

VALUE FOR THE CUSTOMER IN E-COMMERCE

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Abstract. *Electronic commerce in Europe records regular growth every year. An additional stimulus prompting the willingness to make e-purchases is undoubtedly the Covid-19 pandemic. The closure of economies has caused a clear revival in online shopping and a closer look at this phenomenon is worth taking. The dynamic development of e-commerce means that entities operating in this market have to face the challenges resulting from the conditions of modern realities. It is very difficult for enterprises to effectively compete only by means of the product quality, so they look for optimal solutions that will help them attract customers, building their satisfaction.*

The study is based on the analysis of available literature sources and current industry reports. Moreover, the considerations are based on our own experiences and observations, but above all, the source basis is the data presented in the reports of the PastNord organization, which studies the e-commerce market in selected European countries. By analyzing the available data obtained through online interviews with e-customers in Europe, differences in customer preferences were examined.

The purpose of the article is to show how e-customers' behaviors are evolving and what determines them. In addition, an attempt will be made to indicate customer value in e-commerce. The considerations taken will allow to identify the reasons for changes in customer attitudes, as well as the factors with which e-entities build their competitiveness, adjusting their offers to customer expectations.

Keywords: *e-commerce, value, customer, covid-19, customer behavior, competitiveness, development*

Introduction

Nowadays, when managing an enterprise, especially in e-commerce, it becomes necessary to guarantee customers high-quality logistics services. Taking care of the service becomes one of the key factors in building the competitiveness of e-companies.

By analyzing the available data, it can be observed that the quality of service is influenced by many factors that differentiate the country of origin of a given e-customer. Logistic service, especially e-commerce, is a research area very susceptible to changes, especially of a technological nature. This increases the need to constantly adapt to emerging trends, and their turbulence is undoubtedly a key challenge for logistics services.

The considerations will take into account selected factors shaping the value for e-customers, which are worth knowing and differentiating according to the country of origin from the perspective of companies operating in e-commerce.

The importance of e-commerce

E-commerce is a dynamically developing distribution channel, which for many companies has started to constitute the main source of income and contact with the customer, initially being only an additional way of selling products. E-commerce is constantly evolving, offering solutions that respond to the diverse needs of consumers. An undoubted advantage is the development of digitization, which allows more and more companies to participate in e-commerce. However, it should be remembered that it is not enough just to offer a product and make it available through many channels, since logistics services are extremely important, especially the ones related to the delivery process.

Numerous reports and market studies indicate that the Covid-19 epidemic has led to an increase in online purchases across Europe. However, as Ecommerce Europe [2020] points out, the picture of this impact will not have been fully visible until the next year. The report shows that Western Europe continues to be the most developed e-commerce market in Europe, accounting for 70% of the total value of e-commerce in the region. Western Europe also has the highest percentage of online shoppers (83%).

E-commerce worldwide is growing both in volume and in the number of customers making purchases. Figure 1 presents data on global e-commerce retail sales.

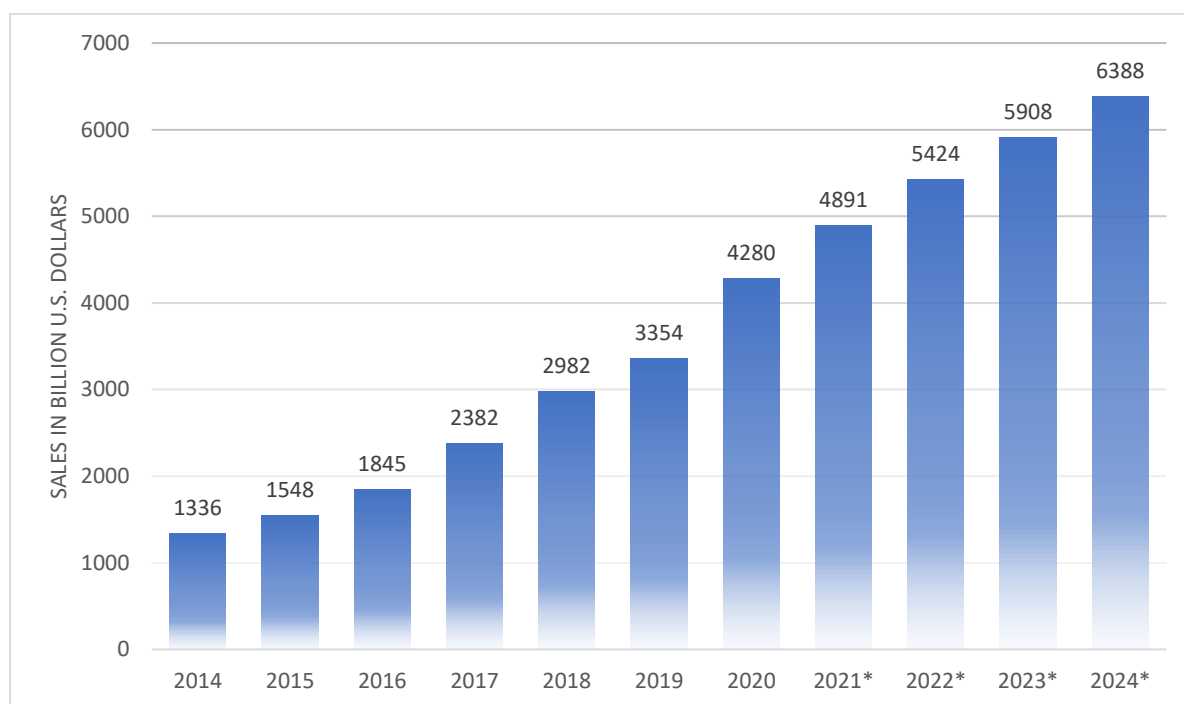


Figure 1 E-commerce retail sales around the world

Source: Statista, 2021

Global retail sales in e-commerce in 2020 amounted to USD 4.28 trillion, and the recent forecasts indicate that retail revenues are likely to increase to almost USD 6.4 trillion in 2024.

The above figures clearly show that online shopping is becoming more and more popular around the world.

As far as Europe is concerned, the PastNord report (2020) shows that 293 million European consumers shop online. In 2019, this figure was 286 million customers (Figure 2). In 2020, EUR 269 billion was spent on purchases made in e-commerce, which is an increase of nearly 13% compared to the previous year.

Among the countries surveyed, Germany and the United Kingdom are the largest e-commerce markets. France is the third largest e-shopping market, followed by Spain and Italy. Online shopping is the most popular in the UK and the Netherlands - 95% of consumers aged 15 to 79 do so. It is followed by Spain - 90% and France - 89%. In Poland, 83% of consumers shop online.

The largest percentage of online sales is generated by clothing and footwear purchased by more than half of European customers. The proportion of European consumers shopping abroad has also risen to 220 million, up from 217 million a year earlier. The sum spent by Europeans in 2020 in e-commerce trade amounted to EUR 269 billion, compared to EUR 235 billion a year earlier.

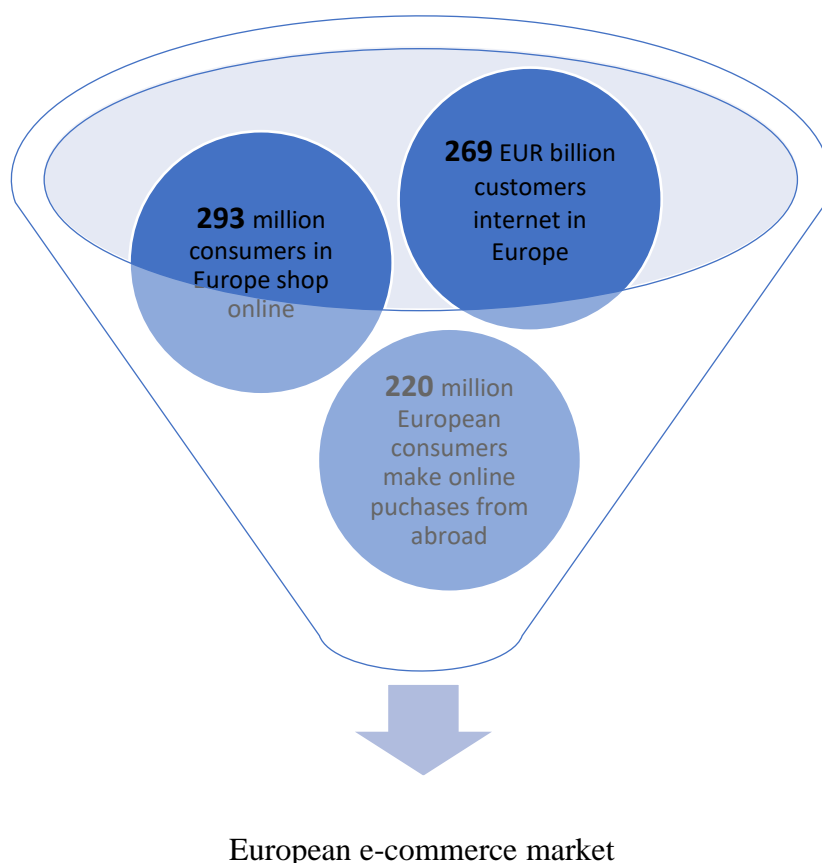


Figure 2. E-commerce in Europe

Source: PastNord, 2020

The largest increases in electronic purchases occur in Eastern Europe, mainly in Romania and Bulgaria, where the recorded rise is of around 30%. It should be emphasized, however, that these are still the two countries with the lowest level of customers making online purchases.

The Dutch (95%) and Poles (94%) are most interested in online shopping at home and abroad.

The indicated increases in e-commerce in 2020 were influenced, among others, by the prevailing pandemic. Especially in the spring, when borders were closed, increases in sales figures were evident. Customers fearing for their own health and valuing their own safety increased their purchasing activity on the Web (Figure 3). In each of the surveyed European countries, customers indicated that their online shopping activity rose during this time. The highest percentage of customers reporting increases in e-shopping was recorded in Spain - 43%, followed by Belgium - 41%, Italy - 33%, and Poland and the Netherlands with indications of 33% each. The increased interest in e-shopping took different dimensions, but in each of the countries they were of significant importance.

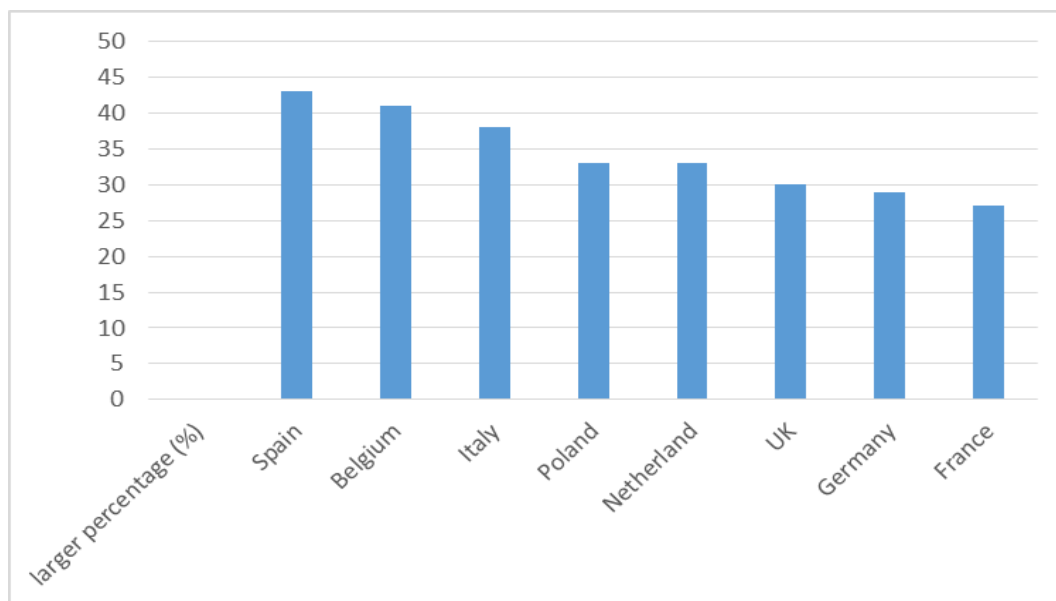


Figure 3 Percentage increase in online shopping spending in 2020

Source: PastNord, 2020

With such optimistic forecasts, it is worth taking a look at the evolving expectations of e-customers in selected European markets.

Factors influencing the e-shopping choices of Europeans

The source of the subsection are the reports of the PastNord organization (2018, 2019, 2020), which are based on interviews conducted among approximately 12,800 consumers aged 15-79 in selected European countries.

The considerations come down to the assessment of key factors influencing not only the competitive position of enterprises, but also determining the behavior of e-customers. Meeting the highest standards in terms of lead time, flexibility, reliability and return handling efficiency is the goal of modern e-enterprises.

The analyzed data cover the years 2018-2020 and show that there are clear differences in the preferences of customers shopping online in the European market. When looking for the features of the European e-commerce market, the analysis provided selected factors, such as:

- price,
- speed of delivery,
- the ability to change the date and time of delivery,
- clarity of return procedures
- using mobile devices when e-shopping – Table 1.

The presented countries are characterized by great diversity in terms of the development of e-commerce, population size or territorial area. For example, Italy, Spain and Poland are relatively large markets, but these countries have not achieved a very high level of online development, in comparison to countries such as Germany or the United Kingdom.

In each of the analyzed countries, it can be clearly seen that the importance of price as a decisive criterion for e-purchase is regularly declining. The price is the most important for the Spaniards - 46%, and the least for the Germans - 33%.

In none of the analyzed European markets, the price is the most important factor determining the willingness to make e-purchases. This is a clear signal for e-commerce, because

the amount to be paid for a given product is no longer the main distinguishing feature of purchases, whereas other aspects related to logistics service play a key role.

By observing the behavior of e-customers since the outbreak of the pandemic, it can be assumed that although price was not the most important criterion for product selection in 2020, it may become more important in the coming years. Some clients have lost their jobs, other groups have changed contract terms to less favorable ones, inflation in many countries is higher than before the pandemic. Certainly these are only forecasts, but given the occurring phenomena these forecasts may become real. Over the past year, safety and convenience of shopping have undoubtedly gained importance. Currently the security of online shopping has a slightly different dimension than until recently, because traditional shopping is associated with the risk of contracting the coronavirus.

The preferences among European customers related to the maximum waiting time for the delivery of the ordered product in e-commerce are varied.

In 2020 consumers in Poland, Spain and Italy were the most demanding in terms of the speed of delivery within maximum of three days. These countries have clearly higher requirements related to the speed of delivery than other European countries. It is Poles who attach the greatest importance to this criterion and for 52% of e-shoppers the lead time is the key. There may be several reasons for such expectations. Preferences may result from the patterns practiced by e-commerce leaders, such as Amazon or Zalando, which make customers aware that the delivery time is very important and that every effort should be made to shorten this process. Both of these entities are also the most dynamically operating in Europe. They are also most often mentioned by customers as their shopping choices. Another argument in favor of the requirements for the speed of delivery may be the constantly developing infrastructure or the expansion and higher capacity related to the 5G network. These arguments undoubtedly allow online sellers to reach customers even faster and more efficiently with the delivery. Another benefit is probably the development of digitization and new implementations of logistics operators and courier companies. Increases in purchases have revived the market of parcel collection points, especially in relation to parcel lockers. The largest number of them is in Poland - 11,000, followed by Spain - 10,000 and Germany - 7,000 (Ecommerce News Europe, 2021).

Courier deliveries to the indicated address are not always perceived as convenient, due to the need to stay at the place of delivery during a predefined time window until the courier arrives. Thus, deliveries to the pick-up and shipment points indicated by the buyer are becoming extremely popular. The reason is probably also the pandemic situation and the elimination of interpersonal contacts. In addition, indicating a specific pickup point is related to the convenience and comfort of the time of picking up the parcel. The client chooses locations that are close to their home or workplace.

The requirements of European e-customers are rising, especially in terms of conditions guaranteeing fast and convenient (changeable date / time) delivery. There are large differences in the willingness to be charged extra for faster delivery in the analyzed countries. In almost all countries, the willingness decreases with the subsequently analyzed year. And although Poland remains the most restrictive country in this respect, in which e-customers are most willing to pay extra for even faster delivery, the percentage of people declaring such a willingness is dropping, compared to previous years - from 46% in 2018-2019 to 37% already in 2020. It should be noted that the willingness of Polish customers to pay for fast delivery is greater than among customers in the most developed e-markets: British (29%) and German (30%). On the other hand, an upward trend in 2020 was demonstrated in Belgium (from 14 to 22%) and in Germany (from 28 to 30%).

Table 1. Factors shaping logistic customer service of e-commerce in selected European countries (in%)
Source: Own study based on (Postnord, 2018, 2019, 2020)

Country	Price as a decisive purchase criterion			Delivery speed max. three days			Will to pay for a quick delivery			Option to change the date / time of delivery			Clear return procedure			Using mobile devices to buy		
	2018 year	2019 year	2020 year	2018 year	2019 year	2020 year	2018 year	2019 year	2020 year	2018 year	2019 year	2020 year	2018 year	2019 year	2020 year	2018 year	2019 year	2020 year
Great Britain	42	44	36	41	37	32	41	41	29	38	36	36	46	45	43	65	65	67
Germany	37	35	33	37	35	34	28	28	30	40	39	32	51	45	47	56	58	81
France	41	41	35	42	41	33	31	31	26	52	54	42	54	54	52	57	60	65
Italy	53	50	45	42	47	42	37	38	35	59	60	50	67	60	64	66	76	83
Spain	51	48	46	47	49	45	38	37	36	67	67	52	60	65	58	71	77	83
Poland	39	42	40	52	53	52	46	46	37	71	68	45	50	53	53	53	62	78
Netherlands	38	41	35	39	42	34	24	24	21	55	53	46	46	49	45	58	61	77
Belgium	42	42	35	37	38	29	14	14	22	27	27	34	50	49	41	46	54	72

The possibility to change the date / time of delivery is the most important factor among Spaniards (52%) and Italians (50% of declarations). This factor is the lowest value for Germans - 32% of German customers consider it significant.

In each of the surveyed countries the clarity of the returns procedure plays an important role. This is every consumer's right and the possibility to take advantage of it. The most important factor for Italians is the transparency of returns (64% of responses). For this nation, it is the most important factor determining the willingness to buy. For Spaniards, clear return procedures are also very important - 58% and Poles - 53%. Among the analyzed countries return procedures are the least important for Belgians – 41% of responses.

The least significant factor among the analyzed countries are the returns for Belgians - 41% of responses, although for this nation it is still the most significant factor of all that were surveyed. It should be noted that it is difficult for e-enterprises to estimate the predictability of returns. The customer sometimes deliberately uses larger purchases with the assumption that the return will be made. Another reason for returns may be: improper adjustment of the product (size / color), receiving a product other than the one ordered, or its damage. The importance of returns, however, is clearly increasing, which also translates into greater consumer awareness, and for enterprises, for the need to have adequate warehouse facilities.

The last of the analyzed factors is the use of mobile devices for purchasing purposes. For several years, there has been a clear interest in mobile devices, the sale of which is clearly increasing, and the number of applications adapted to these devices is growing rapidly. When it comes to mobile shopping, each of the analyzed countries recorded an increase in the use of mobile devices for shopping purposes in 2020. However, they are most appreciated in Italy and Spain, where such a declaration was made by as many as 83% of buyers. Compared to the previous years, the largest increase in 2020 in using smartphones or tablets for e-shopping was recorded in Germany (by 23% increase) and Belgium (by 18%). It should be emphasized that the analysis of Mobile (2021) shows that 2020 became the best year for mobile commerce so far, and approximately \$ 115 billion was spent in the world through this channel. In 2014 already, changes related to the way customers think were called *mobile mind shift* (Schadler, Bernoff and Ask, 2014). The authors already decided that needs come down to the will to immediately meet them, as soon as they arise. This behavior also explains the readiness to be charged higher (additional) costs in order to obtain fast delivery. Mobile devices, accompanying us almost every day, enable constant access to being online. The use of mobile devices increases year by year in each of the analyzed European countries, while exerting pressure to shorten delivery times. Therefore, one should expect a decreasing pressure related to this area of logistics services. At the same time, mobile technologies are a kind of catalyst, thanks to which it is possible to develop the e-commerce supply network, improve business processes while meeting the needs of modern consumers (Majchrzak-Lepczyk and Łupicka, 2019).

Logistic e-customer service in Europe

Logistic customer service has always played an important role, and due to the constantly changing market and innovative development solutions, becomes an extremely important area of building the competitiveness of enterprises. The nature of the transformations taking place is a great challenge. Therefore, it is necessary to constantly analyze the factors influencing purchasing choices. The logistics of e-commerce customer service is significantly evolving. A few years ago, the delivery of the ordered products was possible within a few days of purchase,

currently the optimal time is 24-48 hours. Thus, the cooperation of many entities is necessary to be able to meet market expectations and make on-time deliveries.

The most important customer of logistics services is its end user, who in the presented considerations is a physical consumer who satisfies his purchasing needs in e-commerce. Logistic customer service is most often associated with the activity of enterprises related to delivery, but before it happens, there are a number of other activities and processes throughout the entire supply chain (Ying et al., 2016). It was assumed after D. Kempny (2008, p. 11) that logistic service is the result of the functioning of the company's logistic system and the supply chain, with the aim of providing functional, economic and psychological benefits. The common element is the relationship that occurs between the seller and the customer during the purchase process.

Logistic customer service is shaped by many factors, therefore their diagnosis and the ability to meet consumer needs and expectations become a value. Defining the factors influencing e-customer satisfaction is the subject of many studies of various nature. The research area is very wide, including considerations from a comparative analysis of the behavior of European e-customers (Majchrzak-Lepczyk and Łupicka, 2019); shaping relations (Hryhorak, Trushkina, Popkowski and Molchanova, 2020); to service areas related to sustainable development (Tian et al., 2021).

Customer purchasing experience and increasing interest in electronic purchases determine the growth of e-sales. Customers are becoming more and more aware, but also demanding in terms of delivery, where its speed is considered as a key factor in satisfaction with logistics services. On the other hand, the ability to choose the method, date and place of delivery of ordered products is important for all European consumers. The indicated areas are only necessary guidelines to be applied in order to build a competitive position in e-commerce.

Conclusions

The considerations present the key factors influencing the degree of customer satisfaction which are a specific value for him. Differences in the perception of logistics services in selected European countries were also indicated. Meeting the highest standards in terms of delivery time or return handling efficiency is the value of modern e-commerce.

Until recently, the competitive advantage of e-stores compared to brick-and-mortar outlets were lower prices. Currently, such a strategy of reaching the customer no longer works. The path to success in e-commerce is not easy and requires a lot of analysis and strategic decisions.

Undoubtedly, mobile shopping is an important factor in the strong progress in e-commerce, which is indicated by the analyzed data.

Each year electronic commerce is more popular among e-customers. It is very likely that shoppers who currently buy online to avoid the risk of virus contraction will look favorably on e-commerce even after the pandemic has passed. The current economic situation is a huge challenge for all groups - enterprises, employees, customers and state structures. Long-term maintenance of the pandemic may lead to permanent changes in the purchasing behavior of e-customers and it will be necessary to include them in the operating strategies of many companies.

Interest in purchases by means of mobile devices in Europe will be growing, but in a different way. On the other hand, the increasing availability of mobile devices and the increasing access to the Internet is likely to compensate for these differences.

It is impossible to comprehensively analyze all the factors influencing the value for the e-customer in a short study. Several of them have been intentionally selected to present a fragment of the differences in logistics services in individual European countries. However, it should be clearly emphasized that only comprehensive care for all elements of the purchasing process gives a chance for success in e-commerce. This determines the necessity of constant observation and research on the trends that allow us to identify and satisfy the needs of customers. Only in this way is it possible to shape the offer expected by customers.

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