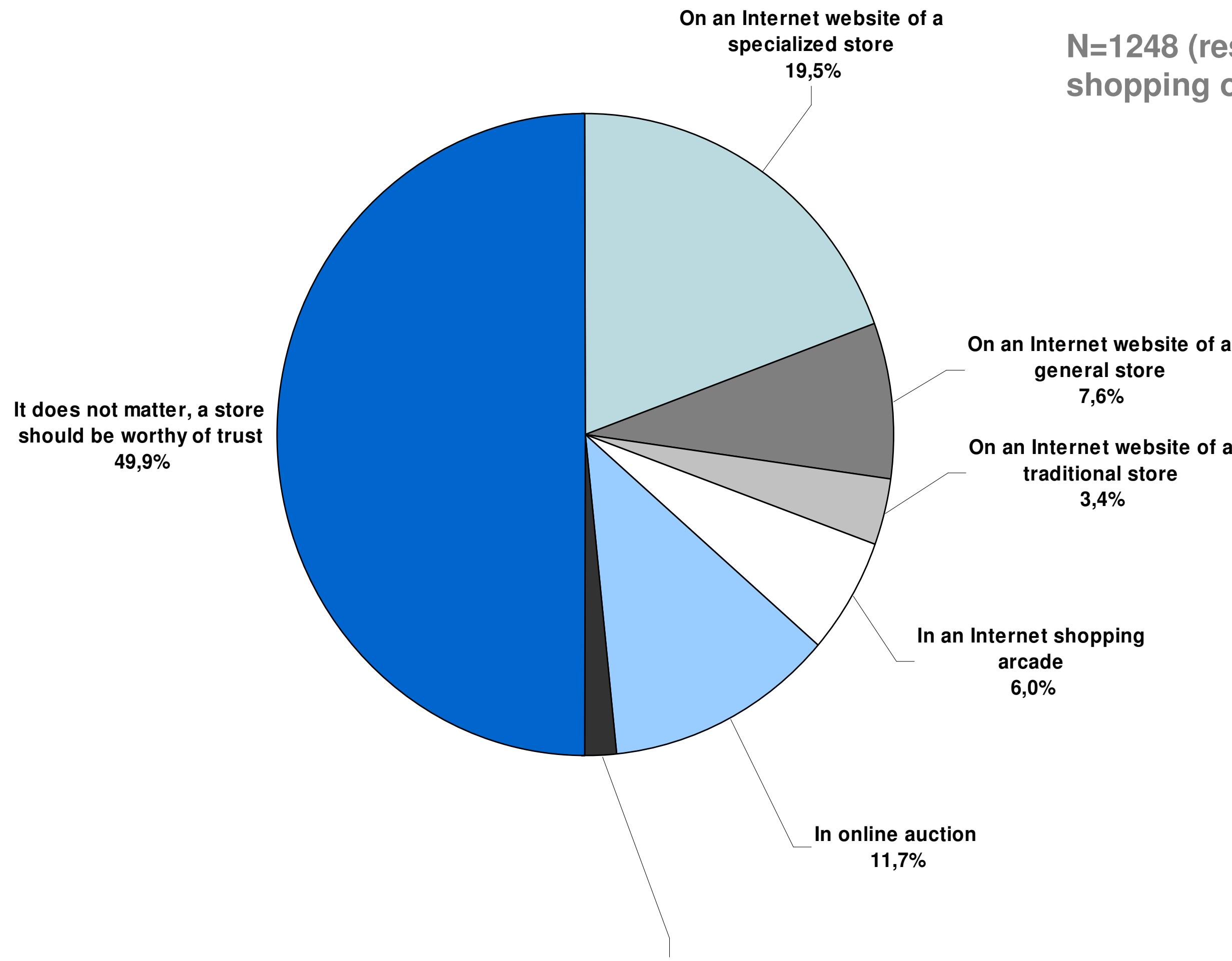
N=1248 (respondents who never did shopping online)



Source: gemiusAdHoc; April 12-14, 2005

Where would you be most likely to shop online?

N=1248 (respondents who never did shopping online)



Source: gemiusAdHoc; April 12-14, 2005

Online Stores

Online Stores (1)

- 28,6% of researched stores existed less than 6 months, while 22,2% of stores had existed for 6 – 12 months or longer than 1-2 years.

- 57,2% of online stores employed 2 – 5 people, and 33% of online stores were run by one person.

- Most online stores are a pure-play online business. 63,5% of online stores declared that the company does not utilize traditional sales channels.

- Over half (52,4%) of online stores is available through “online malls” (aggregators).

- 39,7% of stores daily or several times per day update data on their web site, while 20,6% do so several times a week.

- The most popular – utilized by 81% of stores – advertising medium is search, with over half (52,4%) also advertising on major portals. The least-popular is radio – only 4,8% of store owners used this medium.

- 20,6% of stores in the last month were visited by less than 5 000 users. Respondents however were often unwilling (or unable to) answer this question - 25,4% refused to answer.

Online Stores (2)

- Respondents – similarly – were unwilling to comment on the number of clients they had in the past month. 44,4% of online stores refused to answer this question. However, 20,8% of respondents declared that in the last month 50 or fewer clients had made purchases.

- Most stores find some way of providing special services to their loyal clients. Over half (58,7%) have special offers, and a further 23,8% plan to introduce promotions for repeat customers.

- Most often stores prepare special promotions for loyal customers. Loyal clients often will receive rebates/discounts on purchases.

- In order to attract clients, stores most often will reduce prices (55,5%), followed by offering free shipping (36,5%). Most stores (54%) plan to lower prices in the next 12 months.

- Online stores feel that the main reasons why people buy at online stores are: the ability to buy at any time (73%), and home delivery (65,1%).

- In the next 12 months we can expect many changes. 79,4% of online stores plans to extend its product assortment. 46% plans to change its advertising. 36,5% plans to introduce new payment methods. Only 6,3% of online stores do not plan any changes in the next year.

Online Stores (3)

- 82,5% of online stores make it possible for clients to pay by wire transfer, 82,5% by cash-on-delivery, 68,3% by money-order, 50,8% by credit card, 17,5% by payment service and only 1,8% by SMS. However clients most often pay cash-on-delivery (42,9%) and through money order (28,6%).

- 73% of online stores declare that its online store is its only source of revenue.

- 47,6% of stores were satisfied with recent sales (9,5% were decidedly satisfied and 38,1% rather satisfied), with 46% unsatisfied (20,6% decidedly so and 25,4% rather so).

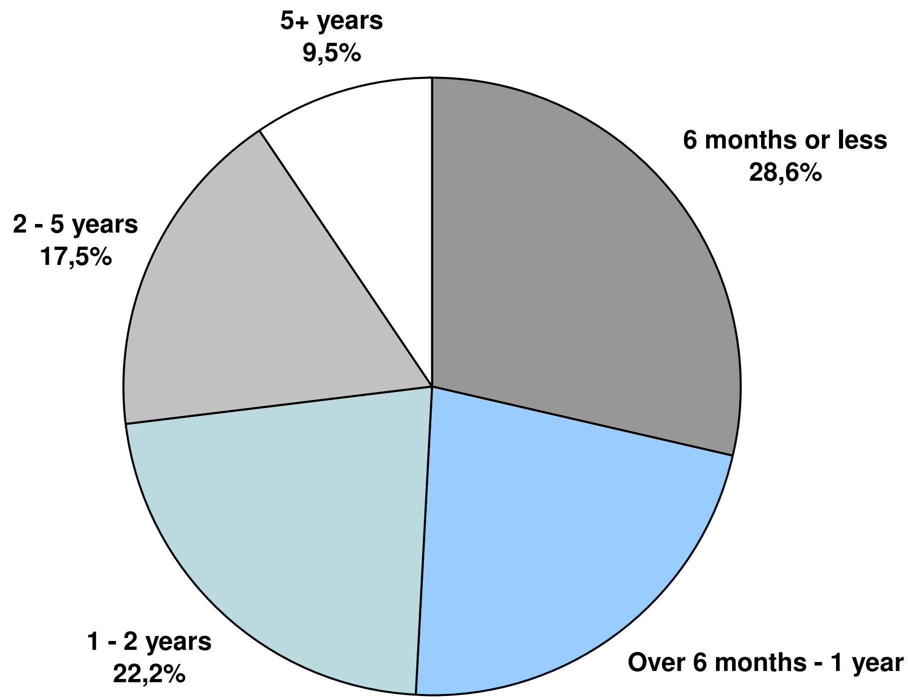
- 79,4% of stores expect sales to increase in the next 12 months. Only 1,6% epxect sales to decrease.

- 49,2% of stores do not expect the introduction of VAT for the Internet to have an impact on their sales. 36,5% of stores did not have an opinion on this subject, likely because VAT for Internet service is a new phenomenon.

- Attitudes regarding the future of Polish eCommerce are divided. Almost half of respondents (47,6%) feels that vertically-specialized stores will dominate. This is an opinion in-line with Internet users' perceived needs. However, 25,4% predict that the future of eCommerce lies in "online malls" (aggregators aggregating multiple stores).

How long does the online store exist?

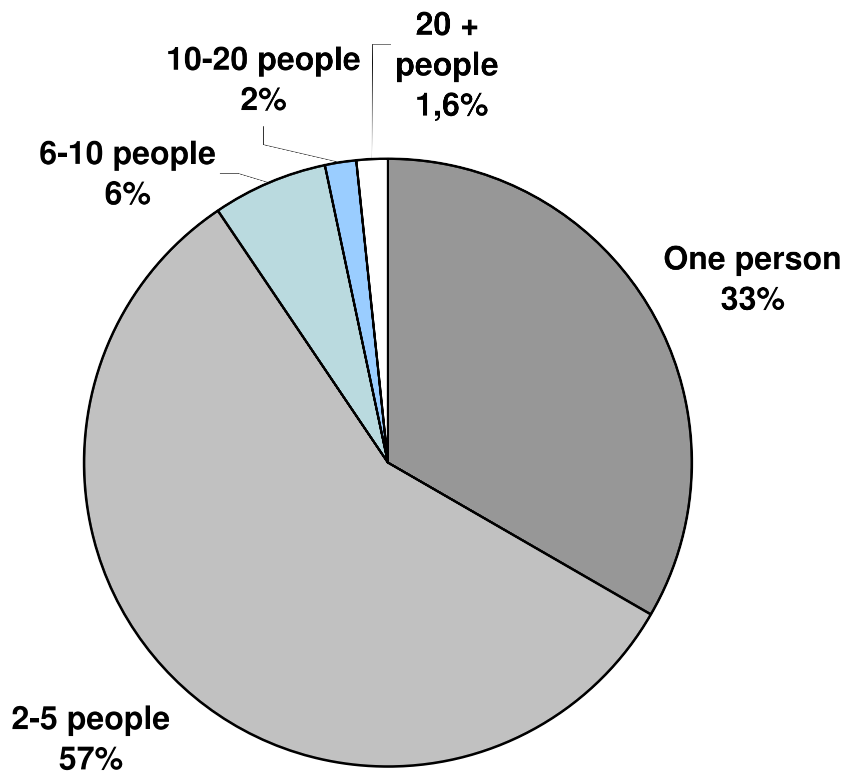
N=63 (all stores)



Source: gemiusAdHoc; April 12-14, 2005

How many people does the online store employ?

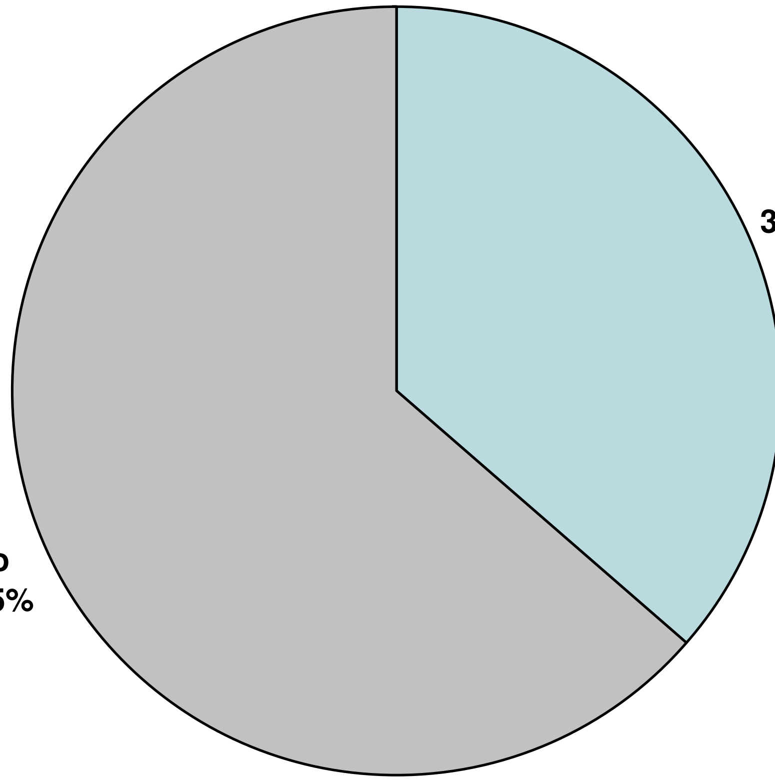
N=63 (all stores)



Source: gemiusAdHoc; April 12-14, 2005

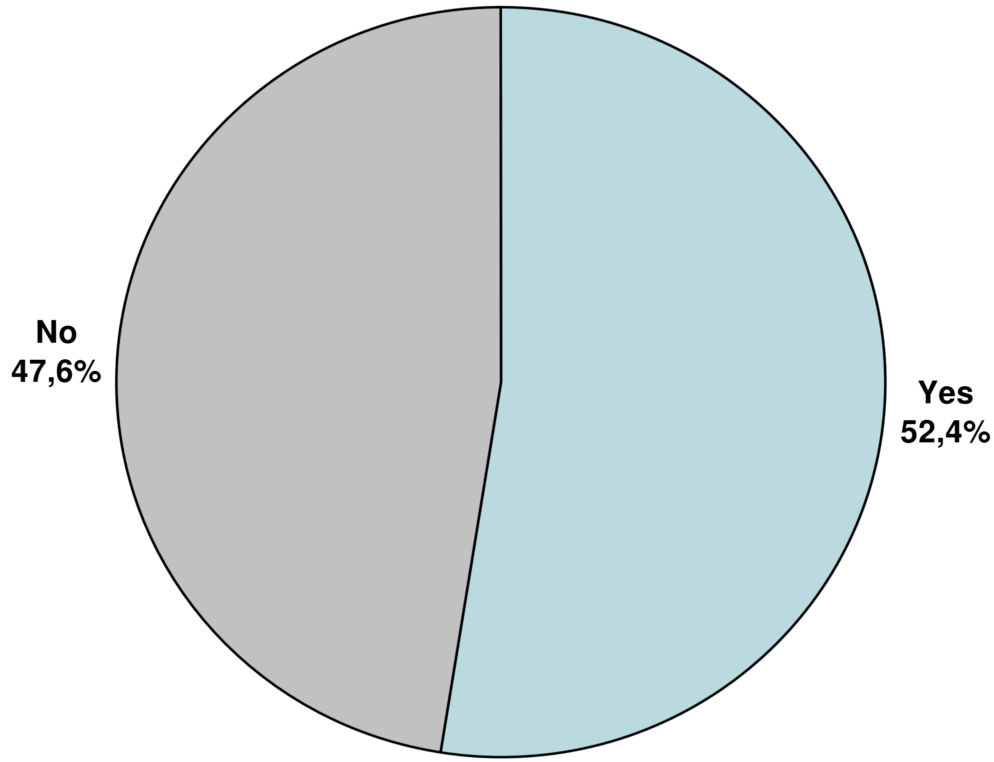
Does the company have an offline store with the same products as the online store?

N=63 (all stores)



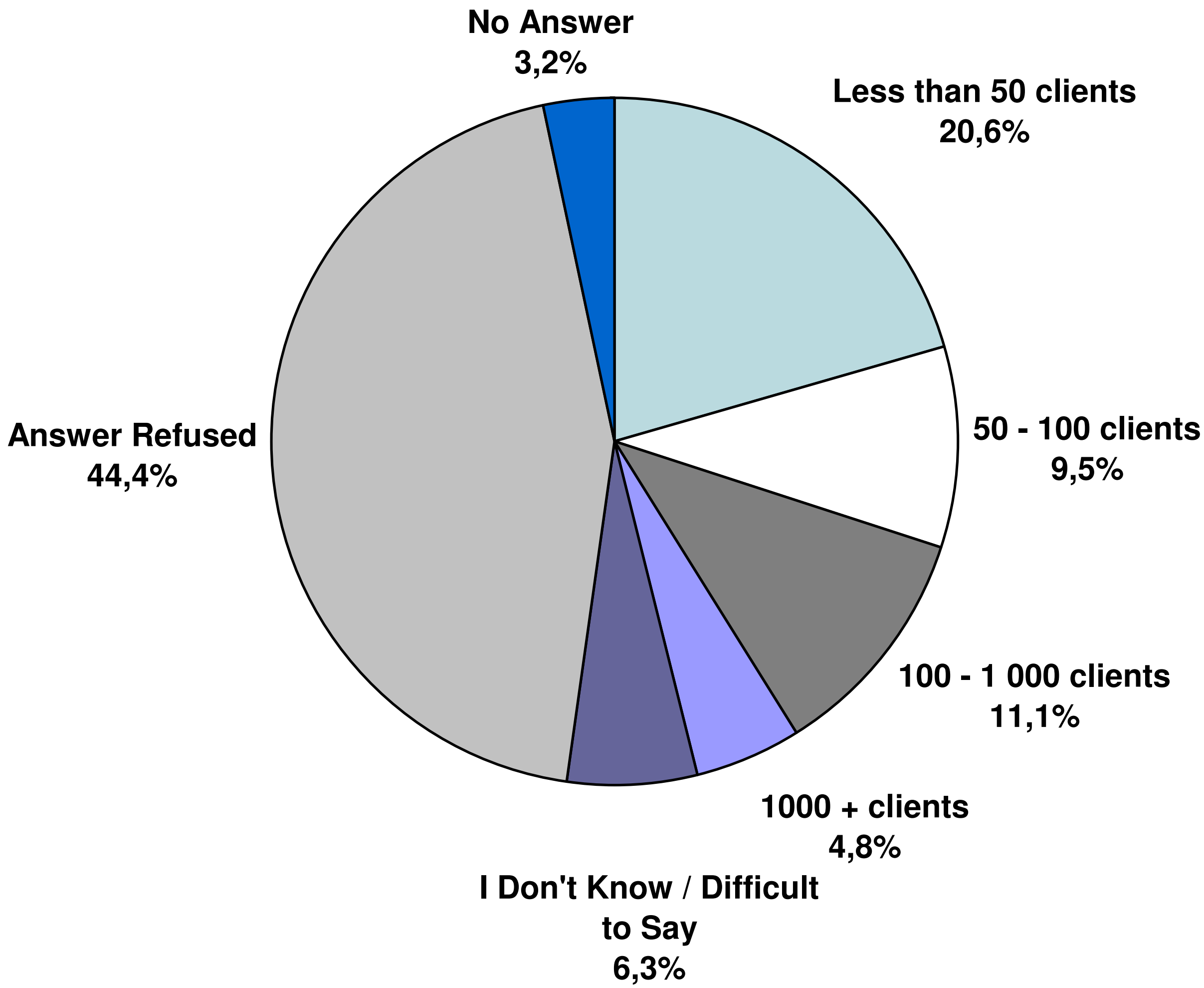
Is the store available through online malls (aggregators)?

N=63 (all stores)



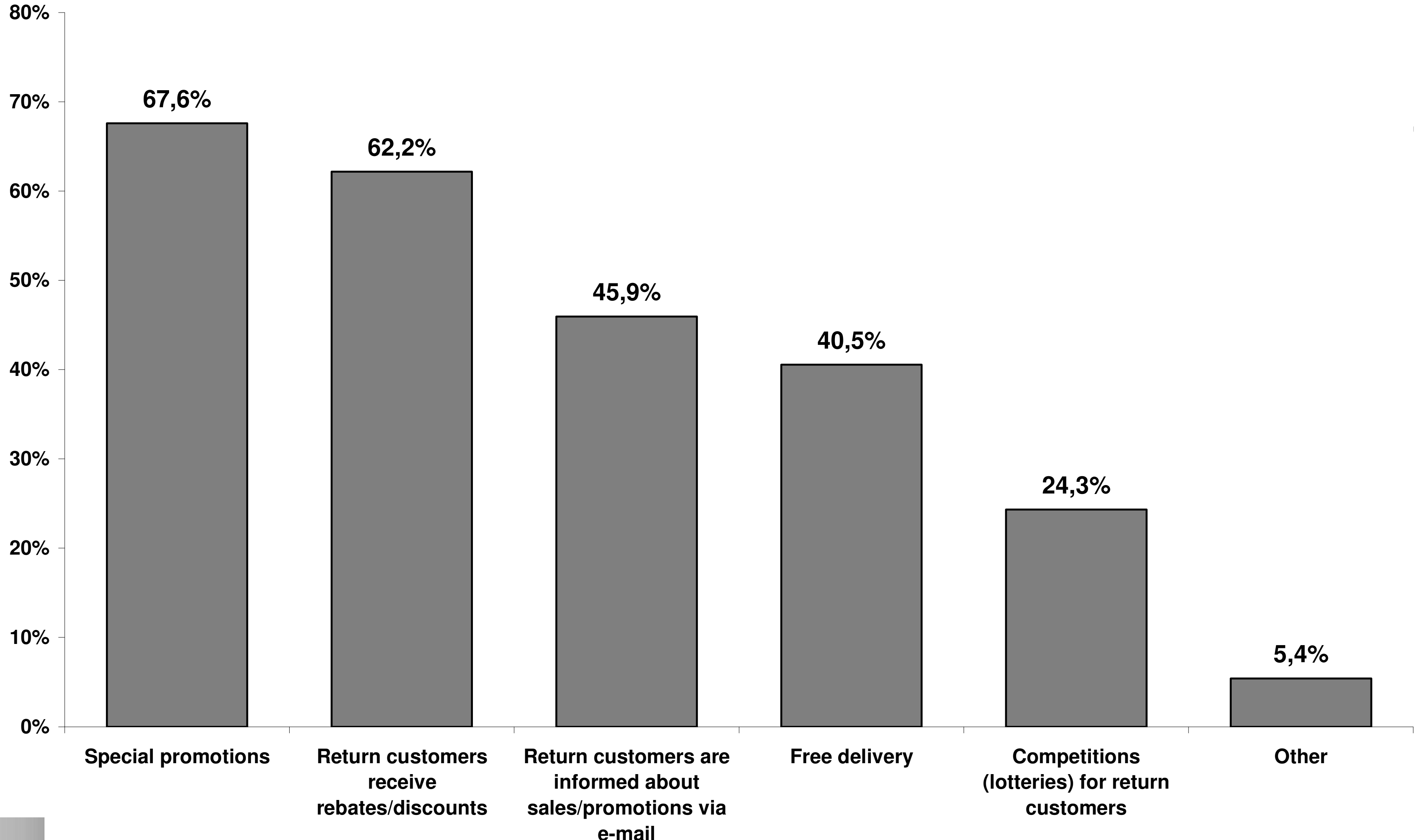
How many clients purchased something in the online store in the past month?

N=63 (all stores)

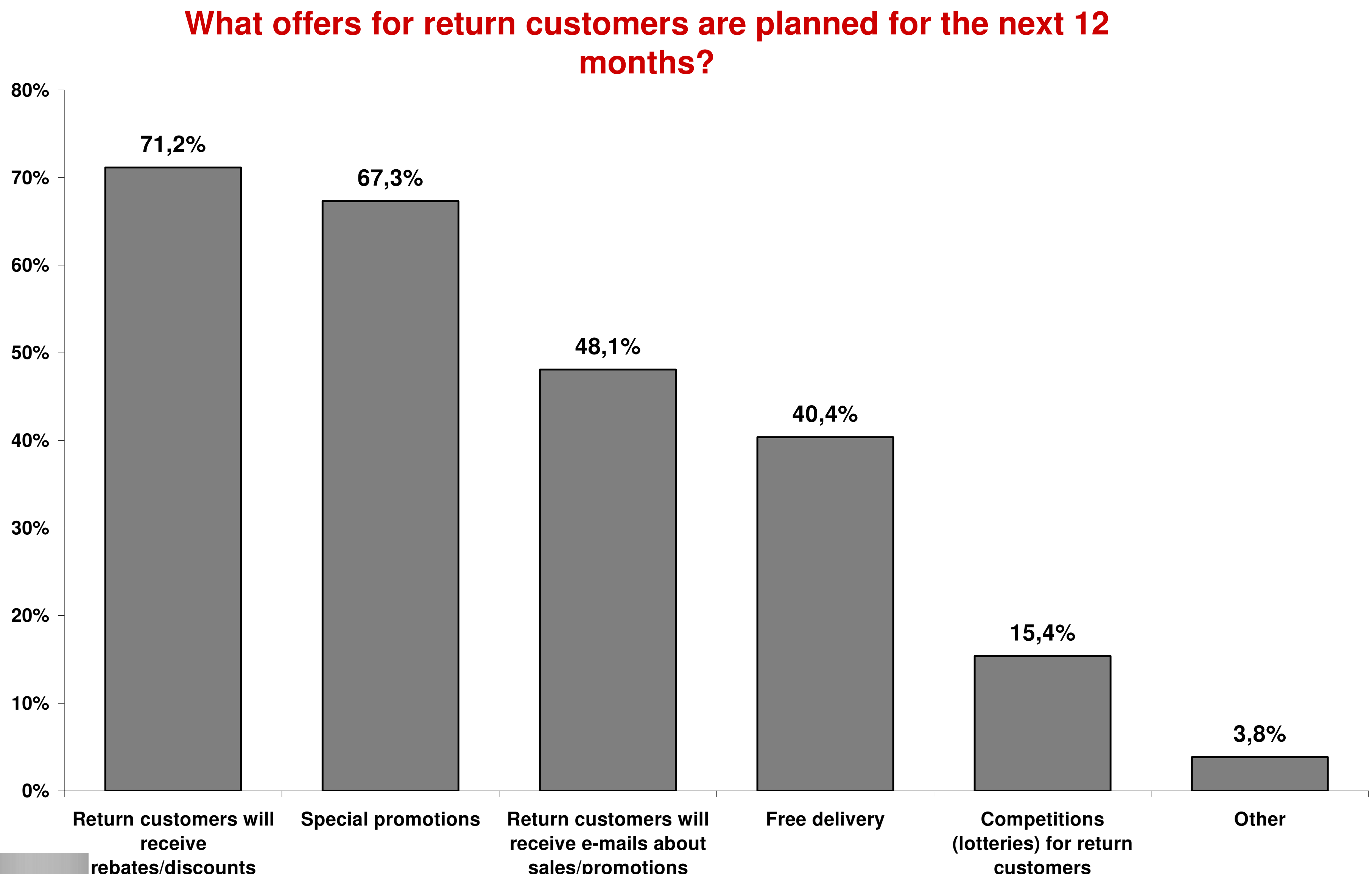


Source: gemiusAdHoc; April 12-14, 2005

What offers are currently prepared for return customers?

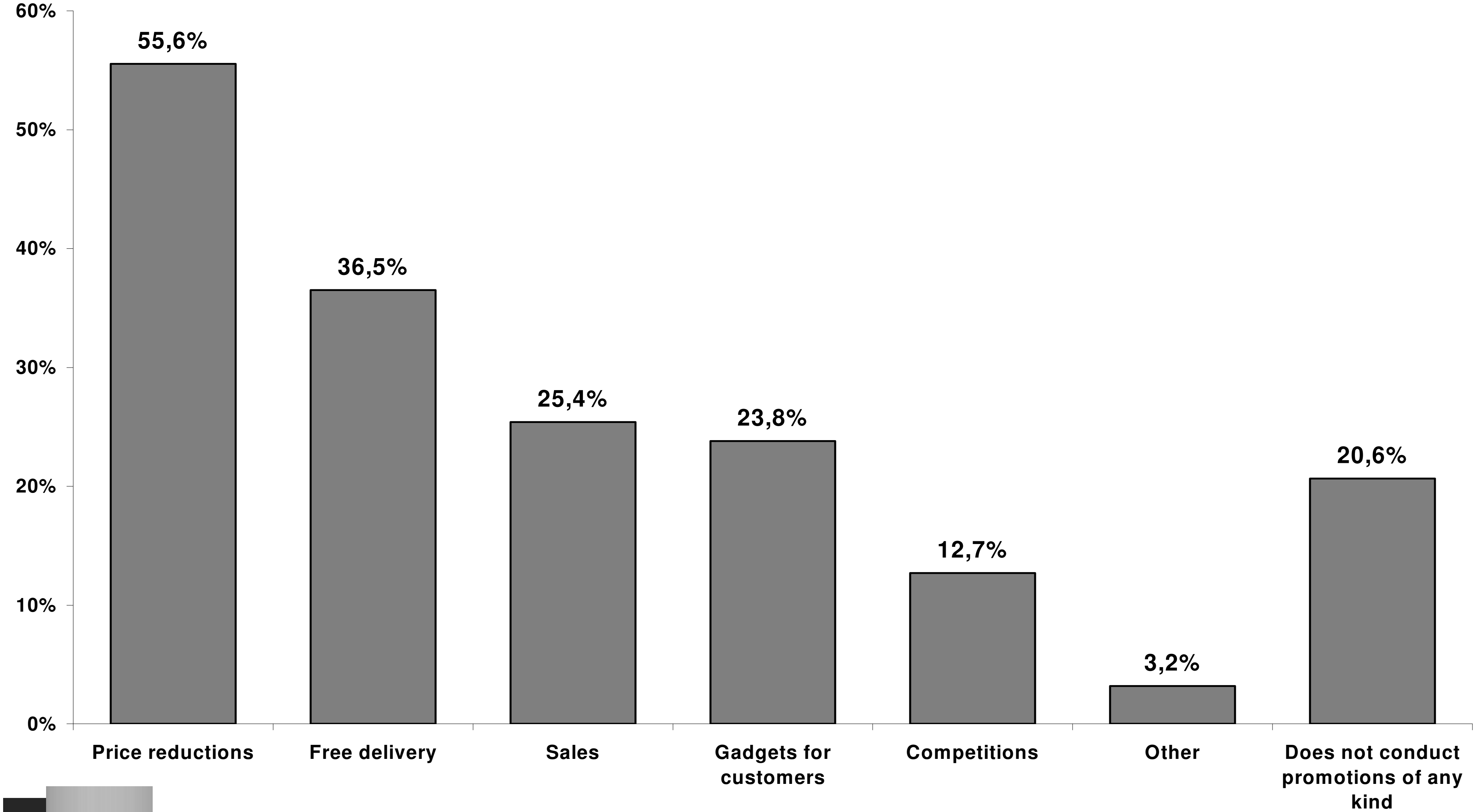


Source: gemiusAdHoc; April 12-14, 2005



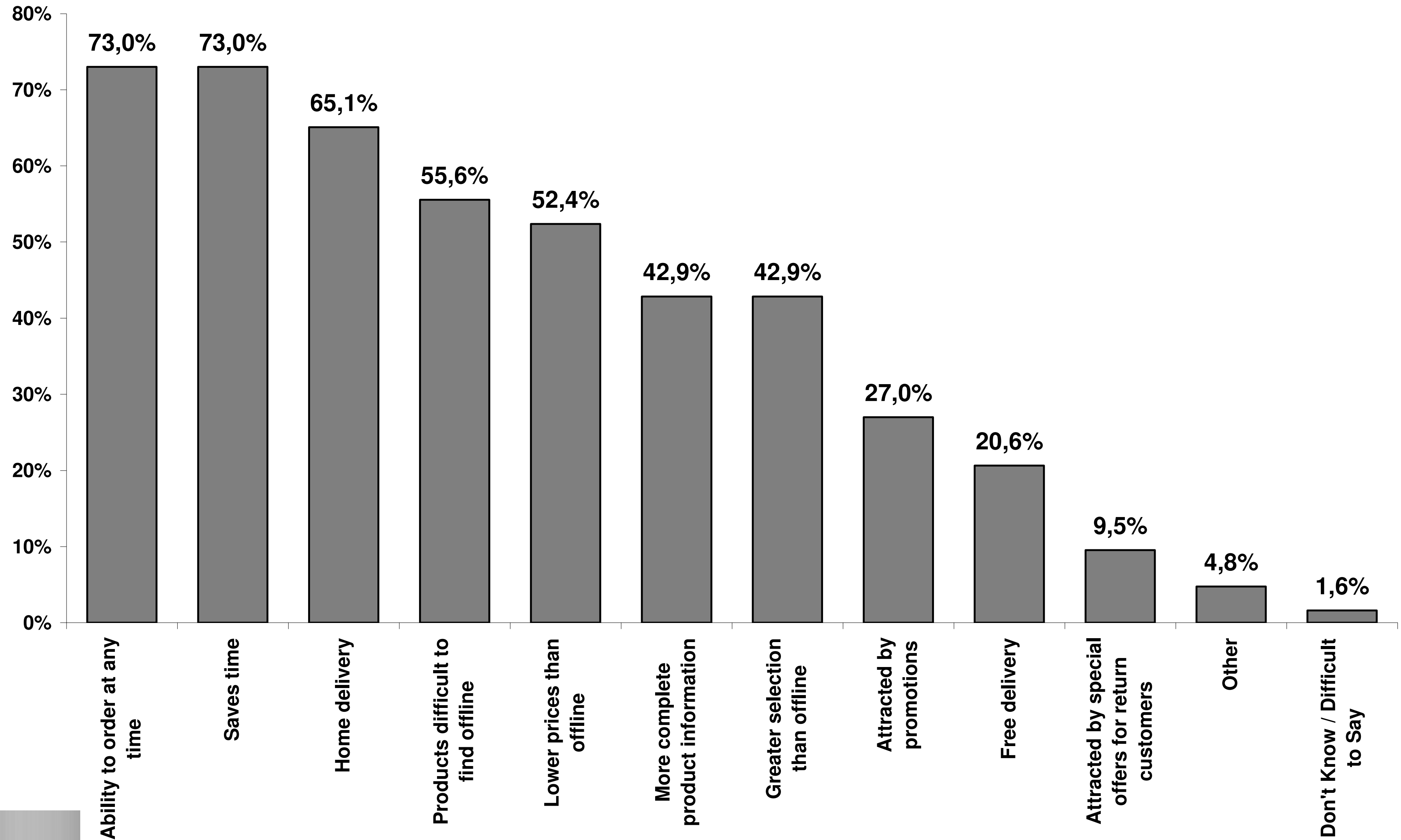
Source: gemiusAdHoc; April 12-14, 2005

Does the online store currently conduct any promotional activities to attract customers?



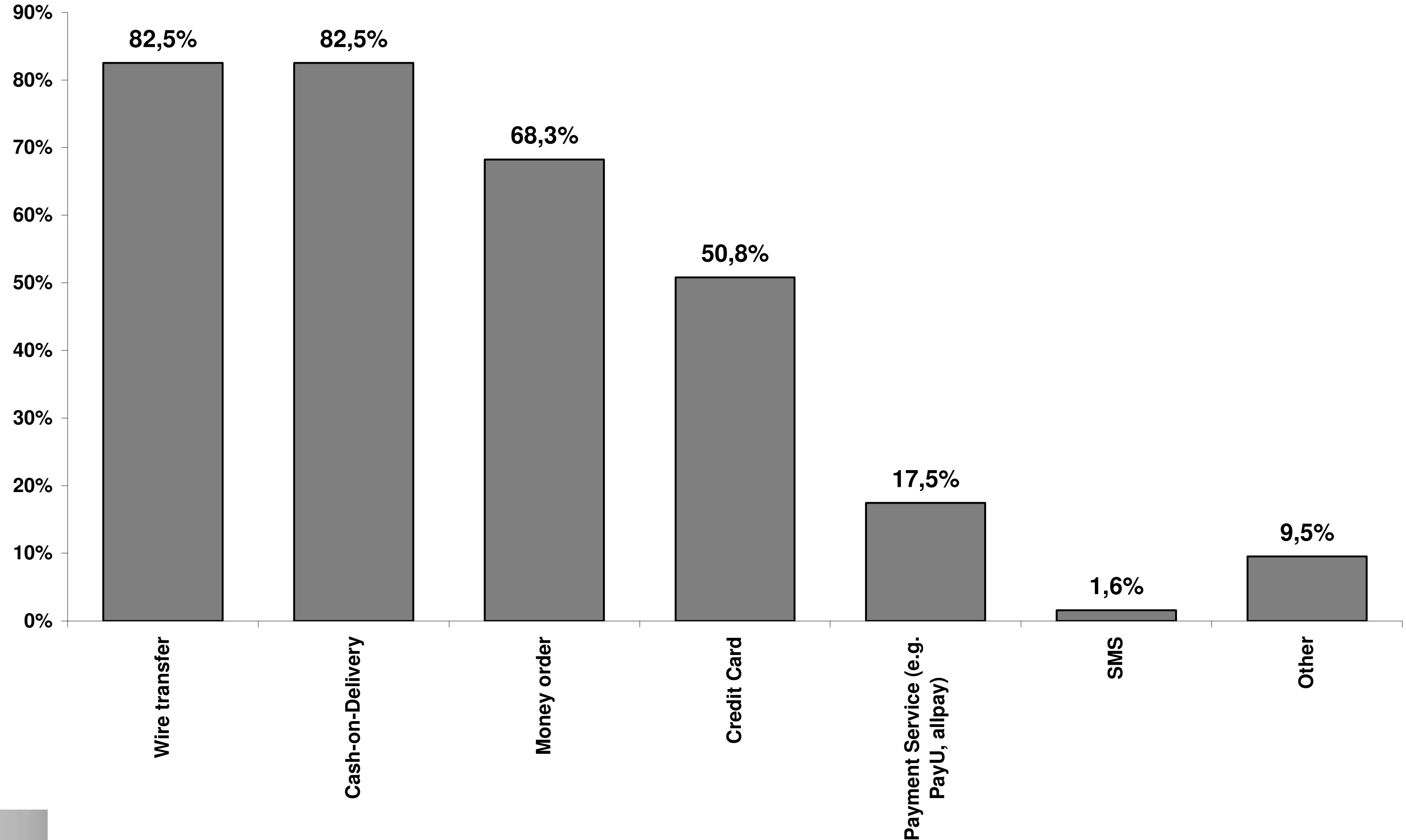
Source: gemiusAdHoc; April 12-14, 2005

Why do your clients decide to buy from your online store?



Source: gemiusAdHoc; April 12-14, 2005

What payment methods are available in your online store?



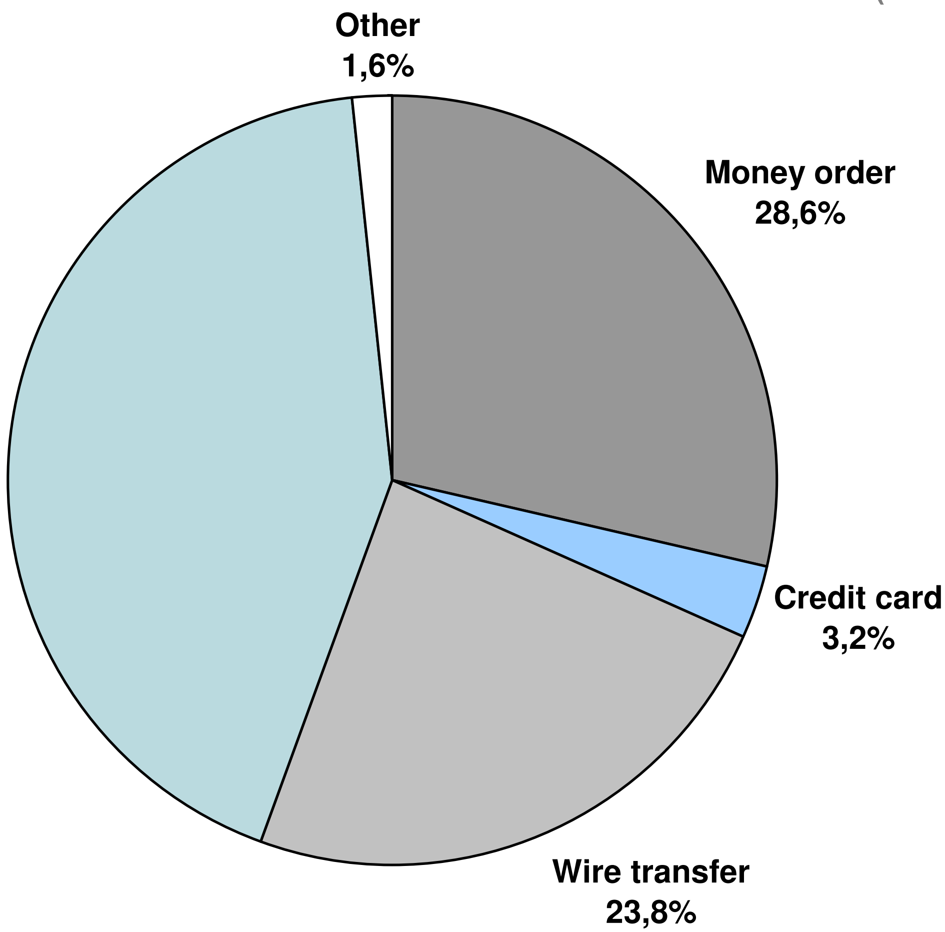
Gemius

Source: gemiusAdHoc; April 12-14, 2005

Money.pl

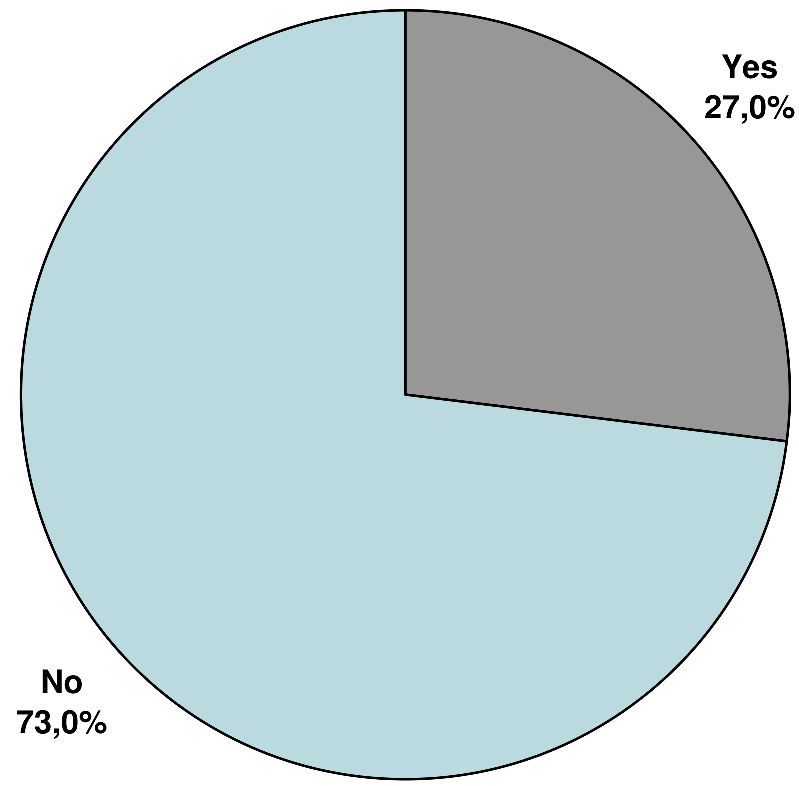
What payment method is most-commonly used in your online store?

N=63 (all stores)



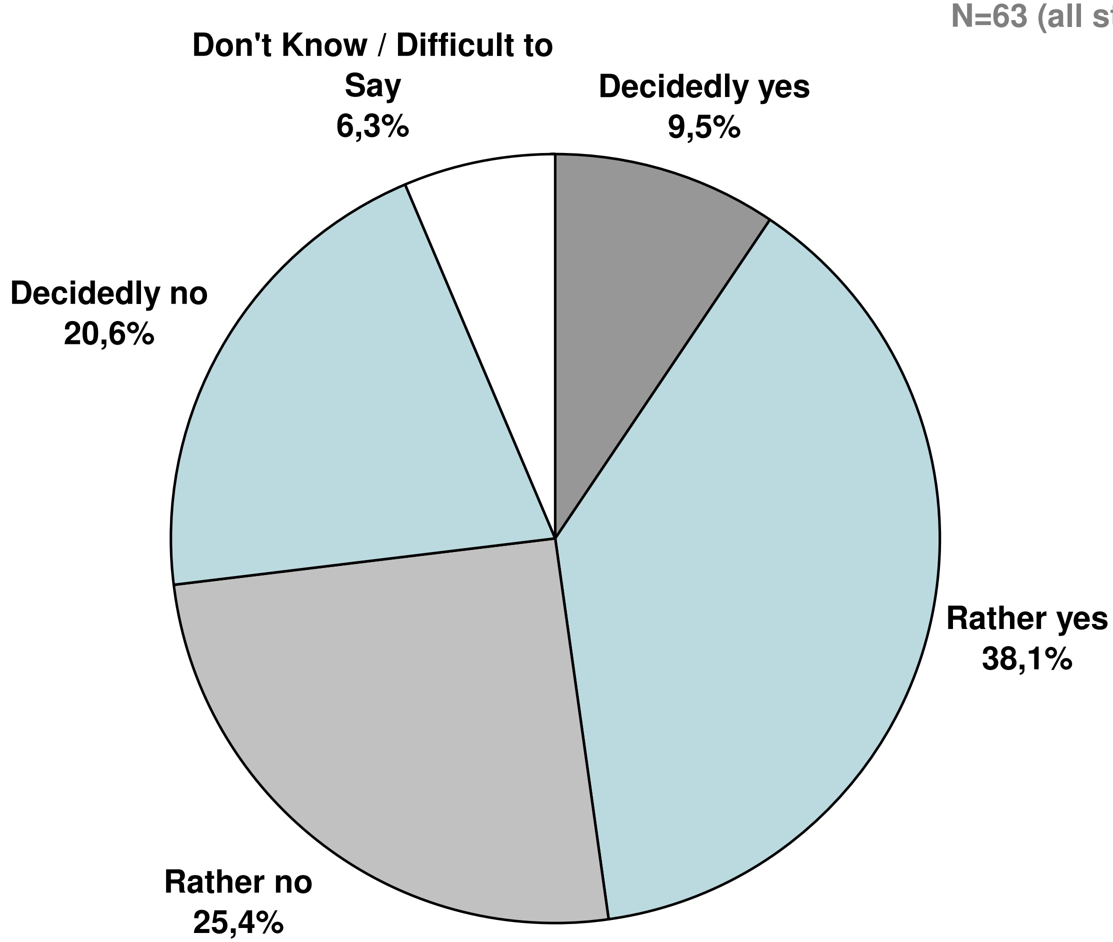
Is the online store the only source of revenue for your company?

N=63 (all stores)



Is your company satisfied with the current level of online sales?

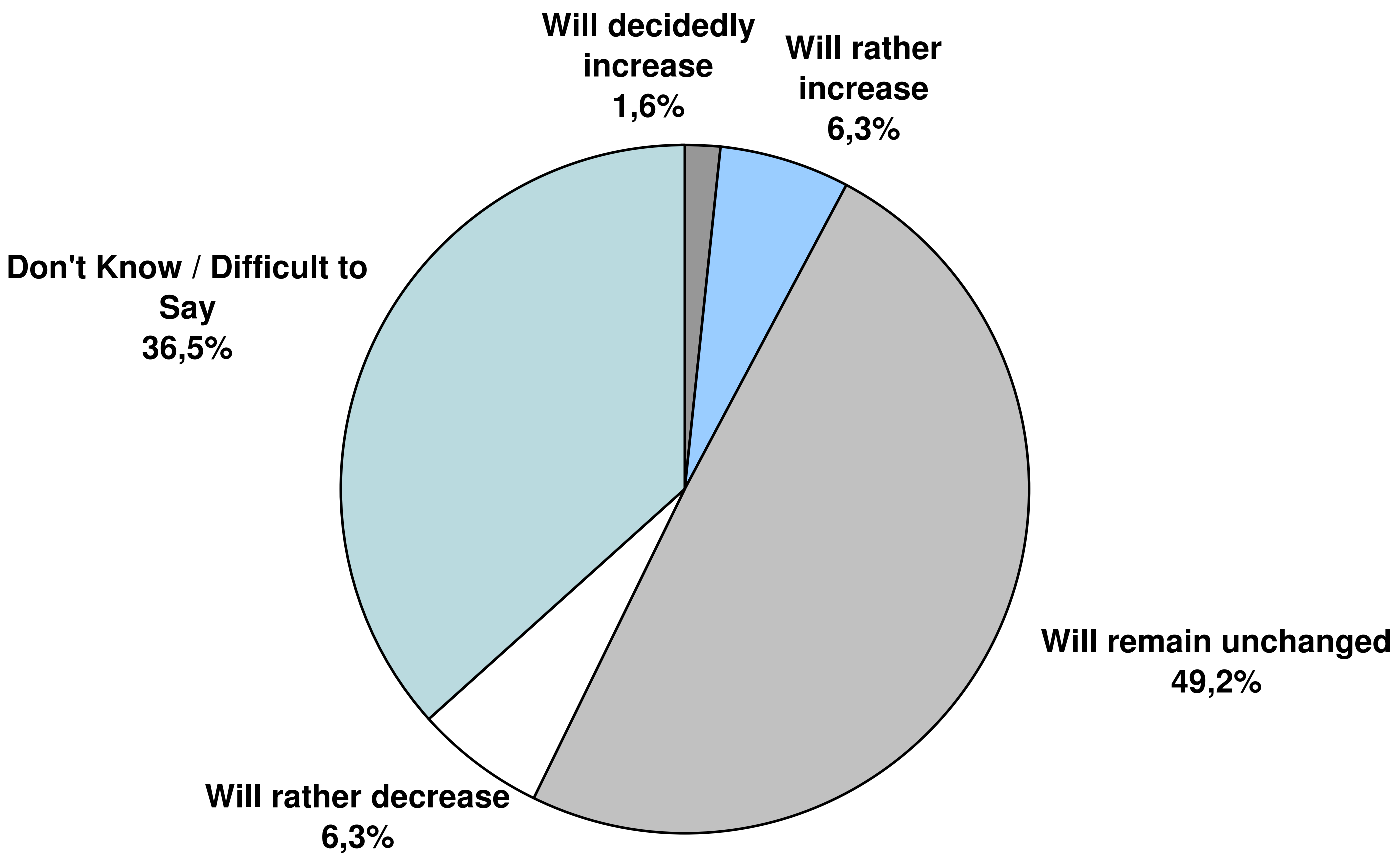
N=63 (all stores)



Source: gemiusAdHoc; April 12-14, 2005

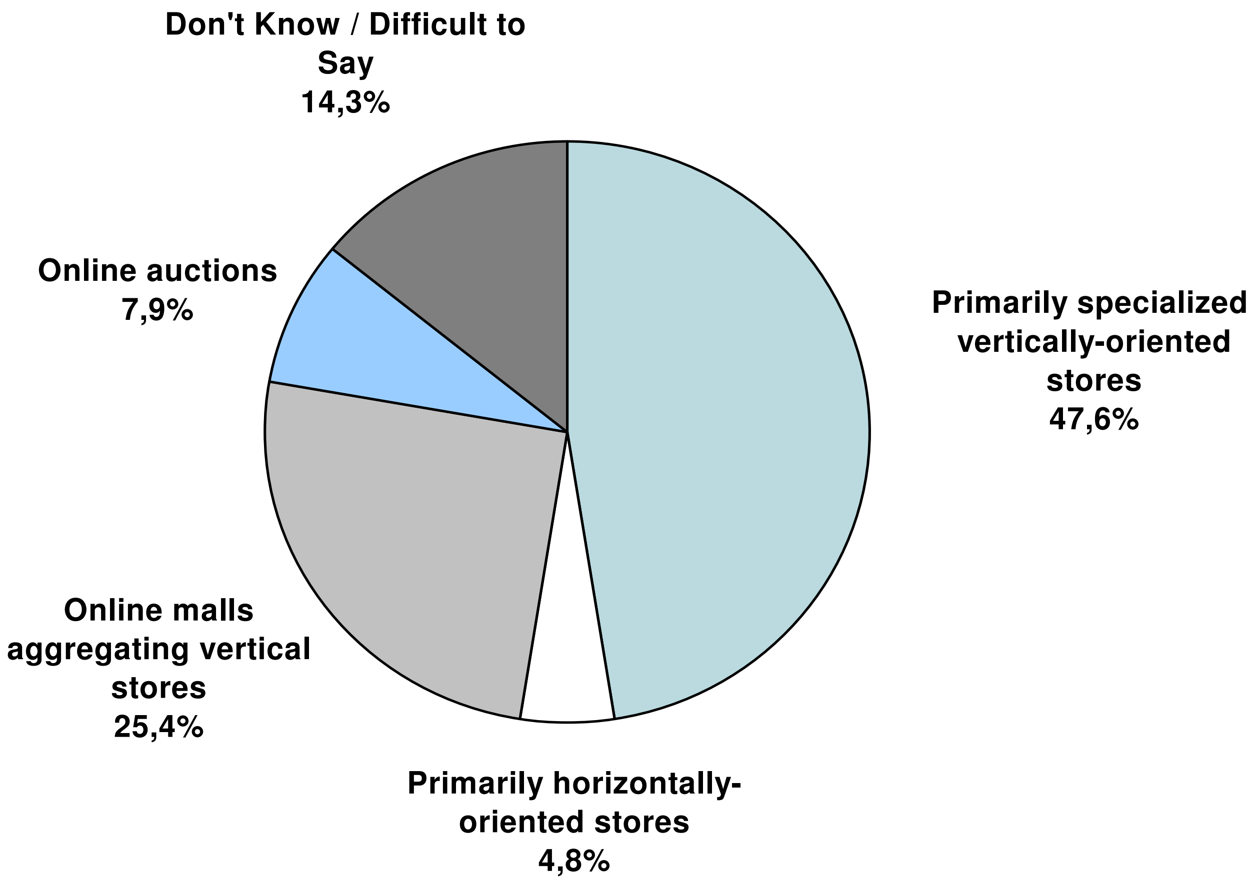
Do you feel that introducing the VAT for online service will impact on your online store's turnover?

N=63 (all stores)



How do you expect eCommerce in Poland to change in the future?

N=63 (all stores)

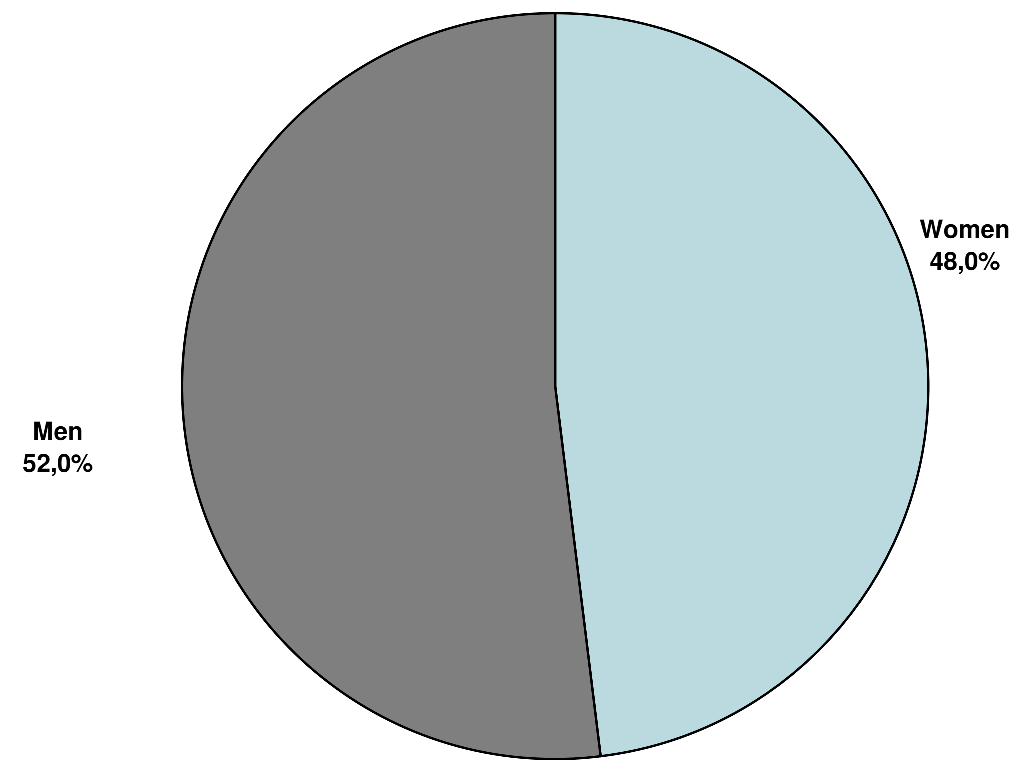


Source: gemiusAdHoc; April 12-14, 2005

Appendix 1
Internet Users: socio-demographic data

Internet Users - Gender

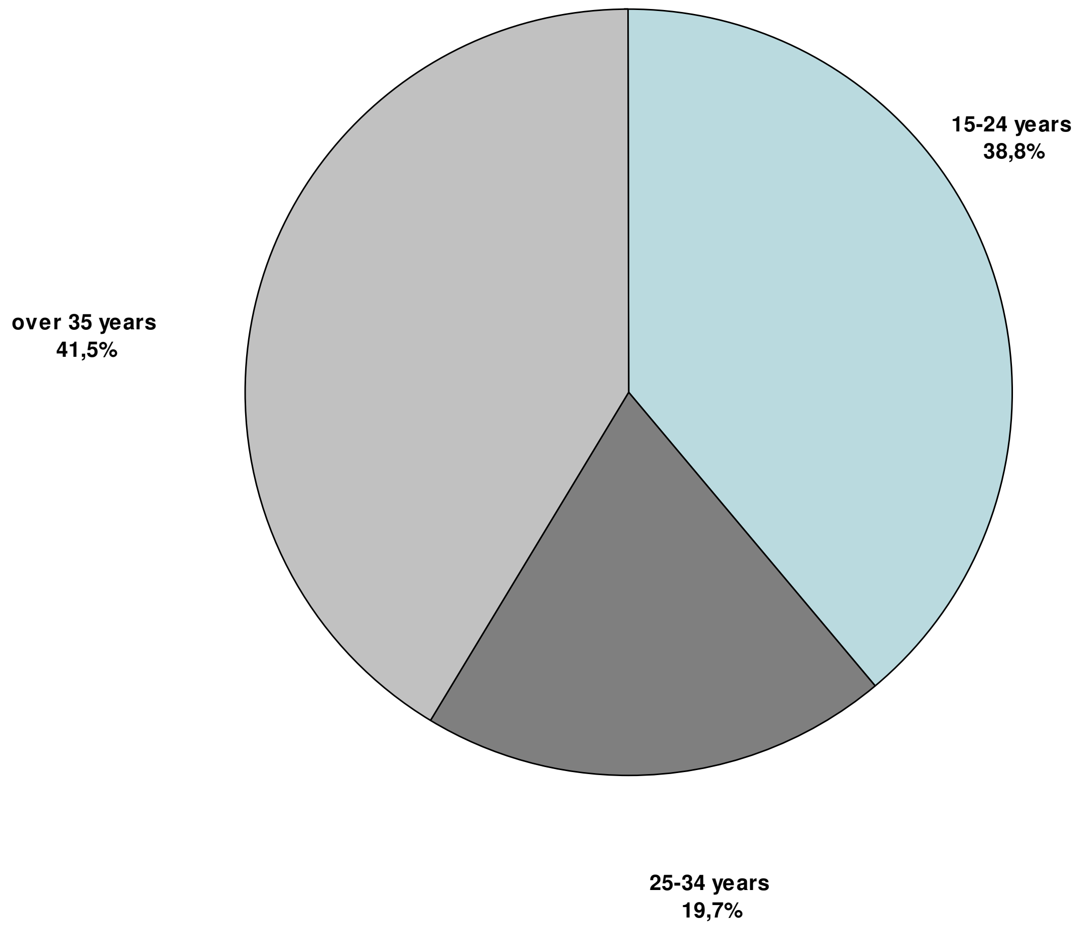
N=2229 (all respondents)



Source: gemiusAdHoc; April 12-14, 2005

Internet Users - Age

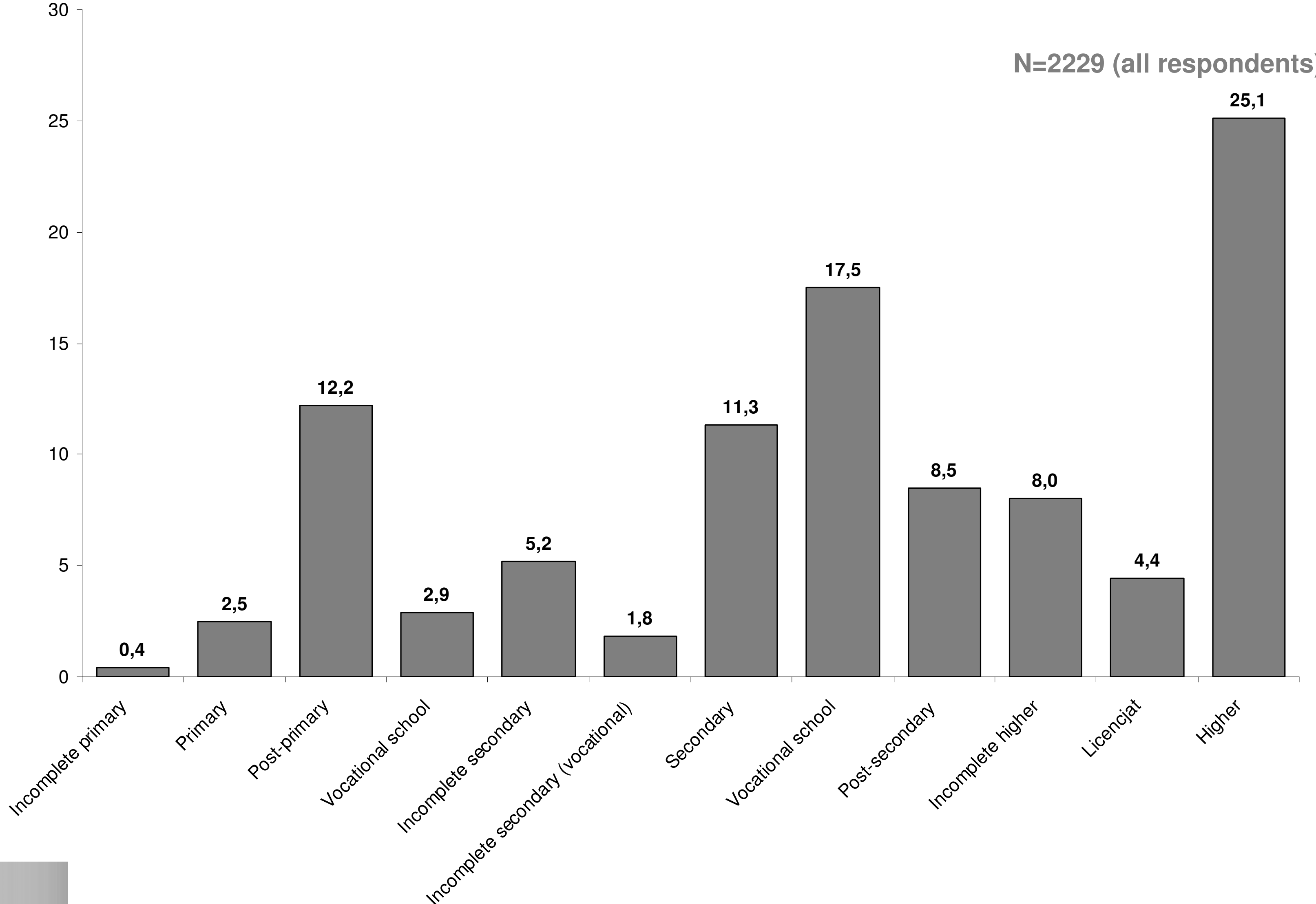
N=2229 (all respondents)



Source: gemiusAdHoc; April 12-14, 2005

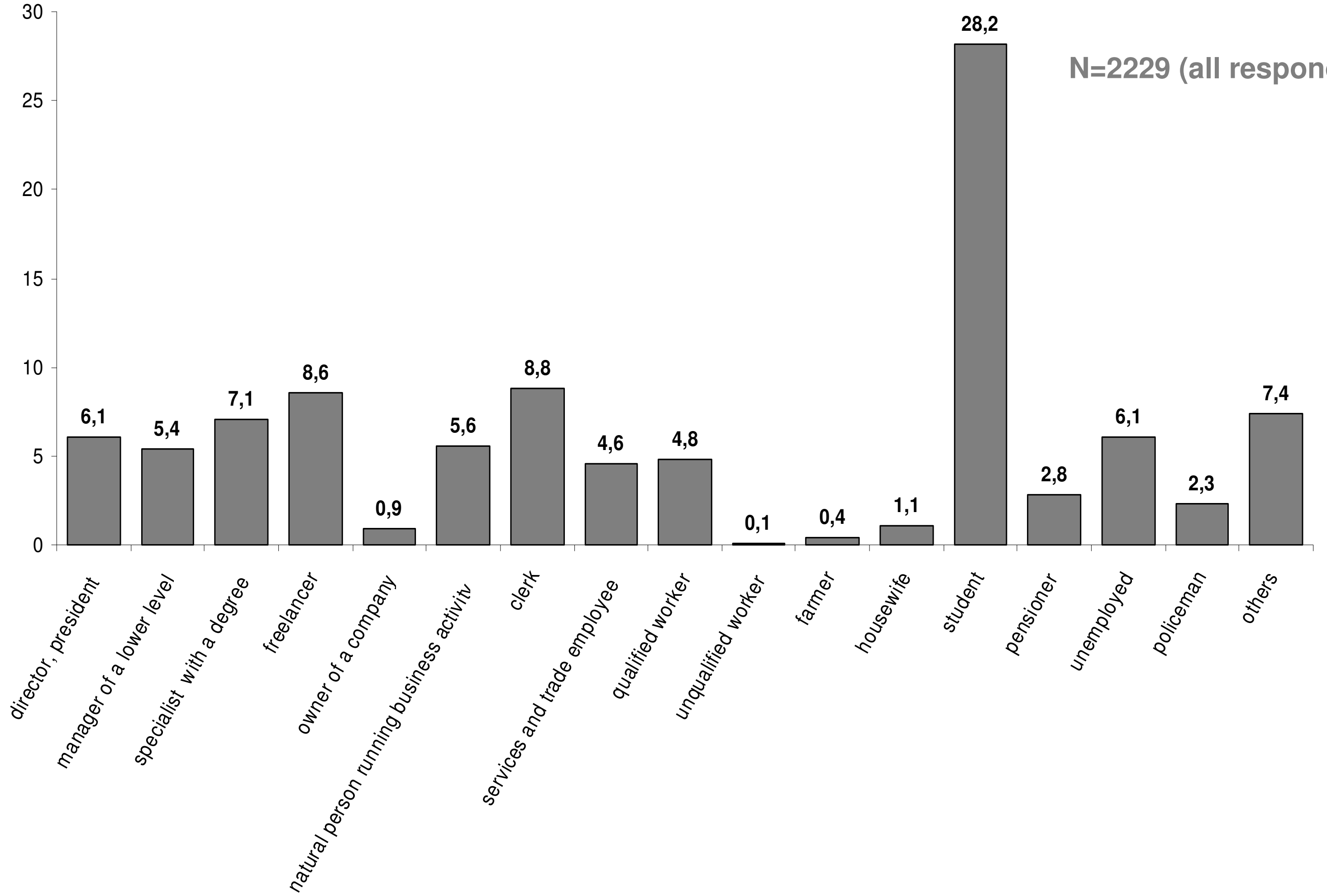
Internet Users - Education

N=2229 (all respondents)



Source: gemiusAdHoc; April 12-14, 2005

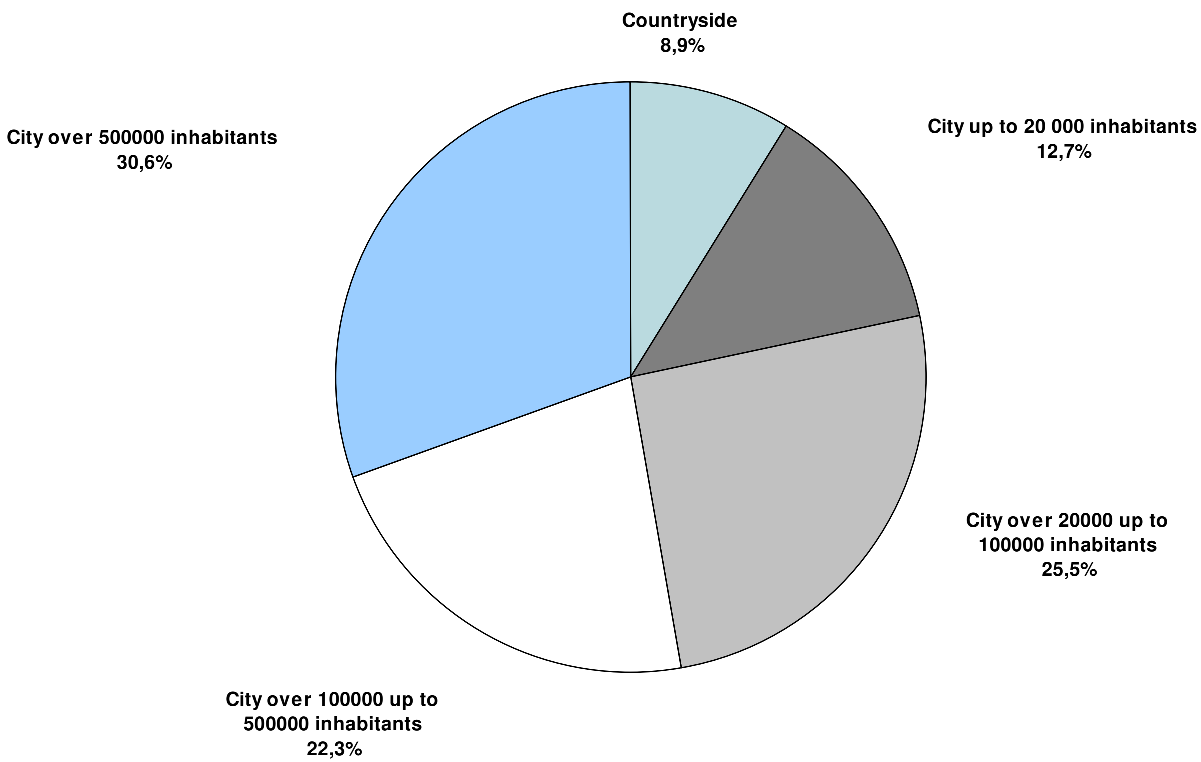
Internet Users – Professional Status



Source: gemiusAdHoc; April 12-14, 2005

Internet Users – Size of the Place of Residence

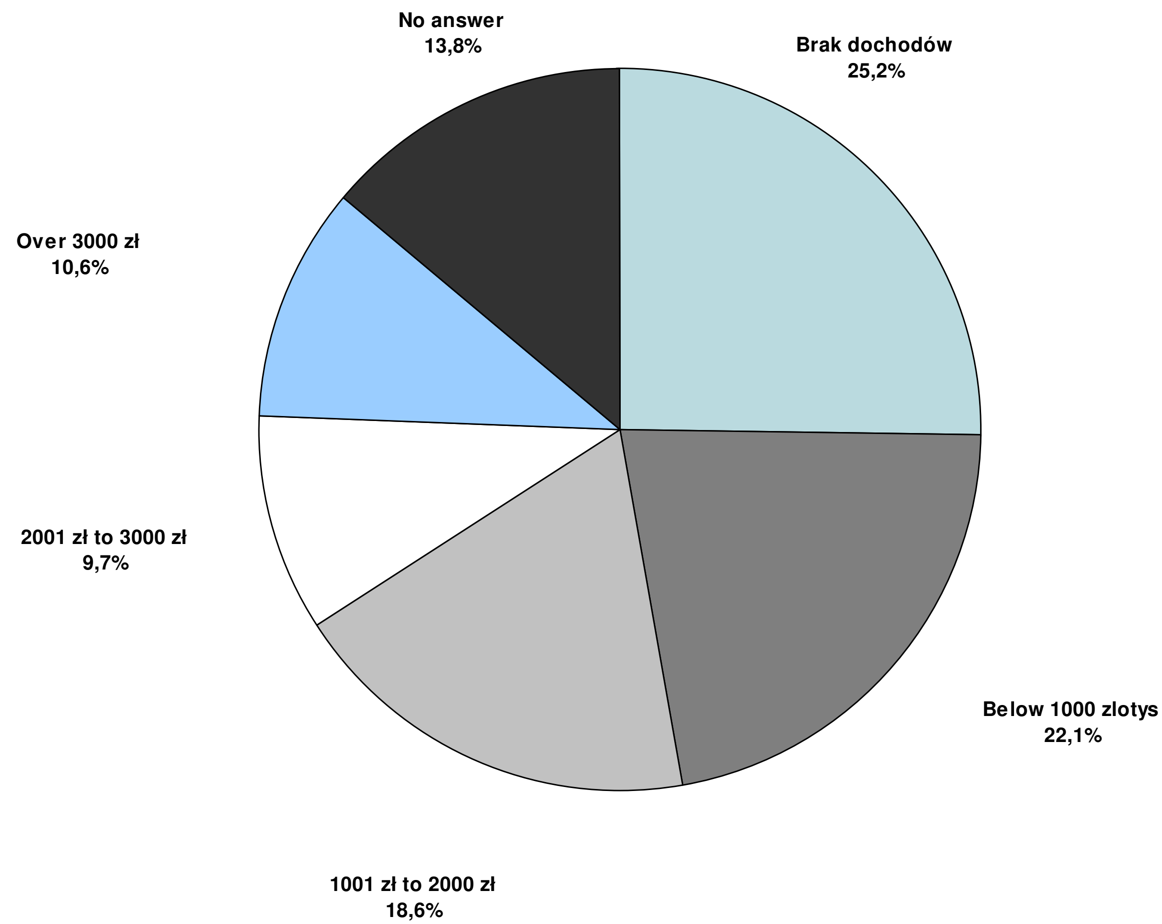
N=2229 (all respondents)



Source: gemiusAdHoc; April 12-14, 2005

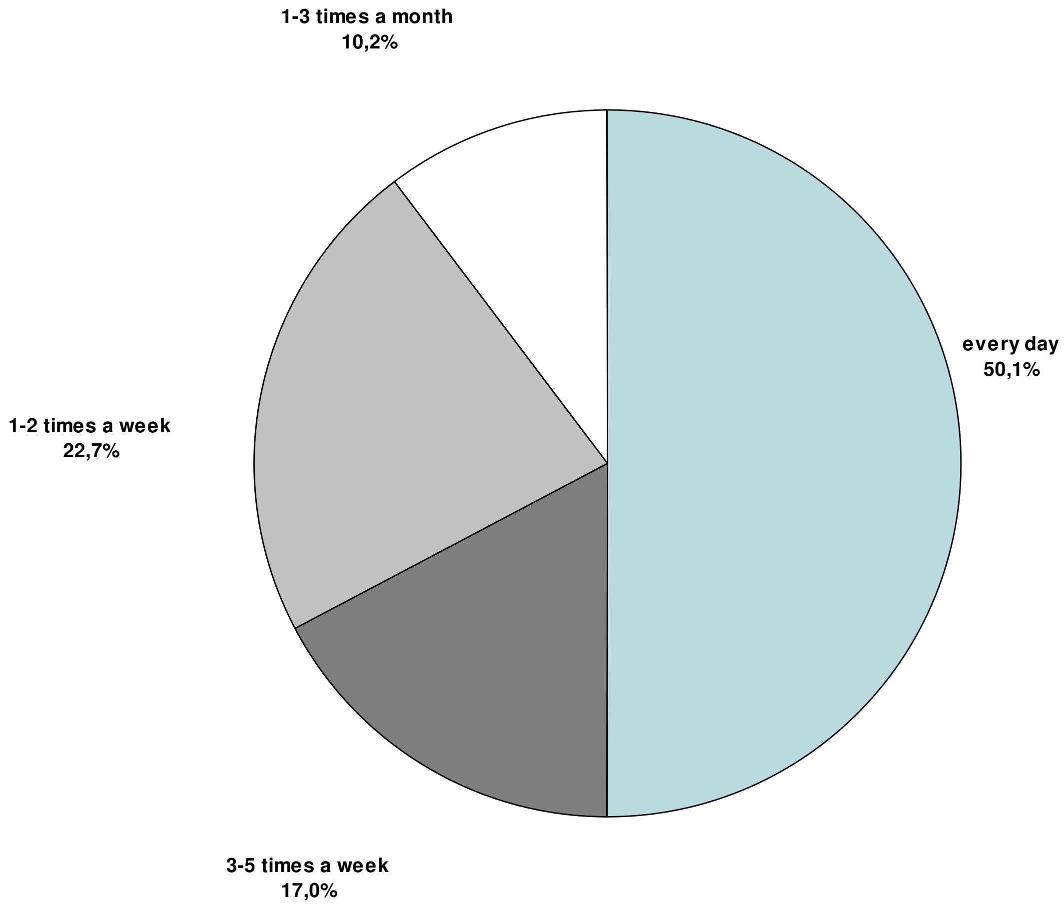
Internet Users – Monthly Net Income

N=2229 (all respondents)



Internet Users – Internet Use Frequency (declarative)

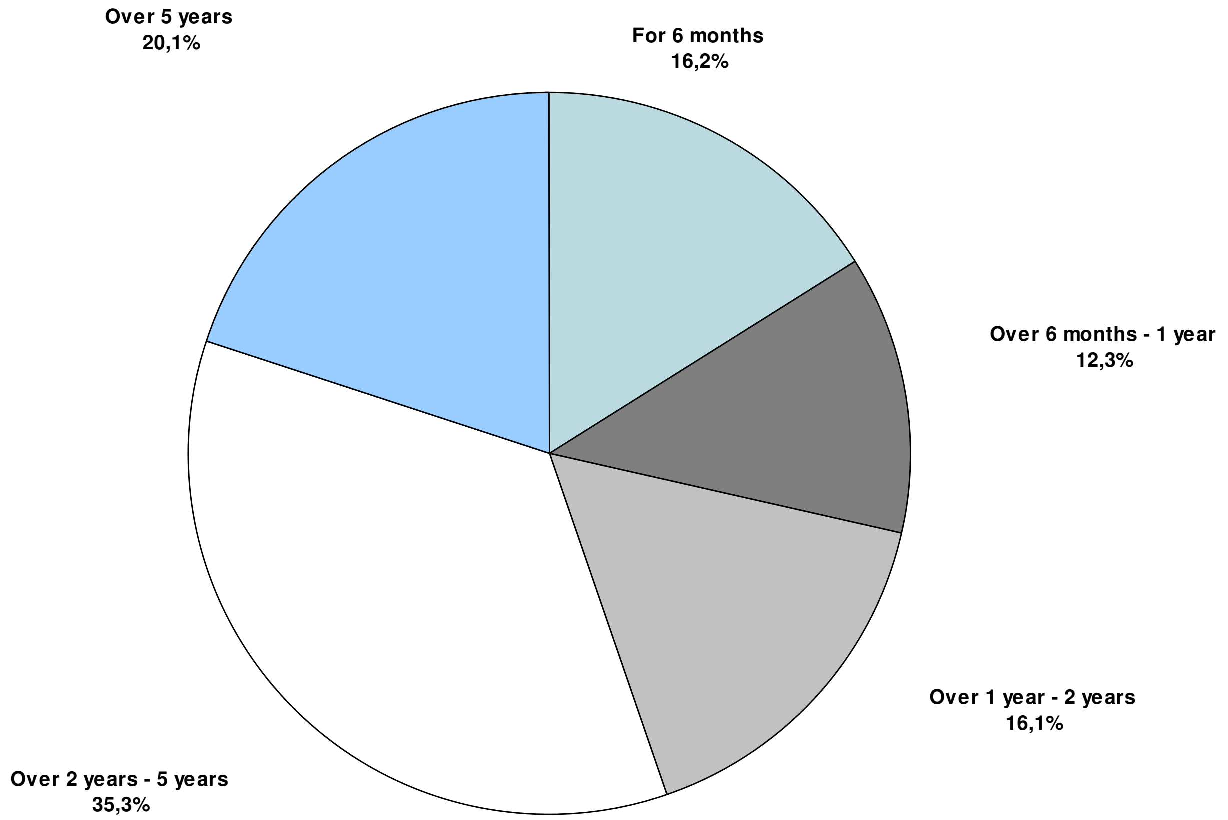
N=2229 (all respondents)



Source: gemiusAdHoc; April 12-14, 2005

Internet Users – Internet Experience (declarative)

N=2229 (all respondents)

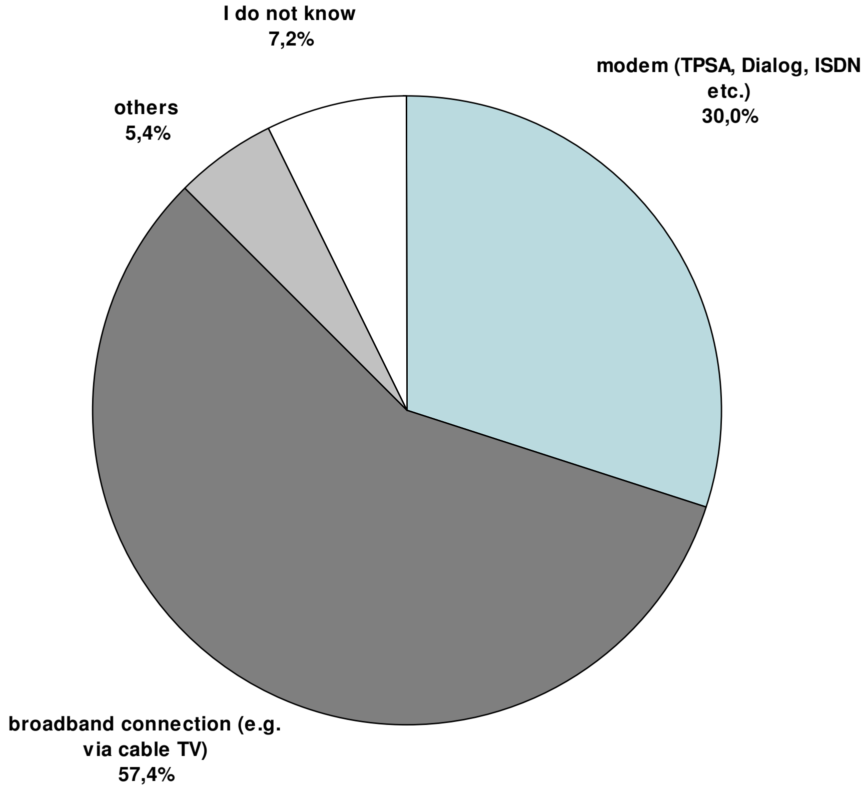


Gemius

Source: gemiusAdHoc; April 12-14, 2005

Internet Users – Connection Type

N=2229 (all respondents)



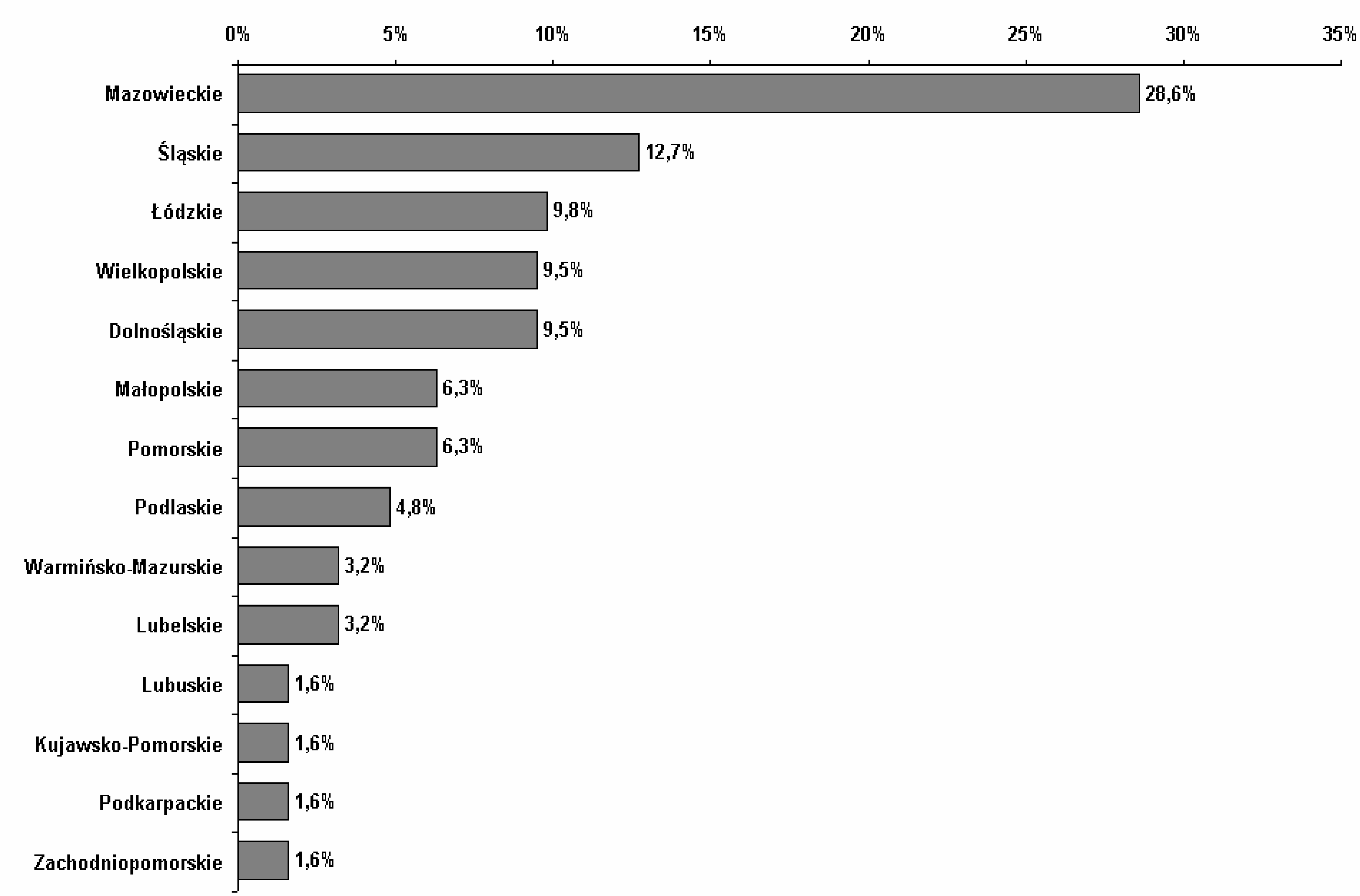
Source: gemiusAdHoc; April 12-14, 2005

Appendix 2:

Online Stores: store characteristics

Stores – Registered Place of Business (province)

N=63 (all stores)



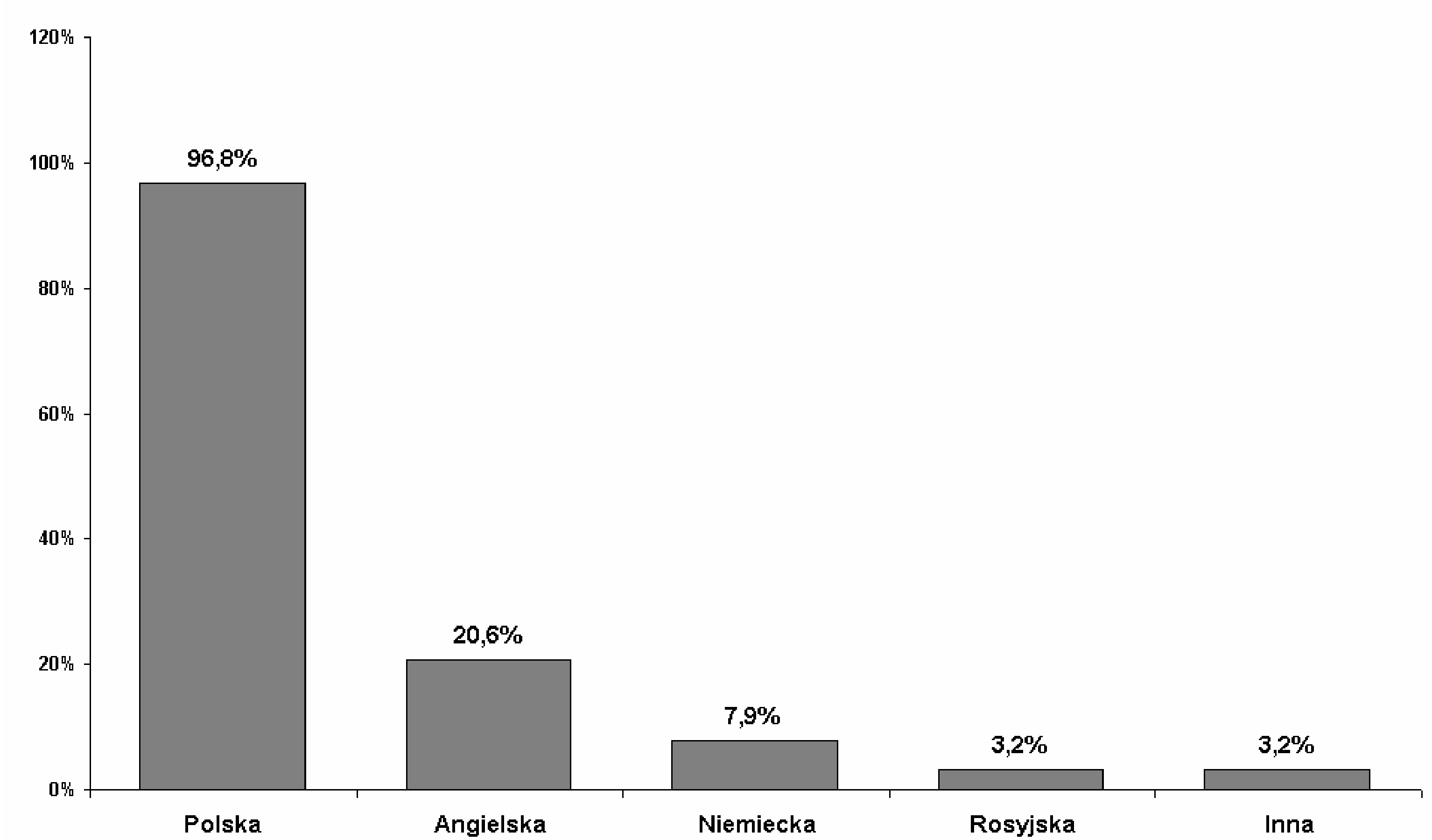
Gemius MYŚLI BEZ GRANIC

Source: gemiusAdHoc; April 12-14, 2005

Money.pl

Stores – Available Language Versions

N=63 (all stores)



Source: gemiusAdHoc; April 12-14, 2005