



Spain 2021

Ecommerce Country Report

In partnership with



JUNE 2021
RXRES21RP

www.retailx.net



Introduction



Welcome to the Spain Ecommerce Country Report.

The publication of this report comes only a few days after Spain became one of the first countries to have its coronavirus recovery plans

approved by the EU as part of the Next Generation EU. The approval of the plans will see Spain receive one of the biggest shares of the 750 billion Euros recovery fund.

Spain has been one of economies to be worst hit by the pandemic, reliant as it is on its tourism market, so the money will be welcomed. The **country's prime minister Pedro Sanchez will be eager to move ahead with implementing his investment plans** and steering the country's recovery from the pandemic, especially after he received some criticism around transparency about how the money will be spent.

We see that the impact on the economy has, of course, translated through into changed behaviour amongst consumers as consumer confidence in Spain crashed during the worst of lockdown. Consumers were already price-sensitive, and we see that the pandemic has made them even more, so with an increased appetite for value.

But as **confidence begins to return** there are some encouraging times ahead for retailers investing in this market. Mcommerce is seeing strong uptake with Spain forecast to see the fastest growth in mcommerce in Western Europe, meaning that retailers need to ensure they are maximising their opportunities in this area.

Older customers have moved online thanks to necessity during the pandemic and post-pandemic spending will stay online for many, with nearly one in four saying they will continue to buy more online when they used to predominantly buy instore and a growing number planning to shop online more regularly too.

Returning consumer confidence, as coronavirus cases and deaths fall and vaccinations continue to roll out, has also translated into increased confidence from the Bank of Spain too, after economic growth forecasts rose to 6.2% earlier this month. **It believes that activity will return to pre-pandemic levels by the end of 2022.**

Spain has been hard-hit but the signs for recovery are good – and retailers need to be ready to maximise the opportunities that offers them.

Ian Jindal, CEO, RetailIX

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Country profile

Spain was hit hard by the pandemic with a huge drop in GDP and unemployment for the first time since 2013, but a healthy bounce-back is likely

Spain, the largest country in Southern Europe and fourth-largest economy in the European Union, saw its economy become **one of the most heavily impacted** by the coronavirus pandemic with an 11% decline in GDP and its first increase in unemployment since 2013.

This has put it in the unenviable position at the time of research of being in the leading position in terms of unemployment among OECD countries (15.3% as of April 2021).

In June^[1] it was reported that Spain's youth unemployment rate was even higher than the overall rate of 15%, with youth unemployment at 37%.

Part of this devastating impact has come from Spain's reliance upon tourism, which accounts for at least 10% of its GDP. In 2019 Spain was the second most visited in the world behind France, with more than 83 million tourists visiting and spending more than 90 billion^[2] Euros.

However, in 2020 there was less than a quarter the number of visitors, with tourism's contribution to GDP plummeting as a result.

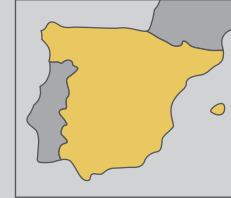
But a **healthy bounce-back** is expected. Spain, alongside Portugal, **became the first^[3] of the EU countries to win approval from the EU for its recovery plans** in June 2021 after submitting a 140 billion Euros spending plan from the EU coronavirus recovery fund (Next Generation EU), one of the largest from the 750 billion Euros fund. Half will be received as loans and half as grants with the first 19 billion Euros due to be received the end of this year.

The investment will focus, amongst other things, on the small business sector, including digitalisation, helping to further stimulate the market for online spending. **These moves, coupled with the rebound of both domestic and foreign demand, should mean an impressive recovery is likely.**

[1] Spain presents plan to tackle soaring youth joblessness – EURACTIV.com

[2] Spain holidays: British tourists spend £1.7m per hour in European hotspot | Travel News | Travel | Express.co.uk

[3] EU chief signs off on Spain, Portugal recovery plans (yahoo.com)



Spain country profile

Area: 505,990km²

Capital: Madrid

Currency: Euro

Official language: Spanish

Foreign languages spoken: Catalan, Galician, Basque

Nationality: Spanish

Government: Constitutional parliamentary monarchy

VAT: 21% | **Reduced rate:** 10%

“We have this great opportunity in Spain to carry out all the reforms and investments that we should have done a long, long time ago,”

Prime Minister, Pedro Sanchez.

Market context

Retailers should beware of a future decline in the Spanish population as well as changes in structure but look forward to a recovering economy

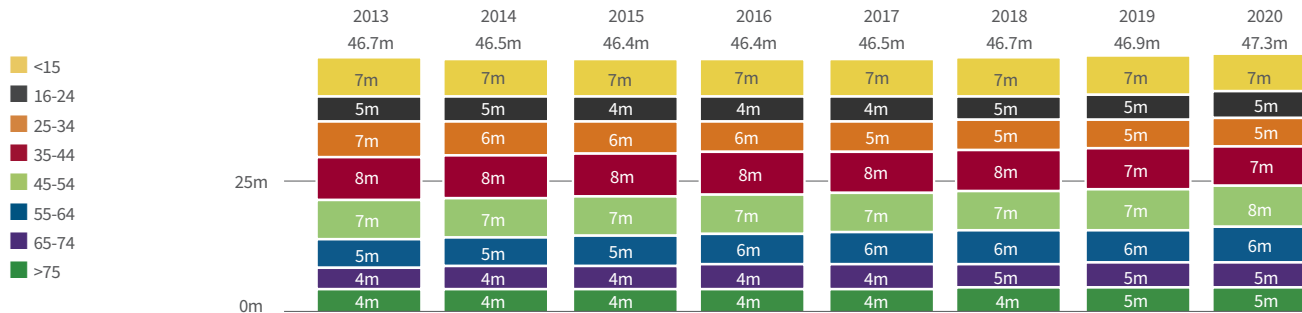
Spain's population has seen modest growth since 2014, growing by 0.8% in 2020 to hit 47.3 million, however looking ahead **population growth is expected to go into reverse** from 2030 through to 2050 when a -2.02% growth rate is predicted.

This is due, in part, to a **declining younger population**. The country has one of the lowest fertility rates among OECD countries (only Korea and Malta have lower). This is blamed on a lack of family support with the average Spanish woman having less than 2 children in her lifetime.

Spain has a population density of 91.4 inhabitants per sq km, a figure that is lower than many other Western European countries but has the country has the highest real density population in Europe, with the most populated areas being around the coast, as well as the capital Madrid.

Internet proliferation continues to grow, up from less than three-quarters (74%) of the population in 2013 to 93%

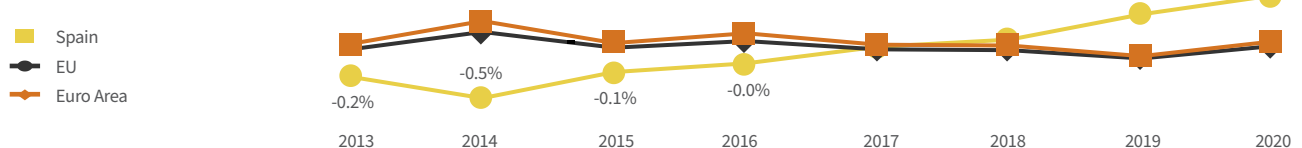
Population structure through time



Source: RetailX, drawing on data from Eurostat

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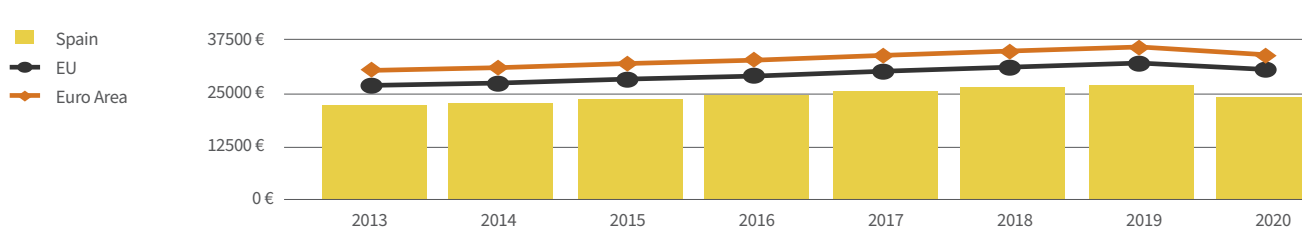
Population growth



Source: RetailX, drawing on data from Eurostat

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GDP per capita (€)



Source: Eurostat

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in 2020. 35-54 years olds have the strongest representation of internet users, making up 40% of the overall 93% of internet users between 16 and 74 years old in Spain.

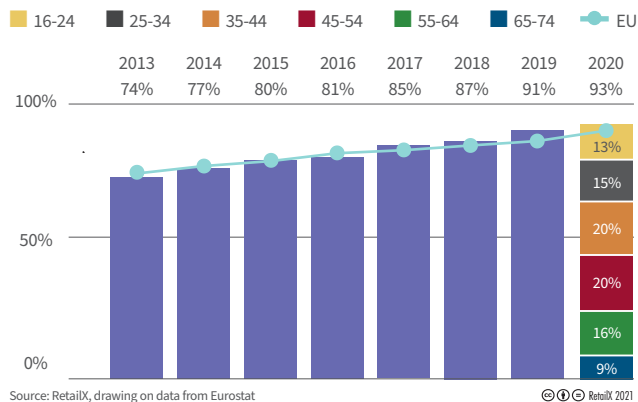
Although internet use is slightly higher than the EU average the percentage of the population shopping online is actually lower, at 67% in 2020 for Spain versus 73% for Europe. However Spain's internet usage is forecast to hit 69% this year.

The number of eshoppers is down slightly on the European average. This is also reflected by age. The most popular age bracket is 25 to 34-year-olds where 82% of internet users were eshoppers in 2020, compared to 85% in the EU.

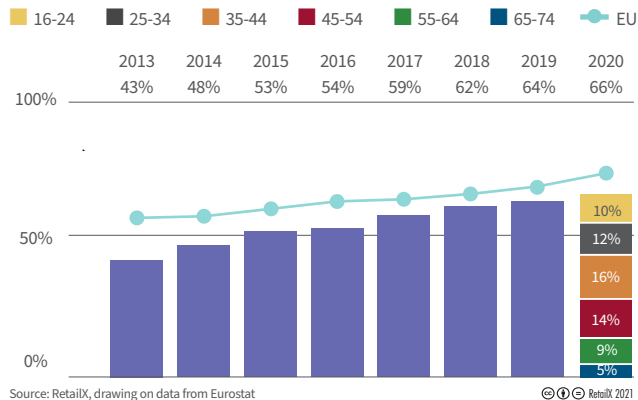
More than half (56%) of online shoppers spend at least 15 Euros a month online. **A quarter (26%) spend 120 Euros or more.** 6% of the online shopping population are big spenders, spending more than 300 Euros a month online.

The **frequency of online purchases is rising** with 14% of shoppers shopping online 'many times a week' in 2020, up from 11% the year before. 17% shop online once a week. Meanwhile 22% say they shop online less than once a month, a figure that has fallen from 26% in 2019.

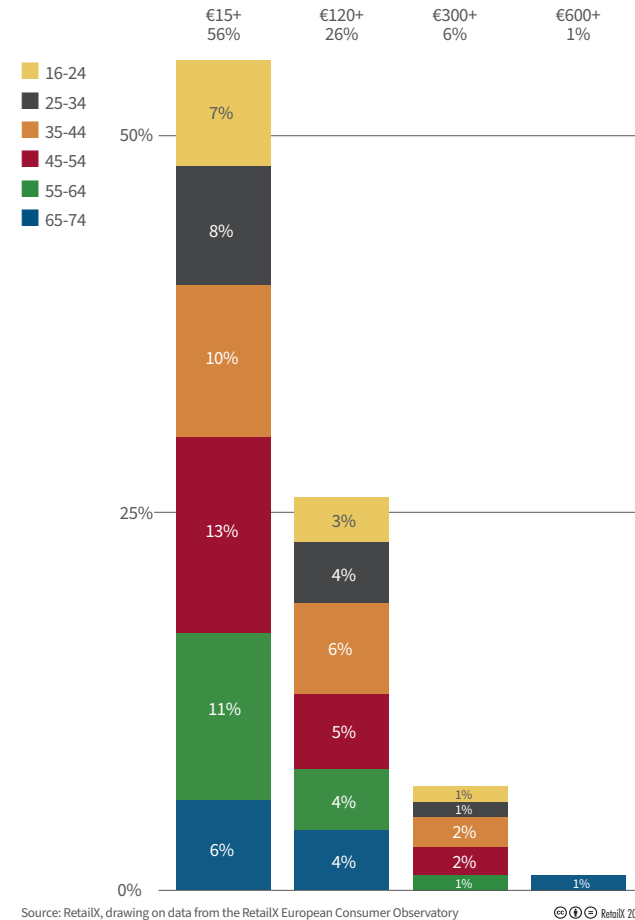
Percentage of internet users between 16 and 74 years old



Percentage of population shopping online between 16 and 74 years old



Online shoppers' monthly spending by age



FOR MORE ON THE SPANISH CONSUMER, SEE PAGE 11



Take the next step.

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Expert insight

Mike McGuire



VP Sales EMEA, Iterable

Before joining Iterable, Mike worked at Salesforce Marketing Cloud for six years where he built pan EMEA sales teams, specialising in new acquisitions to the Marketing Cloud business.

What are the main characteristics of the Spanish ecommerce market and how have they changed during the pandemic?

Despite having a highly digital population, the Spanish ecommerce market suffers from generational differences and divides. With a somewhat older populace among OECD countries, the shopping preferences - in both channel and product - have become more distinct. During the pandemic, older generations, which had previously been reluctant to take on ecommerce shopping, began opening up to purchasing items online, particularly hobby items. Younger generations, on the other hand, focused their shopping more on fashion and household products. Such a distinction in shopping behaviour is valuable information as retailers look towards the post-pandemic ecommerce market.

How have Spanish retailers responded to the challenges of the retail market during the pandemic?

With more online customers, Spanish retailers have responded by crafting a customer experience that mimics the in-store experience. Personalisation and, crucially, humanisation of the experience has driven consumer loyalty unlike ever before. Moving forward, maintaining a close relationship through marketing communications will be key to a thriving ecommerce market.

Where will we see growth coming from in Spain and what do retailers need to do to make the most of the potential for growth?

Growth will come from embracing digital transformation that the pandemic forced. Whether this comes in the form of utilising new channels, SMS, push notifications, etc., accessing first- and zero-party data will be the key. An interesting point of growth for the Spanish ecommerce market is e-wallets. Consumers have grown accustomed to a more seamless buying experience, from browsing through purchase and even delivery and returns. Keeping the experience frictionless from start to finish is how retailers will bring customers back over and over again.

How is the customer experience changing online in Spain - what are consumers demanding and how should retailers respond?

Consumers worldwide are embracing the possibilities of a digital relationship with their preferred brands. And with

that comes heightened expectations for an experience that is unique. The mobile experience, in particular, is set to continue growing beyond the near 20pp increase witnessed in Spain between 2017 and 2020. It's up to retailers to consolidate their data across channels in order to recognise when their users prefer mobile engagement. A good response is one that has direction from the consumer. The customer experience as it stands is driven by the customer, not the brand. Spanish retailers would be wise to listen to the data accrued over the last year to see which aspects of the customer experience resonated with shoppers.



Iterable is a modern cross-channel platform that powers unified customer experiences and empowers marketers to create, optimise, and measure relevant interactions and experiences customers love. Leading brands, like Typeform, Dgtl Fundraising, Zoopla, Calm, Dogo, and FiiT TV, choose Iterable to power world-class customer experiences throughout the entire lifecycle. www.iterable.com

Benchmarking the digital economy

Spain is an impressive third in terms of overall internet inclusiveness

Spain is seen as **internet inclusive, ranking third behind Sweden and USA respectively**. The Internet Inclusivity Index is a benchmark of national-level internet inclusion in 120 countries and is measured on four key factors; availability, affordability, readiness and relevance.

Within these, it's Spain's 'Readiness', second only to Qatar, that drives the strong ranking. This is thanks to its **leading position in terms of policy** – led by government strategy for e-inclusion and broadband – as well as funding.

Spain performs less strongly in other indices. It's 17th in the Logistics Performance Index and E-Government Development Index and 30th for Ease of Doing Business. Its postal development ranking is the lowest. Correos is the state-owned company responsible for its postal service, like many national players, took a little longer to embrace the opportunities of ecommerce. That said, the market is catching up fast, and the **increasing penetration of quick commerce** means we could see this ranking rise soon.

Indices	Definition	Global rank
Logistics Performance Index (LPI)	LPI measures performance along the logistics supply chain within a country	17 /160
Ease of Doing Business Index	A high Ease of Doing Business ranking means the regulatory environment is more conducive to the starting and operation of a local firm	30 /190
E-Government Development Index	The E-Government Development Index measures the willingness and capacity of national administrations to use information and communication technologies in order to deliver public services	17 /193
Integrated Index for Postal Development (2IPD)	2IPD is a comparative indicator of postal development around the world which is built on four pillars: Reliability, Reach, Relevance and Resilience	37 /170

Internet Inclusivity sub-indices

Availability	Quality and breadth of available infrastructure required for access and levels of internet usage	14 /120
Affordability	Cost of access relative to income and the level of competition in the internet marketplace	6 /120
Relevance	Existence and extent of local language content and relevant content	19 /120
Readiness	Capacity to access the internet, including skills, cultural acceptance, and supporting policy	2 /120
Overall Internet Inclusivity Index		3 /120

KEY: ■ Top quartile ■ Second quartile ■ Third quartile ■ Bottom quartile

Source: World Bank, United Nations, The Economist Intelligence Unit, Universal Postal Union

The Spanish consumer in focus

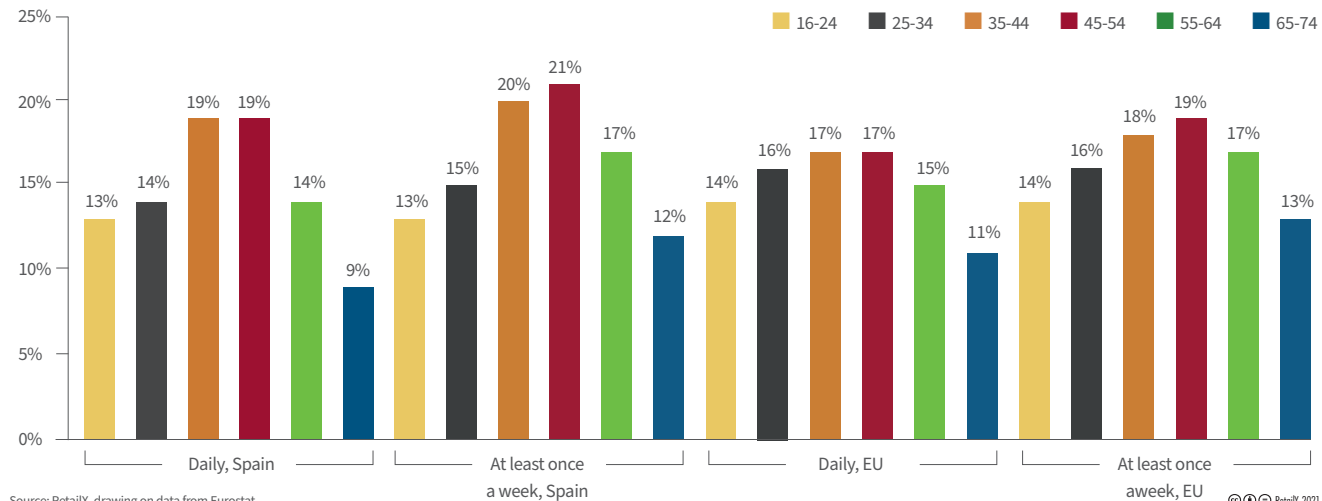
The Spanish consumer is price-conscious and values convenience and ease but prefers to see products in person

The Spanish consumer has been hard hit by the pandemic and the record levels of unemployment it created, with a **crash in consumer confidence which was most evident in the second half of 2020**,^[1] when confidence declined every month from June through to October. However, apart from a blip in January, it has **since risen each month, hitting its highest levels in almost two years in May 2021**.

The Spanish consumer has always been highly sensitive to price but the impact of Covid-19 means that **value is now more important than ever**. This price sensitivity means that consumers don't necessarily remain loyal to brands,^[2] hungry as they are for a bargain.

Spaniards love fashion and they love food, consuming both in huge quantities with fashion the most popular product bought online.

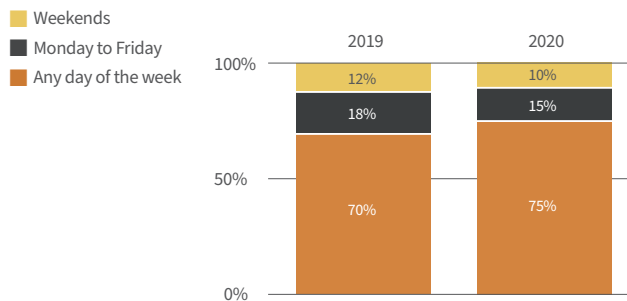
Frequency of Internet use, by age group and compared to EU



Source: RetailX, drawing on data from Eurostat

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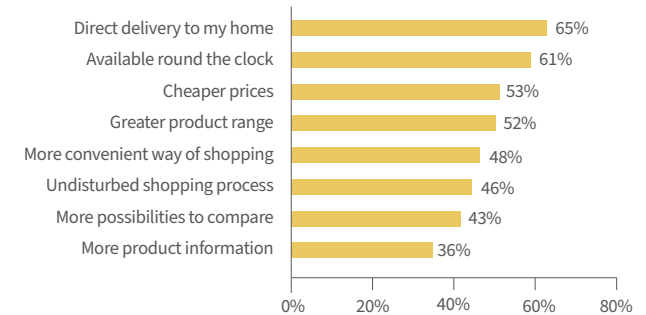
Shopping time: When do you shop online?



Source: El Observatorio Cetelem

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Online shopping: drivers of online purchases



Source: Statista Global Consumer Survey

© RetailX 2021

Internet usage among Spanish consumers is relatively high, compared to the rest of the EU. This is especially true in the 35 to 44-years and 45 to 54-years brackets, where both their daily and weekly internet usage is higher than their EU counterparts. They are also flexible on when they shop, with three-quarters (75%) shopping online any day of the week.

Despite their desire for a good price, with **cheaper prices a driver for online purchasing for more than half (53%)**, it's convenience that is the greatest desire with just under two-thirds (65%) saying that direct delivery to their home was most attractive, while the round-the-clock availability of online shopping appealed to 61%. Just under half (48%) said online was a more convenient way of shopping.

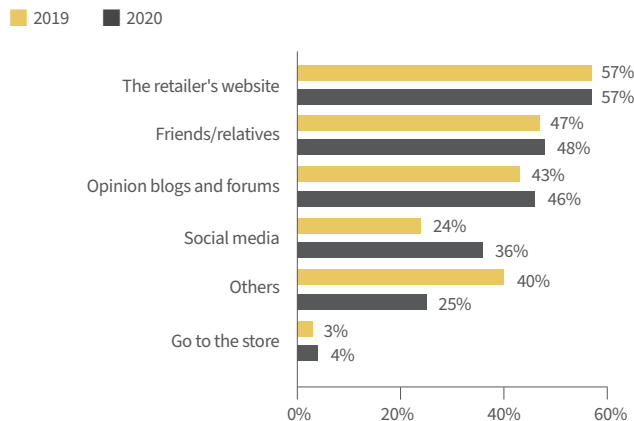
But there are negative aspects to shopping online too. **More than half (55%) of Spanish consumers miss seeing, touching or tasting a product.** 44% don't like having to pay for delivery, a gripe that has risen in prominence between 2019 and 2020.

Spanish consumers' greatest influence comes from retailers' websites, with more than half (57%) saying that they consult a retailer's website before buying. But nearly half (48%) are interested in the views of their friends and relatives.

The influence of others is further evidenced by a growing propensity to turn to opinion blogs and forums, up 3% in 2020 on the year before. **Meanwhile, social media has seen the strongest growth** as social influencers start playing a more active role with that measure up from 24% in 2019 to 36% in 2020.

Information before buying online

Before buying a product or service online, what sources of information do you take into account?

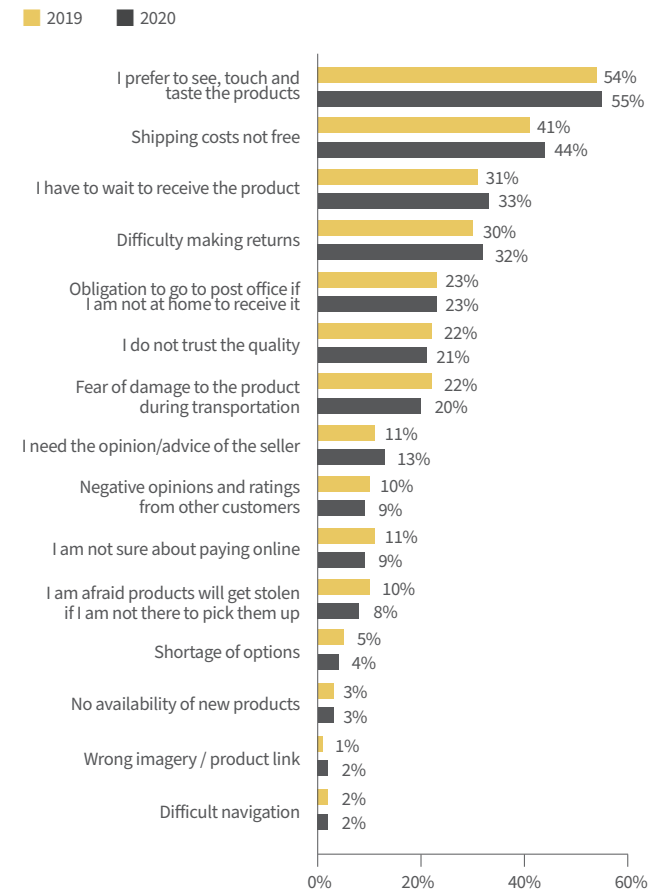


Source: El Observatorio Cetelem

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[1] Spain Consumer Confidence | 2004-2021 Data | 2022-2023 Forecast | Calendar (tradingeconomics.com)
 [2] Reaching the Spanish consumer - Santandertrade.com

Negative aspects of online shopping



Source: Statista Global Consumer Survey

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Consumer spending patterns

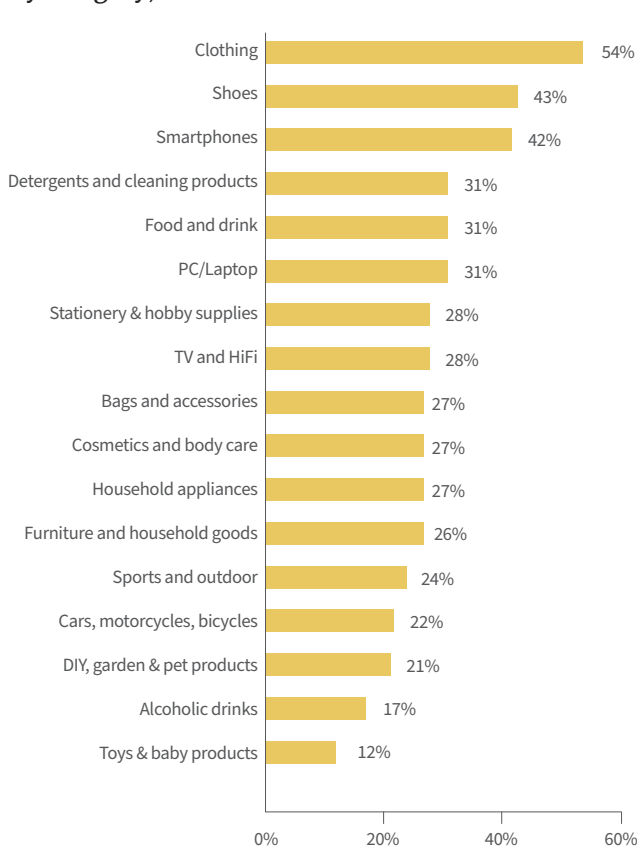
Value, convenience and price remain three key factors for Spanish consumers

There are several key drivers for online consumer behaviour in Spain. In terms of online behaviour by age, it's evident that 35 to 44-year-olds were the most prolific purchasers in 2020. This is a trend that is evident across all categories.

Again we witness the fact that the **customer is price sensitive and nowhere more so than clothing**, where more than half (54%) of Spanish consumers say that a low price is of particular importance to them. The clothing market is dominated by home-grown brands within the Inditex stable which in May reported sales above pre-pandemic levels^[1], as well as international fast-fashion players such as H&M. Price sensitivity is lowest in alcoholic drinks (17%) and toys and baby products (12%).

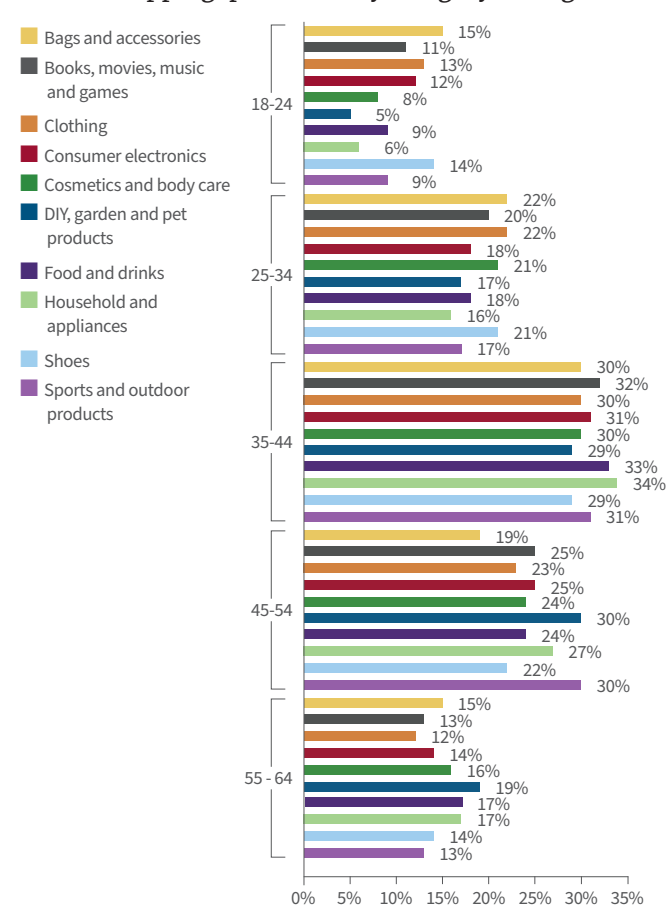
Naturally, given the impact of the pandemic, **Spain saw the average amount spent online for travel – previously the biggest spend online – tumble in 2020**. It fell 232 Euros on the previous year to 552 Euros.

Online behaviour: Importance of low-priced products by category, 2020



Source: Statista Global Consumer Survey

Online shopping: purchases by category and age



Source: RetailX, drawing on data from Statista Global Consumer Survey

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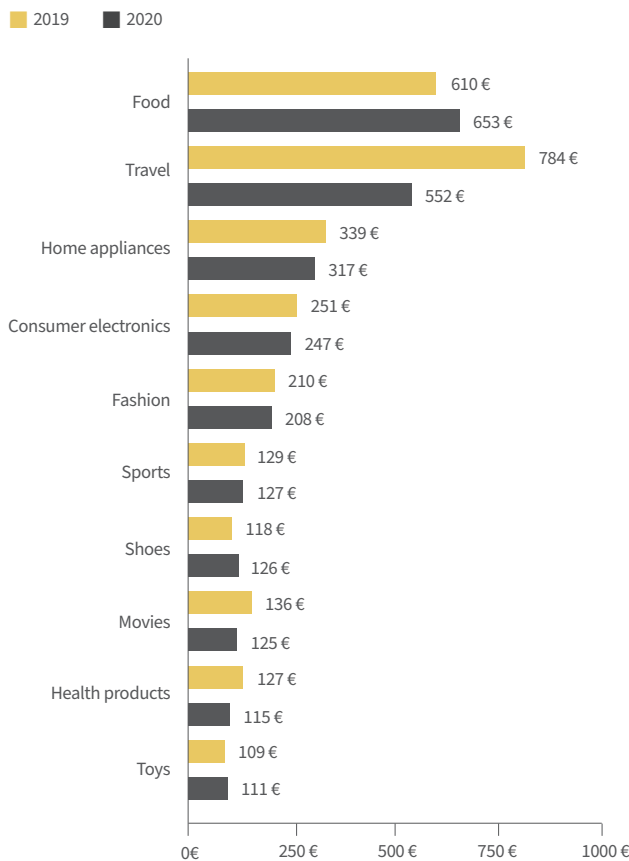
Online spending on food rose, up to 653 Euros. Mercadona dominates the food shopping market with more than 1,600 stores in Spain and 5.5 million households shopping at the supermarket giant. During 2020 it saw turnover grow by 5.5% [2] and has accelerated its digitisation, evolving its online shopping centre, first launched in 2018 with the launch of a new ‘hive’ – an online-focused distribution centre. Carrefour has the second-highest market share with more than 1,000 stores followed by Eroski.

Despite the increased spend, the price sensitivity of consumers means that **Spanish consumers have particularly valued discounters during the last year** or so, as they have tried to limit unnecessary spending. Aldi and Lidl and Spanish discounter Dia dominate here.

Average expenditure on all other categories stayed relatively static. There were **several reasons why people shopped online in 2020. Convenience, range and price** were the leading ones, driven by pandemic behaviour.

Drilling down by category we see that the most valued benefits of buying fashion online again focussed on convenience with shopping from home, a complete range and 24/7 availability cited by customers.

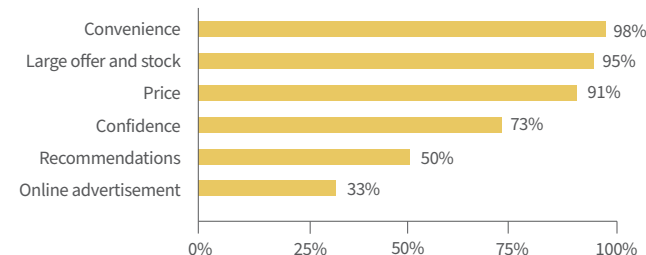
Average spent online on categories, 2019–2020 €



Source: El Observatorio Cetelem

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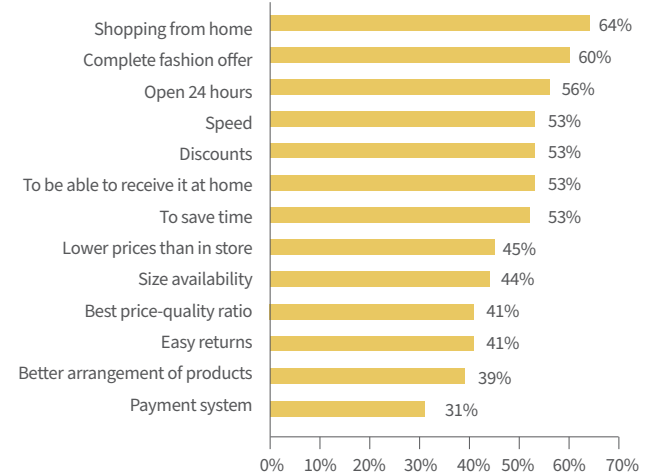
Reasons why people purchased items via ecommerce in Spain in 2020



Source: RetailX, drawing on data from Statista, IAB Spain, Elogia marketing 4 ecommerce

© RetailX 2021

Most valued benefits of buying fashion from online stores in Spain, 2020



Source: RetailX, drawing on data from Statista, IAB Spain, Elogia marketing 4 ecommerce

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How the Spanish consumer buys

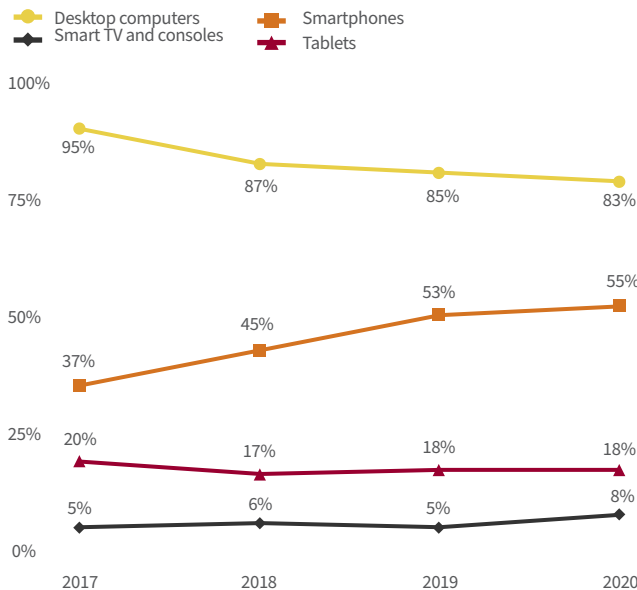
How Spaniards shop online is changing fast, with mcommerce forging a strong growth path

Mcommerce is seeing big growth in the region, recording an almost 20 pp increase between 2017 and 2020. As is common in mcommerce, younger shoppers in Spain are more likely to opt to shop on their mobiles thanks to the speed and simplicity, while older generations still tend to use their desktop PCs to shop online.

Mobile penetration is high in Spain and as such is driving the growth of **sales via mobile, which is expected to hit \$16.25 billion by 2023**, ^[1] according to eMarketer. That's up from a predicted \$13.9 billion in 2021, with **mcommerce in Spain expected to grow faster than any other country in Western Europe over the next two years.**

Where desktop computers once dominated the devices used to buy online their share is now falling, down from 95% to 83% in only three years. Its share is being consumed by **smartphones, which have seen an**

Devices used for online purchases in Spain, 2017-2020



Source: RetailX, drawing on data from Statista, IAB Spain

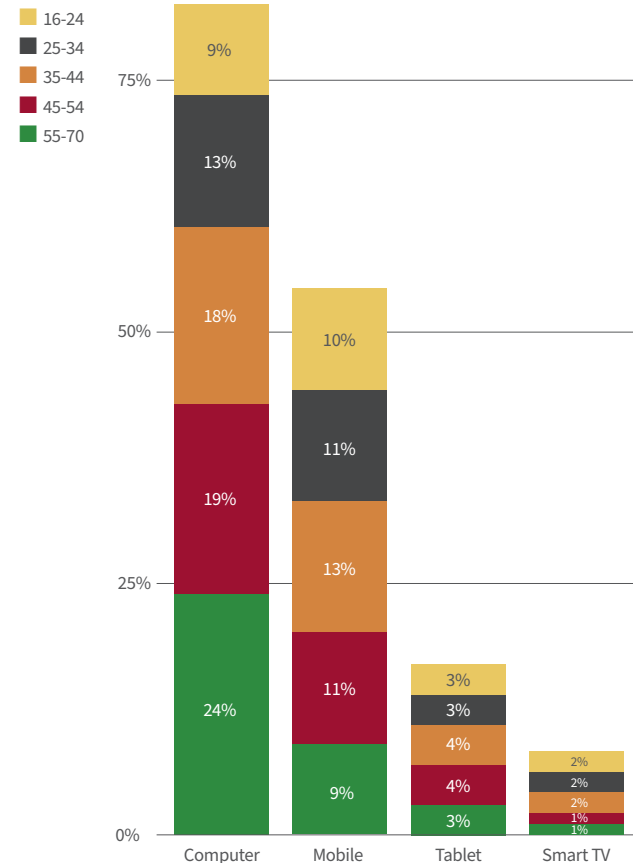
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increase from 37% in 2017 to 55% in 2020.

Interestingly, the use of tablets for online shopping, though still a mobile device, has actually fallen slightly, down from 20% to 18% over the same period.

[1] AliExpress and Amazon Are Bolstering Spain's Booming Ecommerce Market - Insider Intelligence Trends, Forecasts & Statistics (emarketer.com)

Online shopping devices by age group, 2020



Source: RetailX, drawing on data from Statista, IAB Spain

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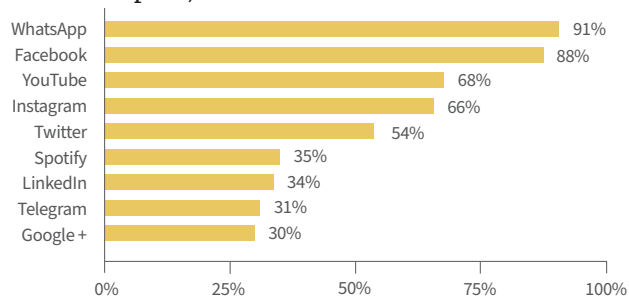
When you look at the device split by age, the use of desktop computers is dominated by older customers, particularly those aged over 55 years who account for almost a quarter (24%) of those using a PC to shop online.

But when you look at the mobile usage by age the split is fairly consistent with an almost equal split within each age group using their mobiles to shop online. **Fashion dominates as the product category most bought via mobile** with more than half (52%) of consumers using the channel to buy in 2020. This is followed by leisure for 47%.

The reasons why consumers prefer mcommerce has remained fairly consistent over the last two years. **Predominately consumers value its speed, cited by nearly three-quarters (73%) of consumers** in both years. Just over two-thirds (67%) appreciate the freedom it offers. Its simplicity is becoming increasingly important for consumers, up from 62% in 2019 to 67% in 2020. But it's not all plain sailing for mobile. Nearly a third (31%) prefer the convenience of other channels while a quarter (25%) say that for online shopping browsing is best viewed on a PC.

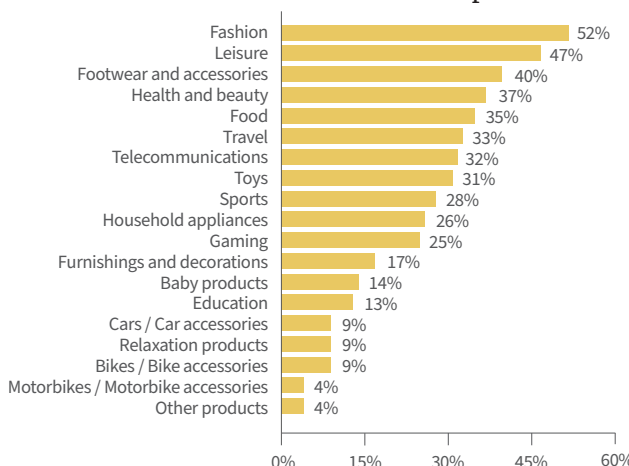
Our research shows that the use of **social networks to shop online is dominated by WhatsApp**, with 91% of internet users shopping via the channel. This is followed by 88% who use Facebook to shop online.

Social networks used by Internet users to shop online in Spain, 2020



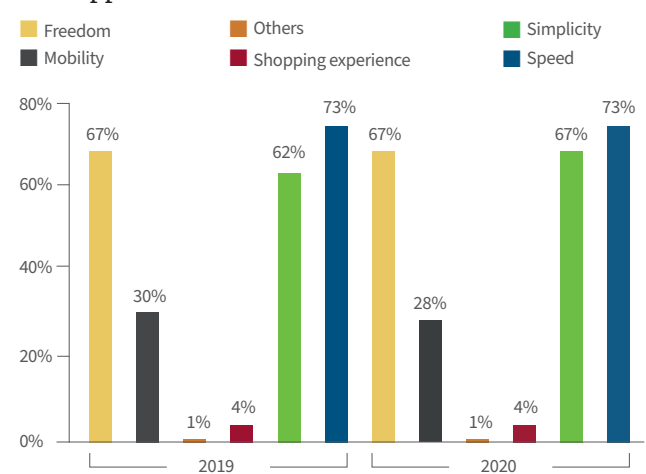
Source: RetailX, drawing on data from Statista, IAB Spain, Elogia © RetailX 2021

Distribution of product categories purchased by Internet users from mobile devices in Spain 2020



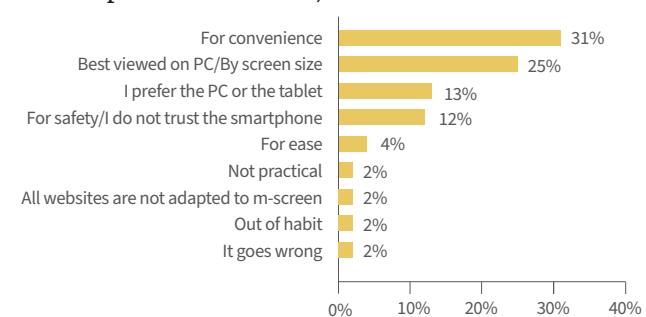
Source: RetailX, drawing on data from el Observatorio Cetelem © RetailX 2021

M-Commerce: what are the main aspects e-shoppers like?



Source: El Observatorio Cetelem © RetailX 2021

Mobile purchase barriers, 2020



Source: IAB Spain © RetailX 2021

Payment methods

E-wallets are increasing in popularity, with PayPal leading the way and card payments beginning an inevitable decline

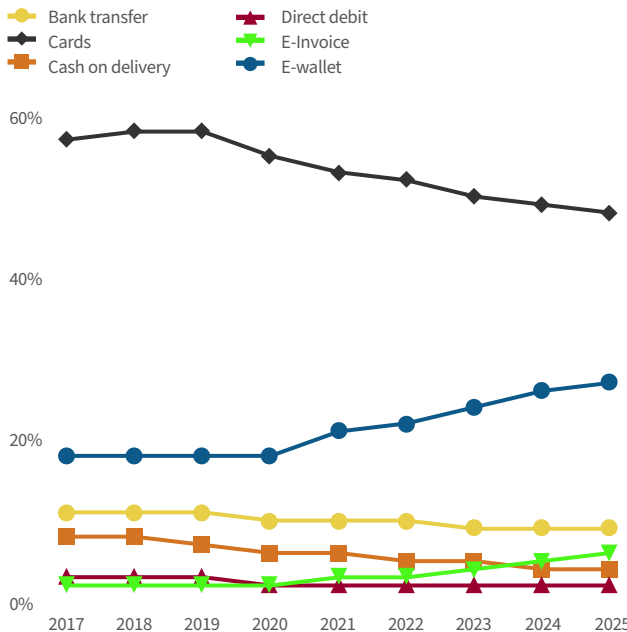
Mastercard, VISA and PayPal dominate online payment methods in Spain, but it wasn't until 2020 that card payments overtook cash instore. **Online the use of card payments is predicted to see a sharp decline**, already down from 57% in 2017 to 54% in 2021 and predicted to drop to 48% by 2025. **Its share will be mostly taken by e-wallets, expected to account for a 27% share by 2025.**

Among Spain's top 250 online retailers card payments are offered by 99%. All these offer Visa and Mastercard while 43% offer American Express. E-wallets are offered by 88%. The E-wallet market is dominated by PayPal at 87%, but other methods are also growing such as Spain's Bizum, ^[1] launched in Spain in October 2016. The payment method now has 15 million users, ^[2] and more than 11,500 online stores onboard.

Other payment methods could also emerge after department store group **El Corte Inglés registered a trademark for a cryptocurrency called Bitcor in May 2021**, ^[3] despite claims that it was a preventative measure.

Spanish shoppers value safety most when paying online (69%), followed by speed and comfort in the payment process (23%).

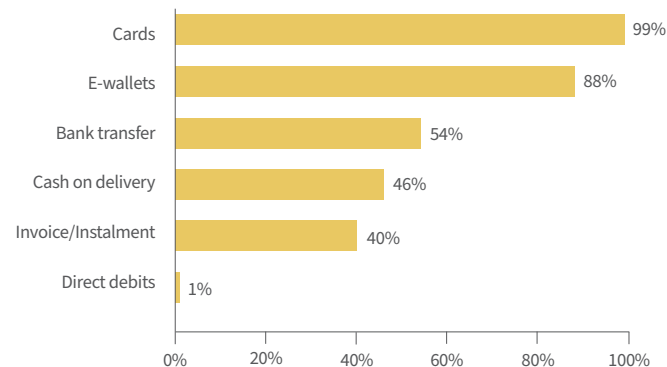
Payment methods, 2017-2025 (f)



Source: Statista © RetailX 2021

[1] Bizum | Bizum | Learn about us, our history and our mission
 [2] Bizum | Bizum reaches 15 million users | press
 [3] El Corte Inglés registers the Bitcor brand before a future entry into cryptocurrencies | Companies - Silicon Mirror (silicon-mirror.com)

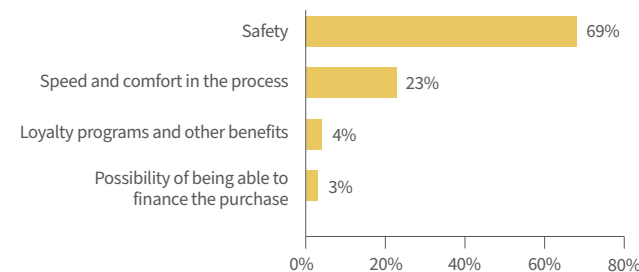
Payment methods offered by Top 250 Spanish online stores



Source: Ecommerce DB © RetailX 2021

Online payment methods: main aspects

When it comes to paying for your online purchases, what do you value the most about the means of payment?



Source: El Observatorio Cetelem © RetailX 2021

Delivery & Returns

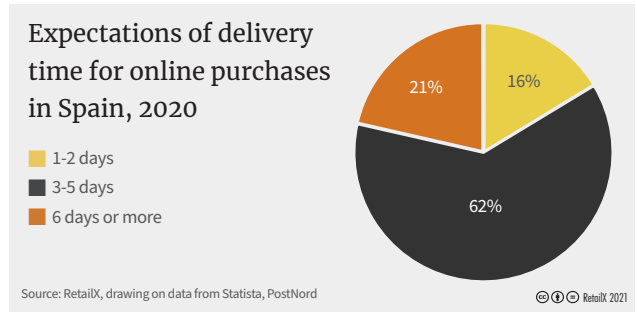
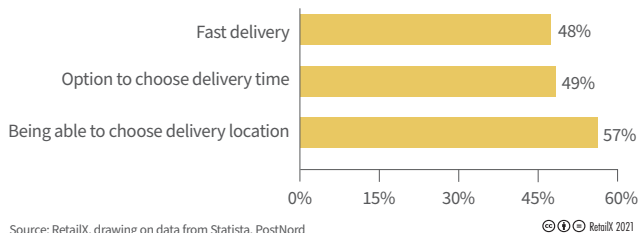
Spanish consumers are more interested with choosing delivery location than timing but the need for speed is rising

Spanish consumers were more focused on having control over the location of delivery than speed in 2020, with **57% saying choosing where delivery would take place was important**. Choosing when was important for 49% and speed was important for 48%. This is likely to be an impact of the pandemic as certainty replaced urgency.

This certainty around the location of delivery helps to explain the popularity of **click and collect during 2020, provided by almost half (48%) of the top 250 online stores in Spain**. As with many other countries in Europe, there are a growing number of companies offering ‘quick commerce’^[1] delivery of groceries and essentials in less than an hour. For instance, The Blok^[2] is a start-up which aims to deliver goods within 10 minutes in Barcelona and Madrid through the dark store model.

Spanish consumers are relatively relaxed about when they get their orders, although this may again have been due to the pandemic, with **nearly two-thirds (62%) of consumers expecting delivery within three to five days**,

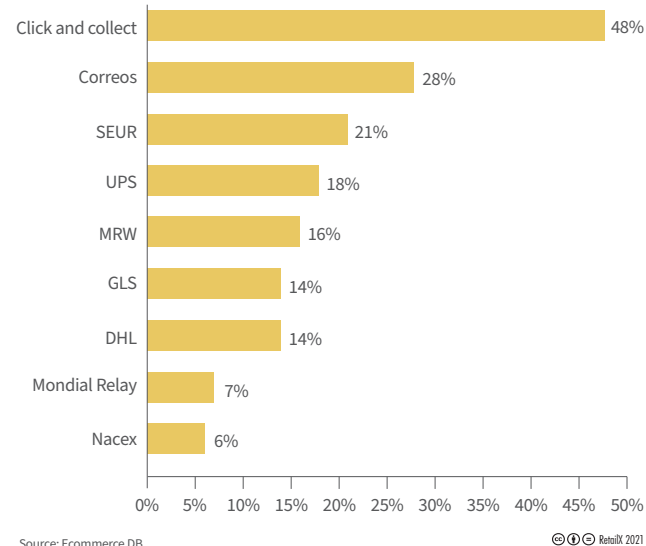
Ecommerce delivery preferences, 2020



Areas of delivery where consumers have noticed the greatest improvement in 2020



Shipping providers/methods used by the Top 250 Spanish online stores



Proportion of consumers with a paid subscription to a premium online shopping service that offers cheaper or free delivery or other perks from a specific retailer



compared to only 16% who expect it either next day or within two days of order.

Delivery standards are improving in Spain, although the country ranks only 37 out of 170 in the Integrated Index for Postal Development (see ecommerce indices page).

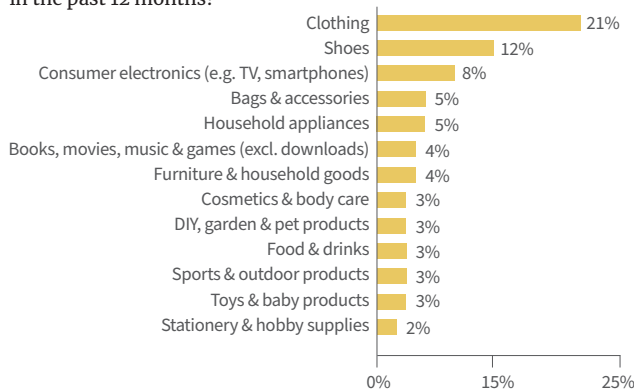
More than half (52%) said that delivery times had seen the greatest improvement in 2020. This may again have been a bounce-back impact of the pandemic. Just under a third (32%) of consumers said that digital shipment tracking had improved.

Customers in Spain are also embracing delivery subscription services, with **just over two-thirds (68%) of consumers owning a paid subscription to a premium online shopping service** that offers cheaper or free delivery, or other perks from a specific retailer.

When it comes to returns **one in five (21%) consumers have sent back a clothing order in the last 12 months.** However, it's having to drop products off, whether at the post office or another drop off point, which is the biggest bugbear for shoppers. It was cited by 42% as the biggest turn-off and is consistent with 2019's figure. Returns costs concerned 26%, although this figure has fallen from 32% in 2019. Delays in communication and refunds concerned 26%, also similar to 2019. **Only 8% of consumers say ease of returns is improving, suggesting there is much that can be done to improve here.**

Returns of online purchases by category in Spain, 2020

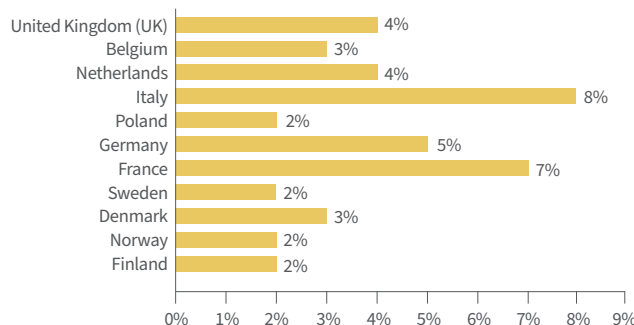
Which of these products have you returned after an online order in the past 12 months?



Source: Statista Global Consumer Survey

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Share of European customers who bought in online shops based in Spain, 2020



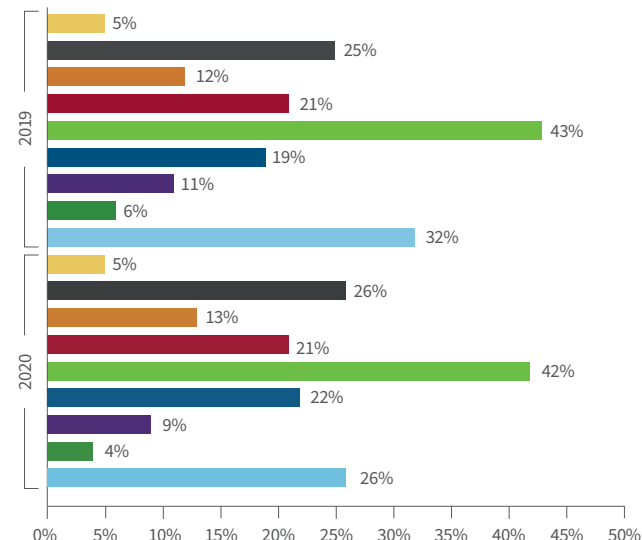
Source: RetailX, drawing on data from Statista, PostNord

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Returns challenges

In your experience when returning items, what do you consider to have been the most negative experience/biggest problem?

- After-sales service in another language
- Delay in communicating/refunding the money once the product is returned
- Deadline to make the return
- Have to return in the original box/packaging
- Having to go to the post office/another point to return the product
- In the event that they pick up the product at home, lack of specification of time range
- No cash/card reimbursement but voucher or redeemable card with expiration period
- Others
- Return costs



Source: El Observatorio Cetelem

Covid-19

Covid hit Spain and its economy hard but has also changed buying patterns across sectors

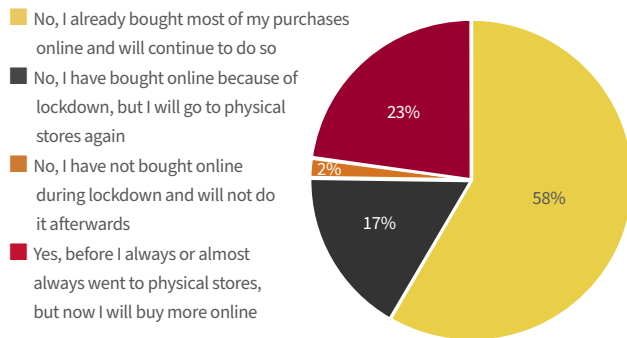
Covid-19 has changed customer behaviour internationally. In Spain more than half (58%) of shoppers made most of their purchases online before Covid, but **nearly one in four (23%) say they have been tempted away from a physical store preference and will now buy more online.**

Their reasons vary, although primarily it was for comfort (34%). The age profile also varied with the older generation the most prominent age group online during lockdown. **77% of over 60-year-olds bought online, most likely due to shielding, compared to 70% of 18 to 30-year-olds.**

Online shopping has increased in several categories. In groceries, **one in four (26%) increased their online grocery share while 17% shopped online for groceries for the first time** during the pandemic.

Other sectors saw higher increases thanks to stores being closed. Clothing saw the biggest rise, with nearly half (48%) increasing their online share of clothes shopping.

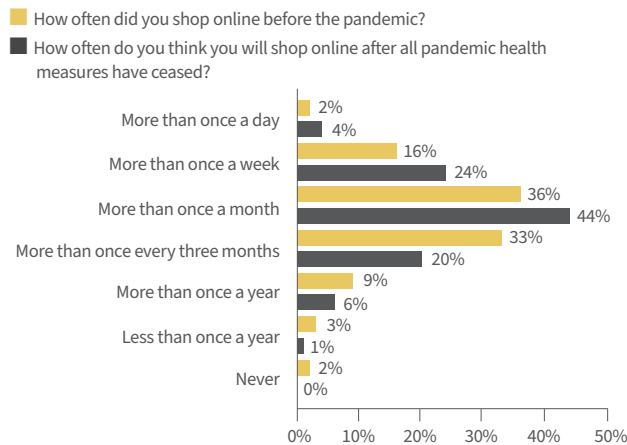
COVID-19: change in habits



Source: El Observatorio Cetelem

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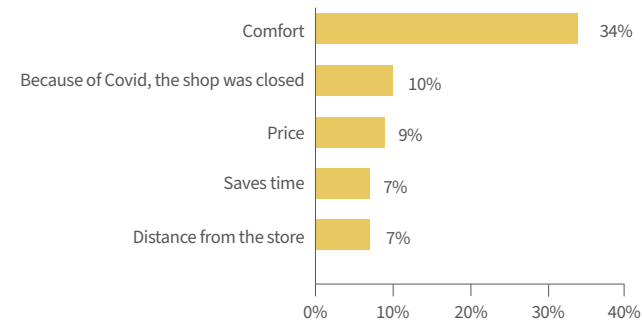
Online shopping frequency



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

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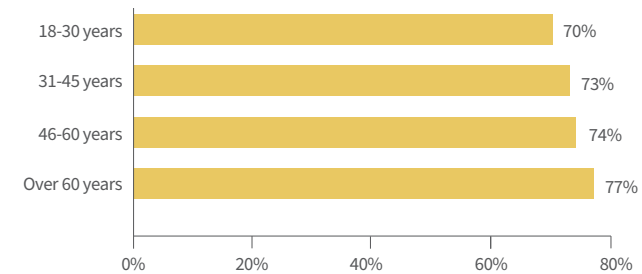
Reasons why consumers preferred to purchase a product online over a store, 2020



Source: RetailX, drawing on data from Statista, Eloja marketing 4 ecommerce, IAB Spain, Marketing 4 Ecommerce

© RetailX 2021

Percentage of Internet users who bought online during the coronavirus lockdown in Spain in 2020, by age



Source: Eloja

© RetailX 2021

Shopping for electronics online increased for more than a third (35%) of consumers. 8% hadn't shopped online for either clothing or electronics previously.

As a result, the propensity to shop online has grown to become more regular. For example, before the pandemic 2% of consumers shopped online more than once a day. Intent has doubled to 4% after the pandemic.

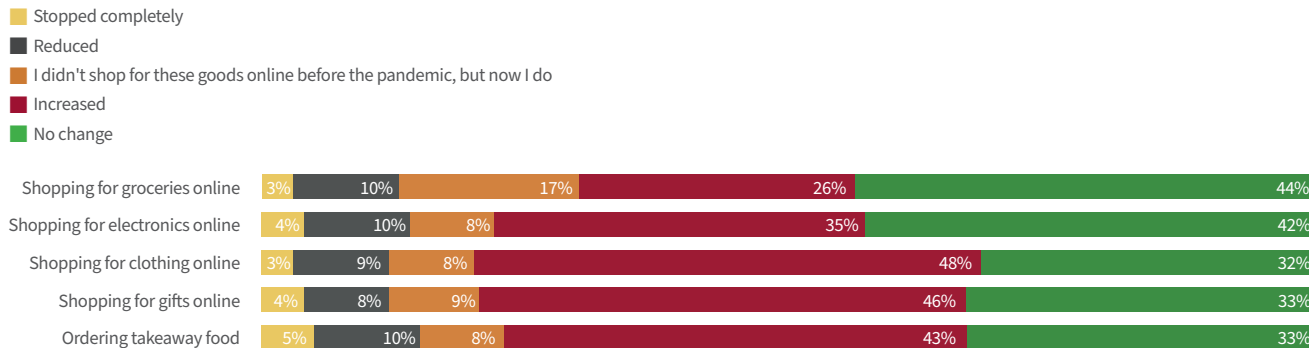
Similarly, **those that shop more than once a week has grown from 16% before to 24% planning to after.** The share of those that shopped online less regularly meanwhile is falling.

Analysing this post-pandemic intent by category split is also interesting. In all sectors between half to two-thirds of consumers say there will be no change in their shopping behaviours from their pandemic levels meaning that behaviours have changed for good.

Those wanting to reduce their online shopping reliance is biggest for groceries where 24% aim to, with 19% reducing and 5% stopping their online grocery spend. In clothing, 22% say they will reduce or stop shopping online.

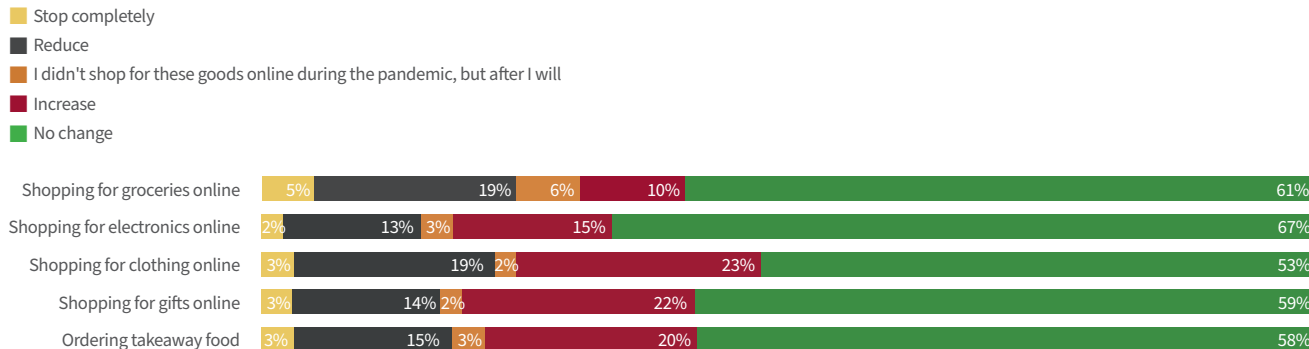
That said, Spaniards aren't abandoning physical stores entirely. 17% said that they had bought online because of lockdown but would return to physical stores instead after restrictions ease.

Impact on online shopping intentions by category during the pandemic



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

Impact on online shopping intentions by category after the pandemic and associated restrictions ease



Source: RetailX, drawing on data from the RetailX European Consumer Observatory

Sustainability

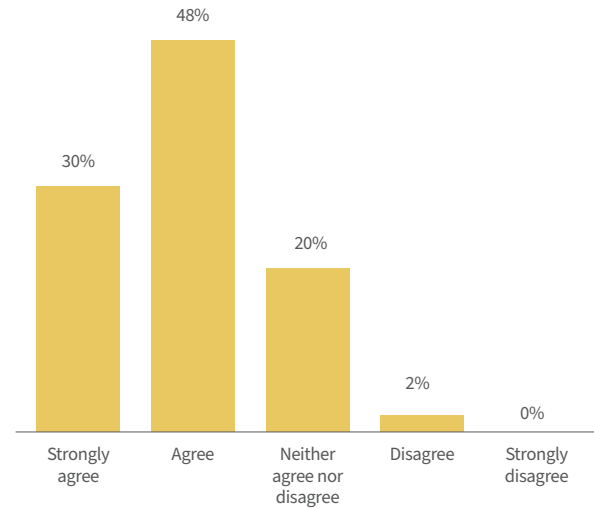
Sustainability has traditionally had lower priority in Spain but consumer demand is growing

Spain, unlike the UK and some of its EU counterparts, isn't led by the issue of sustainability, instead it remains a marginal trend. But internationally the importance of having clear, open environmental, social and governance (ESG) practices is growing ^[1] with businesses increasingly aware of the benefits of being vocal about such strategies as they rebuild after the pandemic.

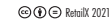
This is especially true since it allows businesses to consolidate on practices that came to the fore during the pandemic, these include improved care for staff, closer relationships with suppliers and encouraging consumers to shop more locally.

At **Spanish giant Inditex^[2], sustainability is one of the three key pillars on which its business is built**, alongside flexibility and digital integration. In January ^[3] it became one of the founding members of the new MIT Climate and Sustainability Consortium (MCSC), and it is also working on investigative projects linked with sustainability with various universities in Spain.

Consumer desire for retailers to be ecologically sustainable, Spain, 2020



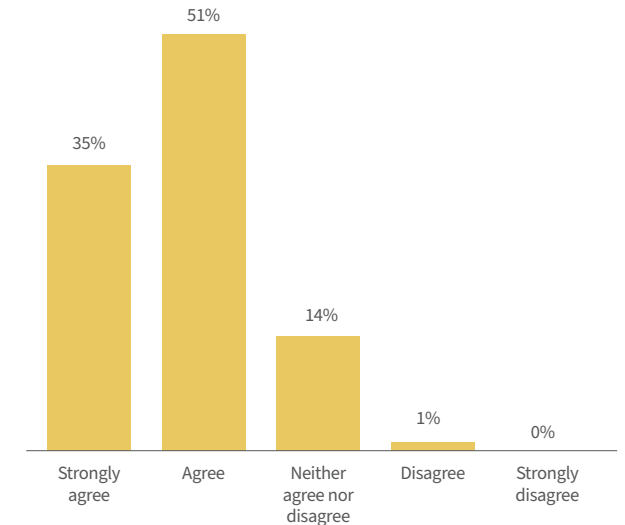
Source: RetailX, drawing on data from the RetailX European Consumer Observatory



Digital native brands are pushing their sustainability credentials, **but for other retailers it can be lower down the agenda. This may need to change. Our research shows that the drive among Spanish consumers is strong across a number of different areas.**

Spanish consumers feel strongest about ethics. **86% of consumers say they want retailers to have fair**

Consumer desire for retailers to have fair workplace practices, as well as ensuring ethics of suppliers and community welfare



Source: RetailX, drawing on data from the RetailX European Consumer Observatory



workplace practices and ensure their suppliers also have high standards of staff and community welfare, with more than a third (35%) saying they feel strongly about it.

More than three-quarters (78%) want retailers to be ecologically sustainable.

[1] Rebuilding a Sustainable Retail Strategy | Accenture(tradingeconomics.com)

[2] Our model - inditex.com

[3] Article - inditex.com

Holiday season

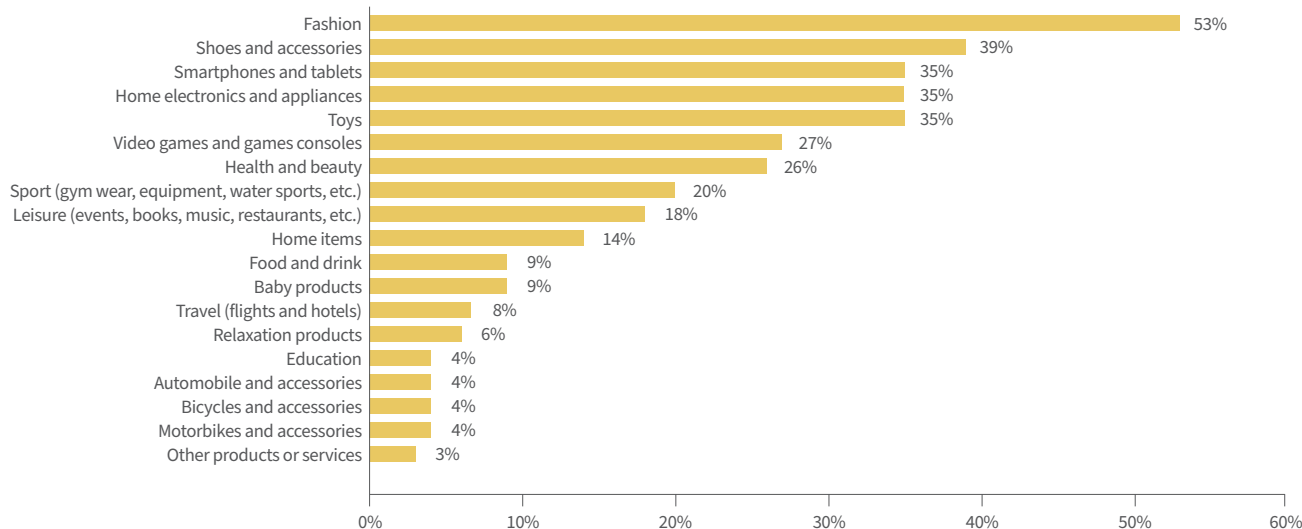
Black Friday has seen big growth in Spain but in 2020 such holiday spending was dominated by fashion and footwear

Black Friday first debuted in Spain in 2012,^[1] when a small group of Spanish stores decided to emulate the US tradition. The likes of Inditex, El Corte Inglés and Mango got in on the act in 2014. **Since then spend, and the Black Friday tradition, has grown exponentially** in Spain.

According to Statista,^[2] Spanish consumers planned to spend an average of 260 Euros per person in 2020, up from 195 Euros the year before. Spanish consumers are the fourth-highest Black Friday spenders of the countries surveyed for the report, behind Denmark, Turkey, and the UK respectively.

Our research shows that **fashion and footwear dominated shopping intentions in 2020**, with more than half (53%) of consumers looking for fashion and more than a third (39%) for shoes and accessories. This was followed by a strong demand for technology with smartphones and tablets and home electronics and appliances both categories that had a 35% share of shopping intention.

Shopping intention on Black Friday by product category, 2020

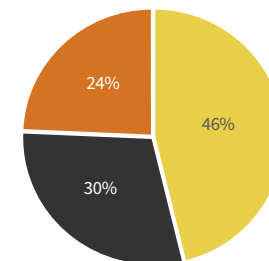
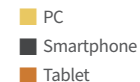


Source: RetailX, drawing on data from Statista, El Observatorio Cetelem

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When it comes to devices used for online shopping at Christmas mobile devices dominated. **Tablets (30%) and smartphones (24%) accounted for an overall mobile device dominance of 54%**. 46% of consumers used PCs for their home shopping.

Devices used for online Christmas shopping, 2020



Source: RetailX, drawing on data from Statista, VoucherCodes.co.uk

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[1] Shopping in Spain: Spain embraces Black Friday | Spain | EL PAÍS in English (elpais.com)

[2] • Europe: average spend on Black Friday by country 2019-2020 | Statista

The Largest 100

What does RetailX data say about the Largest 100 retailers that sell online in Spain?

Rich data can be gleaned from how Spanish consumers browse and shop the Largest 100 retailers that sell online in Spain. The Largest 100 are selected based on web traffic from Spanish consumers, so not all of the retailers are necessarily based in Spain.

We can see that **multi-sector stores dominate web traffic, with two-fifths of all unique visits over 12 months.** This 40.1% share, which includes marketplaces, is twice that of the next biggest sector - consumer electronics stores at 20.5%. Fashion follows with a 10.4% share.

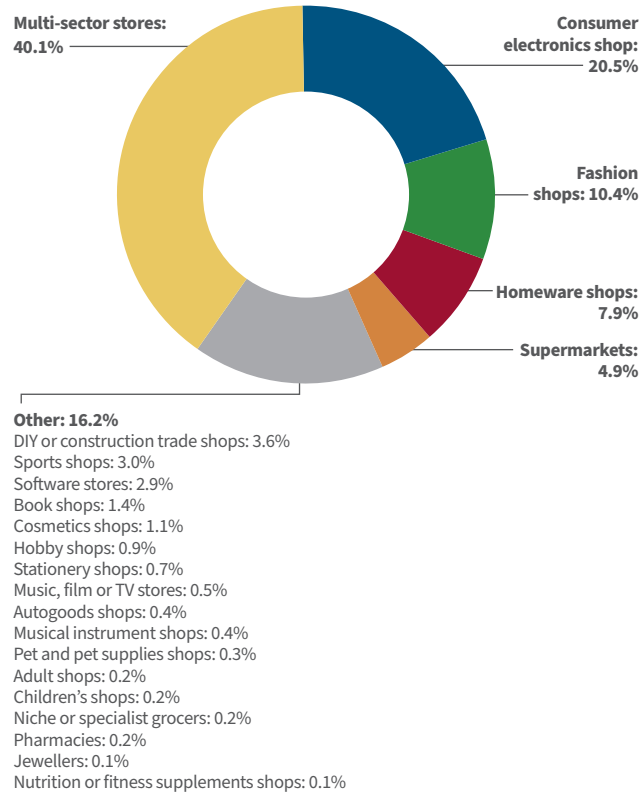
The influence of marketplaces in Spain is significant.

The price sensitivity of consumers means that such sites are a natural choice. Amazon leads the pack and is investing heavily.

In May^[1] Amazon announced a further 3,000 permanent jobs in Spain by the end of 2021, more than doubling its permanent workforce to 15,000 since 2019. The company originally launched Amazon.es in 2011 and now

Web traffic from the catchment to sectors

The percentage of unique visits over 12 months to the Largest 100 retailers, split by sector

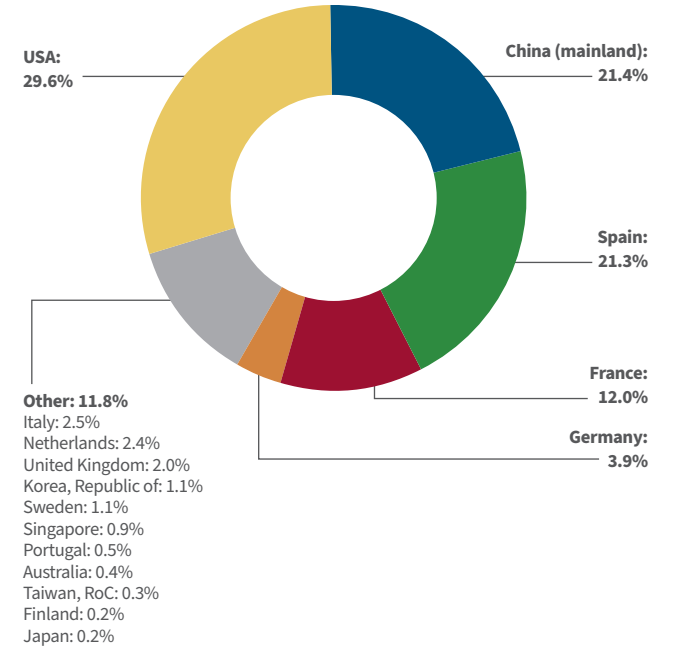


Source: SimilarWeb, RetailX

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Web Traffic destinations (HQ) from the region

The Largest 100 retailers in Spain are not necessarily headquartered in Spain. (See the chart on the following page.) This chart shows the percentage of unique visits to the Largest 100 retailers split according to where the company is based



Source: SimilarWeb, RetailX

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has a network of more than 30 logistics centres, with two more planned this year. A total of 9,000 Spanish SMEs currently sell in Amazon stores.

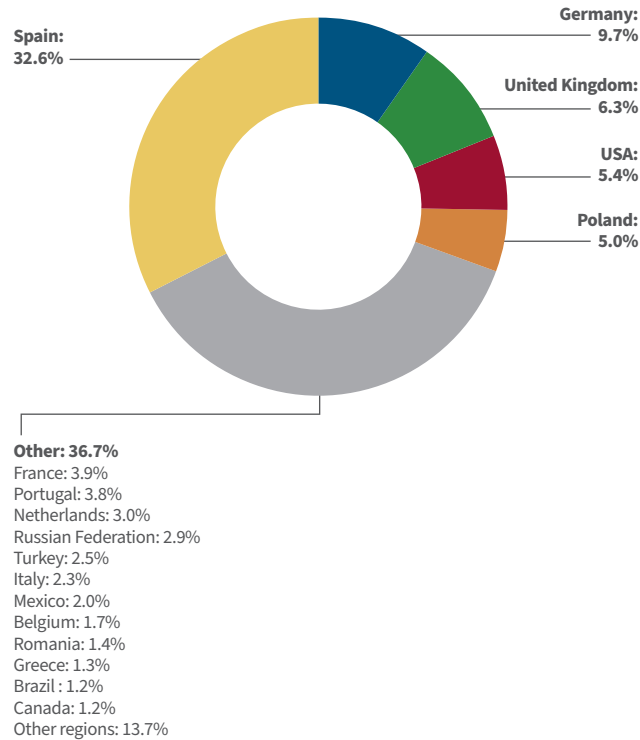
AliExpress is the next strongest marketplace, after its parent Alibaba Group chose Spain to begin its growth into Western Europe. It also chose Spain for its first physical European store, opened in Madrid in 2019,^[2] and has partnered with El Corte Inglés since 2018.^[3] Spain ranks as one of AliExpress' top international markets by volume.

The dominance of Amazon and AliExpress is reflected in the fact that Spanish consumers predominantly browse American (29.6%), Chinese (21.4%) and Spanish-based (21.3%) retailers.

For those retailers within the Largest 100 that do have headquarters in Spain, **nearly a third (32.6%) of the web traffic comes from domestic consumers.** This is followed, in respective order, by traffic from German, UK, US and Polish consumers.

Spain dominates the countries where the Largest 100 retailers are headquartered, with a 29% share, closely followed by France (20%) and the US (15%).

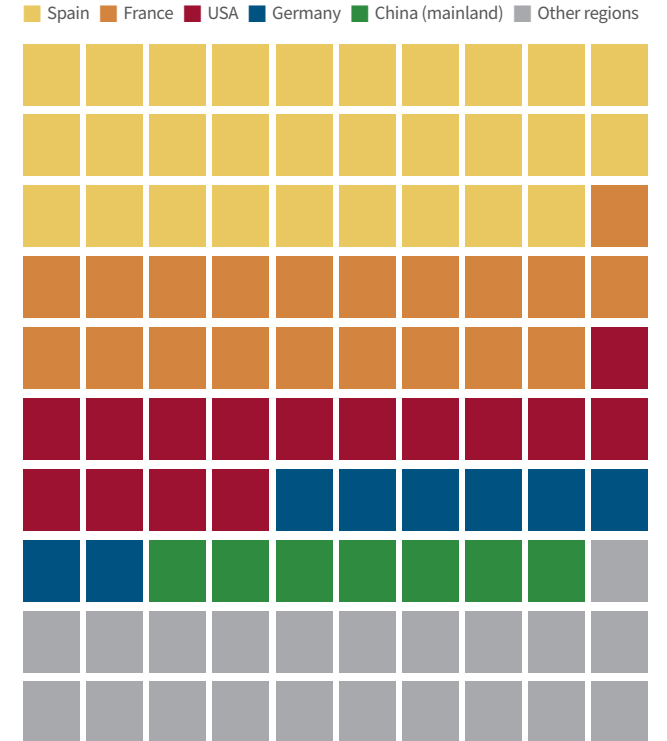
Web traffic sources of retailers headquartered in the catchment



Source: SimilarWeb, RetailX

Countries where the Largest 100 are headquartered

The Largest 100 are selected based on web traffic from Spanish consumers and are not necessarily based in Spain itself. This chart shows, however, that the vast majority of the companies are based in Spain



Source: SimilarWeb, RetailX

© RetailX 2021

[1] Amazon Newsroom - Amazon will create 3,000 new jobs in Spain and close 2021 with more than 15,000 permanent employees (amazon-prensa.es)
 [2] AliExpress opens first physical store in Europe (ecommercenews.eu)
 [3] AliExpress and Amazon Are Bolstering Spain's Booming Ecommerce Market - Insider Intelligence Trends, Forecasts & Statistics (emarketer.com) Intelligence Trends, Forecasts & Statistics (emarketer.com)

CASE STUDY

Inditex

Spanish-born Inditex has not only grown into one of Spain's biggest retail businesses but also one of the world's most influential fashion retailers. Today **Inditex comprises eight brands, selling in more than 200 markets through its online platform or its 6,758 stores in 96 markets.** Its portfolio includes Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe.

In Spain, Inditex operates more than 1,380 stores, with Zara, Stradivarius, Pull & Bear, and Bershka the most prominent brands.

In June Inditex reported sales had grown 50% in the first quarter of 2021 to 4.9 billion Euros and that May sales were above 2019 levels even though 10% of trading hours were unavailable due to store closures and business restrictions. Online sales in local currencies grew by 67%.

“Our differentiation and strategic transformation towards a fully integrated, digital and sustainable model continues to bear fruit supported by the commitment displayed by all the people who work at Inditex”

Pablo Isa, Executive chairman, Inditex

Part of the company's success has been the implementation of its integrated stock management system (SINT) which, underpinned by full deployment of RFID that provides real-time data on inventory, means that the company can operate on tighter inventory levels as well as enabling the fulfilment of online orders from any store. Shoppers can also now browse items in the store of their choice through the Zara mobile app in Spain, purchasing them for collection or to try on.

As we highlighted in our Sustainability section, **Inditex is a leader in the area of sustainability.** Its most recently announced initiatives include a wind power generation project in the outer port of Punta Langosteira (A Coruña, Spain), that will generate enough electricity to enable self-sufficiency at Inditex's headquarters in Arteixo, as well as enough excess to power the neighbouring port too.

The group is aiming toward a target of 90% of the energy consumed at all of its facilities worldwide – including offices, logistics platforms and stores – to come from renewable sources by the end of 2021. It has already hit



Zara is enhancing its instore experience

80% worldwide by the end of 2020 and hit 100% in Spain.

It is also investing heavily in customer experience improvements. These include its returns consolidation service which is available instore and online in Spain and allows Zara customers to group returns of items bought at different times using the electronic receipt function of the app.

Instore, Zara is rolling out customer experience areas which comprise new services such as fitting room waiting and showroom areas, dedicated exchange and returns points, as well as order pickup and recycling points.

FOR MORE ON SUSTAINABILITY, SEE PAGE 20

CASE STUDY

Tradeinn

Another fast-growing Spanish retailer is Tradeinn. The company operates **17 online sports stores, as well as one physical store in Celrà (Girona).**

It sells a range of more than 1,500 brands and more than 1.1 million products and claims to ship around 18,000 orders a day, shipping to more than 190 countries worldwide.

Tradeinn originally launched as an online diving store in 1998. The company’s CEO David Martin joined the company in 2008 and beginning the company’s expansion into other areas of retail with additional online stores.

These initially focussed on additional areas of sport, such as swimming (Swiminn) and football (Goalinn). However Tradeinn has since also diversified into other areas of retail too. Today the Tradeinn portfolio also includes an online fashion store (Dressinn) as well as technology (Techinn) and a DIY platform is rumoured to be imminent.

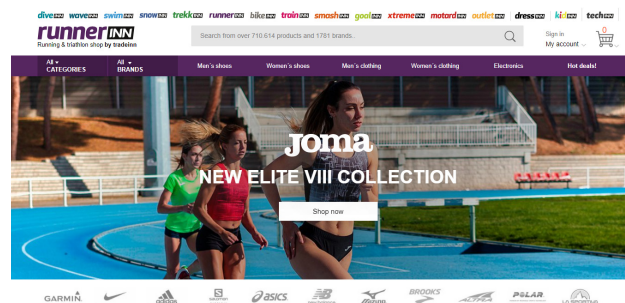
Part of the Girona Group, the company is **expected to hit a turnover of 350 million Euros^[1] in 2021.** That figure is up from 288 million Euros in 2020, which itself was up 53% on

2019. **Tradeinn handled nearly 5.5 million orders in 2020** and is planning to double the size of its headquarters to cope with its growth.

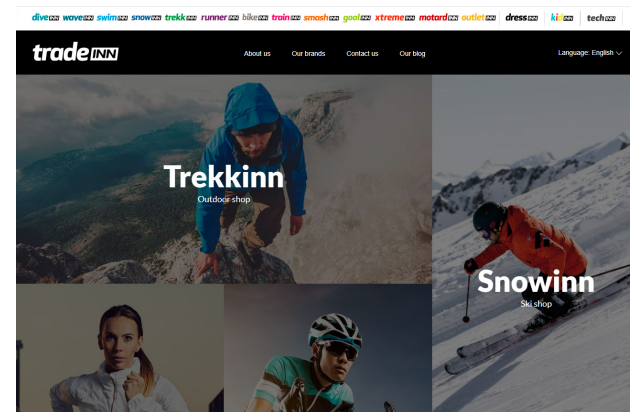
Its sports focus meant it particularly benefited from the surge of interest, by both Spanish and international consumers, in sports such as running and cycling during the pandemic. **Last September it said that its running business, Runnerinn, had seen revenue growth of 70% while its cycling business increased by 140% compared to September 2019.**

The company has a strong cross-border business, with sales outside Spain accounting for 85% of its sales in 2020, up from 70% in 2019.

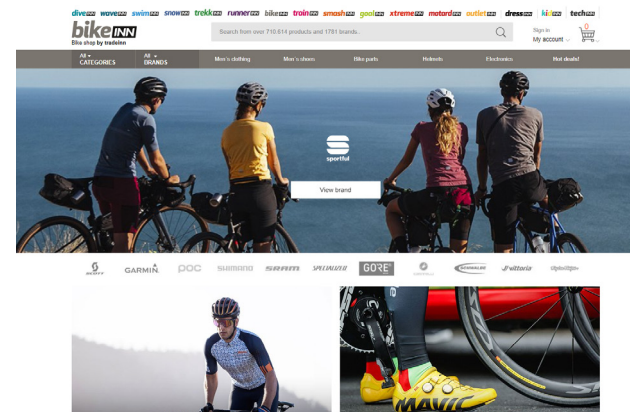
[1] Tradeinn is on track for \$350 million and continues to diversify beyond sport | Modaes.es



Its Runnerinn site saw particularly strong growth during the pandemic



Tradeinn comprises 17 online stores and is growing fast



During the pandemic cycling sales grew by 140% year-on-year

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Spain report data sources

To supplement our own research in our analysis for this report, we drew on these sources. While each one is referenced next to the chart or graphic they are used in, for transparency, here are all the links:

Population: www.worldometers.info/world-population/germany-population/

<https://ec.europa.eu/eurostat/data/database>

GDP: www.quandl.com/data/ODA/DEU_NGDP-Spain-GDP-at-Current-Prices-LCU-Billions

https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/spain/economic-forecast-germany_en

Logistics performance index: <https://lpi.worldbank.org/>

Ease of doing business: <https://data.worldbank.org/indicator/IC.BUS.EASE.XQ?locations=GB>

E-government development index: <https://theinclusiveinternet.eiu.com/explore/countries/performance>

Internet inclusive index: <https://theinclusiveinternet.eiu.com/explore/countries/performance>

Integrated index for postal development: <https://www.upu.int/UPU/media/upu/publications/2020-Postal-Development-Report.pdf>

Frequency of internet use: <https://ec.europa.eu/eurostat/data/database>

Shopping time: <https://elobservatoriocetelem.es/>

Drivers of online purchases: www.statista.com/global-consumer-survey

Negative aspects of online shopping: <https://elobservatoriocetelem.es/>

Information before buying online: <https://elobservatoriocetelem.es/>

Purchases by category: www.statista.com/global-consumer-survey

Importance of low-priced products by category: www.statista.com/global-consumer-survey

Average spent online by category: <https://elobservatoriocetelem.es/>

Reasons why people purchased items via ecommerce: www.statista.com/statistics/668450/online-shopping-reasons-in-spain/

Most valued benefits of buying fashion from online stores: www.statista.com/statistics/1116513/advantage-more-valued-by-the-users-of-fashion-in-shops-on-line-in-spain/

Social networks used by Internet users to shop online: www.statista.com/statistics/760479/distribution-of-users-that-purchased-online-in-spain-by-payment-method/

Devices used for online purchases: www.statista.com/statistics/777751/ecommerce-devices-used-for-online-purchases-in-spain/

Online shopping devices by age group: <https://iabspain.es/>

M-commerce: <https://elobservatoriocetelem.es/>

Mobile purchase barriers: <https://iabspain.es/>

Distribution of product categories purchased by Internet users from mobile devices: www.statista.com/statistics/760381/distribution-of-products-purchased-in-online-from-mobile-devices-in-spain/

Payment methods: www.statista.com/outlook/dmo/ecommerce/spain?currency=EUR#revenue

Payment methods offered by top 250 Spanish online stores: <https://ecommercedb.com/en/reports/country>

Top three providers by payment method offered by the Top 250

Spanish online stores: <https://ecommercedb.com/en/reports/country>

Online payment methods: <https://elobservatoriocetelem.es/>

Delivery preferences: www.statista.com/statistics/980543/e-commerce-delivery-preferences-in-selected-countries-in-europe/

Expectations of delivery time: www.statista.com/statistics/458535/expectations-delivery-times-online-purchases/

Delivery: in which area of delivery have you noticed greatest improvement? <https://elobservatoriocetelem.es/>

Shipping providers used by the Top 250 Spanish online stores: <https://ecommercedb.com/en/reports/country>

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Conclusion

Spain's economy was among those hardest hit by the pandemic, with **retailers suffering as consumer confidence plummeted** and customers reigned in spending. This said, the **country is determined to return stronger than ever** and the revised forecasts earlier this month show it is already beginning to happen. The investment from the Next Generation EU recovery fund will help and the country's prime minister has promised wide-scale investment and reform. Consumer confidence has already begun its return and as industries like tourism begin to crank up once again will increase further.

But as is common across Europe there has been **a step-change in consumer behaviour**, with more customers shopping online during the pandemic and vowing to continue that behaviour post-pandemic too. This will bring challenges for retailers that have physical store portfolios, but it's manageable. We only need to witness the efforts of Inditex to see how it can be done.

But **ecommerce will thrive again. Online spending is increasing in both value and frequency**, which is an encouraging sign. Mcommerce is also poised for huge growth, already witnessing a near 20pp increase between 2017 and 2020.

During the pandemic consumer expectations were basic. Consumers appreciated value and convenience. Things like speedy delivery weren't of consequence. But that will change as the country recovers and retailers will have to ensure they are offering the delivery and payment options their customers are demanding.

Spain has suffered. But **the signs for recovery are already good** – and that should mean exciting times ahead.

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
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