

A woman with blonde hair, wearing a white shirt with black and red vertical stripes, is sitting at a desk. She is looking down at a black smartphone she is holding in her hands. A laptop is open on the desk in front of her. The background is a plain, light-colored wall.

Learning lessons from changing shopping habits - how to keep customers happy in 2021

Introduction

2020 was a year of change and challenges. The global COVID-19 pandemic affected many of us in ways we had not known possible. The pandemic impacted our everyday routines and changed the way we shop; it drove us from spending time in shopping centers to buying everything from home appliances to groceries online. Brick and mortar stores suffered, as many of us mostly stayed at home and did our shopping online. For web stores this resulted in appreciated sales peaks but also in longer delivery times, empty warehouses and stressed customer servants. As online grocery shopping reached an all time high, travel-related purchases ceased, resulting in the biggest drop we've seen so far in the amount of purchases made in a product category.

Increased online shopping led to great development in the ecommerce field, and despite some difficulties, the year was overall a success for many. Our online survey clearly shows the impact the pandemic has had on ecommerce. What is for us left to see now, is whether the change is permanent or temporary.

The amount of people making purchases online might be reaching its peak, but having more active buyers on the market does not automatically mean more purchases for every web store. Buyers know what to expect and they are not afraid to abandon their shopping cart if there is something unpleasant or unclear with the purchase experience or the chosen web store. The results of our survey show that there is not only one, but several reasons, why a shopping cart is abandoned, and therefore it is more important than ever to make sure that the purchase process is clear and simple, and that there are no obstacles in the way of taking the purchase all the way through checkout.

I hope you find our research useful and interesting. Please contact us if you have any questions concerning the survey and if we can be of any help with your business.

Happy reading!



Benny Öhman
Director, Payment Solutions

Svea is a European financial group. We offer online and offline payment services, and a wide range of financial services for both consumers and businesses of different sizes. We were founded in Sweden in 1981 and we have been operating in Finland since 2002.

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Who makes purchases online and what do they buy?

MORE THAN 8 OF 10 FINNS HAVE BEEN SHOPPING ONLINE IN 2020

Last year the amount of online shoppers increased considerably from previous years. During the past 12 months, 83 % of Finns have been purchasing products and services online (excluding C2C transactions), which presents a decent increase compared to 79 % in 2019, and 78 % in 2018. When C2C transactions are included, the percentage of online shoppers increases to a whopping 88 %.

The top 4 of the most purchased products and services has naturally gone through a few changes as traveling has been restricted and events have been cancelled throughout 2020. All of the most popular product and service groups have increased their popularity compared to last year, and they are:

- clothing
- consumer electronics and ICT products
- books and magazines (new)
- beauty and healthcare products, wellbeing services (new)

Unsurprisingly, clothing remains at the top of the online shoppers' shopping list after being the most popular physical product bought online three years in a row. Clothing is the clear number one product group among women, under 34-year-olds and consumers who shop in foreign web stores, whereas consumer electronics and ICT products have been especially popular among men and 35-44-year-olds. Of the newcomers on the list, books and magazines have been very popular among women and over 25-year-olds, while beauty and healthcare products including wellbeing services have been purchased more than average by under 34-year-old women.

The product group that has increased its popularity among online shoppers the most has been food and groceries - almost every fourth Finn has bought food or groceries online in 2020, which presents a significant increase to last year's 11 %. The three other product and service categories that have been gaining popularity noticeably, especially among female shoppers, are beauty and healthcare products including wellbeing services, interior design and gardening, as well as, kitchenware, appliances and cleaning. Undoubtedly, the COVID-19 pandemic has sped up the development in these categories, as us being advised to stay at home has led to many making an even bigger share of purchases online.

24 %
of Finns
bought food
and groceries
online

Only 21 %
of online
shoppers have
purchased travel
services

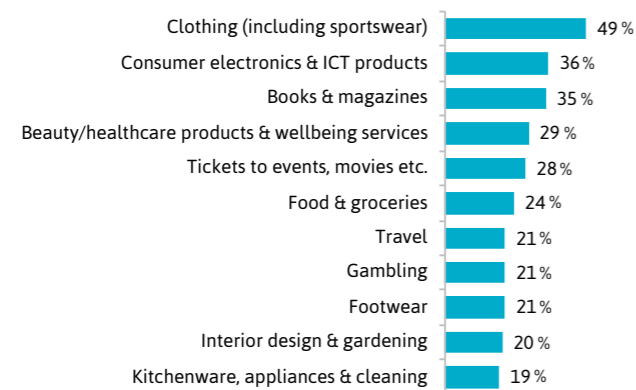
Why and how has this report been created?

As a payment service provider, our job is to make the payment process as easy as possible both for the buyer and the merchant. To gain deep and continuous knowledge of online shoppers and their needs, we have, for the fourth time, researched the online retail market in Finland. The aim of our yearly research is to share precious market insight with our customers, and in that way help them to develop their business. The research was once again done by using IRO Research's consumer panel, where a representative sample of 1 000 respondents participated in the research.

- The survey was carried out as a Computer Aided Web Interview in IRO Research's consumer panel between December 1 and December 14, 2020.
- The survey target group were people in Finland nationwide by the age of 18+, who had bought something over the internet during the last year (C2C transactions were not qualified).
- The number of qualified respondents was 1 000.

Traveling has understandably been one of the sectors that has been losing clients the most during the past year - the amount of Finns buying travel services online has been cut by half. A fewer people have also purchased event and movie tickets than a year before, and the percentage of consumers making these purchases has decreased from 45 % to 28 %. As previously, people with a higher income, more than 70 001 € per year, have continued to purchase more traveling services and event and movie tickets than online shoppers from lower income groups.

As in 2019, 25-34-year-olds represent the most advanced online shoppers who are purchasing products and services from more categories than others. This age group is particularly active when it comes to clothing, beauty and healthcare products including wellbeing services, food and groceries, and interior design and gardening. Even though over 65-year-olds have been the least active shoppers in a lion's share of the most popular product groups, their activity has increased considerably compared to two last years.



As many as 63 % of women, but only 32 % of men, buy clothes online

24-34-year-olds still buy more than others from most categories

FINNS ARE HAPPY WITH THEIR ONLINE SHOPPING

Overall, Finns are notably happy with their online shopping experiences. As in 2019, 88 % of consumers have been satisfied with purchasing products and services from web stores. Women have been slightly happier with their online shopping than men. In addition, over 65-year-olds have been significantly the least satisfied with their online experiences. However, at the same time over 65-year-olds form the most probable consumer group to increase their shopping online - their wishes and feedback should be therefore taken into close consideration.

88 % of Finns are pleased with their online shopping experiences

+65-year-olds form the most probable consumer group to increase their shopping online - therefore it's beneficial to take their wishes into account.

Finnish or foreign?

The division between the amount of purchases made from Finnish and foreign web stores has stayed approximately the same during the years this survey has been conducted. This time a little more than half (54 %) of the consumers in Finland have made a purchase from a foreign web store, whilst 95 % state that they have bought something from a Finnish web store.

Overall, Finnish consumers tend to prefer domestic web stores; if the product, price and delivery time would be the same, 87 % would choose a Finnish web store over a foreign one. Women prefer Finnish web stores a little more than men, and of all, 10 % have said that the origin of the web store does not make a difference.

Moreover, considering foreign web stores and sites, 12 % of online shoppers have considered buying something from the ecom-giant Amazon's newly opened Swedish web store Amazon.se, but so far only 6 % have actually made a purchase. If summed together, these two make up a fifth of all consumers. This is already an interesting figure, which can change quite rapidly during the upcoming years if Amazon strengthens its place in the Nordics. The correlation between the consideration to buy from Amazon.se and purchases made from foreign web stores is strong. Otherwise the interest for Amazon.se is highest among men, 18-24-year-olds, and 35-44-year-olds.

FINNS CHOOSE DOMESTIC WEB STORES BECAUSE:

"I believe that it would be easier to make a reclamation, if necessary."

"I want to support both employment and businesses in Finland."

"There is no need to worry about customs and additional fees."

"There is a smaller environmental impact if the goods travel a shorter distance, which I assume they do".

"I do not trust foreign payment sites, only Finnish ones."

"It is easier to buy from a Finnish web store."

"Finnish web stores are more reliable."

"It is easier to make a purchase when I am familiar with the payment methods."

"It feels safer to make a purchase from a Finnish web store."

"I want to support Finnish businesses, especially now during this corona-crisis."

Which devices are used to shop?

The use of mobile devices for online shopping is increasing each year. Even though the traditional computer is still the most preferred device for online shopping, a fair share of buyers have started to use mobile devices and especially smartphones for shopping as well. Already one quarter of all consumers in Finland most often use a smartphone for online shopping. Women use mobile devices more than men, and younger people tend to choose mobile devices more often than older people. Older consumers seem to prefer using computers for online shopping.

Device	12/2020	12/2019	03/2019	03/2018
Computer	65 %	71 %	72 %	77 %
Smartphone	25 %	19 %	16 %	12 %
Tablet	8 %	9 %	12 %	10 %

25-34-year-olds:
42 %
most often use a smartphone

65+ year-olds:
12 %
most often use a smartphone

How much money is used on online shopping?

35-54-year-olds have been the most active online shoppers in 2020 - in addition to shopping more frequently than other age groups, they are also more likely to spend more money on their online purchases.



In 2020, Finnish consumers have been using only slightly more money on shopping online than a year before. All the more, men continue spending notably more than women. People in the highest income group have spent almost double the amount of money, 1 705 €, on online purchases than any other income group. Online spending is thus highly dependent on income - the higher the income, the more money consumer spends on shopping. The difference in spending between the age groups has diminished significantly - 18-24-year-olds spending the least, 810 €, and 35-44-year-olds spending the most, 1 322 €.

The most active online shoppers, with 14 or more shopping occasions on average, have been 35-54-year-olds, people in the highest income group and consumers who buy products and services from foreign web stores. Over 65-year-olds have shopped online the least frequently, only 7 times during the past 12 months. On average, Finns have been shopping online once per month, like a year before.

A growing share of Finns have estimated to increase their online spending. 31 % of online shoppers are considering shopping more online while the percentage was only 25 % a year before. However, every tenth consumer ponders cutting down their online spending. Therefore, the estimated net growth of online shopping for 2021 is 21 %.

The probability to increase spending online gets higher the older the consumer is. Therefore the age group that is most likely to decrease their spending online is under 34-year-olds, whereas over 65-year-olds are evaluating to increase their spending the most, despite being the least happy with their online shopping experiences. On the contrary, 55-64-year-olds are almost equally likely to increase their spending while they are also the most happy with their shopping online.

The average sum spent on one purchase is **90,25€**

Online shopping is estimated to increase by **21%**

How are online purchases paid?

There are still no significant changes in what payment methods Finns prefer to use when shopping online. The division between preferred payment methods has indeed varied a little each year, but the changes have been very slight, so even if there has been some variation, the ranking of most used payment methods has remained the same each year.

Now 76 % state that they have paid for online purchases via their online bank during the past 12 months, which makes online banking payments once again the most popular payment method. Card payments are next in line, with only a slight drop from previous years. Again this time, and for as long as this research has been done, the amount of Finns who have paid with invoice has been around 40 %, making this payment method once more the third most used one.

- TOP 3 PAYMENT METHODS:**
- ONLINE BANKING PAYMENTS
 - CARD PAYMENTS
 - INVOICE

The use of mobile payments has not reached the same level as what it was a couple of years ago, but the usage is still growing. Nevertheless, the biggest change in payment method usage from last year is seen here, as now 18 % have paid for an online purchase with some type of mobile payment. The term "mobile payments" refers here to all kinds of mobile payment methods available, as there isn't only one but several different methods offered by different companies such as MobilePay, ApplePay, Siirto and Pivo, to mention the most popular ones in Finland.

Mobile payments are most popular among young people, who also clearly do more online shopping via their smartphones than people of other ages, but there is some interest for mobile payments among older buyers as well. More and more buyers shop online on their mobile devices, so it will be interesting to see if the usage of mobile payments increases during the upcoming years in correlation with the usage of mobile devices.

	All respondents	GENDER		MADE PURCHASES ON	HOUSEHOLD INCOME			
		Female	Man	Foreign web stores	Under 30.001 €	30.001-50.000 €	50.001-70.000 €	70.001+ €
%	N= 1000	546	454	535	234	170	192	225
Card payment	63	60	68	77	55	64	70	76
Online banking payment	76	82	68	79	80	75	73	73
Invoice	40	51	28	44	44	34	44	42
Part payment	10	11	9	12	18	6	13	6
Mobile payment, for example Siirto, MobilePay, Pivo and ApplePay	18	21	13	24	18	15	15	21
Other	7	4	10	10	6	9	7	5

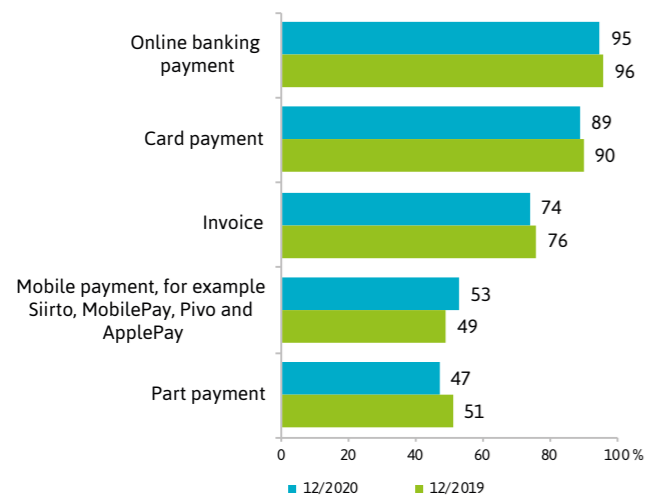
Card payments are especially popular among men, consumers who have made purchases from foreign web stores and in the income group of 70 001+ per year. Men mainly prefer card payments and online banking payments, whilst there is more variation in the methods women use; 82 % of women say that they have used online banking payments, 51 % have used invoice and 21 % mobile payments.

FINNS PREFER TO HAVE A WIDE SELECTION OF PAYMENT METHODS TO CHOOSE FROM

Different segments prefer to pay in different ways and therefore it is important to know your target group and their wishes. But even if you would know which payment methods your customers prefer, it is important to remember that the preference might change from time to time - a buyer can pay one purchase with invoice, the next one with part payment and the following one by card. Due to this, it is important to offer customers a wide range of payment methods - something that shouldn't be an issue, as the payment solution your payment service partner provides ought to include all necessary payment methods.

When looking at which payment methods consumers feel should be included in the checkout of a web store, the result is quite clear. All payment methods should be included: online banking payments, card payments and invoice are regarded as essential by most, but mobile payments and part payments are important too, as every other buyer wants to have these as an option. This clearly indicates that in the worst case scenario, the lack of payment method options might come between you and a possible sale.

At least valuable to offer 2019-2020



As in 2019, for women it is extremely important that a web store offers online banking payments as a payment method. Men value card payments a little more than online banking payments and for consumers in the 70 001 + income group card payments are an absolute necessity.

FEWER FINNS WOULD SHARE THEIR SOCIAL SECURITY NUMBER

Only 6 % of Finns would certainly share their social security number with the web store in order to fasten the payment process. In addition, a bit over fourth of shoppers would consider doing so. Therefore, online shoppers are increasingly reluctant to hand over their social security numbers in exchange for faster payment process - 60 % of Finns would not share the information with the web store compared to 55 % a year before. The youngest age group, 18-24-year-olds, is more eager to share this personal information - the older the age group, the less willing the shoppers are to give their social security number to the web store's system.

The older age groups have also been the most affected by the Vastaamo data leak - 10 % of over 65-year-olds said to have decreased their online shopping due to the incident. Even though the data leak gained a lot of media attention, safety of online shopping was discussed, and use of social security number in the payment process was questioned, in general the data leak didn't have considerable impact on online shopping. Only 6 % of Finns mention cutting down their online shopping, fewer men (4 %) were affected than women (8 %).

How common are reclamations and returns?

Online shoppers have been obliged to make customer complaints to the same extent as last year - almost every fifth Finn has done a reclamation during the past 12 months. In addition, a greater number of Finns have made a reclamation on two or more products as a smaller percentage of online shoppers has made a complaint on only one product than a year before. The amount of customer complaints is therefore increasing. Customer complaints are made especially on clothing, followed by consumer electronics and ICT products, as well as, food and groceries.

19%
of online shoppers have done a customer complaint during the past year

In the vast majority of cases, customers have been offered a refund in order to compensate for the error - only 21 % of the online shoppers mention that a refund hadn't been proposed compared to 30 % a year before. In spite of the increase of the refunds offered, over a half of the customer complaints were returned to the seller, which is notably more than last year. Moreover, every third mentioned that they would have returned the product even if a proper refund would have been offered.

40%
of Finns have made a reclamation on two products or more when they have done a customer complaint

Even though refunds have been offered at an increasing rate, consumers are less reluctant to accept the refund instead of returning the product. This might be due to the fact that the compensation has been insufficient or the customer complaint has been too grave to be compensated with a refund. Furthermore, the amount of returns made due to reclamation has increased as more people return more than one product. Clothing is distinctly the most returned product group followed by consumer electronics and ICT products.

When it comes to returns due to other reasons than customer complaints, Finns have sent back less products than a year before. However, slightly more people, 18 %, have made a return. Returning products has a strong correlation with purchasing clothing online. As in customer complaints, clothing represents by far the most returned product group, followed by footwear. The most frequent clothing shoppers, under 34-year-olds, women, and people who shop on foreign websites, return more products than others. Moreover, men and over 55-year-olds, who shop clothes the least, have a significantly lower tendency to return products. The main reasons to return a product remained the same: the product wasn't suitable, it was different than expected, or the customer had ordered multiple products to try them on.

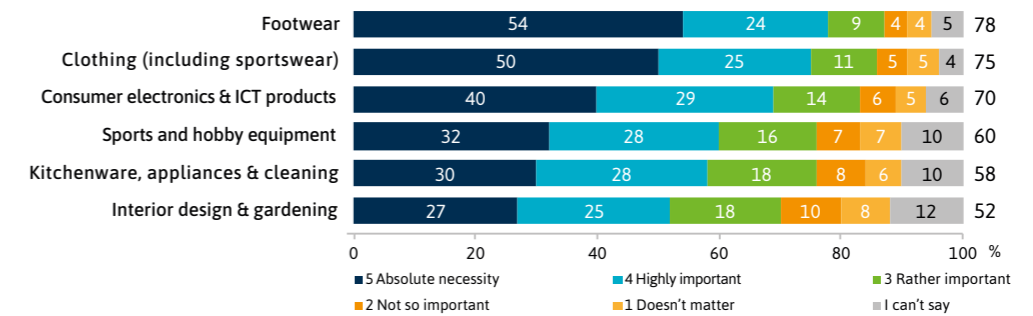
21%
of women have made at least one return

17%
of 18-24-year-olds returned three items or more

Only **9%** of men returned a product

FREE RETURNS ARE INCREASINGLY IMPORTANT

As many as 94 % of online shoppers mention having free returns as an important element in a web store, which presents a slight increase to last year's 91 %. Women value free returns significantly more than men. Free returns are especially important when purchasing products from the two most returned product groups, footwear and clothing. Both clothes and shoes have to be tried on to see whether they fit, and therefore naturally, the consumer requires a possibility to return an unfit product for free. At least 75 % of the online shoppers mention that free returns are either an absolute necessity or a highly important factor when selecting from which web store to order footwear or clothing.



94%
feel that free returns are important

Shopping cart abandonment - what is it and why does it happen?

Online shoppers abandon their shopping carts often, even when they have entered the web store with a mindset to purchase something. As much as 7 out of 10 Finns have left their shopping carts unfinished and left the web store without ordering, even though they have specifically intended to purchase a product or a service. Women leave their shopping carts behind more often than men, whereas 35-44-year-olds and consumers who shop from foreign web stores are the most likely to discontinue their purchase process. Shopping cart abandonment has occurred on average 6 times to each shopper during the past 12 months.

When a buyer hasn't had a real purchase intention, but rather has been scrolling products, and has still added a product to the shopping cart, the purchase has been interrupted almost 7 times out of 10. Online shoppers have experienced this occurrence on average 6 times during the past year. Women, 25-44-year-olds and online shoppers who make purchases from foreign web stores are more likely to abandon their shopping carts after browsing through products and starting the purchase process.

There are several reasons why shopping carts are being abandoned. Obviously some buyers visit web stores without a real intention to make a purchase and therefore end up without doing one, but there are as well many factors that affect the decision of the purchase-minded buyer. These factors should be taken into account when the web store is developed and the purchase process evaluated. More importantly, and with a significant increase from last year's every fourth buyer, already as many as every other buyer, who has interrupted a purchase will end up not buying the product or service at all - not even from another web store or a brick and mortar store. Also last year, still as many as 38 % said that they would try to make the purchase again from the same web store - now the percentage of buyers who would try again has dropped to 20.

Out of the buyers who have interrupted a purchase:

- 80 % will not try to make the purchase again from the same web store
- Every other buyer will end up not buying the product or service at all

THE MAIN REASONS TO LEAVE A SHOPPING CART BEHIND

Technical issues is the number one reason why buyers with a real purchase intention have abandoned their shopping carts. As many as 37 % say that they have discontinued their purchase due to technical complications at least once during the past 12 months. Any errors, website crashes, long load times and even small technical hiccups at any point of the shopping experience easily result in an abandoned shopping cart.

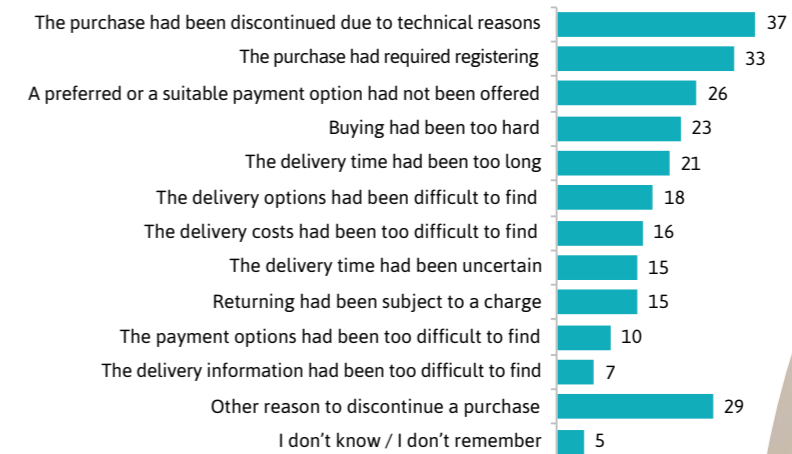
Mandatory site registration is another factor that affects the purchase decision negatively. For 33 % of buyers, who had discontinued a purchase, the reason for abandoning their cart was that the web store required a registration before it was possible to pass checkout. There are many reasons why buyers might dislike site registration; they may only want to make a one-time purchase and are therefore not planning on returning to the web store, or they might not want to share any personal information or do not wish to remember usernames and passwords. A registration can also feel like an unwanted, additional and time consuming step in the purchase process - causing only extra work and stress.

The third most common reason, that every fourth buyer, who had discontinued a purchase, had stated as reason for the interruption, was that the web store did not offer a payment method that suited the buyers needs or wants. The preference of payment method can easily vary for a buyer from time to time - sometimes a buyer who usually pays by card might want to pay with invoice or part payment and sometimes an invoice-reliant buyer can opt to pay directly from her bank account. As mentioned before, the payment method preference varies also depending on demographic factors; some age groups prefer only a certain payment method whilst others use several different ones.

The fact that every fourth buyer has abandoned their shopping cart because of the range of payment methods emphasises the importance of offering a wide enough selection of ways to pay. Still only a couple of years ago a web store could easily get by with offering only one or a few payment method options, but nowadays as the competition has intensified, it is important to offer a wide range of payment methods, so that each buyer finds a suitable way to pay.

Other reasons that have led to buyers discontinuing their purchase mainly have to do with lack of necessary information, long delivery times and additional costs.

Reasons to discontinue a purchase after a purchase decision had been made, n=697



Moreover 33 % of women state that they have discontinued a purchase because of some other reason, than the ones mentioned in the chart above. This suggests that there are several reasons that web retailers might not even think of that affect the purchase decision.



OTHER REASONS THAT HAVE LED TO SHOPPING CART ABANDONMENT:

"The promised discount did not work."

"I could not get a hold of customer service and did not therefore get an answer to my question."

"I changed my mind, and realised that I do not need this product/service."

"Negative customer reviews."

"Did not have time to finish the purchase."

HOW TO AVOID LOSING CUSTOMERS AT CHECKOUT

Multiple things could be taken into consideration if you wish to increase the probability of your customers actually finishing the purchasing process instead of switching over to your competitor's web store. Firstly, **technical difficulties cannot occur** when your customer has added products or services to the shopping cart. Making sure that your **web store works smoothly** without any issues, on both mobile and desktop, is therefore a required step in ensuring that your clients' purchase process does not get interrupted.

Secondly, **requiring customer registration should be avoided**. There are many shoppers who prefer to stay unregistered - at least when shopping from the web store is not a frequent occasion. Offering an option to skip registration and proceed to the payment and delivery information phase seamlessly increases the probability of placing an order as the purchasing process becomes more straightforward and effortless for the customer.

Offering **free returns** is one important factor in a fight against shopping cart abandonment, especially if you are selling shoes, clothing or consumer electronics. Within these three product groups, over 70 % of the Finns consider having free returns as a mandatory or a highly important factor in order to proceed with placing an order.

The **variety of payment methods offered** is also a factor that cannot be left unnoted. Knowing what payment methods to offer, and being sure that the checkout includes enough of them, might seem like a puzzle to solve, but thankfully this is actually a part of your web store that you do not need to worry about on your own - your payment service provider will gladly help you find a solution that is best fit for your web store and matches the needs of buyers.

The purchase process overall, from adding an item to the cart all the way to checkout, should be straightforward and quick, so that it is as easy as possible for a buyer to make a purchase. A simple, well functioning checkout functions without requiring the buyer to fill out heaps of fields, it includes all the necessary information in a clear manner and offers the buyer a wide range of payment methods to choose from, because too few payment options easily create unnecessary obstacles between you and a possible sale.



“ It is unnecessary to lose customers at checkout. That is why it is important to make sure that the purchase experience is on top. A straightforward purchase process, a simple checkout, free returns and a wide range of payment methods will get you far”

Pauli Laakso, Sales Director

TURNING VISITORS INTO BUYERS

There are also many website visitors, who indeed all are potential buyers, who only browse through a web store without a definite purchase decision in mind. To be able to convert visitors to buyers it is important to think of what, in addition to the factors mentioned earlier, might trigger a more spontaneous purchase decision.

Almost half (48 %) of all visitors who have visited a web store with the intention to just look and browse, who have not ended up buying anything, say that they add products to their shopping carts only to be able to see the total sum of the purchase. 37 % say that they create a wishlist of products by adding them to the cart, whilst 14 % say that they have added products to their cart just for fun. Another reason why items are added to the cart is the wish to find certain information; such as information about delivery options, payment methods and product availability.

Adding several call-to-actions in relevant places increases the chance of turning visitors into buyers. If you help visitors easily to checkout, i.e. directly from the product page, they will more likely make a purchase.

DO NOT STAND IN THE WAY OF SALES

Have
a free-
returns-
policy

Offer
customers
many payment
methods
to choose
from

Make
your web store
informative
and easy to
navigate

Call-
to-action:
lead your
customers to
checkout

Make
sure the
purchase
experience
is smooth

**For more information and tips on
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