

Press release

Home shopping selling excellently in Europe

Brand new ERA Europe Multi-Channel Home Shopping industry report published

Venice, Berlin, Brussels, June 21st, 2017. Home shopping is a market with stable growth throughout Europe. Providers of live TV shopping, direct response TV (DRTV) and auction TV have responded well to the challenges of digitisation and have developed into modern multi-channel providers. While selling products on TV used to be the core business of home shopping for many years, the Internet has now become an increasingly important sales channel. Today, 23 percent of home shopping customers say they have been enticed by social media when they buy products. New technologies such as smart devices and virtual reality are expected to increasingly influence the market in the future. 78 percent of home shopping users are interested in product presentation supported by VR technology.

These are results of the study “The Multi-Channel Home Shopping Industry in Europe. Market Overview, Key Trends and Forecasts to 2022“, conducted by the consulting and research group Goldmedia (www.Goldmedia.com) on behalf of the European Retailing Association (ERA www.era-europe.eu). The industry report covers the home shopping business in ten European countries (Austria, France, Germany, Italy, the Netherlands, Russia, Spain, Switzerland, Sweden and the UK). The study includes a comprehensive survey of 1,777 home shopping users throughout Europe.

The study was presented and published today at the ERA Europe Electronic Home Shopping Conference in Venice.

Dr. Julian Oberndörfer, CEO ERA Europe says, *“Not only does the Home Shopping industry continue to be sustainable and profitable, but this study proves it has the business model, expertise and customers to be more than fit for the digital multichannel media business as well as being a real growth market for the future”*

Market: One-third more revenues in 2022

- Home shopping revenues in Europe are forecast to grow by 34 percent from 4.8 Bn. Euros in 2016 to 6.4 Bn. Euros in 2022. This forecast includes revenue figures for the ten countries examined. This

corresponds to a compound annual growth rate (CAGR) of 4.9 per cent. (see chart 1)

- The biggest home shopping markets, such as the UK and Germany, still show notably positive growth rates of around two to four per cent per year, while evolving markets like Russia are expected to show impressive double-digit growth rates over the next years.
- Average home shopping sales per inhabitant in 2016 stood at 9.2 Euros with Germany being the leading country with about 23.4 Euros per capita, followed by the UK.
- Altogether, about 15,000 people were employed in the home shopping business in the main European countries at the end of 2016, including also indirect employees such as call centre staff.

Operators and Channels: From TV shopping to multi-channel home shopping

Today, home shopping operators market their products not only on TV, but also in retail stores, catalogues and customer magazines, websites, social media platforms, mobile and smart TV apps and many more sales channels. This change to multi-channel home shopping is a challenge as well as a great opportunity for the home shopping industry.

The importance of the various channels varies from operator to operator. While phone calls are still the main method of ordering products for customers of the big live shopping operators, for many other multi-channel operators, DRTV shows and infomercials work mainly as marketing platforms for their in-store retail sales. The main change for the future is the rising importance of electronic sales channels. E-commerce and mobile commerce have gained more and more market share and this shift is expected to continue as further sales channels such as social media platforms and smart devices will grow the existing portfolio.

The share of online sales is expected to increase to more than half (55 percent) of all net sales in 2022. Orders via mobile devices (34 percent) will then become the most important way of ordering products, while the importance of TV and orders via call centres will significantly decrease. Moreover, the volume of retail sales will increase. This change is initially an opportunity for the home shopping industry. (see chart 2)

Usage: Social media is becoming increasingly important for product purchases

With home shopping becoming a more and more electronic and digital business, operators have to face many new competitors, not only the big players of e-commerce but also myriads of specialised webshops. Moreover, more and more e-commerce retailers integrate videos and home shopping elements on their websites, and thus operators have new competition to their core business. Consequently, it is becoming increasingly important to know

the needs of the customer and what more they expect from a home shopping company versus an online shop.

According to the study's user survey, it is clear that home shopping's main qualities are to be entertaining, sympathetic, informative, enriching, inspiring and personal.

Extremely high potential for home shopping companies to bind customers seems to lie in social media presence. For the personal advice and entertaining presentation of products in a cosy, home-like setting for which home shopping is known, "becoming friends" and interacting on social media is considered to be the logical next step. 84 percent of the providers surveyed in this report, already run social media activities.

An average 23 percent of the home shopping customers surveyed in Goldmedia's European study stated that they have already been enticed by social media to purchase a product via home shopping. Once engaged, they are very likely to stay. Facebook is the most commonly used social network for home shopping users, followed by YouTube.

Interestingly enough, the vast majority of those users who once interacted with home shopping via social media continues to do so. For any platform, more than three quarters of the users stated that they visit the social media sites of home shopping providers at minimum weekly.

Trends: Home shopping users are open for new technological trends, among them Virtual Reality

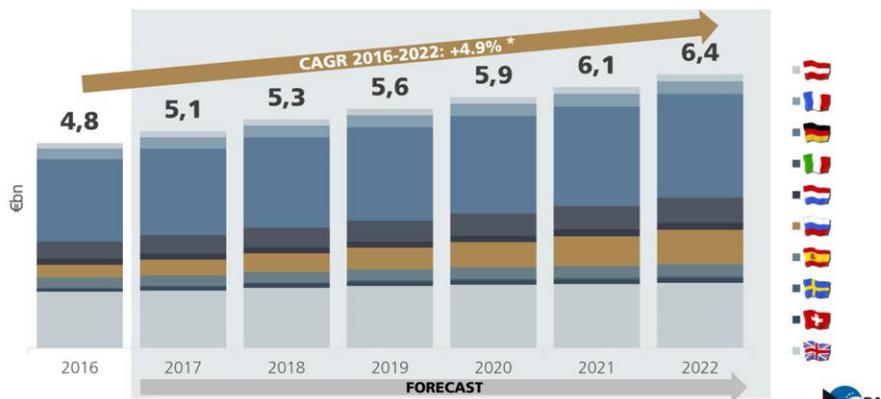
Home shopping operators do well to adjust to the technological changes: according to the study's survey, users throughout Europe are very interested in new trends. 87 percent want to receive offers via mobile devices and 84 percent product want information via Smart TV. 78 percent of the users asked find ordering on smart devices via voice command interesting.

Goldmedia's online survey shows that European home shopping customers seem to expect that virtual reality could reasonably enhance their shopping experience and 78 percent of the respondents stated that they are interested or very interested in product presentation supported by VR technology.

Chart 1: Home shopping in Europe, Revenues and forecasts 2016 -2022

Multichannel home shopping net sales in Europe totalled €4.8bn in 2016. By 2022, revenues are forecast to grow by 34% to €6.4bn

Forecast of home shopping revenues (net sales) in Europe, 2016-2022, in billions of euros



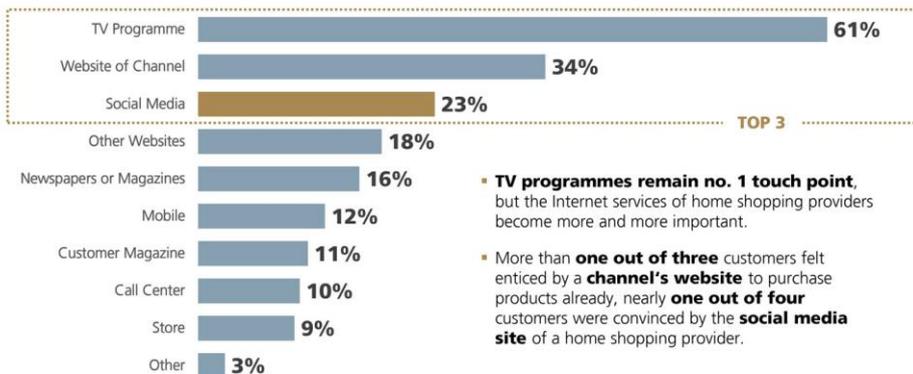
Source: Goldmedia Forecast 2017, Study: The Multichannel Home Shopping Industry in Europe. Market Overview, Key Trends and Forecasts to 2022, On behalf of ERA Europe – Electronic Retailing Association (June 2017), www.er-europe.eu, www.Goldmedia.com *CAGR: Compound annual growth rate

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Chart 2: Touch points to buy products via home shopping, Home shopping user in Europe, June 2017

Social media is among the top 3-touch points for home shopping users already, engaging more customers than mobile and in-store placement

Share of customers who felt they had been enticed by a channel to purchase a product from a home shopping provider in percent 06/2017



Source: Goldmedia Research 2017, n = 1.777, basis: European home shopping user (online), question: "What drew your attention towards the particular products that you have ordered? Please list the ways you may have been enticed to purchase products advertised on a home shopping channel." Study: The Multichannel Home Shopping Industry in Europe. Market Overview, Key Trends and Forecasts to 2022, on behalf of ERA Europe – Electronic Retailing Association (June 2017), www.er-europe.eu, www.Goldmedia.com

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Source: Study: The Multichannel Home Shopping Industry in Europe. Market Overview, Key Trends and Forecasts to 2022

The industry report covers the home shopping business in ten European countries, in Austria, France, Germany, Italy, the Netherlands, Russia, Spain, Switzerland, Sweden and the UK: Operators, market structure, revenues, challenges, future trends as well as forecasts till 2022 for the market in general and for each country. The home shopping landscape covered in this report is vast and diverse. The common denominator for the multichannel home industry is, that all operators present products on TV for direct sales as a major part of their business.

The data in this report was collected in collaboration with ERA Europe using a comprehensive online questionnaire sent to all home shopping operators in the analysed markets. In addition, in-depth desk research was conducted as well as telephone interviews with market players and experts in the researched country markets.

Part of the study is a comprehensive survey among 1,777 home shopping users in five European countries (France, Germany, Italy, UK, Russia). The study was conducted between March and June 2017.

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ERA Europe

The Electronic Retailing Association Europe (ERA Europe) is the Association for the Multi-Channel Home Shopping Industry. ERA Europe is the voice and network for businesses that offer innovative products to consumers through audio visual presentation, the internet and other electronic media, according to a recognised code of ethics. ERA Europe advocates and supports the interests of our members and their customers in Europe and the Middle East. Currently ERA Europe represents the interests of 70 European and Middle Eastern members. Please refer to: www.era-europe.eu for further information.

Goldmedia

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