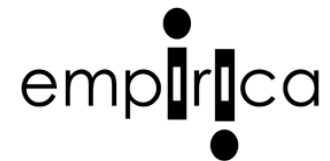




# The effects of ICT and e-business on retail trade in the EU

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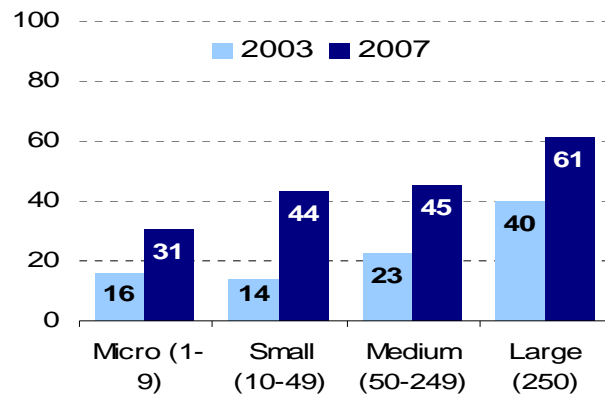
Bruxelles, May 19th, 2008

# Industry characteristics

- One of the largest industries in Europe
  - 3.74 million firms, employing more than 16.9 million people (EU-27)
- Covers NACE Rev. 2 Division 47
  - ‘Retail trade, except of motor vehicles and motorcycles’
  - Firms that resell new and used goods to the general public for personal or household use and consumption
- Majority of firms are large multinationals and micro/small firms
- 3 sub-sectors
  - Non-food items in-store (50% of turnover)
  - Food items in store (44% of turnover) and
  - Other retail trade

- e-Business Watch Survey
  - Telephone interviews with 1151 retail enterprises
  - France, Germany, Italy, Poland, Spain, Sweden, UK and USA
  - 10 case studies
- Supply chain perspective
  - e-Procurement
  - In-house e-operations
  - e-Sales including e-Marketing

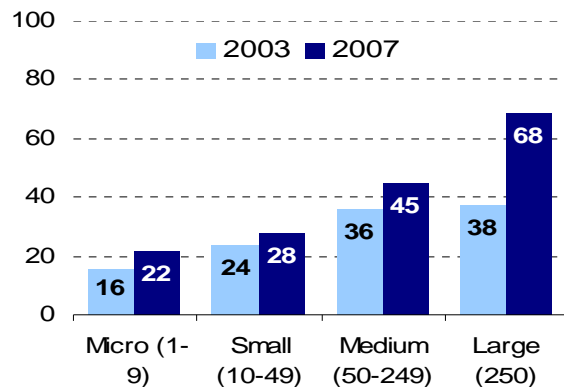
## Broadband internet access



97% of retailers have internet access

Quality of companies' internet access has significantly improved over time, notably among SMEs

## Remote access

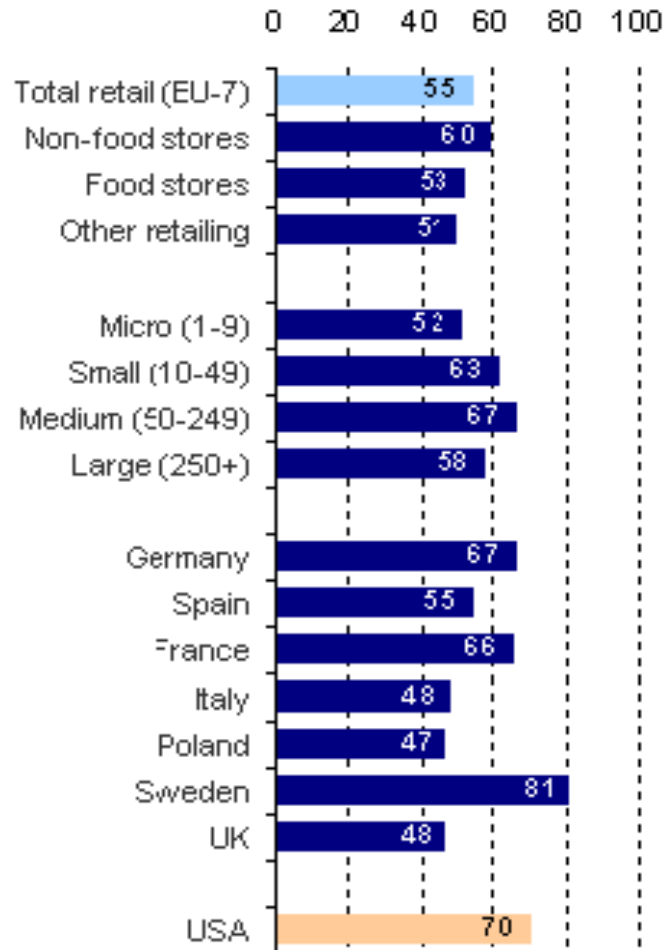


Indicator for e-readiness

Remote access to internal computer networks increased overall

Increase mostly among large retailers

## Place orders to suppliers online



More than half (55%) of retail firms place orders to suppliers online

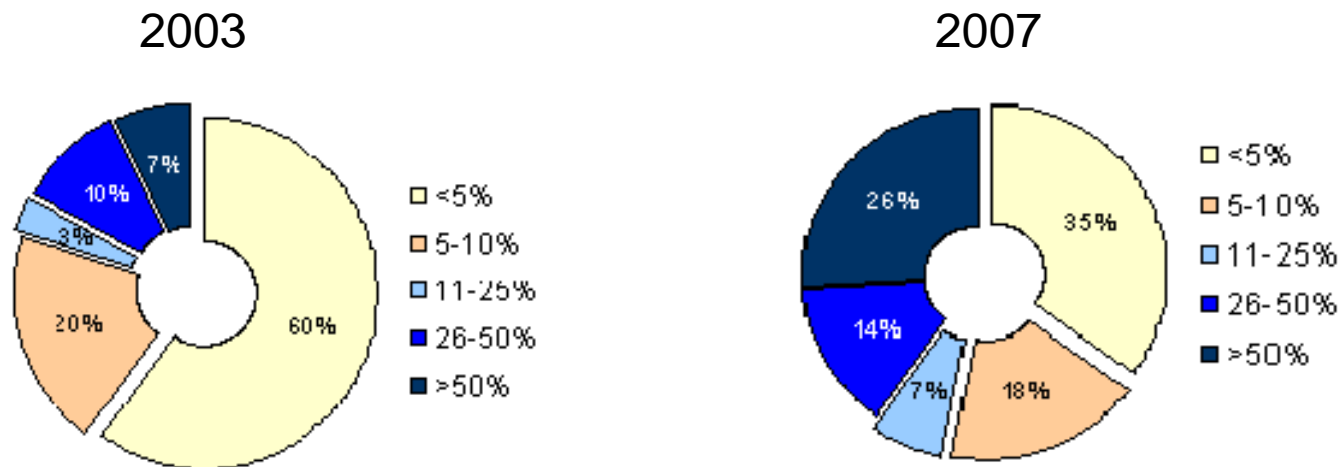
% in the non-food stores category is highest but no significant differences between sub-sectors

Across all size-bands, more than half of retail firms order online

Europe lags behind US (70% vs. 55%)

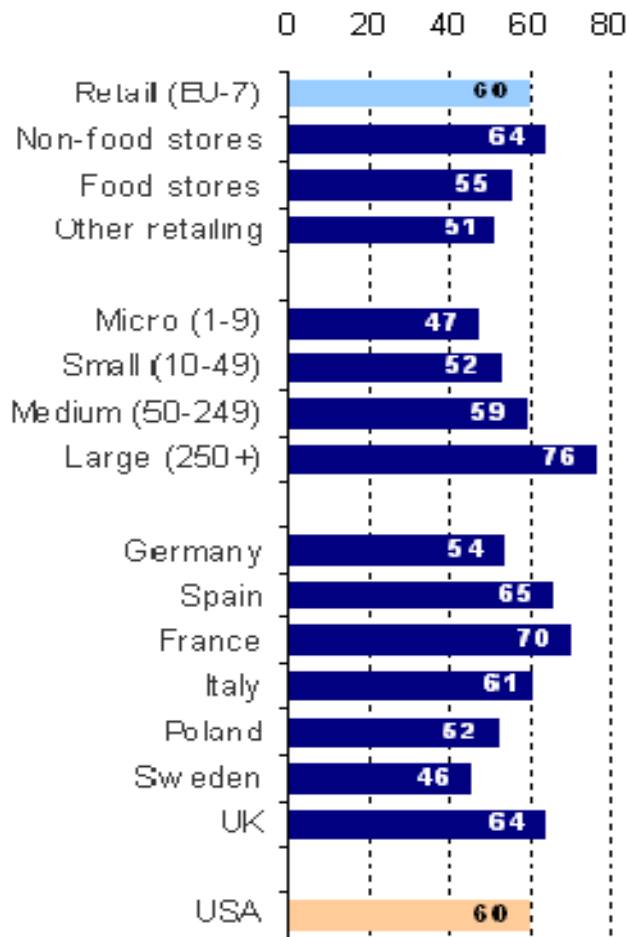
Base (100%) = companies using computers.  
N (Retail, EU-7 and USA) = 1151; weighed by employment.

Average percentage of orders for supplies placed online



- Indicates a considerable increase in the intensity of e-procurement since 2003
- In 2007, retail companies representing 26% of employment (among those that place orders for supplies online) said that their online orders accounted for more than 50% of their total orders from suppliers

## Software to manage placing/receipt of orders



Base (100%) = companies using computers.  
N (Retail, EU-7 and USA) = 1151; weighed by employment.

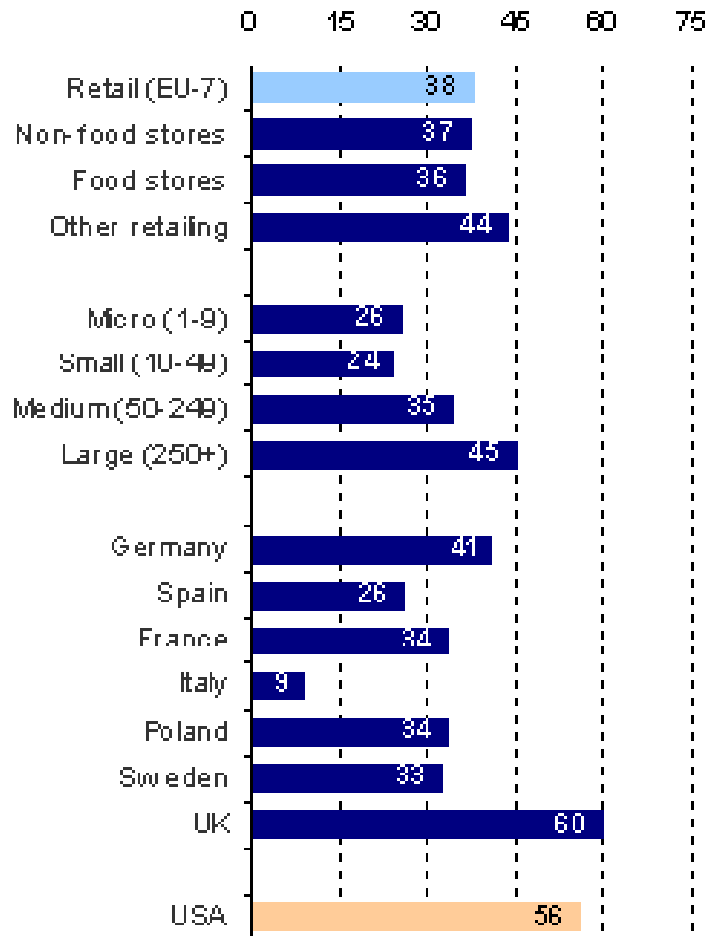
Concerned with arranging the in-house processes of receiving, distributing, and selling goods

More than half (60%) of retail firms use software applications to manage the placing or receipt of orders

Usage highest among large firms with micro firms considerably behind (76% vs. 47%)

60% of firms in both, Europe and the US

## Firms that sell online



Base (100%) = companies using computers; N (EU-7 and USA) = 1151; weighed by employment

More than one third (38%) of retail firms sell online

Other retailing sub-sector has highest overall share

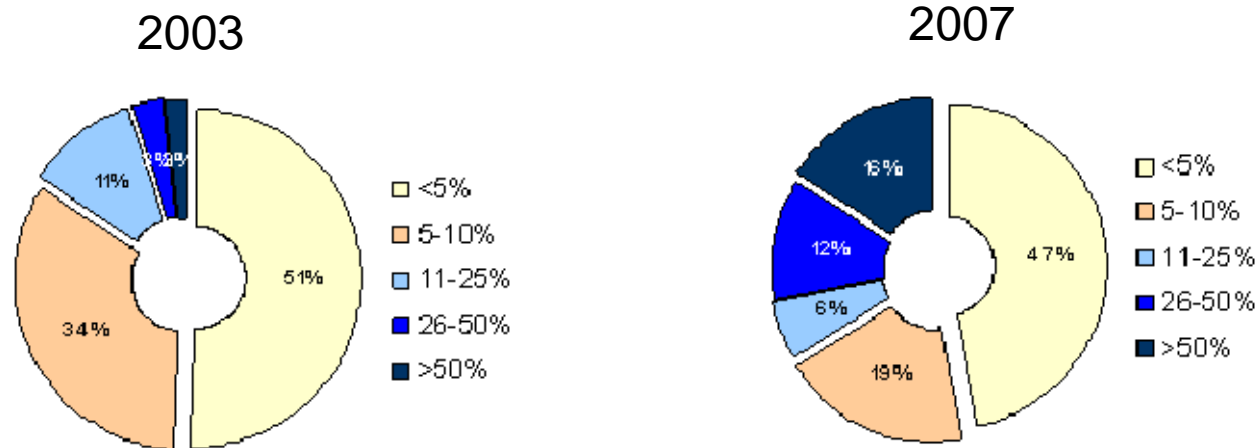
45% of large retail firms and 35% of medium-sized firms sell online

Only 24% of the small retailers and 26% of the micro retailers sell online

EU fewer than US (38% vs. 56%)

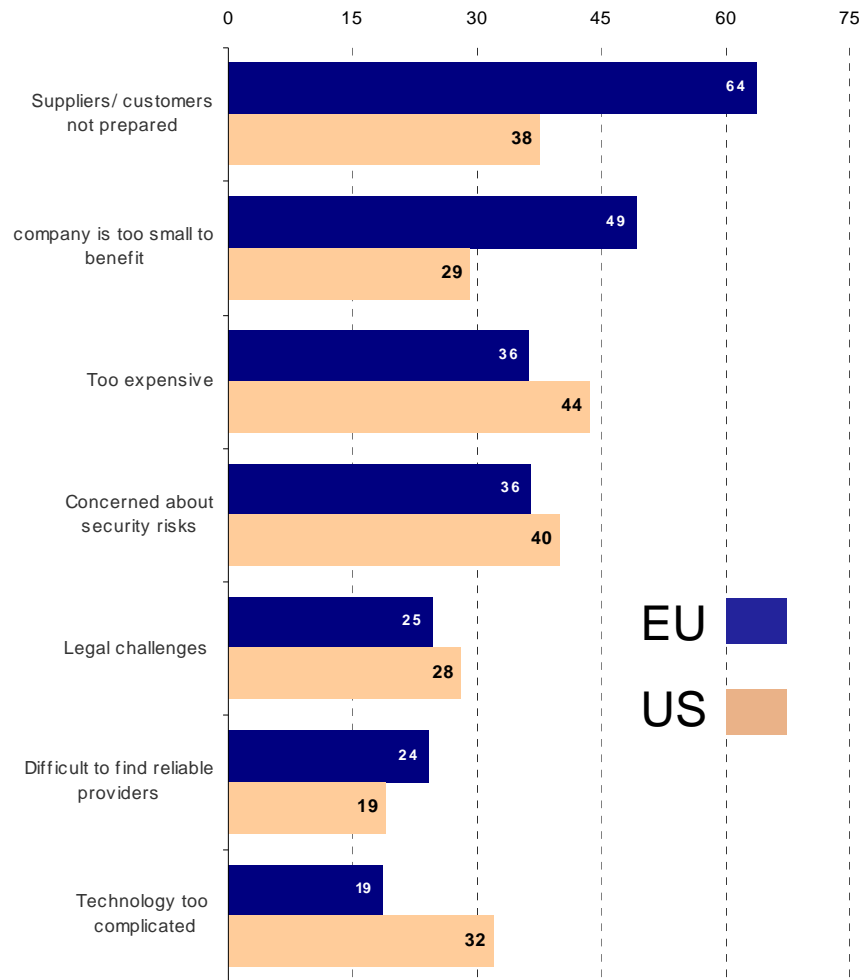
# e-Sales developments

Goods sold online in % of total sales volume



- Indicates a moderate increase in online sales since 2003
- Online sellers representing almost half (47%) of the industry's employment said that they sell less than 5% of their total sales volume online
- Fleria Flora Creations (Greece) and EMPiK (Poland) illustrate difficulties retailers face with generating online e-sales

# e-Business barriers

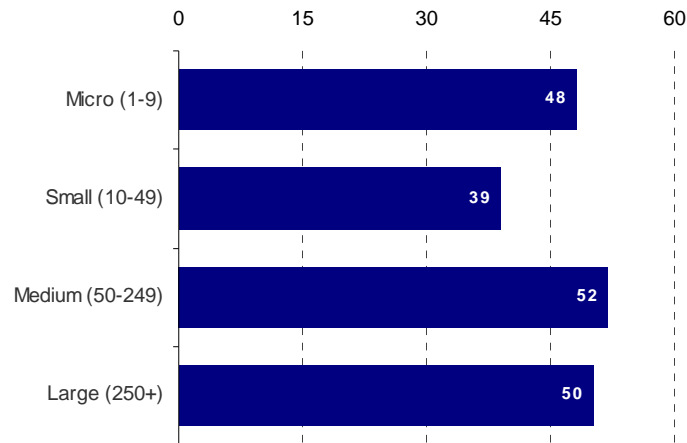


Suppliers/customers not prepared (64%) and ‘Company too small to benefit’ (49%) most important barriers in EU

‘Too expensive’ (44%), ‘Security issues 40%) and ‘Suppliers/customers not prepared’(38%) important barriers in USA

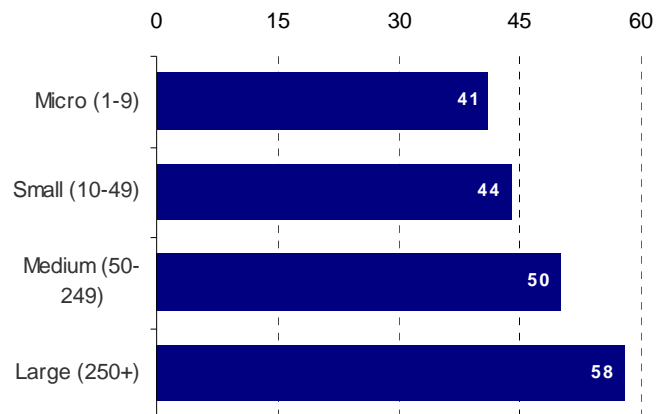
Base (100%) = % of low and non-users saying that...; N (EU-7 and USA) = 858; weighed by employment

## ICT influence on competition in the firm's sector



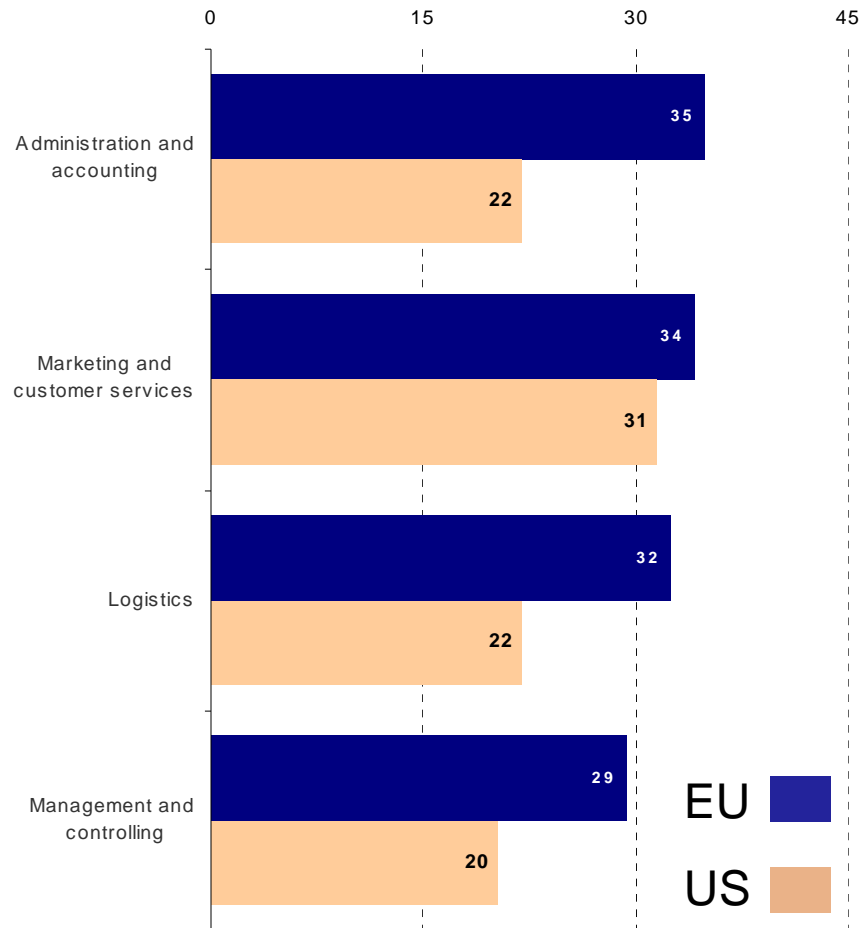
**ICT affects competition**  
– across all sizes of  
enterprises

## e-Business has significant impact on skills requirements



**ICT impacts on skills requirements** – increase  
with firms size

EU-7 retail firms, in % of firms



Largest impacts expected on:

- Administration and accounting
- Marketing and customer services
- Logistics
- Management and controlling

Overall, higher % of firms in the EU report that these factors will have a significant impact when compared to the US

N (EU-7 and USA)  $\geq 1098$  to 1115; weighed by employment

# Summary: key findings



- **2003 vs. 2007:** overall trend is that ICT and e-business diffusion are gaining momentum
- **Supply chain imbalance:** while 55% of retailers order goods online from suppliers and 60% use software applications to manage the placing or receipt of orders, only 38% of firms sell online
- Few significant differences between **NACE sub-categories**
- **EU retailers** often **lag behind** US retailers
- **SMEs** almost always **lag behind** large firms

# Suggested initiatives



## Promote e-business among SMEs

- Across all three supply chain elements

## Support e-business skills development

- Promote ICT and e-business training

## Encourage business environments that support e-business developments

- Promote electronic ordering among European consumers
- Foster e-procurement practices

# Conclusion

Retailers – e-business is not a panacea, but if you get it right, you can benefit enormously!

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