



eCommerceTV

The market potential of the integration of
video into online trading platforms

The framework - The significance of video for eCommerce
Case Studies - Market potential - Video content & Multi-channel strategies



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The market potential of the integration of video into online trading platforms

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Foreword

For several years, the German eCommerce market has announced yearly turnover records. However, in spite of these positive results the online market must confront new challenges. An important lever in exploiting unused chances and potential is the more intensive use of video and moving image content respectively – in short: „eCommerceTV“.

Goldmedia has analysed the possibilities of using video on online trading platforms (eCommerceTV) and has quantified the possible growth potential in varying development scenarios.

Video content in the form of video sharing, web TV or trailers is today seen as a standard feature on many websites. This will in the future become an even more important eye catcher, especially as the increasing broadband penetration will make it even easier for users to receive larger video data amounts.

Some large catalogue companies and online shops have already adapted to the new situation and have started their own moving image formats. Teleshopping programmes are also in the process of expanding their online shops by live streams or product videos.

Several different studies have shown that non buyers avoid online shopping above all because of the lack of a „shopping experience“. The presentation of goods and products can be noticeably optimised by using video.

eCommerce platforms are currently using video to gain a competitive edge, although it can safely be assumed that eCommerceTV will soon become standard.

The Hamburg production company for digital media formats, targa.tv, has sup-

ported the publication of this study. We thank targa.tv for all their interesting suggestions and look forward to an intensive and constructive discussion with the readers of this study.

Goldmedia, March 2008

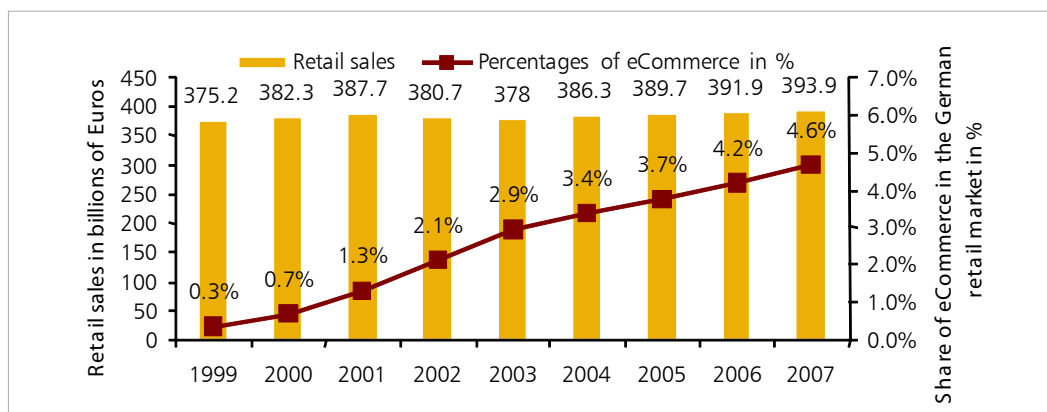
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The growing significance of eCommerce

For the first time the largest percentage of sales were realised in 2007 in distance selling

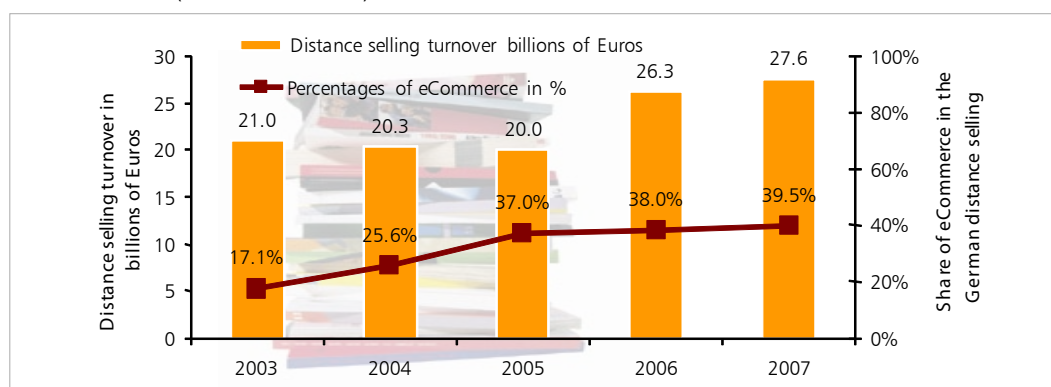
Share of eCommerce in German retail sales 1999-2007



Source: Goldmedia, HDE 2007

- While the total sales volume of the German retail industry has remained relatively constant since 1999, the market share of eCommerce has been **rising continually in the last few years** and reached 4.6% in 2007.
 - Agents of direct senders
 - Teleshopping senders
 - Internet pure players
 - Internet sales portals
 - Pharmacy senders
 - Ebay powersellers
 - Manufacturing senders
 - Senders who have their home in fixed point sales.
- According to the bvH, the following groups are included in the definition of distance sellers:
 - Multichannel senders (catalogue and Internet)

Developments in distance selling turnover and share of eCommerce 2003-2007 (without services)



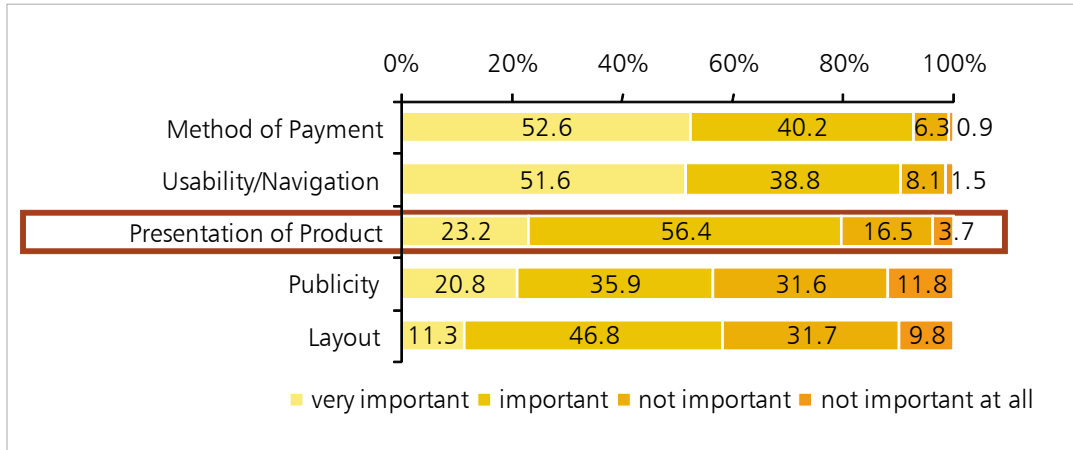
Source: Goldmedia, bvH 2007

- The bvH has been statistically recording new market participants that have not previously been seen – amongst others fixed point sellers, which also sell online, Ebay power sellers (not private sellers) and telehoppers - („a statistical leap“).
- The total turnover in the German distance selling market in 2007 was **27.6 billion Euros**.
- The eCommerce goods turnover was **10.9 billion Euros** in 2007 (39.5% of total distance selling turnover). Multichannel senders (catalogue and Internet) are here the leading online senders before pure eCommerce suppliers (Internet pure players) and commercial sellers via Ebay (Ebay powersellers).
- The Internet is therefore the most important medium for orders: almost half (48%) of all mail orders are made online.

Product presentations for eCommerce users are crucial

Users do not buy without a shopping experience

“How important are the following criteria for you when purchasing in the Internet?” (2007)

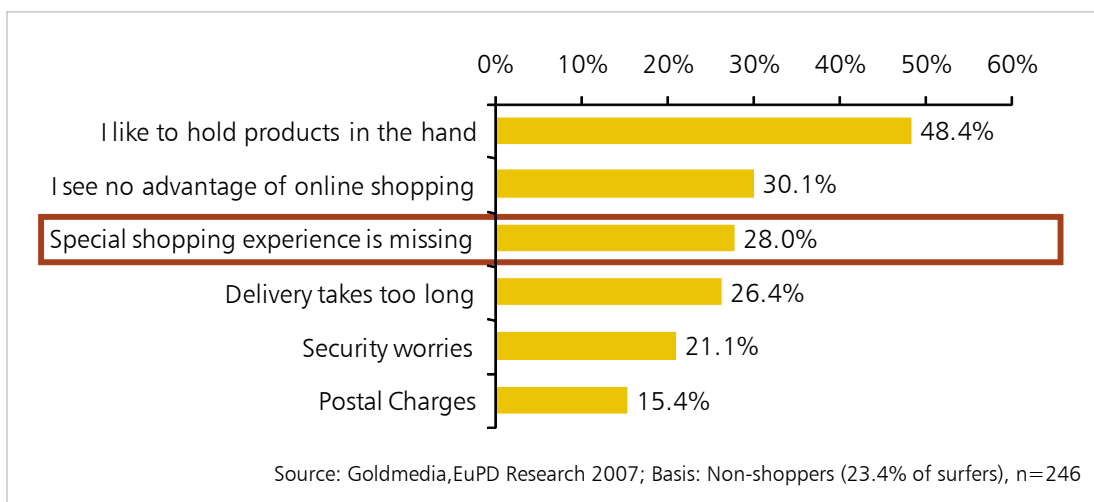


Source: Goldmedia, EuPD Research 2007; Basis: Online shoppers (76.2% of surfers), n=789

- The **presentation of the goods** is important or very important when purchasing online for almost **80%** of the respondents!
- **A lack of a shopping experience** is a reason for 28% of non-buyers to avoid buying in the Internet. This is, after the natural impossibility of

holding the item in the hand before buying and a basic rejection of eCommerce, the most important reason for not making a purchase and is therefore **more important than the delivery time or reservations regarding security!**

Reasons for not making a purchase (2007)



Source: Goldmedia, EuPD Research 2007; Basis: Non-shoppers (23.4% of surfers), n=246