



Development of Cross-border E-commerce through Parcel Delivery

Appendix B WIK Consumer Survey

Study for the European Commission,
Directorate-General for Internal Market, Industry,
Entrepreneurship and SMEs

Final Report

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February – 2019

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EUROPEAN COMMISSION

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Luxembourg: Publications Office of the European Union, 2019

ISBN 978-92-76-01619-9
doi: 10.2873/098630

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1 Theoretical framework and survey methodology

1.1 Theoretical framework: Measuring service quality in the postal sector

To understand consumers' perceptions of a firm's level of service quality has naturally been a key question of marketing researchers throughout the decades. As contemporary definitions and concepts of understanding these perceptions go, some of the initially influencing concepts in this space were drawn up by Grönroos (1982; 1984)¹ and Parasuraman et al. (1985; 1988)². Within their concept, service quality is the result of consumers' evaluation processes, in which consumers compare their expectations of what they think a service offered should be like and their actual perception of the service as they receive it.³ Hence, the term "perceived service quality" is often used to describe this conceptual approach. It is a subjective judgement of the service quality that is provided. It is positively correlated with, however, not equivalent to satisfaction.⁴ The authors argue that there are two main differences in perceived service quality and satisfaction. First, "perceived service quality is a global judgment, or attitude, [related] to the superiority of the service, whereas satisfaction is related to a specific transaction".⁵ Second, expectations are defined and used differently within service quality and satisfaction research. Expectations in the satisfaction literature are comparable with consumers prediction of what might be happening. Expectations in the service quality literature are more likely to show consumer preferences.⁶ However, the authors also acknowledge that perceived service quality and satisfaction are related to some extent.⁷

Especially, Parasuraman et al.'s (1985; 1988) gap model (also called SERVQUAL model) has been adopted by various researches for a variety of services throughout the following decades of marketing research.⁸ Parasuraman et al.'s (1985; 1988) proposed that perceived service quality is a function of the differences between expectation and perception along different service quality dimensions. The authors, therefore, developed a service quality model based on gaps.⁹ According to the design of the model (see Figure 1), the perceived

1 Grönroos, C., "Strategic Management and Marketing in the Service Sector", 1982, Helsingfors: Swedish School of Economics and Business Administration; Grönroos, C., "A service quality model and its marketing implications", *European Journal of Marketing*, Vol.18, Number 4, 1984, p.36-44.

2 Parasuraman, A; Zeithaml, V.A & Berry, L.L., "A Conceptual Model of Service Quality and Its Implications for Future Research", *The Journal of Marketing*, Vol. 49, No. 4, 1985, p. 41-50; Parasuraman, A; Zeithaml, V.A & Berry, L.L., "SERVQUAL: A Multiple-Item Scale for Mesuring Consumer Perceptions of Service Quality", *Journal of Retailing*, Vol. 64, No. 1, 1988, p.12-40.

3 Parasuraman et al. (1988), p.16; Grönross (1984), p. 37.

4 Parasuraman et al. (1988), p.15.

5 Parasuraman et al. (1988), p.16.

6 Parasuraman et al. (1988), p.17.

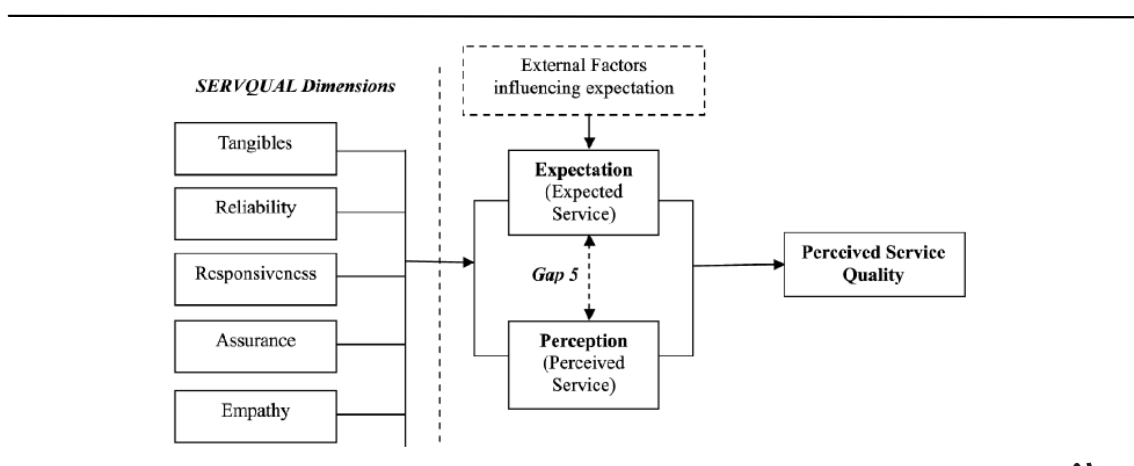
7 Parasuraman et al. (1988), p.15.

8 Kumar, M., Kee, F. T. & Manshor, A. T., "Determining the relative importance of critical factors in delivering service quality of banks; An application of dominance analysis in SERVQUAL model", *Managing Service Quality*, Vol. 19, No. 2, 2009, p. 211-228; Naik, C.N.K.; Gantasala, S.B. & Prabhakar, G.V., "Service Quality (Servqual) and its Effect on Customer Satisfaction in Retailing", *European Journal of Social Sciences*, Vol. 16, No. 2, 2010, p.231-243; Malhan, P., "An Empirical Study of Customers Expectations and Perceptions of Service Quality; A case Study of Nakumatt Megastores in Kenya", *International Journal of Technical Research and Applications*, Vol. 2, No. 3, 2014, p113-118; Ulewicz, R., "Application of SERVQUAL Method for Evaluation of Quality of Educational Services at the University of Higher Education", *Polish Journal of Mangement Studies*, Vol. 9, 2014, p.254-263.

9 Seth, N.; Deshmukh, S.G. & Vrat. P., "Service quality models: a review", *International Journal of Quality & Reliability Management*, Vol. 22, No. 9, 2005, pp.913-949, p.916.

service quality will be considered as excellent i.e. outperforms consumers' expectations if the gap between expectation and perception of the service is positive. No gap indicates that the perceived service quality is adequate and a negative gap indicates that perceptions fall short of expectations.¹⁰

Figure 1 The conceptual design of the original model by Parasuraman et al.'s (1985; 1988)



Source: Kumar et al. (2010), p.357.¹¹

Notably, some follow-up studies adjusted the model, the scale and its dimensions to meet the needs of the specific service sector and the research question.¹²

Some variations of the model have been also applied to the postal sector. Azizzadeh et al. (2013)¹³ evaluated the service quality of Ilam province post offices by using the SERVQUAL/gap model. The authors applied the original scale proposed by Parasuraman et al. (1988). Chatzoglou et al. (2014)¹⁴ used the model to measure the level of service quality of the "Hellenic Post". However, despite including the five dimensions proposed by Parasuraman et al. (1988) into their study, the author added three additional dimensions, namely effectiveness, access and scope of services. Another recent study was conducted by

¹⁰ Naik, C.N.K.; Gantasala, S.B. & Prabhakar, G.V., "Service Quality (Servqual) and its Effect on Customer Satisfaction in Retailing", *European Journal of Social Sciences*, Vol. 16, No. 2, 2010, pp.231-243, p.232.

¹¹ Kumar, M.; Kee, F.T. & Charles, V., "Comparative evaluation of critical factors in delivering service quality of banks - An application of dominance analysis in modified SERVQUAL model", *International Journal of Quality & Reliability Management*, Vol. 27, No. 3, 2010, pp.351-377.

¹² The model by Parasuraman et al. (1985, 1988) formed the basis of several more recent models. An overview of service quality models is provided by Seth et al. (2005).

¹³ Azizzadeh, F.; Khalili, K. & Soltani, I., "Service Quality Measurement in the Public Sector (Ilam Province Post Office Case Study)", *International Journal of Economics, Finance and Management*, Vol. 2, No. 1, 2013, p.114-121.

¹⁴ Chatzoglou, P.; Chatzoudes, D.; Vraimaki, E. & Leivaditou, E., "Measuring citizen satisfaction using the SERVQUAL approach: the case of the 'Hellenic post'", *The Economies of Balkan and Eastern Europe Countries in the Changed World*, 2013, Greece.

Pavlović et al. (2018).¹⁵ The authors analyzed customer satisfaction with postal services in Serbia.

While the present study addresses the same sector, the objective is somewhat different. Instead of exploring an individual company's level of service quality, we seek to compare the service quality of cross-border and domestic deliveries and returns of online purchases independent from the online shop or seller in 30¹⁶ European countries.

The link between level of service quality in postal services and consumers' online shopping behaviour has been established in various recent studies that are described in some detail in this paragraph. According to a survey conducted by MetaPack in 2017¹⁷ among consumers who had made an online purchase within the last six month in six EU countries and the US, more than half of the consumers stated that their delivery experience plays a decisive role in their selection of online vendors. They may choose another retailer if the delivery options are more convenient for their needs. Furthermore, about one third of the consumers stated that they expect the delivery options to be displayed on the product page. Therefore, providing a wide range of delivery options that allow consumers to personalise the delivery process as well as provide transparency within the entire delivery process will lead to a positive consumer experience and increases the likelihood of purchasing online.¹⁸ The more options open to consumers, the higher the likelihood of a positive consumer experience. Highly valued options are fast, free and trackable deliveries. MetaPack (2017) found that these options contribute to the overall consumer satisfaction. Similar results were found by DPDgroup (2017), even though, this study considered a different set of consumers. DPDgroup (2017) conducted a survey in summer 2017 covering European e-shoppers aged 18 years and over across 21 European countries and Russia. Particularly when looking at the question of what options would make them more likely to purchase from a website or retailer, 85% and 78% stated next day or same day delivery. 83% of the consumers considered real-time tracking of delivery as an important option. The questionnaire integrated several other options as well that influenced consumer decision. In 2017, the IPC (2018)¹⁹ conducted a survey among cross-border e-commerce shoppers. The survey took place in 31 countries – including 20 EU/EEA countries – among frequent cross-border online shoppers. Cross-border consumers value by and large the same delivery options. Those studies also yield that consumers value different delivery locations.

¹⁵ Pavlović, M.; Bojičić, R. & Ratković, M.C., "Customer satisfaction with postal services in Serbia", *Management: Journal of Sustainable Business and Management Solutions in Emerging Economies*, forthcoming.

¹⁶ EU28, Norway and Iceland

¹⁷ MetaPack conducted an online survey among 3577 consumers aged 18 years and more from six EU countries and the US. The participants had made an online purchase within the last six month. For further information about the methodology and the results see MetaPack, "2017 State of e-commerce delivery – Consumer Research Report", 2017. Retrieved October 23, 2018 from http://www.metapack.com/wp-content/uploads/2016/10/State_eCommerce_Delivery.pdf.

¹⁸ See MetaPack (2017), p.11 and DPDgroup, "E-shopper barometer 2017: Global report – Europe", 2017, p. 38. Retrieved October 23, 2018 from <https://de.slideshare.net/konsiteo/dpdgroup-eshopper-barometer-2017-global-report>. The DPDgroup conducted a survey in summer 2017 covering European e-shoppers aged 18 years and over across 21 European countries and Russia. They conducted in total 24,871 interviews.

¹⁹ In 2017, the International Post Corporation conducted a survey among cross-border e-commerce shoppers. The survey took place in 31 countries – including 20 EU/EEA countries – among frequent cross-border online shoppers. In total 28,892 interviews were completed. Question: Would the following delivery/return options make you more likely to purchase from a website/retailer? For further information about the methodology and the results see IPC (2018), Cross-border e-commerce shopper survey 2017.

The same studies also identified return management as equally important for consumer satisfaction as delivery. A convenient return management process creates credibility and loyalty among consumers. According to PostNord (2017)²⁰, among several countries about 40% of online shoppers have returned an item at least once during the last year. About half of the online shoppers stated that the clearance of return procedures may influence their decision about whether to buy from an online store or not. Similar results were reported by KPMG (2017)²¹ and IPC (2018). Simple return processes are important for 40% and 57% of the online shopper's surveyed in the respective reports. Also free returns were evaluated positively by consumers.

Furthermore, Hua et al. (2015)²² conducted an empirical study on e-commerce logistic service quality and consumer satisfaction. The authors found that delivery service quality which includes on time delivery and intact goods and packaging have a significant impact on consumer satisfaction.

For the purpose of this study, we identified 26 delivery elements to be tested in our survey largely derived from the insights of previous studies analysing consumer's expectation, satisfaction or view on parcel delivery described in the above. Table 1 provides an overview of the selected elements of the delivery process covered in the present study. These elements were classified into seven dimensions along the deliver process chain – "Information on delivery and return conditions before purchase", "Information on the status of delivery after purchase", "Charges for delivery and return", "Delivery time", "Delivery location", "Delivery quality" and "Management of returns". Each of these dimensions includes two to six delivery elements.²³

20 PostNord conducted a survey in 2017 among e-shoppers across the UK, Belgium, the Netherlands, Italy, Poland, Spain, Germany, France, and the Nordics. Question – Fast delivery: How important is quick delivery? Question – Changes in delivery date: Is it important to you to be able to change the delivery date or time after the products have been dispatched from the online store? For further information about the mythology and the results see PostNord, "E-commerce in Europe 2017", 2017.

21 KPMG conducted a survey among consumers aged 15 to 70 who had made at least on online purchase in the past 12 month. The participants were also within the top 65% of income-earners in their countries. A total of 51 countries were covered and a total of 18,430 responses were received. For further information about the mythology and the results see KPMG, "The truth about online consumers – 2017 Global online consumer report", 2017. Retrieved October 23, 2018 from <https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2017/01/the-truth-about-online-consumers.pdf>.

22 Hua, W. & Zhou, J., "An Empirical Study on E-commerce Logistics Service Quality and Customer Satisfaction", *Wuhan International Conference on e-Business*, 2015.

23 Notably, the items that we use can equally be sorted under dimensions typically used in SERVQUAL studies.

Table 1 Service quality dimensions and delivery elements

Service quality dimension	Delivery elements
Information on delivery and return conditions before purchase	I. Stating the carrier delivering the item. II. Stating the expected delivery time. III. Showing all available delivery options. IV. Information about all delivery charges. V. Information about return costs and provision. VI. Information about customs duties and VAT.
Information on the status of delivery after purchase	I. Notification of the expected delivery date. II. Tracking the delivery process in real time. III. Notification of any delays in delivery. IV. Notification of any attempt to deliver the item.
Charges for delivery and return	I. Free delivery without conditions. II. Free delivery with certain conditions. II. Free return.
Delivery time	I. Possibility to select express delivery. II. Delivery at a specific day. III. Delivery at a specific time.
Delivery location	I. Home delivery. II. Alternative delivery location (in addition to home delivery).
Delivery quality	I. Immaculate item. II. Immaculate packaging. III. Delivery to the agreed location. IV. Delivery on time. V. Courteous deliverer.
Management of returns	I. Visible return address on the packaging or inside the package. II. Return labels within the packaging. III. Return labels available for printing on website.

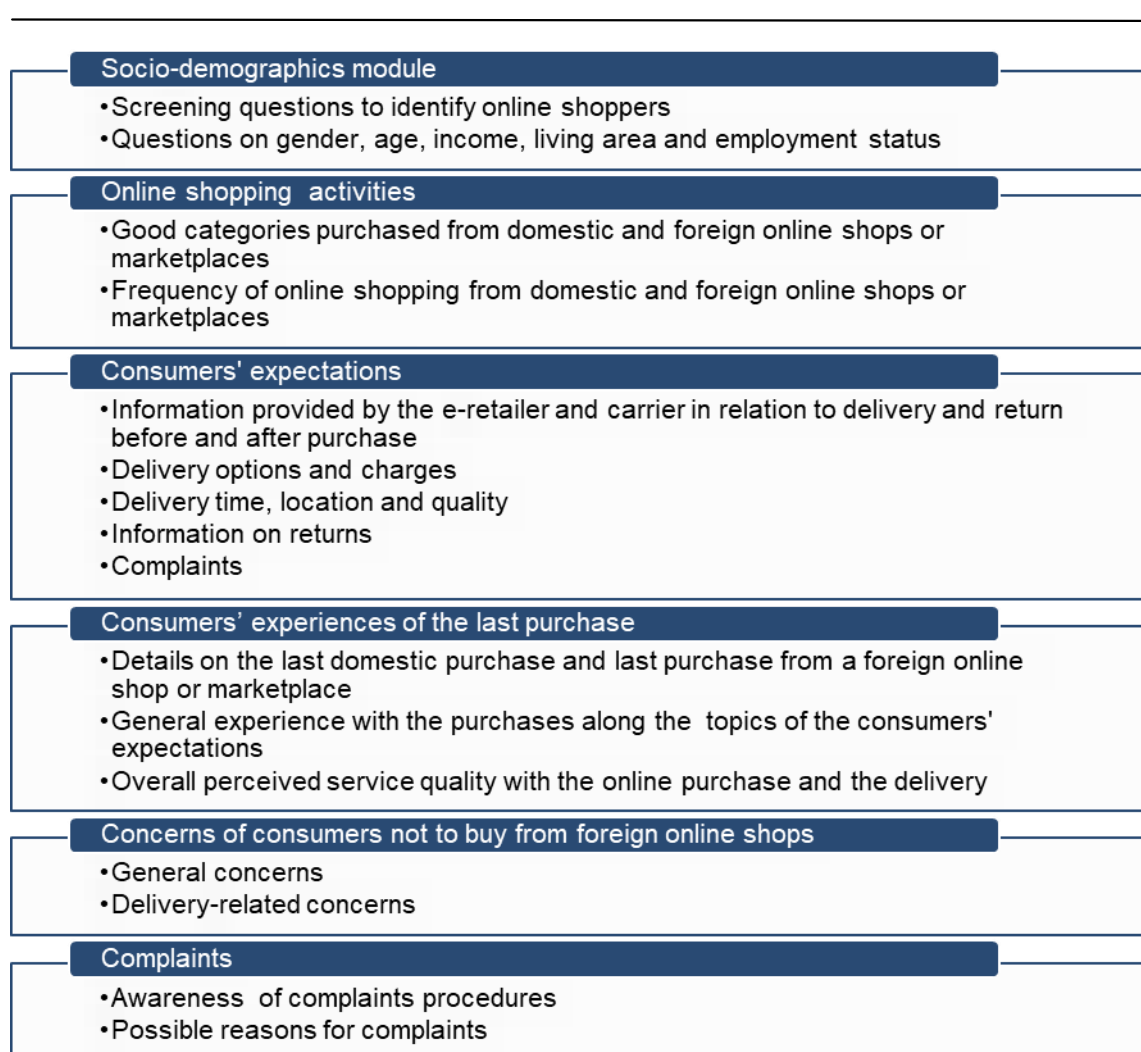
Source: WIK-Consult.

1.2 The questionnaire

We designed the survey elements around three objectives:

- (1) Collecting data about consumers' general online shopping behaviour.
- (2) Analysing the relationship between consumers' expectations and perception of national and cross-border online purchases within delivery-related e-commerce topics
- (3) Identifying consumers' general concerns and awareness of the complaint procedures when purchasing online.

Figure 2 Elements of the WIK Consumer Survey



Source: WIK-Consult.

1.3 Measurement of consumer's perceived service quality

We identified seven dimensions covering the various elements of the delivery process to measure the level of (perceived) service quality. The total of 26 items across these seven dimensions corresponds to 26 expectation statements on delivery aspects of online orders in general and 26 perception statements of e-shoppers for cross-border and domestic online orders, respectively. The respondents stated their agreement on each statement on a five-point Likert-scale ranging from “Completely disagree” (1) to “Completely agree” (5).

The perceived service quality was operationalized by calculating the difference between expectations and perceptions. However, unlike the original methodology of the model proposed by Parasuraman et al.'s (1985; 1988), we incorporate a weighting factor for each dimension. We assume that each respondent will value each dimension differently. Such weighted models were applied in several studies featuring recent adaptations of the original SERVQUAL concept like Safakli (2007), Hirmukhe (2012), and Sharma (2016).²⁴ The weights were derived from the importance respondents' award to each dimension. Each dimension was rated by the respondents according to its importance on a five-point ordinal scale ranging from “Not at all important” (1) to “Very important” (5).

The overall perceived service quality of each respondent for cross-border (Equation 1) and national purchases (Equation 2) was calculated using the following equations:

$$PSQ_C = \sum_{j=1}^7 w_j \left(\frac{1}{R} \sum_{i=1}^R (P_{C,i} - E_i) \right), \quad (\text{Equation 1})$$

$$PSQ_D = \sum_{j=1}^7 w_j \left(\frac{1}{R} \sum_{i=1}^R (P_{D,i} - E_i) \right), \quad (\text{Equation 2})$$

PSQ_C and PSQ_D represent the perceived service quality for cross-border and domestic online orders, respectively. The perceived service qualities are given by the sum of the mean difference in expectations and perceptions across the items in each dimension multiplied by the corresponding weighting factor w_j , whereby $j = \{1, \dots, 7\}$ reflecting the seven dimensions covered in this study. $P_{C,i}$, $P_{D,i}$ and E_i are the ratings on the corresponding perception and expectation statements, with $i = \{1, \dots, R\}$, whereby R represent the maximum amount of items in the specific dimension. To derive to a symmetric scale the service quality score was indexed, which allows us to interpret the relative differences in the perceived service quality. The transformation applied led to a scale from 0 to 200, where 100 describes the case in which the perception equals expectation. An index above 100 indicates that perception exceeded expectation, whereas an index below 100 implies that perception falls short of expectation. The closer the index is to 200 or 0, the higher or lower is the perceived service quality.

²⁴ Safakli, O.V., “Measuring Service Quality of Commercial Banks towards SMEs in Northern Cyprus”, Journal of Yasar University, Vol. 2, No. 8, 2007, p.827-839; Hirmukhe, J., “Measuring Internal Customers' Perception on Service Quality Using SERVQUAL in Administrative Services”, International Journal of Scientific and Research Publications, Vol 2, No. 3, 2012, p.1-6; Sharma, S., “Using SERVQUAL to Assess the Customer Satisfaction Level: A Study of an Urban Cooperative Bank”, Journal of Economics and Public Finance, Vol. 2, No. 1, 2016, p.57-85.

1.4 Description of the sample

The survey was conducted in 28 EU and 2 EEA Member States.²⁵ In each country, the official language(s) were used (in total 24 languages). We implemented the consumer survey with the support of a professional international market research firm providing us with access to representative online panels in the 30 target countries addressing the (online) population of the respective countries aged 18 years and older. Between June and August 2018 a total of 17,037 interviews were completed. The exact sample size in each country is summarized in Table 2.²⁶

Table 2 Sample sizes by country

Country	Sample Size	Country	Sample size
Austria (AT)	518	Iceland (IS)	57
Belgium (BE)	521	Italy (IT)	1,40
Bulgaria (BG)	521	Lithuania (LT)	523
Cyprus (CY)	72	Luxembourg (LU)	102
Czech Republic (CZ)	522	Latvia (LV)	514
Germany (DE)	1,049	Malta (MT)	102
Denmark (DK)	524	Netherlands (NL)	524
Estonia (EE)	517	Norway (NO)	524
Greece (EL)	527	Poland (PL)	1,049
Spain (ES)	1,051	Portugal (PT)	518
Finland (FI)	520	Romania (RO)	519
France (FR)	1,045	Sweden (SE)	522
Croatia (HR)	523	Slovenia (SI)	520
Hungary (HU)	524	Slovakia (SK)	521
Ireland (IE)	519	United Kingdom (UK)	1,049

Source: WIK-Consult.

²⁵ Since appropriate panellists were not available in Liechtenstein (EEA Member State), this country is not covered by the WIK consumer survey.

²⁶ According to our selection criteria for the survey, only respondents who had purchased at least one item online within the last 12 month were eligible for taking part in the survey. About 21% of our initial sample had not purchased at least one item online within the last 12 month and, therefore, were not eligible for taking part in the survey.

Table 3 shows the demographic characteristics of the survey respondents and the total population, which is aggregated to represent the entire population of the EU/EEA Member States. Weighting was used to adjust the data to account for sample bias. On the country level, the data was weighted by gender and age. Corresponding quotas were applied to stratify the sample. For statistics at the EU/EEA level, we report the arithmetic mean across all countries, i.e. each country is equally weighted.

Table 3 Sample and population demographics

Demographics	Survey respondents* (Population**)	Demographics	Survey respondents* (Population**)
Gender		Region	
female	49% (~51%)	rural	24% (~25%)
male	51% (~49%)	suburban	19%
Men/women ratio	1.04 (0.96)	urban	56% } (~75%)
		unknown	0.4%
		Rural/urban ratio	0.32 (0.33)
Age		Monthly income (EUR)	
18 – 24	10% (~10%)	Less than 700	25%
25 – 34	16% (~16%)	700 – 1,700	25%
35 – 44	18% (~17%)	1,700 – 2,700	17%
45 – 54	18% (~18%)	2,700 – 3,700	9%
55+	38% (~39%)	3,700 – 4,700	3%
		4,700 – 5,700	1%
		5,700 and more	2%
		unknown	9%

Source: WIK-Consult. *Unweighted data. **Population data estimates based on World Bank and UN data from 2015.

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2 Expectations and experiences of e-shoppers regarding domestic and cross-border e-commerce delivery: Results of WIK Consumer Survey

Expectations and experiences of e-shoppers regarding domestic and cross-border e-commerce delivery

Results of the WIK Consumer Survey in 30 EU/EEA Member States

A consumer survey conducted for the study
“Development of Cross-border E-commerce through Parcel Delivery”
commissioned by DG GROW



January 2019

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- Summary: Key results
- WIK Consumer Survey
- Methodology: Service Quality Score
- General Purchase Activities
- Service Quality Score
- Non Cross-border Online Shoppers
- Complaints

Key Results

Online shopping behaviour (1)

- More than half of all online shoppers in the EU/EEA have bought abroad last year
 - Big variety among Member States (EU/EEA) with shares from 31% to 87%
 - Particularly in small e-commerce markets high shares of online shoppers buying only cross-border (eg. CY, LU, MT and PT)
 - In large e-commerce markets the share of only domestic buyers is particularly high (eg. in PL, NL, FR, UK, and DE)
- Half of all cross-border purchases were from other EU/EEA Member States, while one third were from China
 - Online shoppers in most Nordic, Western and Southern Member States purchased from other EU/EEA Member States
 - Particularly high proportions of online shoppers from many Eastern Member States purchased from Chinese web shops
 - More than half of the Chinese imports are delivered by USPs

Key Results

Online shopping behaviour (2)

- Most popular product categories for national and cross-border online purchases are fashion (59% and 53%) and electronics (50% and 43%)
- Around half of all e-shoppers buy online at least once a month
 - DE, PL and UK are the countries with the highest shares of 'heavy' domestic online shoppers
 - IS, LU and MT are the countries with shares of 60% and more of 'heavy' cross-border buyers
- For nearly 80% of all online shoppers home delivery is the standard delivery location but there is great diversity in standard delivery locations across Member States
 - Parcel shops or post offices are widely used in in Nordic countries but also in France and Bulgaria
 - Parcel lockers or parcel boxes are mostly used in Poland and the Baltic countries
- For more than 95% of all online shoppers the standard delivery location matches with the preferred location

Key Results

Online shopping behaviour (3)

- Nearly half of e-shoppers have not purchased abroad, so far
 - TOP3 concerns are delivery and return charges (70%), ability to return (70%) and uncertainty on consumer rights (67%)
 - 58% of pure domestic online shoppers are concerned about delivery
 - Two thirds of pure domestic e-shoppers consider buying abroad in the future
- TOP3 reasons to complain are damage, no or wrong delivery
 - Consumers complain to e-retailers or parcel carriers first.
 - Practices for dispute resolution vary across EU/EEA
 - Of all listed inconveniences, delays in delivery has actually happened most to consumers

Key Results

Experiences with last domestic and cross-border online purchase

- Overall, around two thirds of consumers' last online purchases, domestic and cross-border, were offered at 'free delivery' (with or without specific conditions)
 - For domestic purchases, free delivery is more common in Western and Southern Member States
 - For cross-border purchases, particularly e-shoppers of many Eastern Member States benefitted from free delivery
- Universal Service Providers (USPs) delivered 30% of domestic online orders
 - In BE, DE, FI, IS, NL and SE, USPs delivered more than half of the orders
 - In eleven countries other carriers than the USP were in the first place (BG, DK, EL, ES, HU, IT, LT, LV, NO, PL and RO)
- For inbound cross-border, USPs delivered nearly 40% of e-commerce shipments
 - In all countries except for LU the USPs were in the first place
 - USPs in MT, CZ and IS delivered more than half of the cross-border purchases
- Nearly a quarter of all online shoppers did not remember who delivered the last domestic or cross-border purchase

Key Results Service Quality Score Domestic & cross-border purchases (1)

- Overall, domestic service levels are rated slightly better than cross-border service levels
- Expectations on **Information provided on delivery and return conditions** met at high degree for domestic but less for cross-border purchases in most Member States
- There is still a significant gap between expected and experienced **visibility of the delivery status** of online orders in many countries – cross-border often rated lower than domestic
- In many Eastern European Member States e-shoppers' experiences on cross-border **charges for delivery and returns** were better than for domestic ones
- There is a significant lack between expected and experienced choice on **delivery time options** offered by e-retailers
- Expectations and experiences on **delivery locations** often match for domestic purchases, particularly in Benelux, DE and UK, but less for cross-border purchases

Key Results Service Quality Score Domestic & cross-border purchases (2)

- Experienced **delivery quality** for domestic and cross-border online purchases best match with expectations of all considered service categories
 - Experienced delivery quality of cross-border purchases slightly lower than of domestic purchases in more than half of the Member States
- There is a significant gap between expected and experienced **management of returns** in most Member States
 - The perceived service quality gap is bigger for cross-border than for domestic purchases, particularly in Western and Northern Member States
- In most countries, e-shoppers perceived the same level of service quality for both, domestic purchases and cross-border purchases from other EU/EEA Member States

Key Results

Service Quality Score for carriers' delivery quality USPs versus other carriers

- Service Quality Score for carriers' delivery quality include items that are related to the performance of carriers, including tracking, delivery notifications, delivery at agreed location and on time and deliverer's courtesy
- Overall, consumers are almost equally happy with delivery by USPs and other carriers for domestic online purchases
- In many Western European countries the USPs perform better for both, domestic and cross-border purchases
- In many Eastern European countries other carriers perform better particularly in case of cross-border purchases
- Perceived low service quality levels of cross-border purchases delivered by USPs might be driven by Chinese imports that are mostly delivered by USPs

Key Results

Service Quality Score for carriers' delivery quality Rural/suburban versus urban areas

- In most countries there are no indications that the carriers' delivery quality in rural/suburban areas is significantly different from urban areas
- E-shoppers in the UK, Portugal and Cyprus experience lower levels in rural/suburban areas
- The perceived "Delivery Quality" is significantly better in rural/suburban areas than in urban areas in many Member States e.g. Bulgaria, the Netherlands, Estonia, Belgium and Czechia



WIK Consumer Survey: Key facts

- Online consumer survey conducted in 30 countries and 24 languages
- Consumers sourced from representative national online panels
- Total sample: 17,037
- Survey method: CAWI (*Computer Assisted Web Interviewing*)
- Average interview length: 27 minutes
- Fieldwork period: 28 June-26 August 2018
- Data weighted by gender and age. Corresponding quotas applied to stratify sample.

Sample size by MS

AT	518	IS	57
BE	521	IT	1,040
BG	521	LT	523
CY	72	LU	102
CZ	522	LV	514
DE	1,049	MT	102
DK	524	NL	524
EE	517	NO	524
EL	527	PL	1,049
ES	1,051	PT	518
FI	520	RO	519
FR	1,045	SE	522
HR	523	SI	520
HU	524	SK	521
IE	519	UK	1,049

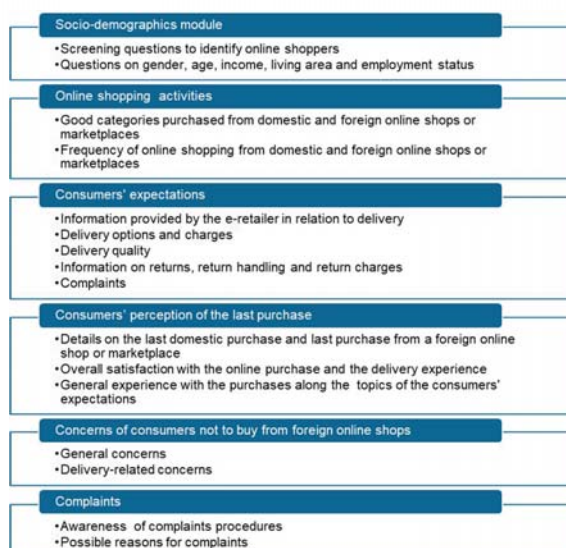
WIK Consumer Survey: Survey sample*

Sample demographics			
Demographics	Survey respondents (Population**)	Demographics	Survey respondents (Population**)
Gender		Region	
female	49.1% (51.0%)	rural	24.0% (25.0%)
male	50.9% (49.0%)	suburban	19.2% } (75.0%)
Men/women ratio	1.04 (0.96)	urban	56.3% }
		unknown	0.4%
		Rural/urban ratio	0.32 (0.33)
Age		Monthly income (EUR)	
18 – 24	10.0% (9.8%)	less than 700	24.6%
25 – 34	16.4% (15.7%)	700 – 1,700	34.5%
35 – 44	17.8% (17.2%)	1,700 – 2,700	17.3%
45 – 54	17.9% (18.0%)	2,700 – 3,700	8.5%
55+	37.9% (39.3%)	3,700 – 4,700	3.2%
		4,700 – 5,700	1.4%
		5,700 and more	1.6%
		unknown	8.9%

WIK Consumer Survey: Survey design

WIK designed the survey elements around three primary objectives:

1. Collecting data about consumers' online shopping behaviour
2. Analysing the relationship between consumers' expectations and perception of national and cross-border online purchases
3. Identifying consumers' general concerns and awareness of the complaint procedures when purchasing online





Methodology: Service Quality Score

- Concept introduced by Parasuraman et al. (1988) to evaluate for service quality. Service quality defined as “comparison of what [consumers] feel service firms should offer with their perceptions of the performance of firms providing the service.”
- According to the conceptual design of the model, a positive gap indicates that the perceived service quality exceeds expectations, a negative gap indicates that the perceived service quality fall short of expectations.
- Since its introduction in 1988, SERVQUAL models have been applied to numerous sectors, including postal/parcel services, and results have been published in scientific journals.

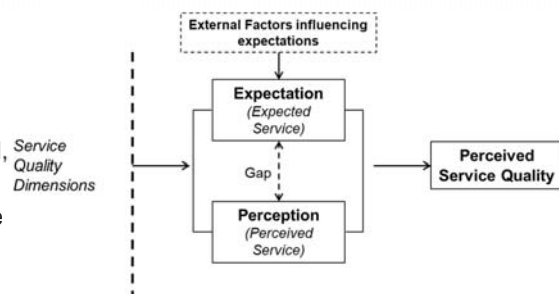


Figure 1: The conceptual design of the Service Quality model (Source: Own representation based on Daniel et al. (2010); Kumar et al. (2009))

Methodology: Service Quality Score

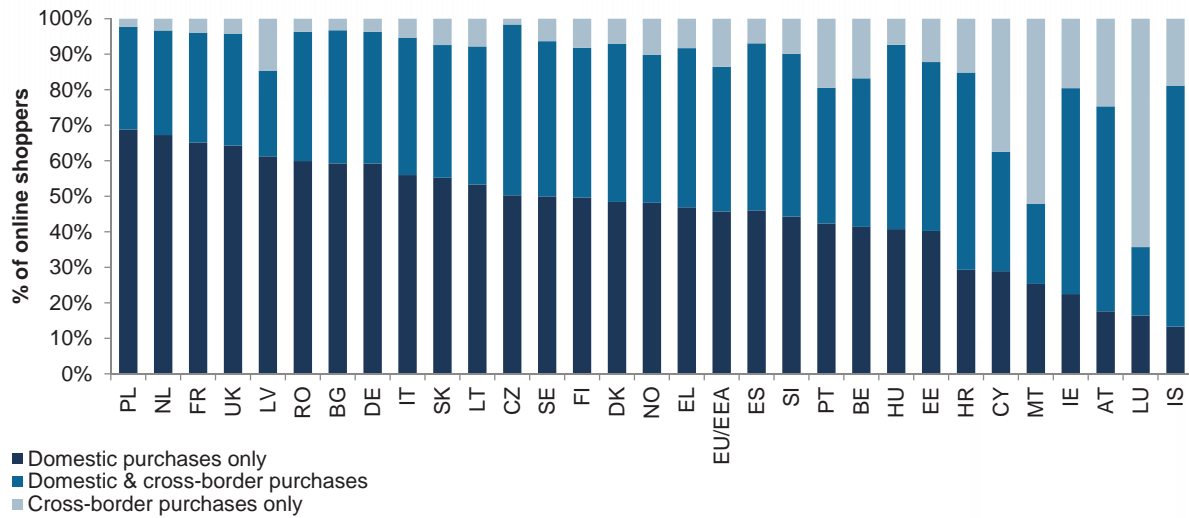
- Purpose: Analyzing the service quality of national and cross-border online purchases independent from the specific carrier or the specific online shop or seller
- WIK used **seven service dimensions** of delivery process, each including *two to six items* (=statements about expectations and perceptions with their latest e-commerce transaction). For each item, expectations and perceptions were solicited using five-point Likert-scale ("Completely disagree" to "Completely agree").
- Perceived service quality calculated as weighted difference between perceptions and expectations. Weights derived from the importance respondents awarded to each dimension on a five-point ordinal scale ("Not at all important" to "Very important").

Seven service dimensions applied for e-commerce delivery

- Information on delivery and return conditions before purchase
- Information on the status of delivery after purchase
- Charges for delivery and returns
- Delivery time
- Delivery location
- Delivery quality
- Management of returns



In different Member States, 31% to 87% of all online shoppers have bought abroad last year

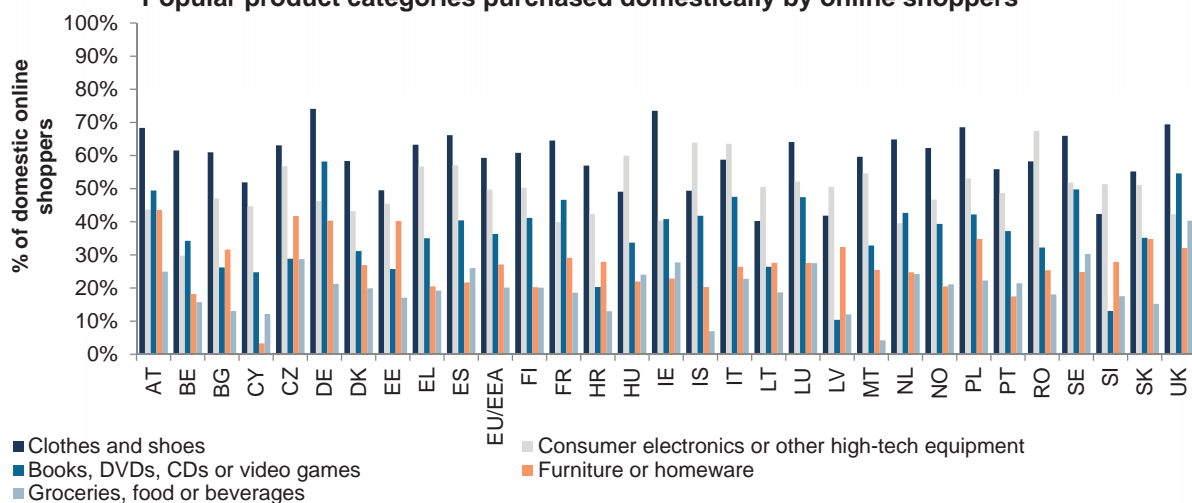


wik CONSULT N=17,037. Question: Within the past 12 month, have you... (a) purchased a physical item/item that had to be delivered from an online shop or a seller on an online marketplace in the country you currently live in?; (b) purchased a physical item/item that had to be delivered from an online shop or a seller on an online marketplace in a country other than the country you currently live in? Multiple choice.

18

Top product categories bought online domestically: Fashion, electronics, media

Popular product categories purchased domestically by online shoppers

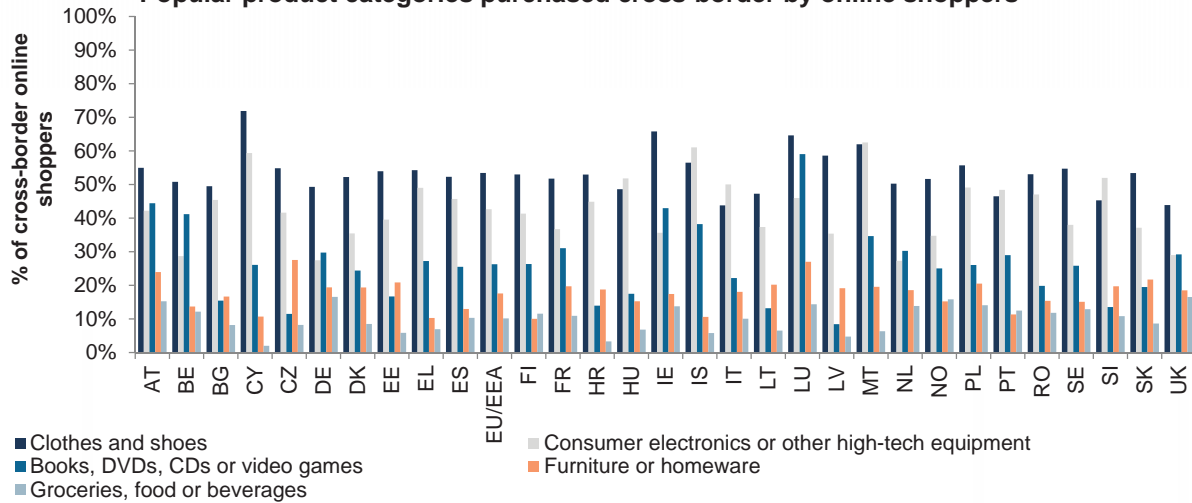


wik CONSULT N=15,507. Question: Over the course of the last 12 month, which of the following items have you purchased from an online shop or a seller on an online marketplace in the country you currently live in? Multiple choice. On average, 38% of national online shoppers stated that they purchased other items, 1% did not provide an answer to this question.

19

Similar products bought from abroad

Popular product categories purchased cross-border by online shoppers

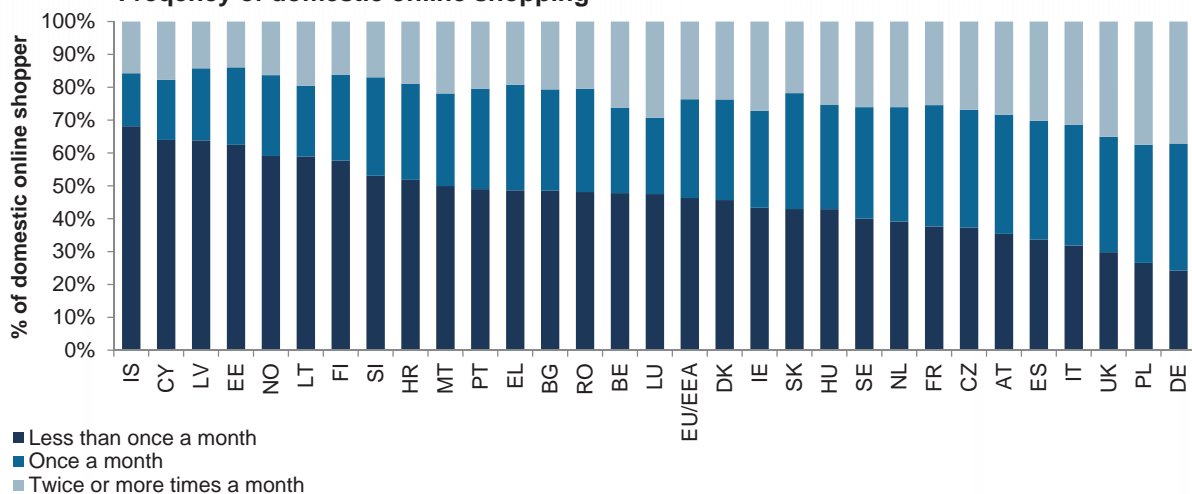


N=8,404. Question: Over the course of the last 12 months, which of the following items have you purchased from an online shop or a seller on an online marketplace in countries other than the one you currently live in? Multiple choice. On average, 42% of the cross-border online shoppers stated that they purchased other items. 2% did not provide an answer to this question.

20

Frequent e-shopping: 32% to 76% of all domestic online shoppers buy at least once a month from domestic e-shops ...

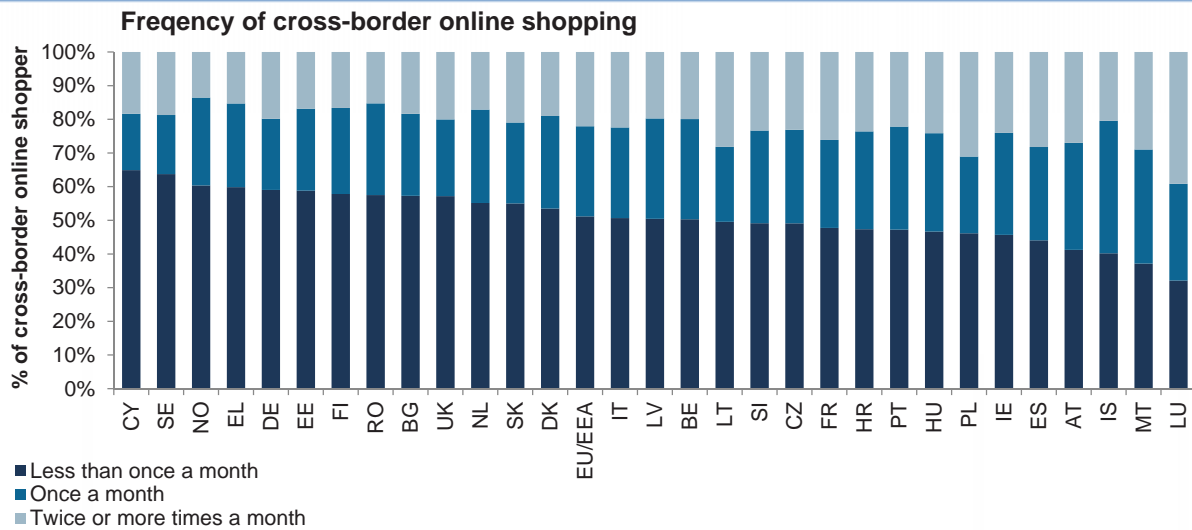
Frequency of domestic online shopping



N=15,507. Question: On average, how often do you purchase items from online shops or sellers on online marketplaces in the country you currently live in? Single choice. "No answer/don't know" were considered for figure above (1% of respondents).

21

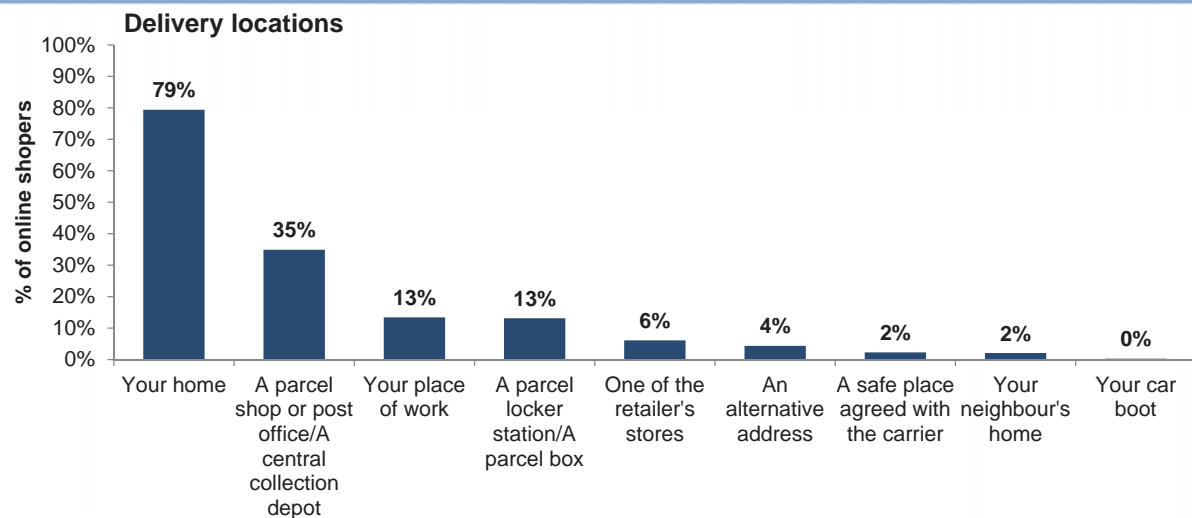
... and 35%-68% of all cross-border online shoppers buy at least once a month from abroad



N=8,404. Question: On average, how often do you purchase items from online shops or sellers on online marketplaces in countries other than the one you currently live in? Single choice. "No answer/don't know" were not considered for figure above (2% of respondents).

22

On average, parcels are mostly delivered at home ...

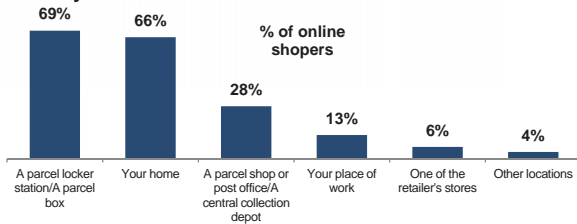


N=17,037. Question: Where do you usually have your parcels delivered to? Multiple choice.

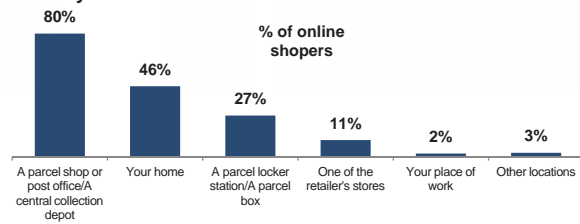
23

... but there is great diversity in delivery locations across Member States

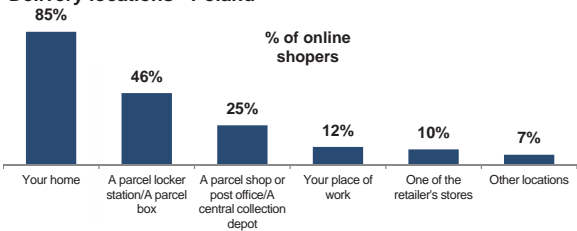
Delivery locations - Estonia



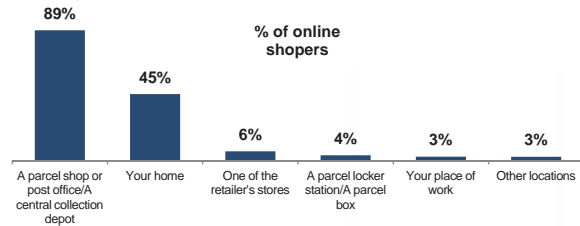
Delivery locations - Finland



Delivery locations - Poland



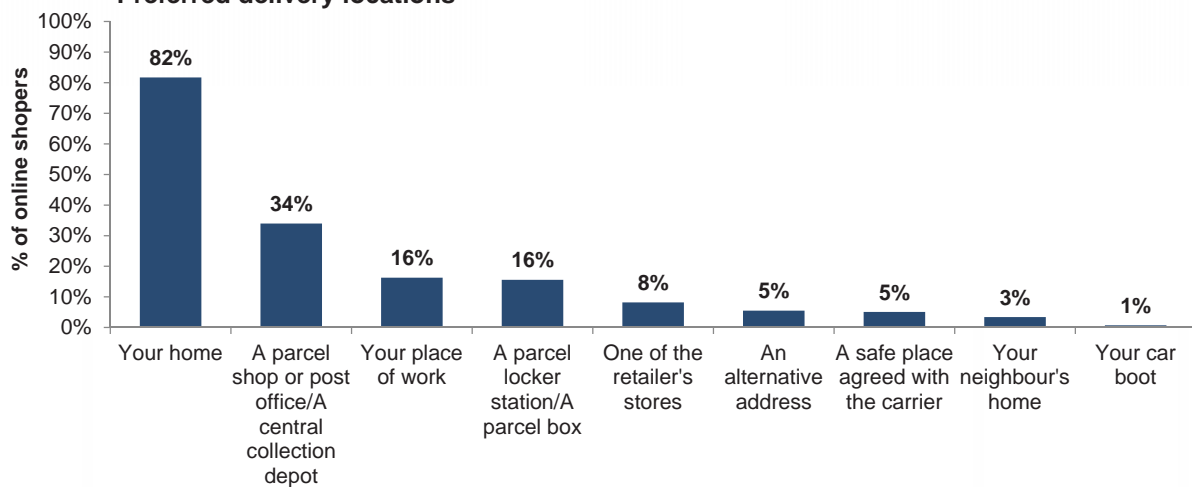
Delivery locations - Sweden



Question: Where do you usually have your parcels delivered to? Multiple choice.

24

Preferred delivery locations



N=17,037. Question: To which of the following locations do you prefer your parcel to be delivered? Multiple choice.

25

Delivery locations - Estonia



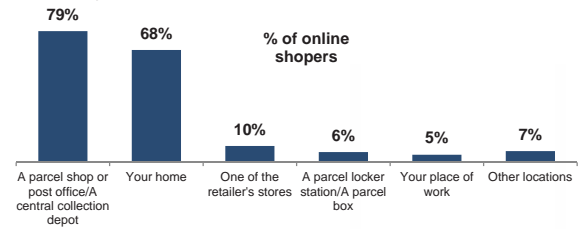
Delivery locations - Finland



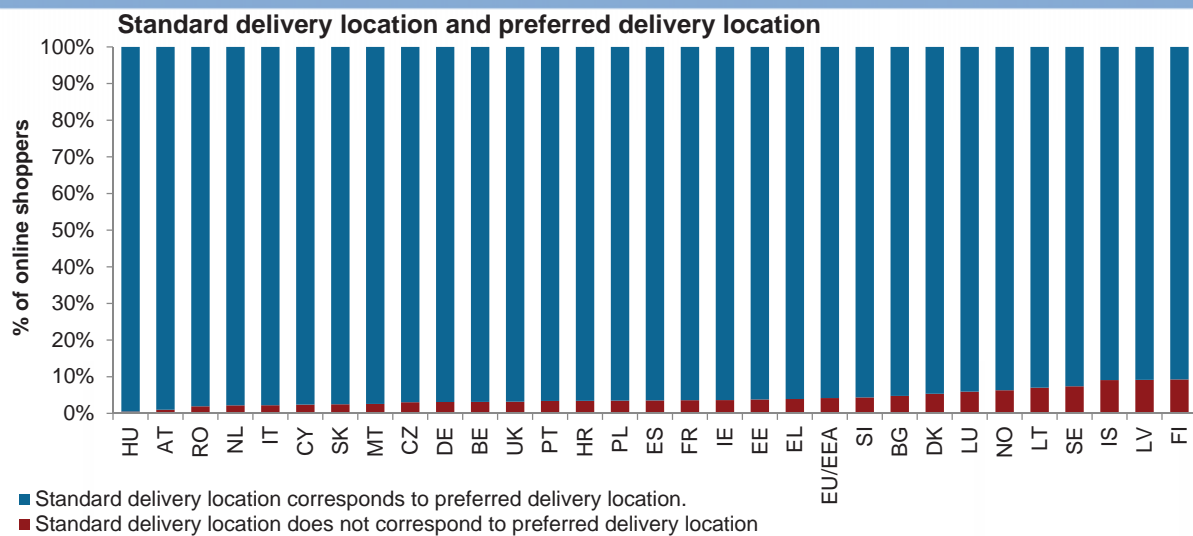
Delivery locations - Poland



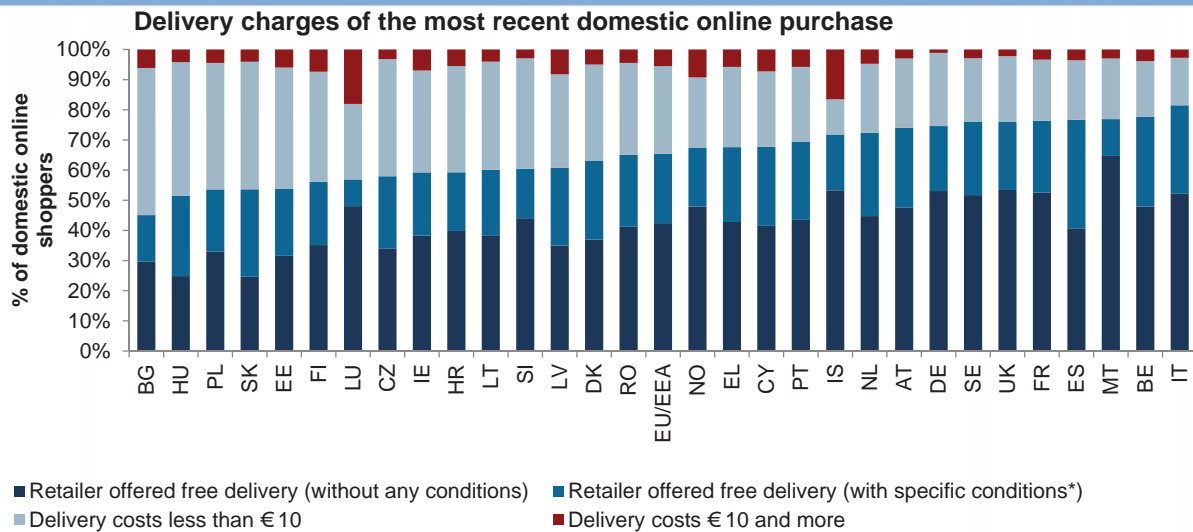
Delivery locations - Sweden



For more than 95% of all online shoppers the standard delivery location matches with the preferred location



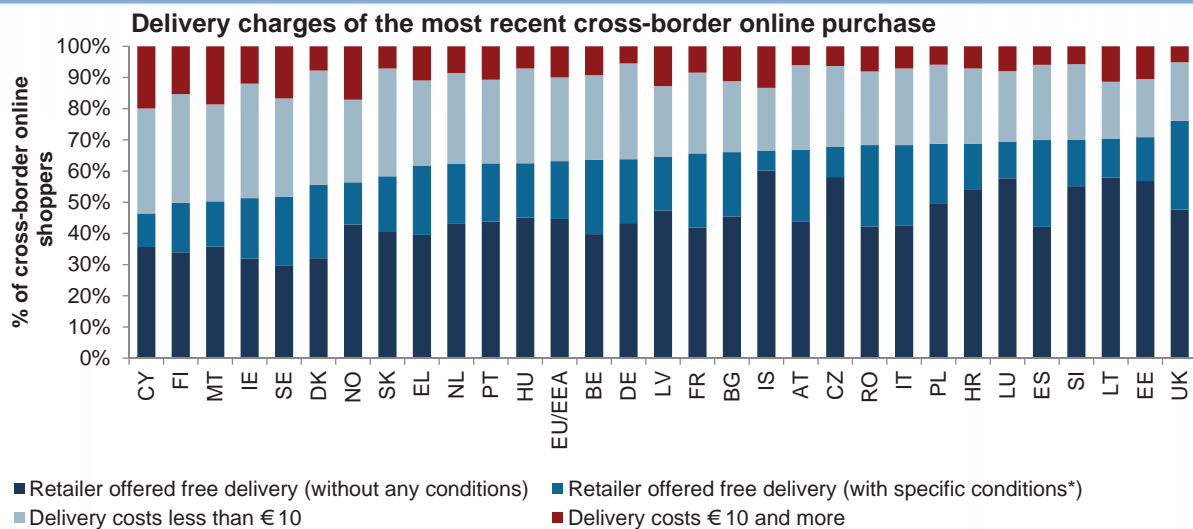
For 45% to 82% of all domestic online shoppers, the most recent domestic online purchase was offered at 'free delivery'



wik CONSULT N=15,403. Question: Please specify the delivery cost for your most recent purchase from an online shop or a seller on an online marketplace in the country you currently live in. Single choice. "No answer/don't know" were not considered for figure above (3% of respondents). *i.e. delivery promotion, loyalty program, high item value, basic delivery service.

28

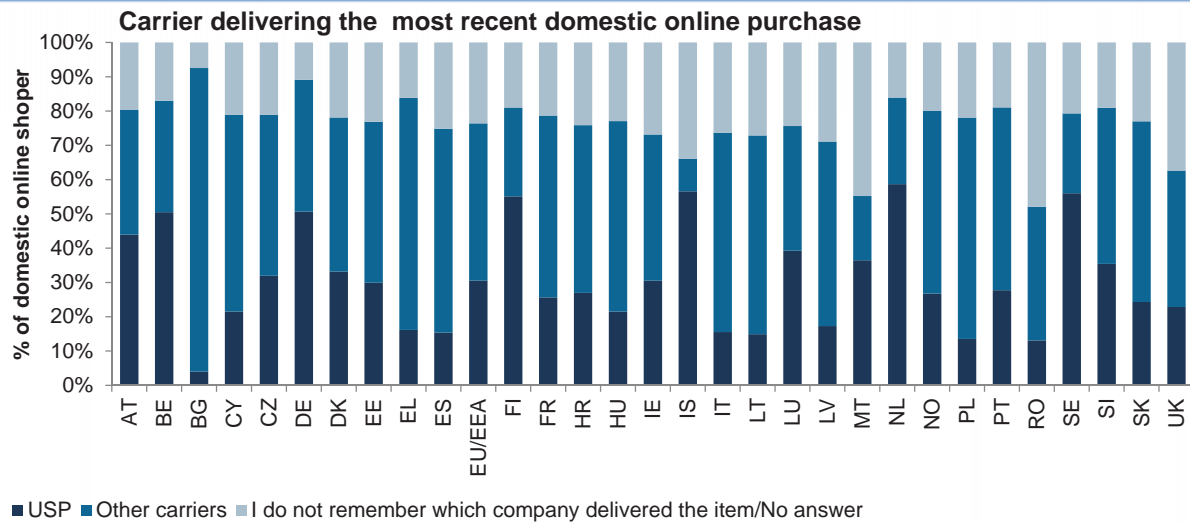
Even for cross-border purchases, 'free delivery' was offered to 46% to 86% of all cross-border online shoppers at the last order



wik CONSULT N=8,212. Question: Please specify the delivery costs for this purchase. Single choice. "No answer/don't know" were not considered for figure above (3% of the respondents). *i.e. delivery promotion, loyalty program, high item value, basic delivery service.

29

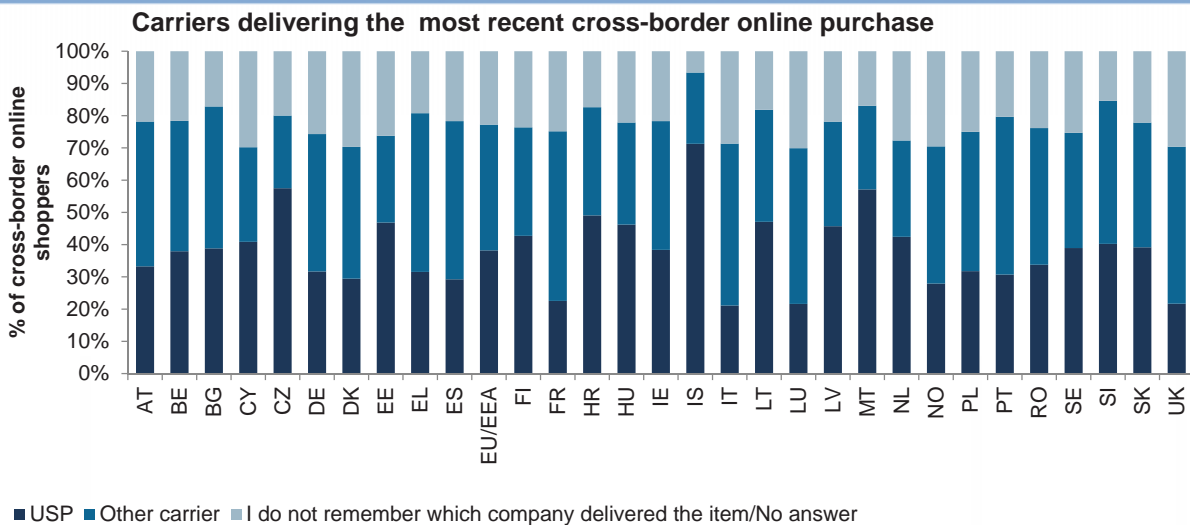
Across Member States, USPs delivered very different shares of e-commerce (consumers' last purchase)



N=15,403. Question: Which company delivered the item you last purchased from an online shop or a seller on an online marketplace in the country you currently live in? Single choice.

30

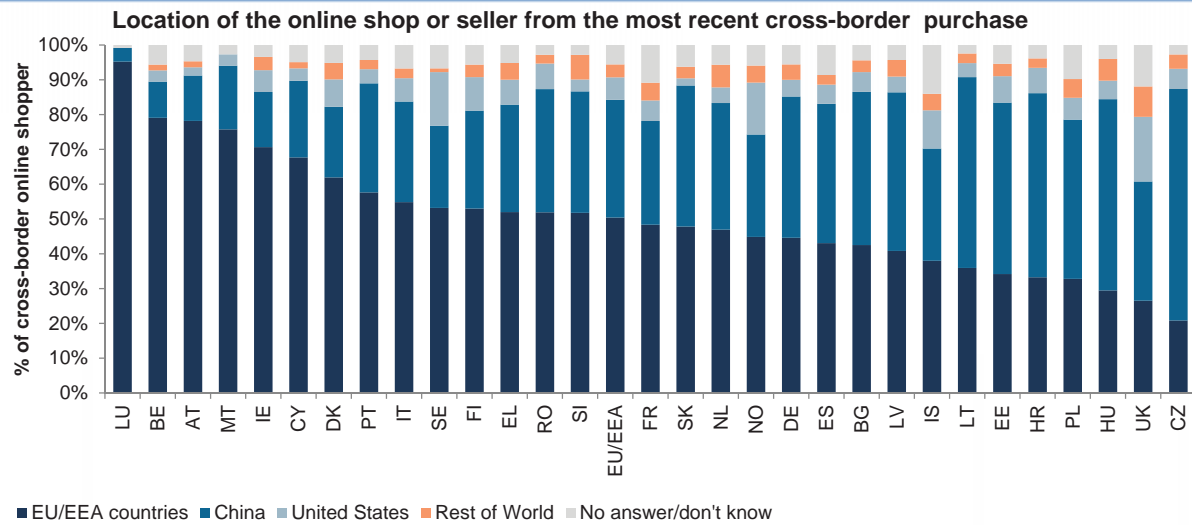
For inbound cross-border, USPs are more significant than for domestic e-commerce shipments



N=8,212. Question: Which company delivered the last item you purchased from an online shop or a seller on an online marketplace in a country other than the one you currently live in? Single choice.

31

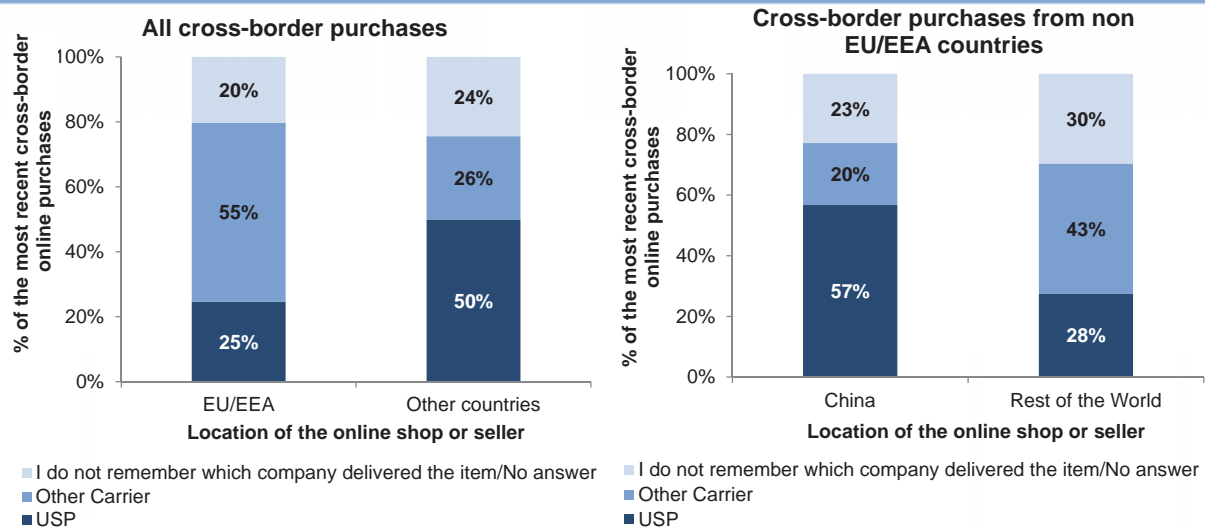
Half of all cross-border purchases were from other EU/EEA Member States. China is next most important



N=8,212. Question: Thinking of your most recent purchase from an online shop or a seller on an online marketplace in a country other than the one you currently live in, where was the online shop or seller located? Single choice.

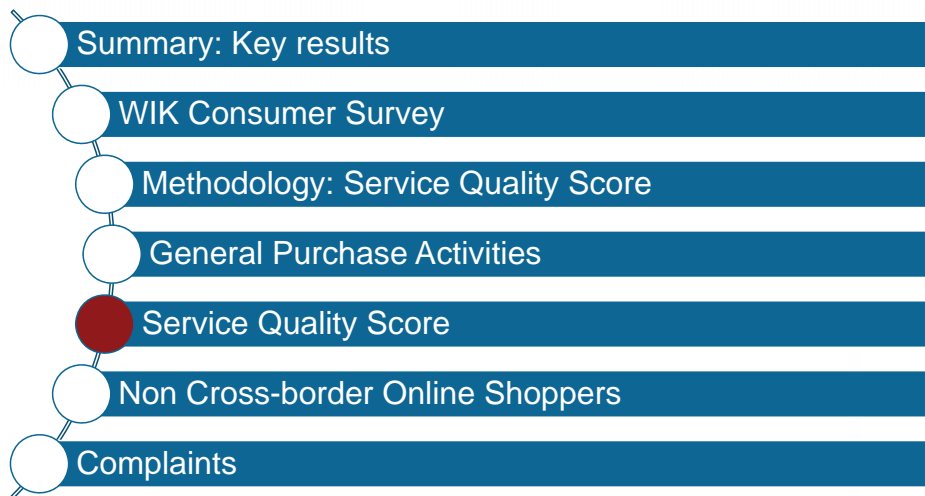
32

More than half of the Chinese imports are delivered by the USPs



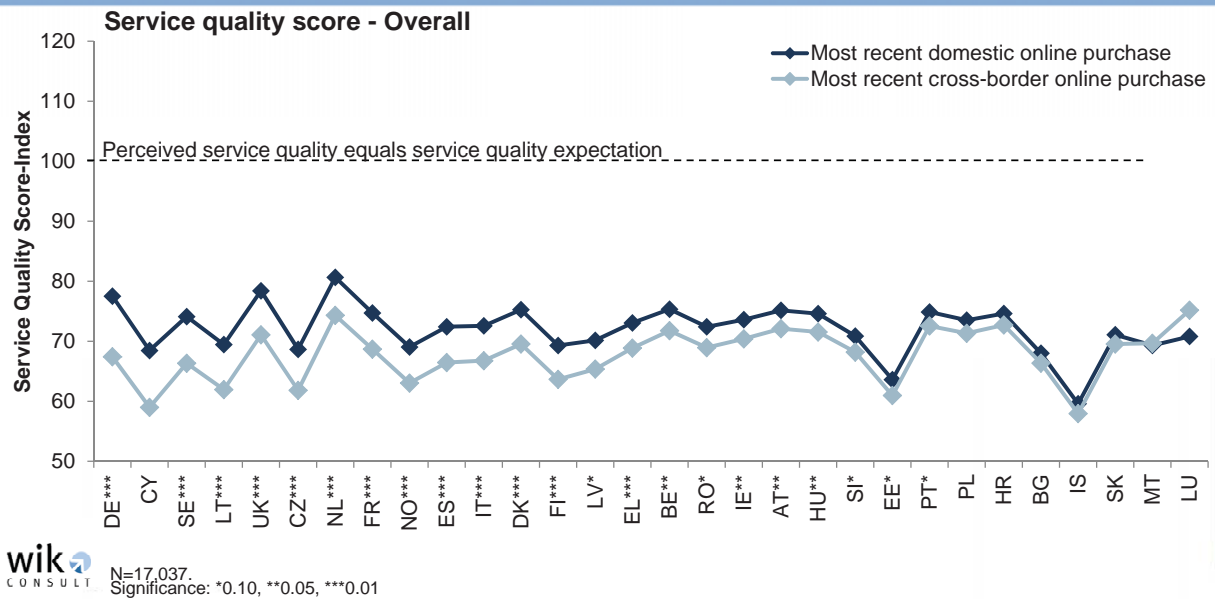
N=8,212. Approximately 5% did not know the location of the online shop or seller. These answers were not considered in the figures.

33



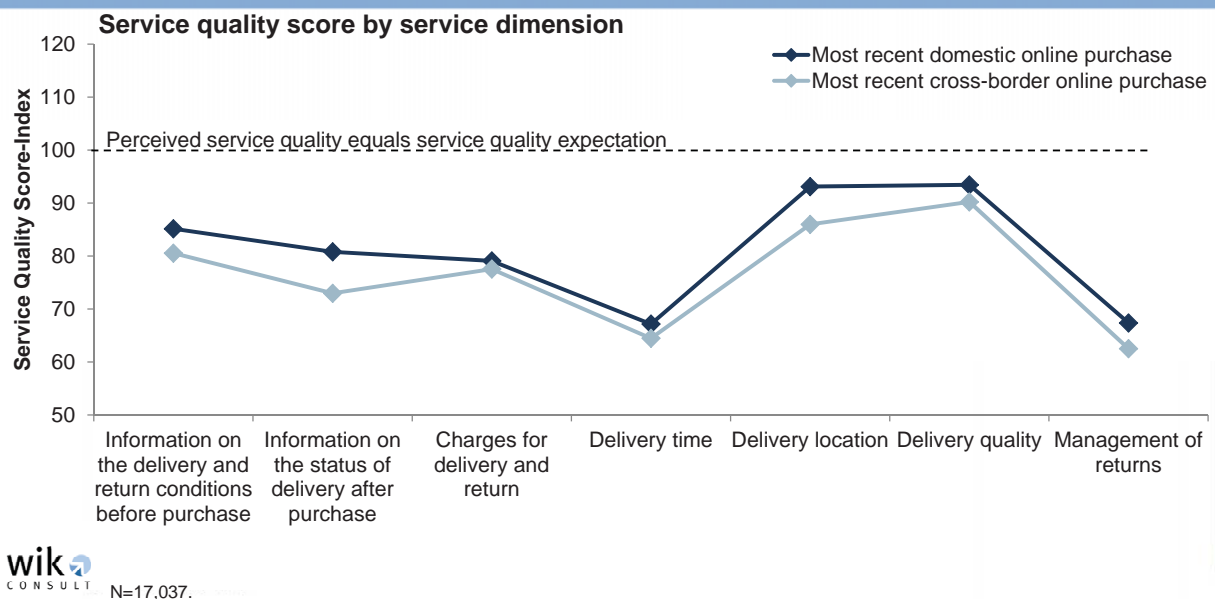
Domestic & cross-border purchases (all countries)

Consumers value service levels in e-commerce delivery. Domestic rated slightly better than cross-border



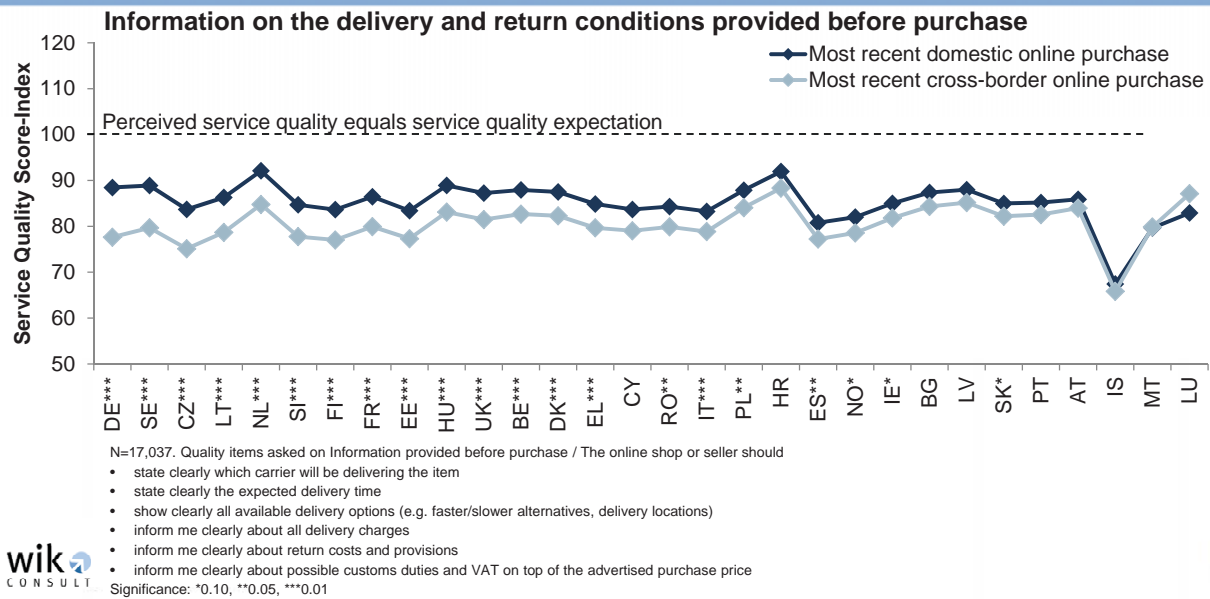
36

Consumers value service levels in e-commerce delivery. Domestic rated slightly better than cross-border

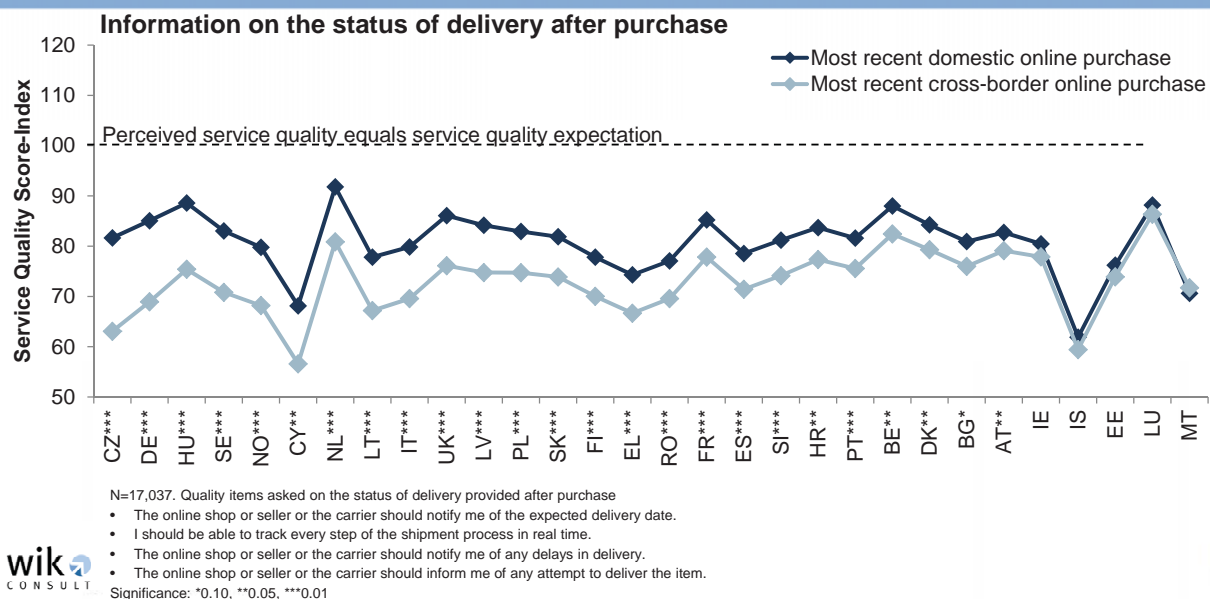


37

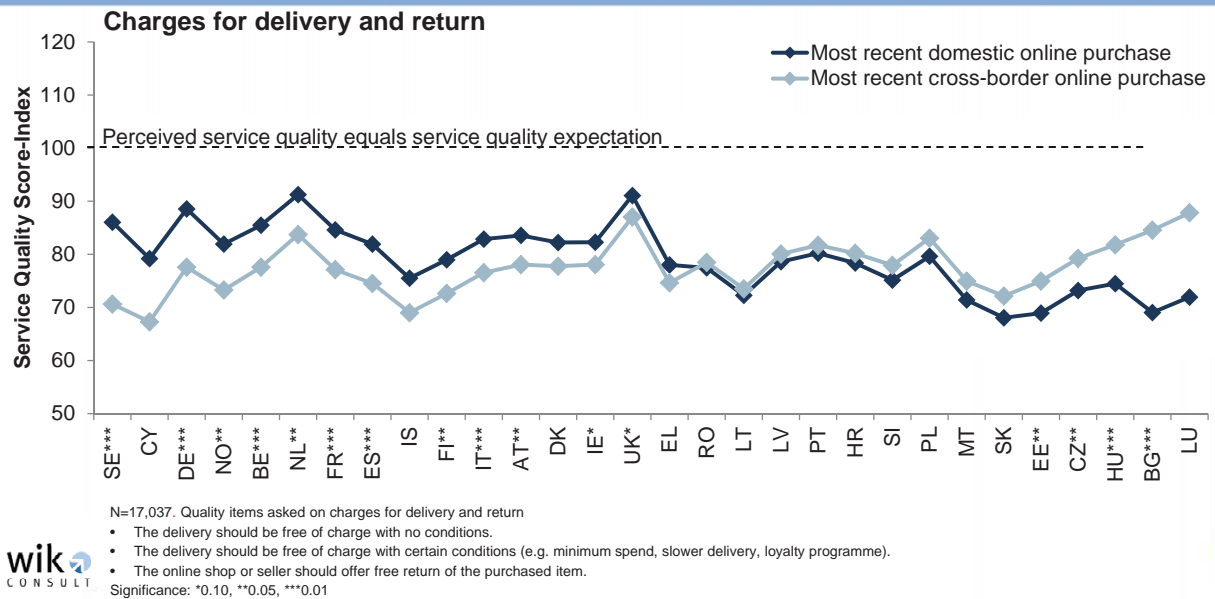
Information provided on delivery and return conditions for cross-border purchases with potential for improvements



There is still a lack between expected and experienced visibility of online orders in most countries – cross-border more than domestic

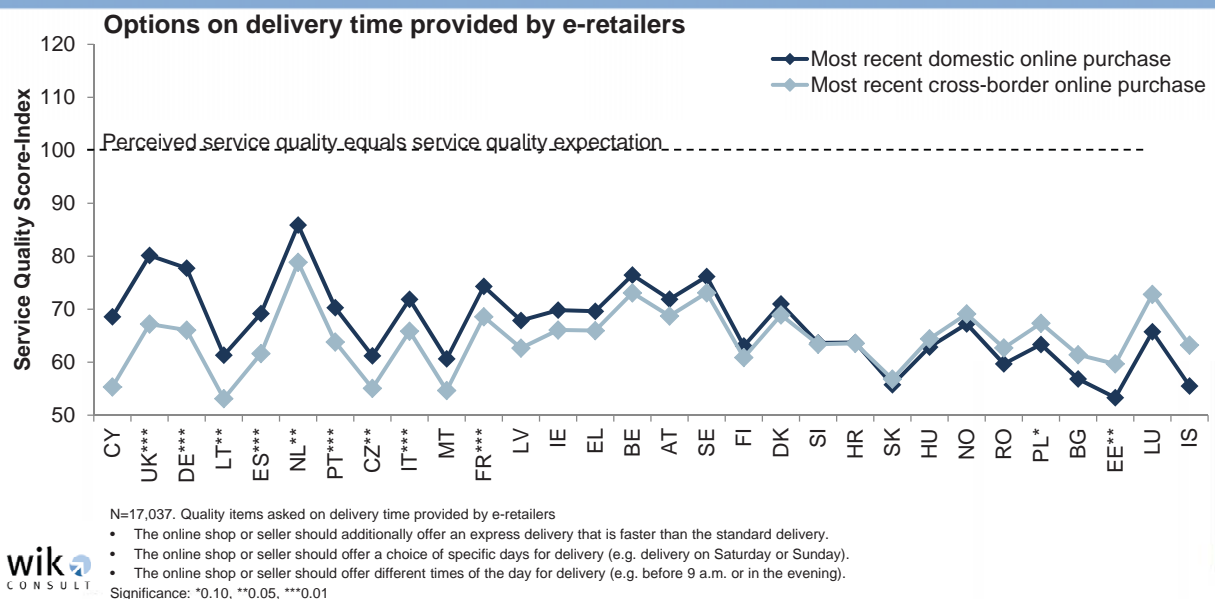


Perceived gap for cross-border charges were lower than for domestic online purchases in many Eastern European countries



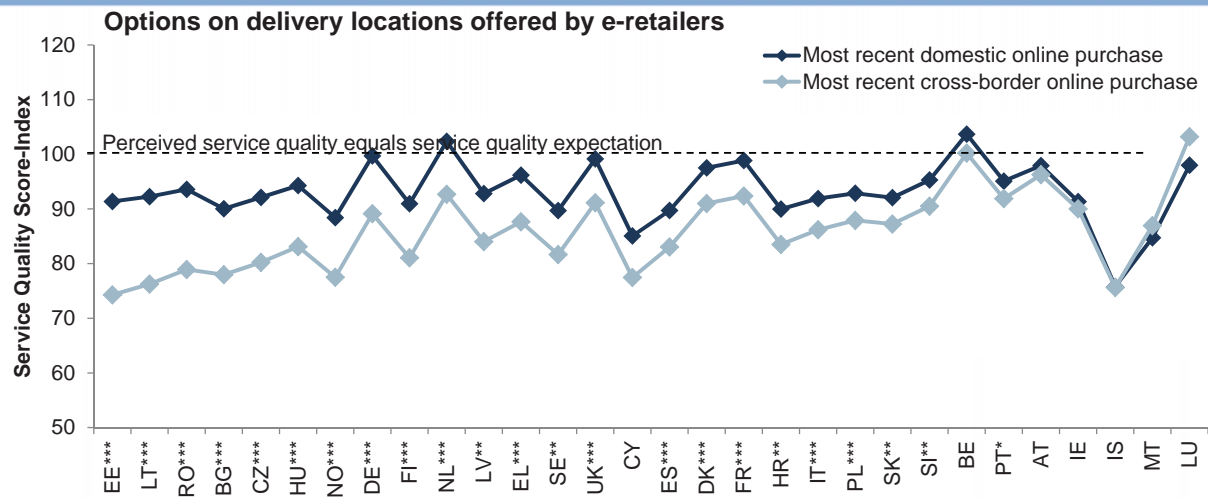
40

There is a significant lack between expected and experienced choice on delivery time options offered by e-retailers



41

Expectations on and experiences with options of delivery locations often match for domestic purchases, much less for cross-border



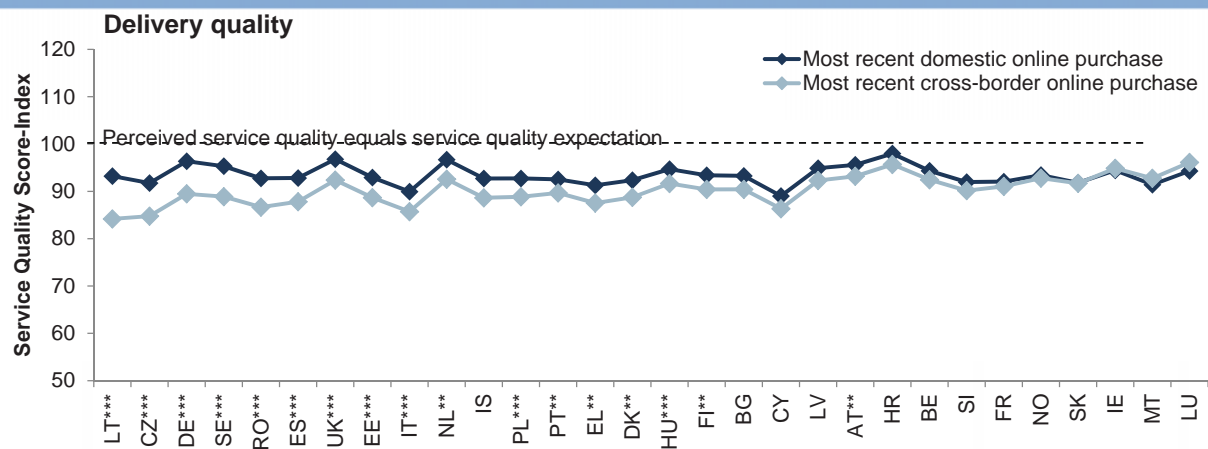
N=17,037. Quality items asked on delivery location provided by e-retailers

- The online shop or seller should always offer home delivery.
- The online shop or seller should always offer alternative delivery locations (in addition to home delivery).

Significance: *0.10, **0.05, ***0.01

42

Experienced delivery quality for cross-border purchases significantly lower than for domestic purchases in more than half of the countries



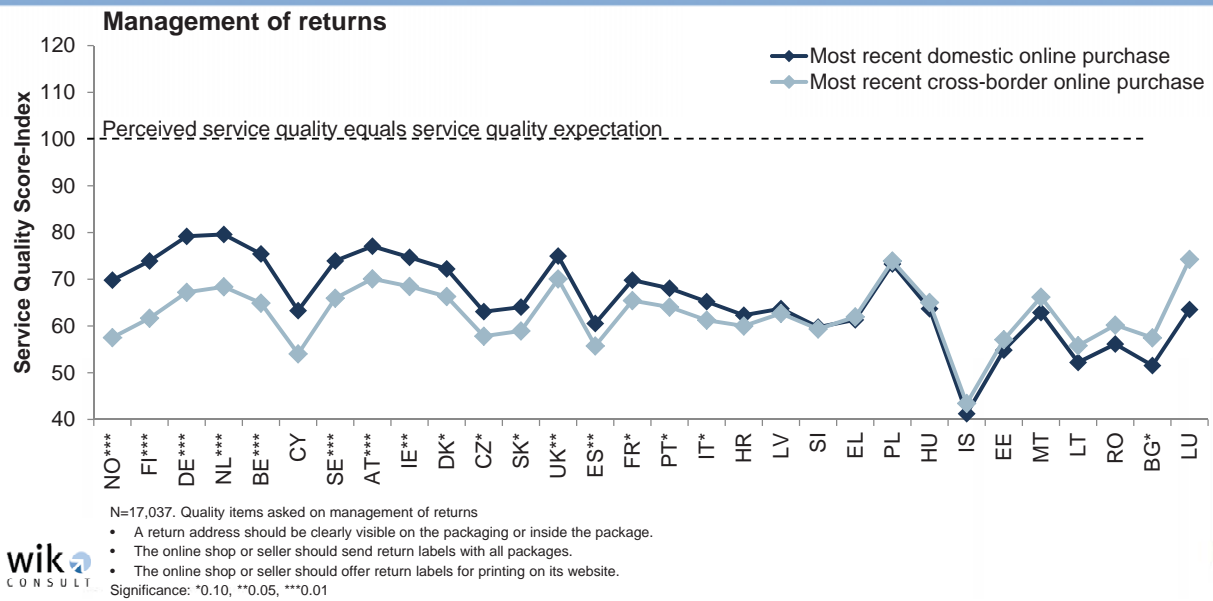
N=17,037. Quality items asked on delivery quality

- The item should arrive in immaculate condition.
- The packaging should be immaculate when I receive it.
- The item should be delivered to the agreed location.
- The item should be delivered on time.
- The deliverer should be consistently courteous.

Significance: *0.10, **0.05, ***0.01

43

There is a significant lack between expected and experienced management of returns in most countries: Cross-border experience fails more often in Western and Northern countries

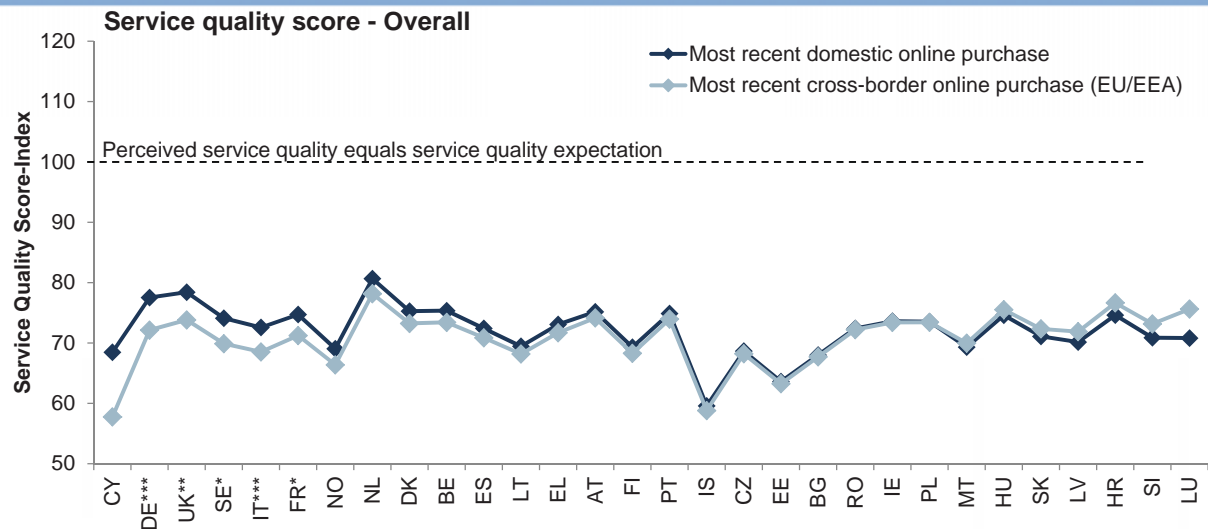


44

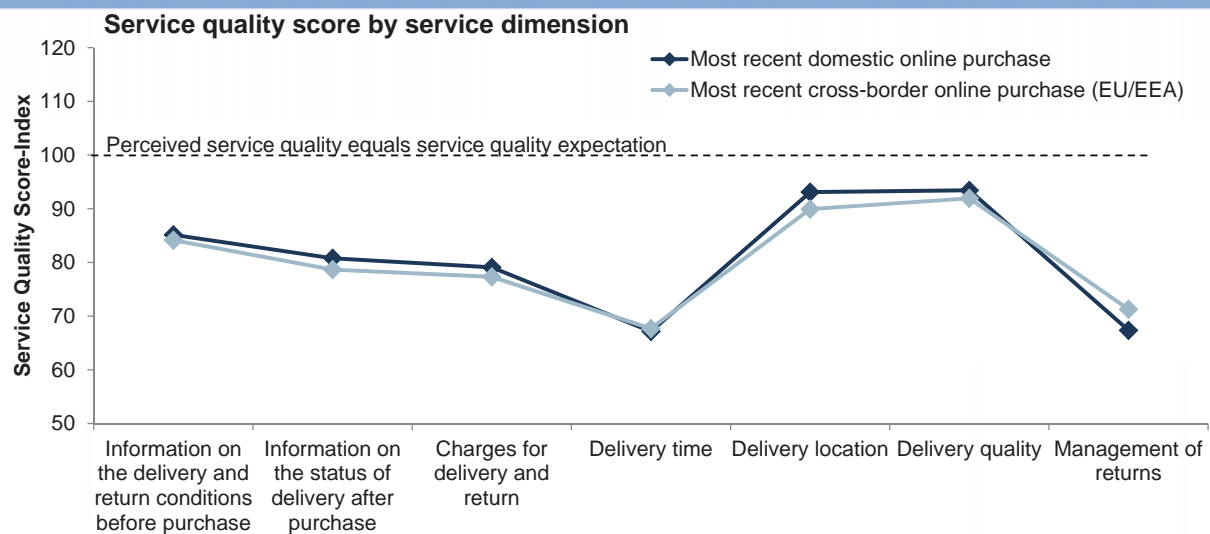
Domestic & cross-border purchases (EU/EEA countries)

45

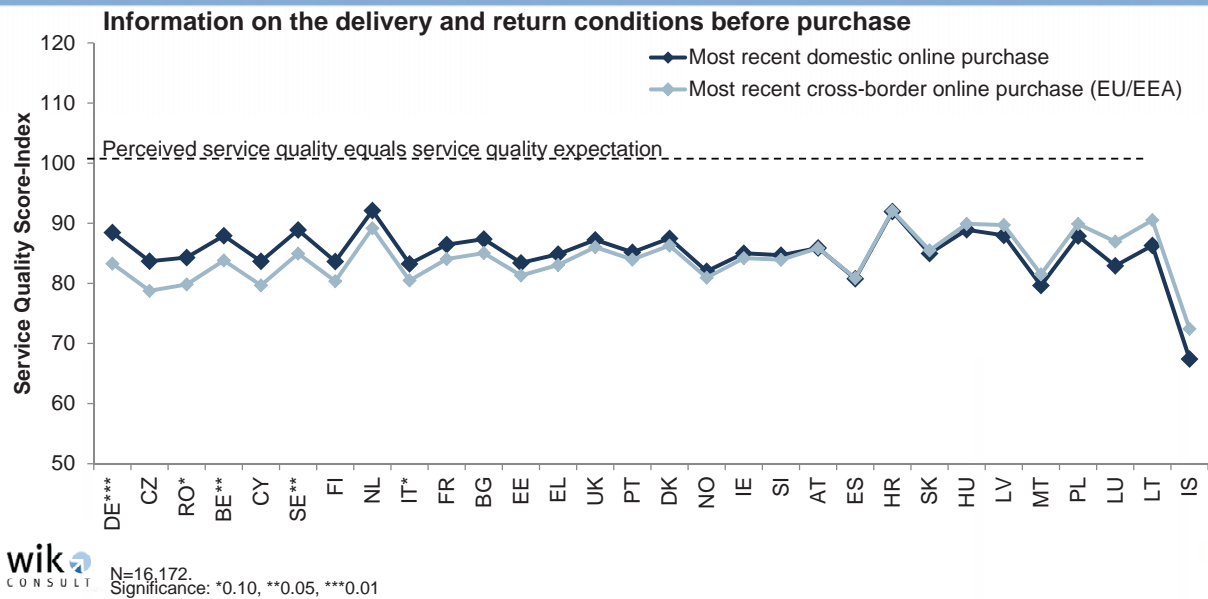
Often no significant difference in perceived service quality for domestic and cross-border purchases from other EU/EEA countries, overall ...



... and for each service quality modul ...

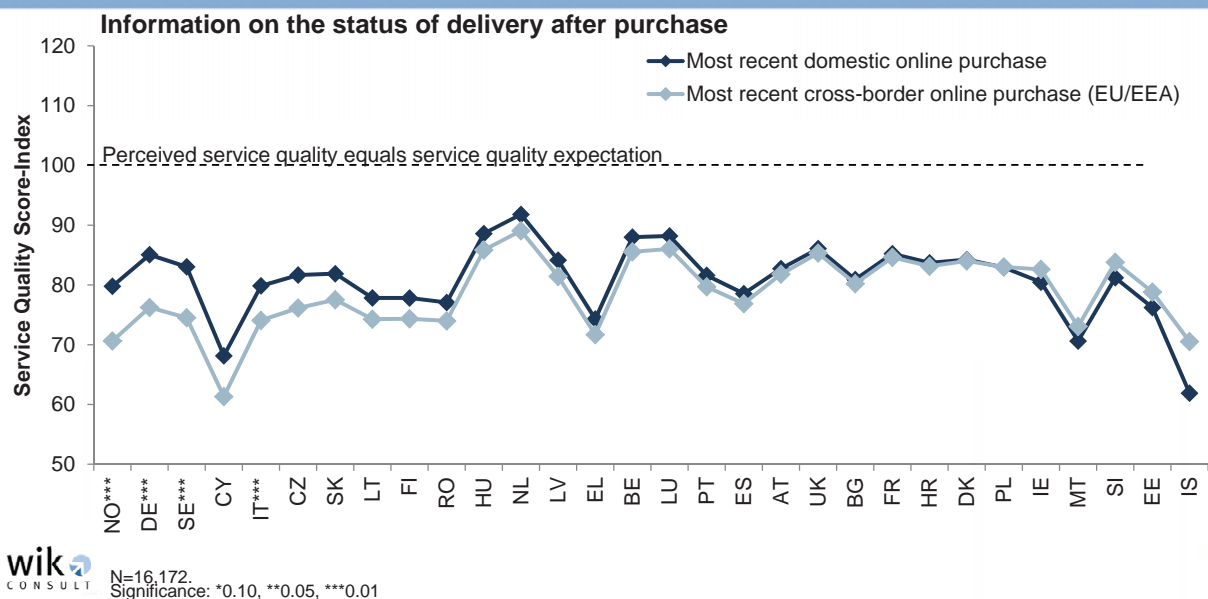


...for delivery & return information provided before purchase...



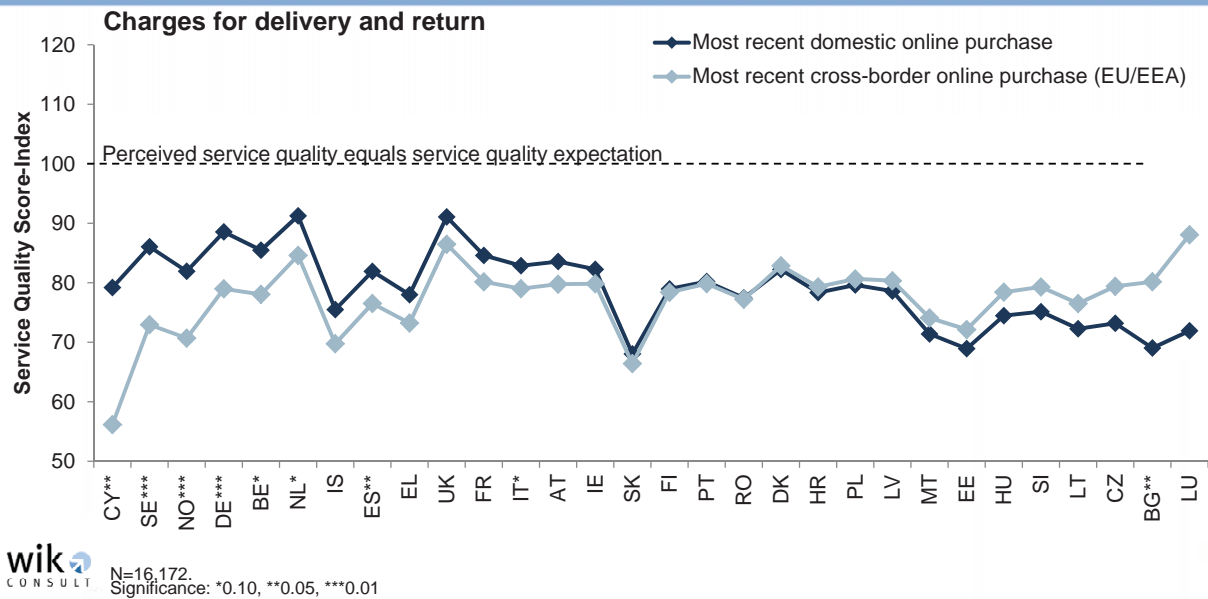
48

...for delivery information provided purchase...



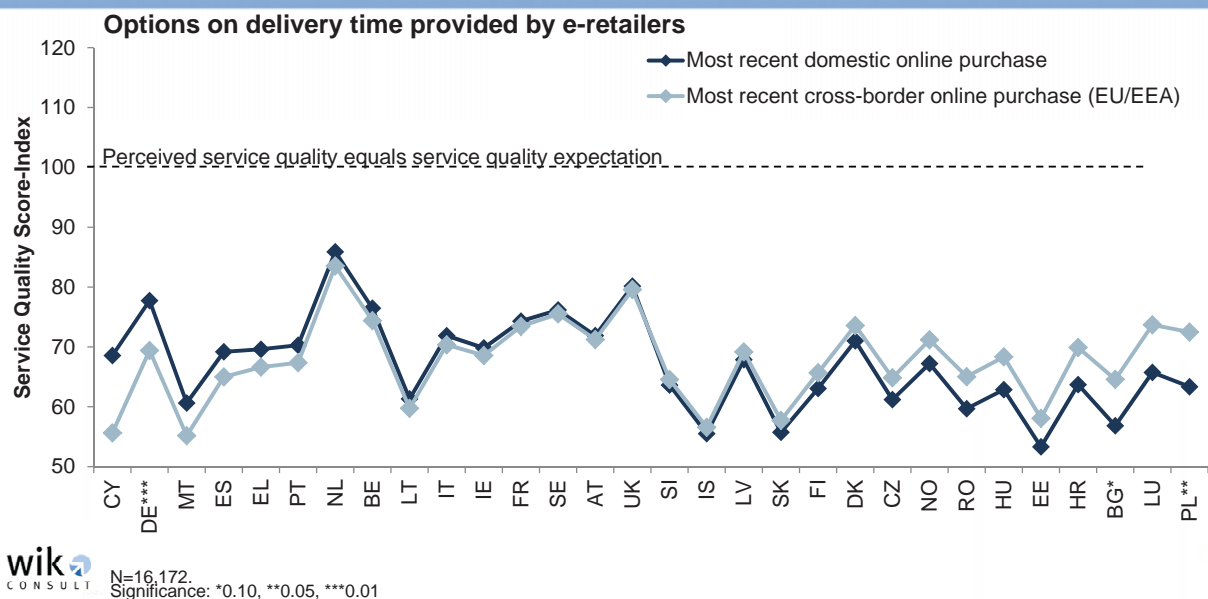
49

... for delivery and return charges ...



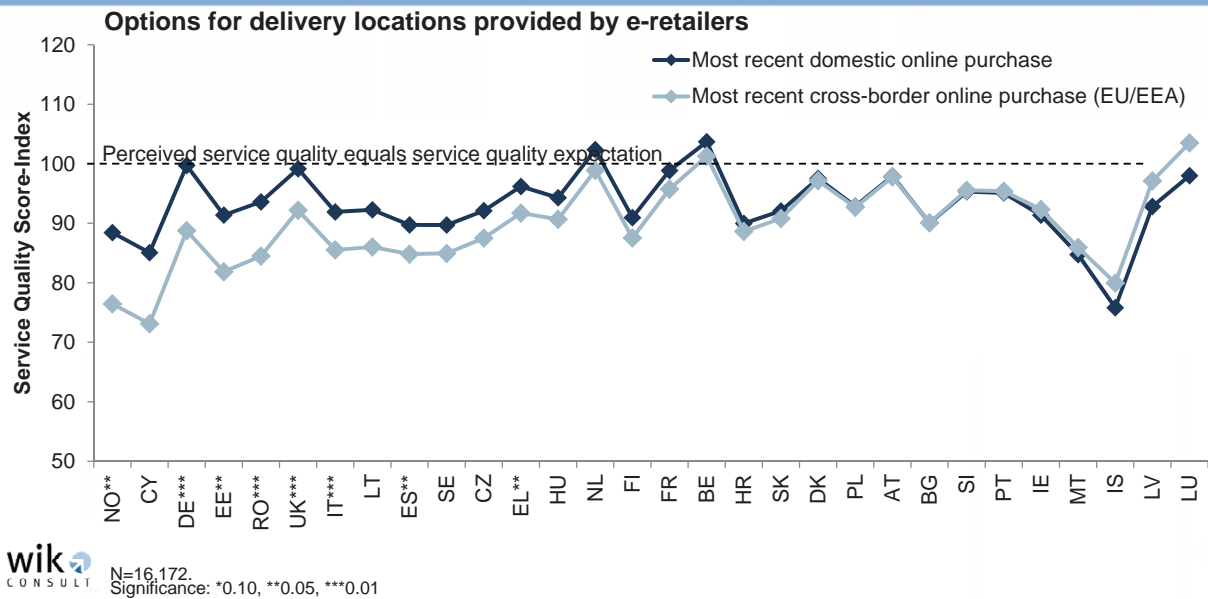
50

...for offered options on delivery time...



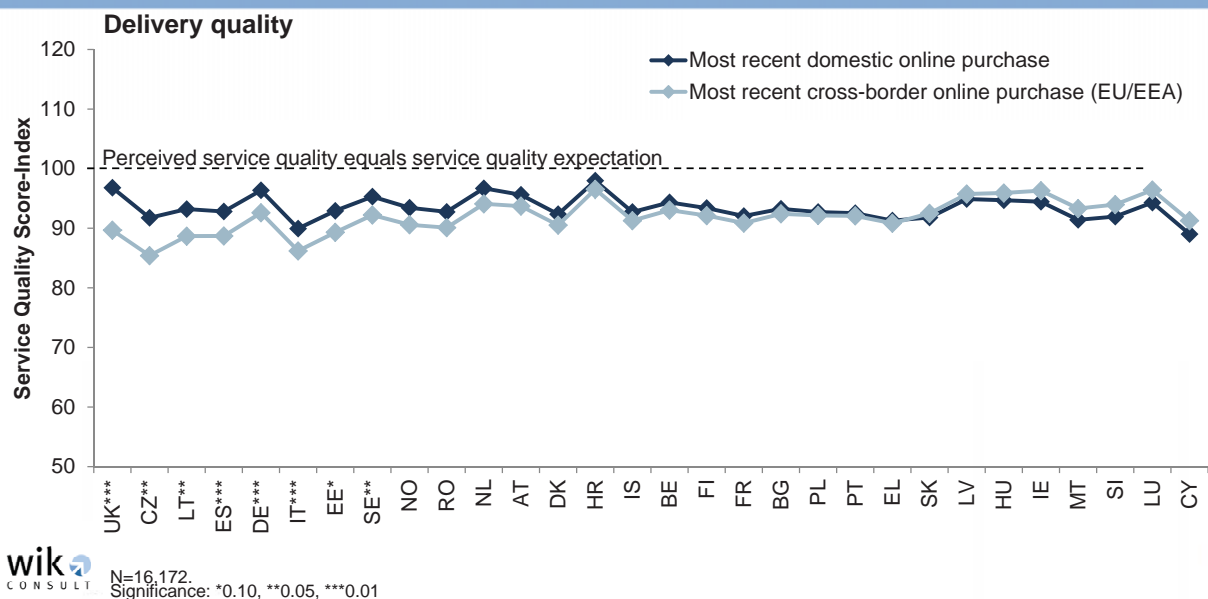
51

... while the picture is more mixed for offered options on delivery locations ...



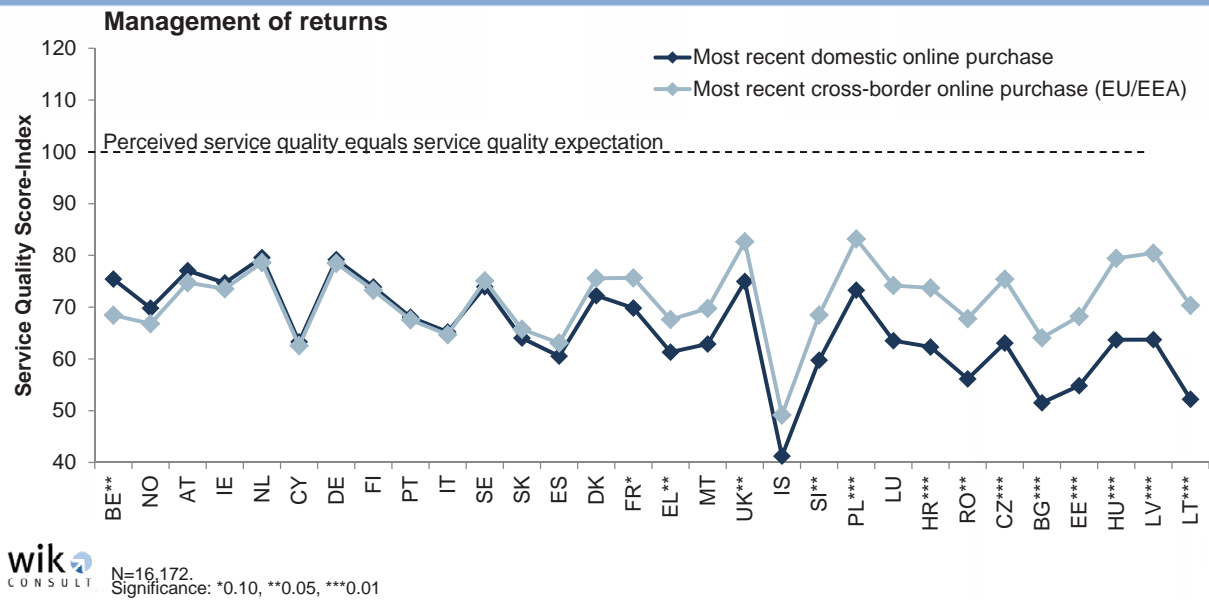
52

...for delivery quality...



53

... and particularly the management of returns



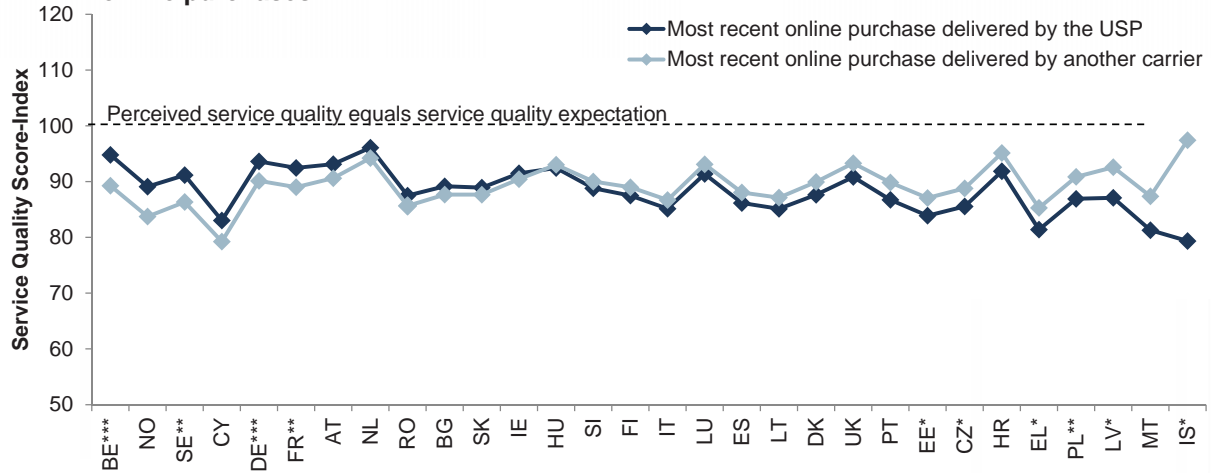
54

Service quality score USPs versus other carriers

55

Overall, consumers are almost equally happy with delivery by USPs and other carriers

Service quality score indices for the carriers' delivery quality – All most recent online purchases

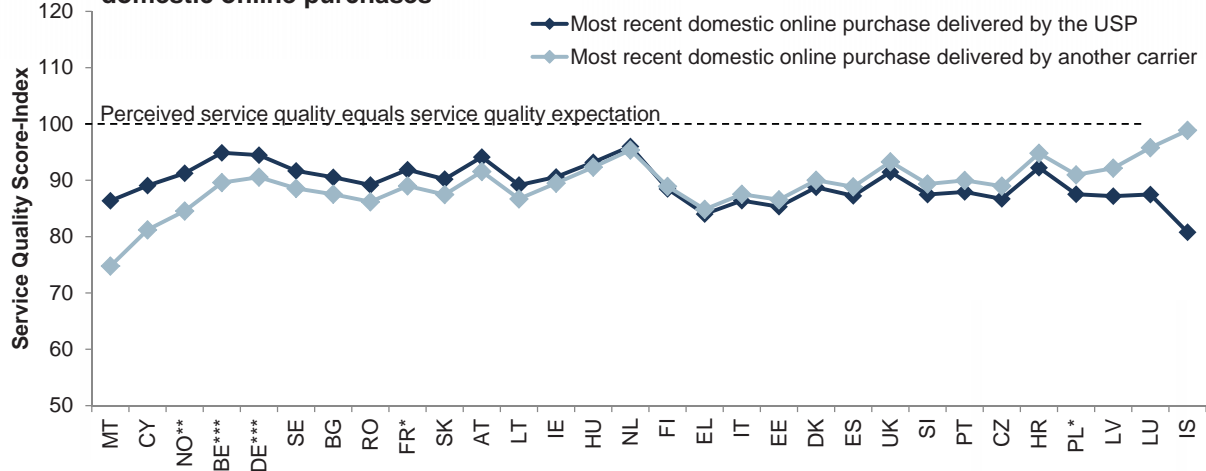


N=17,037. This statistical analysis includes the more carrier-related items 'Tracking the delivery process in real time', 'Notification of any attempt to deliver the item', 'Delivery to the agreed location', 'Delivery on time', and 'Courteous deliverer'
 Significance: *0.10, **0.05, ***0.01

56

For domestic purchases, consumers are almost equally happy with delivery by USPs and other carriers

Service quality score indices for the carriers' delivery quality – Most recent domestic online purchases

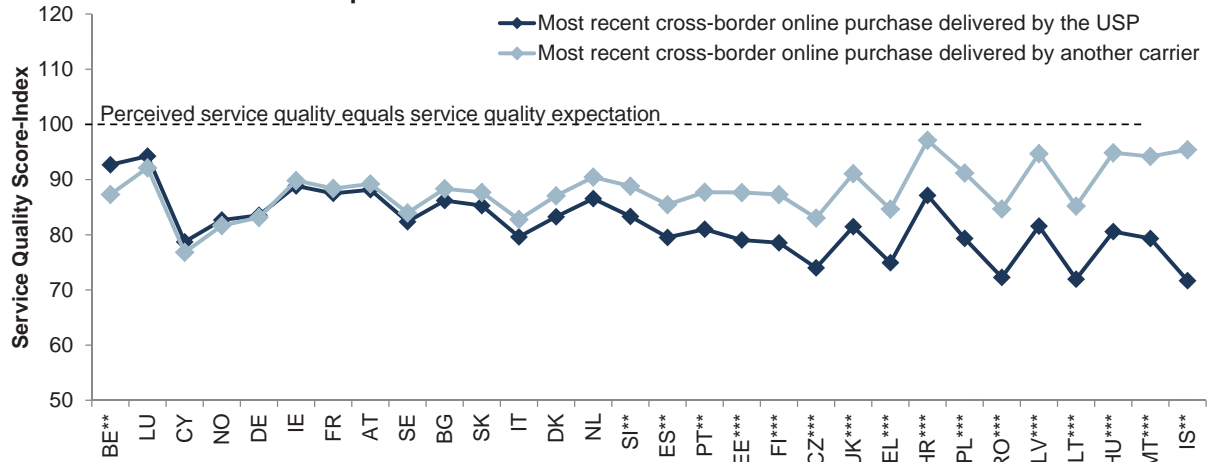


N=15,403.
 Significance: *0.10, **0.05, ***0.01

57

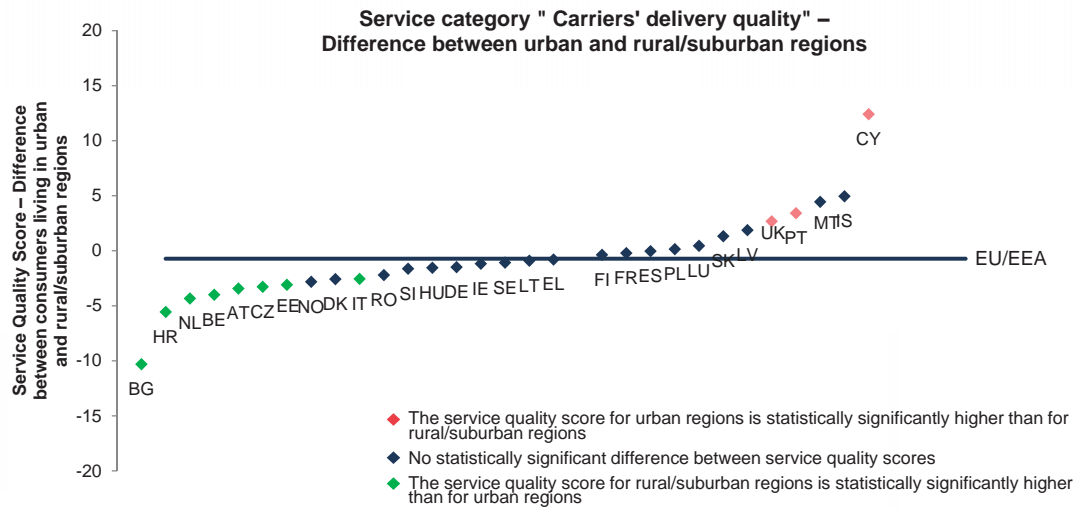
For cross-border purchases, particularly in Eastern European countries the delivery experience with USPs was worse than that of other carriers

Service quality score indices for the carriers' delivery quality – Most recent cross-border online purchases



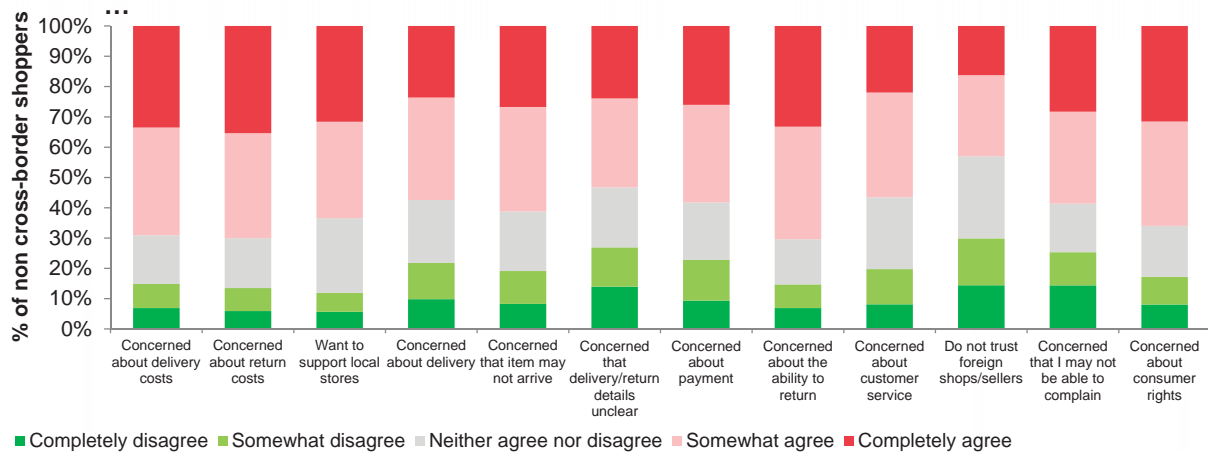
Service quality score Rural/suburban vs. urban areas

The perceived delivery quality is significantly better in rural/suburban areas than in urban areas in six countries



Concerns about delivery and returns are an issue for those consumers that do not buy cross-border

I have refrained from purchasing from online stores and sellers on online marketplaces in countries other than the one I currently live in because I am/I

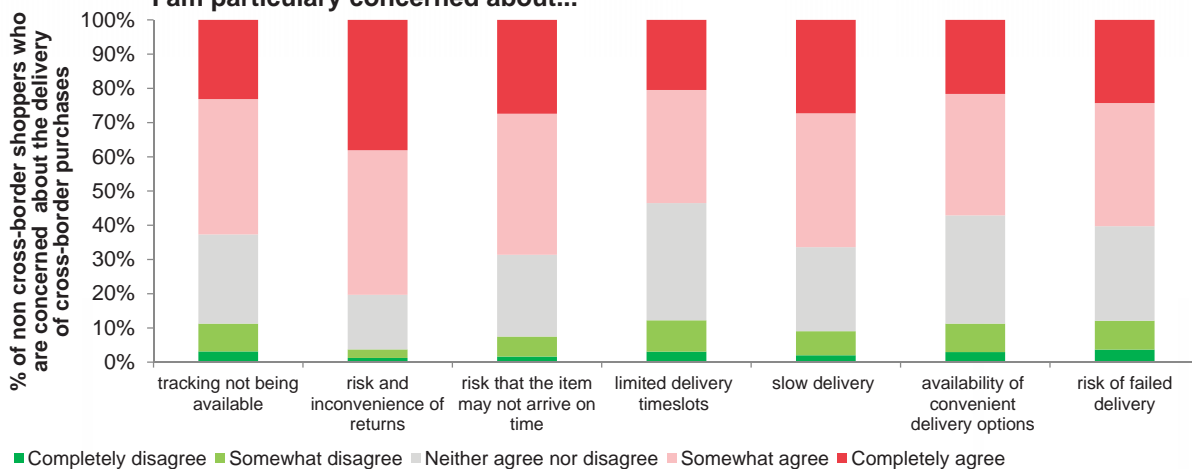


N=8,633. Question: Why have you refrained so far from purchasing an item from an online shop or a seller on an online marketplace in a country other than the one you currently live in? Single choice. EU/EEA. "No answer/don't know" were not considered for figure above (3% of respondents).

62

Doubts about returns are the single most important issue for consumers that do not buy from foreign e-retailers

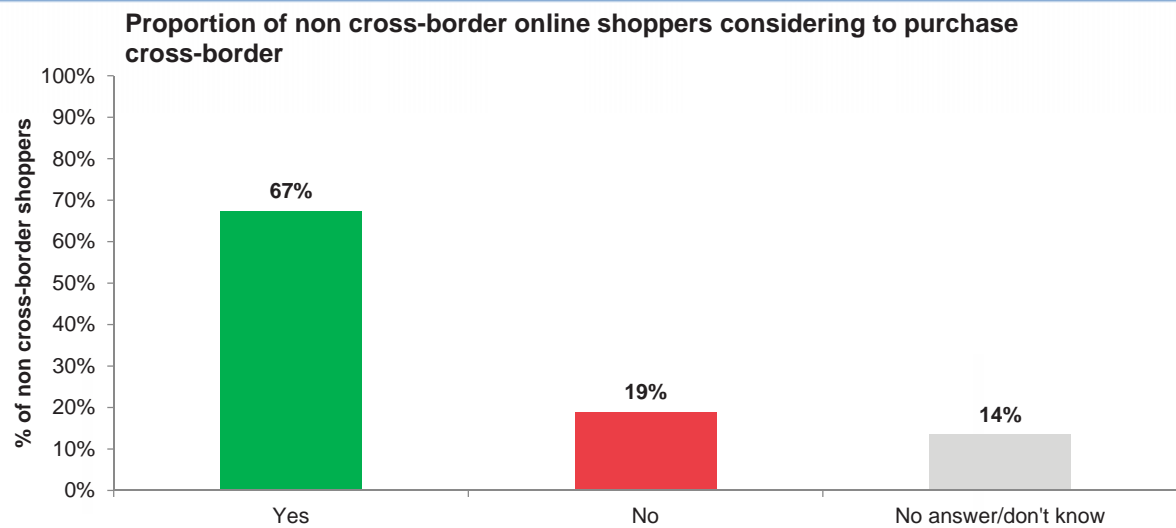
Concerns about the delivery of cross-border purchases – I am particularly concerned about...



N=6,838. Question: Regarding the delivery of items purchased from online shops or sellers on online marketplaces in countries other than the one you currently live in, what exactly are you concerned about? Single choice. EU/EEA. "No answer/don't know" were not considered for figure above (2% of the respondents).

63

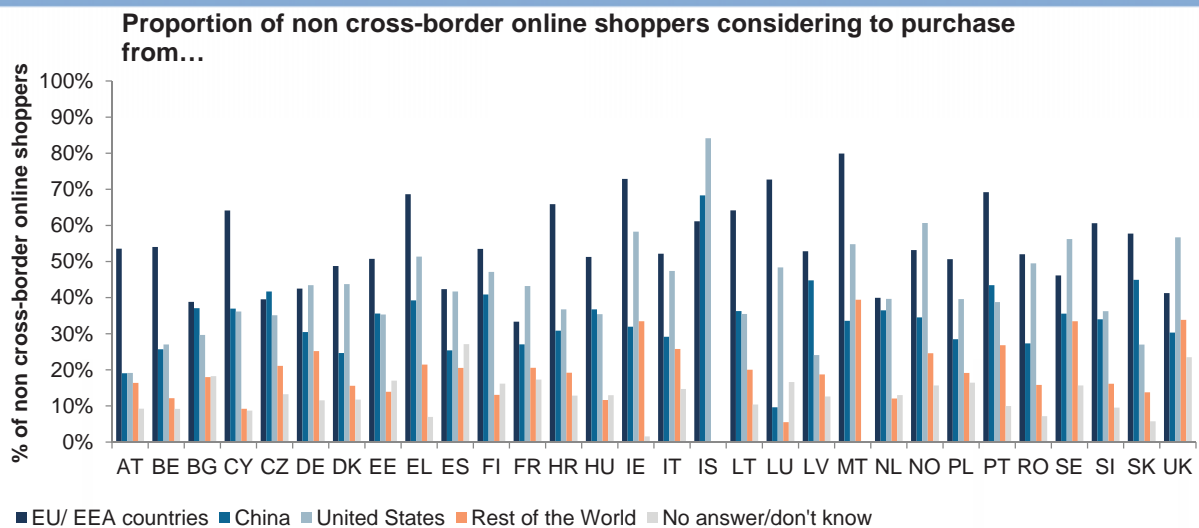
Two thirds of e-shoppers that do not buy from abroad so far would consider buying abroad in the future



N=8,633. Question: Would you consider purchasing from an online shop in a country other than the one in which you currently live in the future? Single choice. EU/EEA.

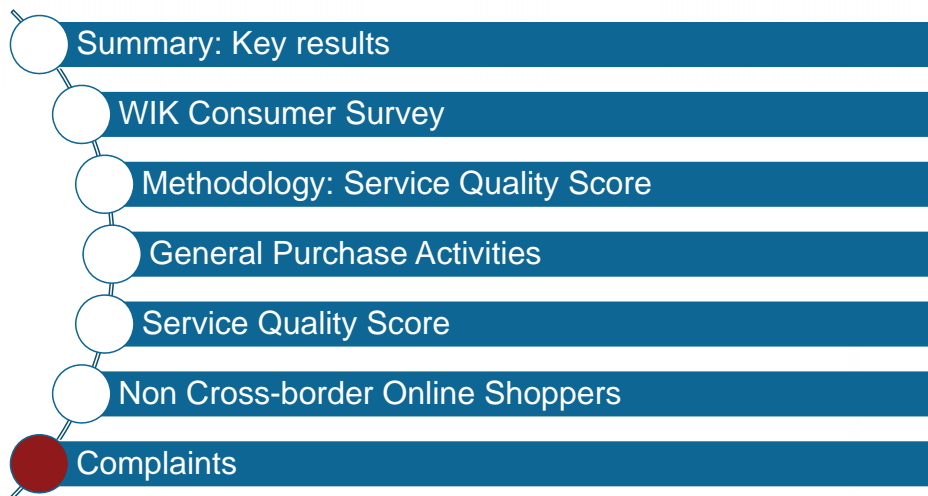
64

The majority of non cross-border online shoppers would first consider buying from other EU/EEA countries

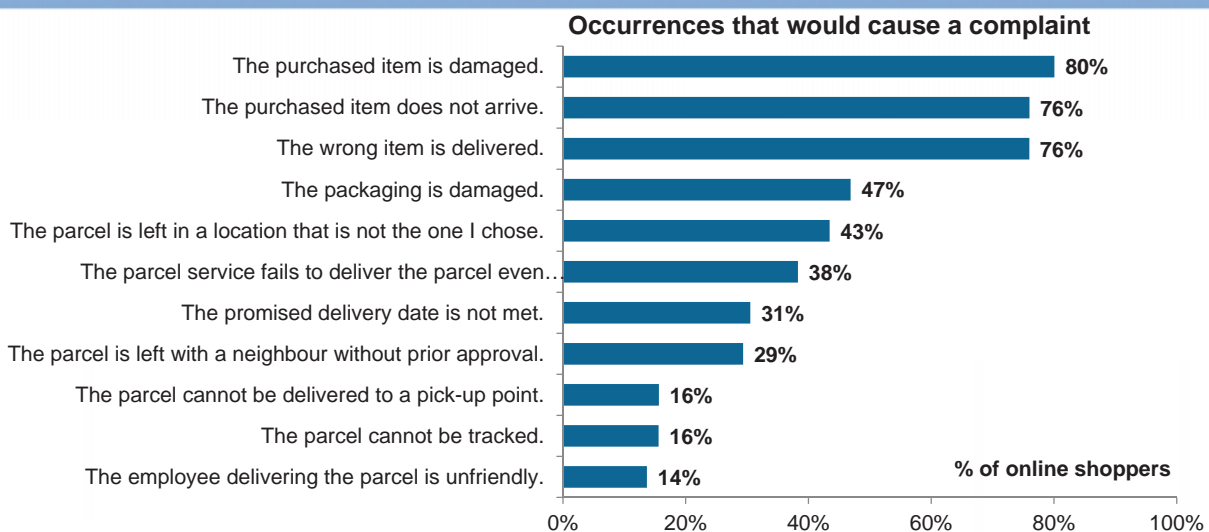


N=6,838. Question: From which of the following countries would you consider purchasing an item from an online shop or a seller on an online marketplace? Multiple choice. EU 30.

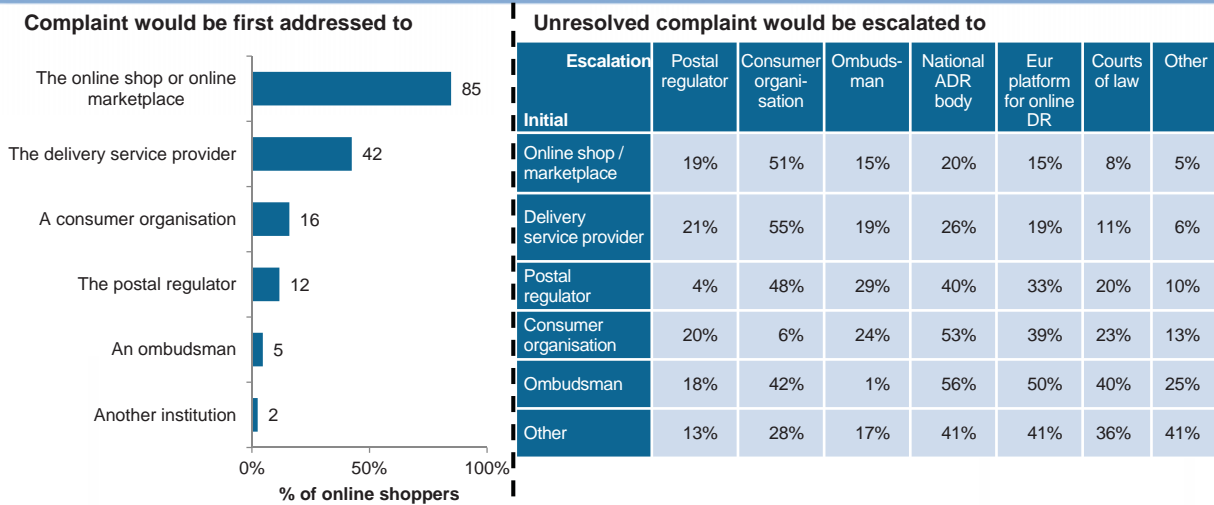
65



Damage and misdelivery are most important reasons for consumers to complain



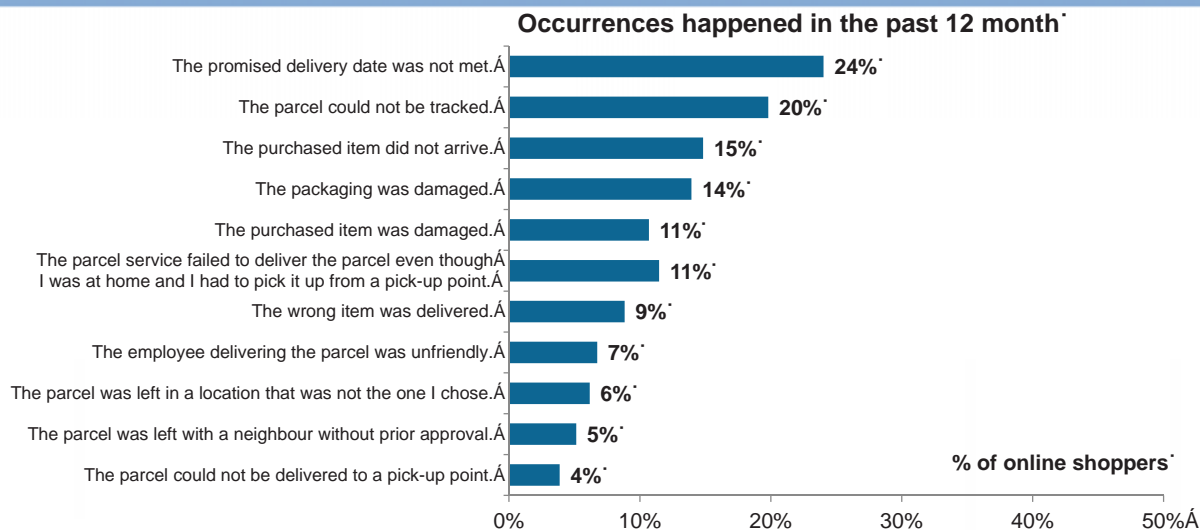
Consumers complain to e-retailers or parcel carriers first. Practices for dispute resolution vary across EU



N=17,037. Question 1: To whom would you address your complaint in case of delivery problems? Question 2: To whom would you address your complaint if it was not resolved satisfactorily? Multiple choice. EU/EEA.

68

Less than a quarter of e-shoppers experienced a delay in delivery and missing tracking of parcels in the past 12 months



N=17,037. Question: Which of the following occurrences as part of an online purchase has actually happened to you in the past 12 month? Multiple choice. EU/EEA. On average, 39% did not provide an answer to this question.

69

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