

## The European e-commerce sun also rises for U.S. web merchants

**Author: Mark Brohan - Research Director, Internet Retailing**

**Date: 14<sup>th</sup> June 2013**

Europe is the world's largest regional e-commerce market, and the 40 U.S.-based web merchants ranked in Internet Retailer's new Europe 500 increased their web sales there by 14% last year. But European retailers grew at an even faster rate of 17%.

U.S. web merchants continue to focus on Europe, collectively the world's biggest e-commerce market, seeking online growth. But as a group, U.S. web merchants ranked in the newly published 2013 Europe 500 didn't grow as fast as total European e-commerce sales.

The 40 U.S. companies ranked among Europe 500 retailers increased their combined sales about 14.0% to \$27.13 billion in 2012 from \$23.80 billion in 2011. But that increase is below the growth rate of all Europe 500 merchants, whose sales increased year over year 17.0% to \$122.74 billion from \$104.89 billion. U.S. web merchants ranked in the Europe 500 also didn't grow as much as total European e-commerce sales, which increased 16.0% to an estimated \$302.20 billion (232.17 billion euros), says research firm Centre for Retail Research

In 2012 U.S. web retailers accounted for about 22.1% of all Europe 500 sales, nearly the same as in 2011. Excluding Amazon, the web sales of all remaining U.S. merchants totaled 7.3% in 2012 and 8.0% in 2011. In comparison, the 10 biggest European web retailers from France, Germany and the U.K.—Otto Group (No. 2), Home Retail Group (No. 4), Tesco Stores (No. 5), Groupe Casino (No. 7), Tengelmann (No. 8), Shop Direct Group (No. 9), Sainsburys (No. 10), Vente-Privee.com (No. 11), Group 3SI (No. 12) and John Lewis Plc (No. 13)—grew their combined sales year over year 17.6% to \$27.77 billion from \$23.62 billion and accounted for 22.6% and 22.5%, respectively, of all Europe 500 sales in each of the last two years.

The biggest U.S. web merchant ranked in the Europe 500—Amazon.com—increased its European web sales 19.4% year over year to \$16.11 billion from \$13.49 billion. The fastest-growing U.S. merchant ranked in the Europe 500 was web-only housewares and home furnishings merchant Wayfair LLC (No. 325), with web sales that increased about 103.4% to \$36 million in 2012 from \$17.7 million in 2011. The U.S. web merchant showing the biggest drop in web sales was online jeweler Bidz.com (No. 455)—by 15.8% to \$8.5 million in 2012 from \$10.1 million in the prior year.

These days American web merchants also are facing much stiffer competition from big European retail chains and direct marketers such as Otto and Tesco in developing more new local markets across the continent. "The biggest European merchants have been investing heavily to make their own e-commerce channels more appealing for their best local customers, and unless an American retailer is offering an entirely unique shopping experience it's going to be tougher for them to compete," says Joshua Bamfield, director for the Centre of Retail Research. In some categories, such as office supplies and computers, Europe's lingering economic malaise is affecting big U.S. e-retailers. For instance, European retail sales for Staples Inc. (No. 3) declined 2.4% in 2012 to about \$4.15 billion from \$4.25 billion in 2011.

To compete more effectively some U.S. web merchants such as Vistaprint Ltd. (No. 57) are developing new ways to reach local shoppers. Vistaprint Ltd. (No. 57), for example, which increased its European

web sales year over year 29.1% to \$418.9 million from \$324.6 million, learned early on that European consumers and small businesses will shop online for print products if the experience is highly personal, says European vice president of marketing Sanjay Lobo. On each of its 27 European web sites, consumers and small businesses can use custom technology and product templates to create individualized print materials. But in addition to creating web pages written in the local language and a shopping cart that can process the local currency or euros, Vistaprint also designed its European e-commerce sites with advanced site search and product taxonomies that serve up only the most relevant products and print templates. "The design templates and merchandise that we have are all local for each country, which means our products will be as relevant as possible for our customers," Lobo says.

Vistaprint will continue to expand in Europe using applications proved in the U.S. In the U.S., Vistaprint created a mobile commerce site in 2010. Now with three years of experience and upgrades to draw upon, Vistaprint in August will launch a mobile-optimized site for Europe. The European versions of Vistaprint's mobile commerce sites also will give users the ability to browse, configure and order business cards, track new orders, and reorder existing cards.

Rather than move into more European markets, Vistaprint plans to focus on winning more business in the 18 markets it already serves. "We don't actually see our opportunity as further expansion by country, but in getting our products and sites much more locally relevant for our customers in each market," Lobo says.

Link:

[www.internetretailer.com/2013/06/13/us-retailers-face-tougher-e-commerce-competition-europe](http://www.internetretailer.com/2013/06/13/us-retailers-face-tougher-e-commerce-competition-europe)